



**CDCU Mortgage Center, LLC.
Secondary Market Program
Mortgage Loan Purchase Parameters**

Manufactured Home Loans	
Definition	A manufactured home is defined as any dwelling unit built on a permanent chassis and attached to a permanent foundation system. Other factory-built housing (not built on a permanent chassis), such as modular, prefabricated, panelized or sectional housing is not considered manufactured housing.
General Eligibility	<ul style="list-style-type: none"> Credit Unions wishing to sell mortgages to the CDCU Mortgage Center must be a Federation member in good standing. Selling Credit Union must complete the Application to Sell Mortgage Loans to the CDCU Mortgage Center Secondary Market and be approved to sell loans to the Mortgage Center prior to purchase Only first manufactured home loans will be purchased. Home equity loans and lines of credit are not eligible for purchase. Fully amortized fixed-rate or adjustable rate mortgage loans are eligible. Files must contain amortization schedule for each loan. Only purchase money transactions are eligible for purchase. Purchase money transactions are those in which the proceeds are used to finance purchase of the manufactured home. Proceeds may also be used to purchase the land, or the land may be either previously owned by the borrower, either free of any mortgage or subject to a mortgage that will be paid off with the proceeds of the new purchase money mortgage. The borrower is not eligible to receive any cash back as a result of the purchase money transaction.
Manufactured Home/ Property Location	<ul style="list-style-type: none"> Property must be located in the United States of America, its territories and possessions or the Commonwealth of Puerto Rico.
Target Borrower	Target borrowers include African Americans, Alaska Natives residing in Alaska, Asian Americans, Hispanics, Native Americans, Native Hawaiians residing in Hawaii, other Pacific Islanders residing in the Pacific Islands, and female headed households. However, loans to all borrowers may also be eligible for purchase.
Whole Mortgage Loans	Only whole mortgage loans are eligible for purchases
Recourse	Credit unions may sell loans to the CDCU Mortgage Center either with or without resources. (1) Loan purchase pricing will be based on whether or not there is recourse. Recourse period, if applicable, shall be for the life of the loan.
Period of Recourse	Recourse period, if applicable, shall be for the life of the loan.
Seasoning Period	Loans must be seasoned for at least 12 months, with no delinquencies prior to being eligible to be purchased.
Loan Servicing	<ul style="list-style-type: none"> Loans servicing may be retained by the Credit union or sub-service contracted by the

	<p>credit union and approved by the CDCU Mortgage Center or sub-service contracted by CDCU Mortgage Center. Credit union will retain 25 bps servicing rights income if the servicing is retained by the credit union or sub-servicer contracted by the credit union.</p> <ul style="list-style-type: none"> • Servicing standards must meet standards Fannie Mae/ Freddie Mac servicing guidelines. (2) Any Changes in servicer/ sub-servicer must be approved by the CDCU Mortgage Center
Loan Underwriting	Initial loan underwriting can be done either with the use of an automated underwriting system/program or manually.
Representations and Warrants	Credit Union seller must represent and warrant that the loans were underwritten to some specific underwriting standards and the CDCU Mortgage center must receive a copy of those specific standards.
Fannie Mae/ Freddie Mac Seller Service requirement	Selling Credit Union are not required to be approved Fannie Mae/Freddie Mac Seller/Servicers.
Manufactured Home Property Eligibility/ HUD Compliance	The manufactured home must be built in compliance with the Federal Manufactured Home Construction and Safety Standards that were established June 15, 1976 and that appears in HUD regulations at 24 CFR Part 3280.
Real Property Requirement	<ul style="list-style-type: none"> • The manufactured home must be recordable as real property in the jurisdiction where it is located. Appropriate lien perfection process must be adhered to for specific state and jurisdiction. • Property must be taxable as real property.
Manufactured Home and Land Type	<ul style="list-style-type: none"> • The land on which the manufactured home is situated must be owned by the borrower in fee simple. Mortgages secured by manufactured homes located on leasehold estates are not eligible. Manufactured homes located on land cooperatives and in non-profit parks are not eligible for purchase at this time. • Both single and double-wide manufactured homes are eligible for purchase • The manufactured home must be a one family dwelling in order to be eligible for purchase.
Manufactured Home Foundation	<ul style="list-style-type: none"> • The manufactured home must be designed and intended to remain in place permanently. Homes must be permanently affixed to the land. Homes must have a foundation and be permanently connected to a septic tank, sewage system or public sewer and to other utilities in accordance with local and state requirements. All axles, wheels and towing hitches must be removed. • The foundation must be appropriate or the soil conditions for the site and meet local and state codes. • The manufactured home must be on the existing foundation for a period of at least one year prior to purchase to insure adequate set-up.
Manufactured Home Age	The manufactured home must have been constructed after 1985 to be eligible for purchase. Homes constructed prior to 1985 are not eligible for purchase.
Property Appraisal	<ul style="list-style-type: none"> • Acceptable property appraisal must be evidenced in the file on the standard Fannie Mae 1004C/Freddie Mac form 70B (the "Manufactured Home Appraisal Report") with adequate comparables that support marketability and value. • The appraisal must be a market-based property valuation demonstrated by a well-developed sales comparison approach to value. The market value approach is an analysis of comparable sales, contract offerings and current listings of properties that are most comparable to the subject property.
Home Inspections	<ul style="list-style-type: none"> • The manufactured home is to be inspected by a "qualified inspector", one with the proper education, credentials, experience and expertise in the inspection of manufactured homes.

	<ul style="list-style-type: none"> An inspection of the unit's interior and exterior must show that the foundation is sound and no excess settlement is noted. Evidence that the foundation has been inspected and certified by a registered professional structural engineer or licensed general contractor or by a licensed home inspector must be in the loan file.
First-time Home Buyer	First-time homebuyers loans, meaning that the borrower has not owned a home within the previous three years are preferred, however loans will also be purchased for non first-time homebuyers (3)
Loan-to-Value	The maximum eligible LTV is 90%
Occupancy	Only owner-occupied properties and mortgage loans for principal residences will be purchased. Mortgages on second home dwellings and investment properties are not eligible for purchase.
Qualifying Ratios	Maximum 50% back-end ratio
Minimum/ Maximum Loan Amount	\$65,000-\$280,000
Loan Term	The maximum loan term is 20 years
First Mortgage Loans	Only first mortgage loan will be purchased. No seconds, home equity loan and lines of credit will be purchased.
Borrower Reserves	Borrower reserves are not required.
Income Limits	Borrower's with income that does not exceed 80% of area median income (AMI) or 115% of AMI if the property located in a low/moderate income or minority census tract are preferred. However, purchases for borrowers with higher income will be made on an exception basis for high cost areas (4).
Private Mortgage Insurance	Private mortgage insurance is not required for loans with LTV greater than 80%
Prepayment Penalties	Mortgages with repayment penalties are not eligible to be purchased.
Fixed Rate/ ARM Mortgages	CDCU Mortgage Center will purchase both fixed and adjustable rate mortgage loans.
Indexes for Adjustable Rate Loans	Index used to establish the rate for adjustable rate loan programs should be commonly found and readily identifiable (e.g. Treasury, LIBOR, etc.) and appropriate for the type of loans granted. Margins over the index must also be reasonable and acceptable.
FICO score	<ul style="list-style-type: none"> Minimum borrower FICO score eligible for purchase is 550. In the absence of a credit score, nontraditional or acceptable alternative credit underwritten loans are eligible for purchase.
Credit Reports	<ul style="list-style-type: none"> A current credit report must be evidenced in loan file (within 30 days of file review) Credit reports, or credit data report, if a standard credit report is not available at the time of loan closing should be evidenced in the loan file
ITIN Mortgage Loan Purchases	ITIN mortgage loans to undocumented immigrants are eligible for purchase based on the loan history and performance of the selling credit union.
Subordinate Financing	Loans with "community seconds" and other forms of subordinated financing (e.g. subsidies, gifts, HELOCs/HELs) are eligible for sale, depending on the type of liability and prepayment requirements.
Third party Originated Loans	The CDCU Mortgage Center will ONLY purchase loans that were originated by the selling credit union. NO third party originated loans will be purchased.
Private Mortgage Insurance	Private mortgage insurance is not required for loans with LTV greater than 80%

Tax Escrow	It is preferred that property taxes, water and sewer, be escrowed when appropriate for loans originated prior to July 21, 2010. However, property tax escrows are required for all loans originated after July 21, 2010. Evidence of current payment must be provided.
Hazard Insurance	It is preferred that hazard insurance be escrowed for loans originated prior to July 21, 2010. However, hazard insurance must be escrowed for all loans originated after July 21, 2010. A hazard insurance policy, naming the credit union as loss payee must be evidence in the credit file. The policy should be in the amount of the original loan balance or the replacement value of the structure, whichever is less. The CDCU Mortgage Center is to be named loss payee upon purchase of the mortgage loan.
Flood Insurance Determination	Flood Certification must be in file. If flood insurance is necessary, it is required and a certificate of evidence should also be evidenced in file.
Interest-Only, NO Doc, Low Doc and Stated Loans	The CDCU Mortgage Center will only purchase full documentation mortgage loans
Employee/ Board Member Loans	Loans to the credit union's employee and/or board members are not eligible for purchase.
Construction Loans	Construction loans are not eligible for purchase.
Title Search and Abstract	A title search or abstract is required and must be evidenced in the credit file to ensure that there is enough, unencumbered equity in the property to secure the loan.
Title Insurance	Title insurances are required and must be evidenced in the file. A lender's title insurance policy to protect the credit unions interest must be evidences in file.
Collateral Documents	Appropriate Note and Lien Perfection are required and are to be assigned to the CDCU Mortgage Center upon purchase.
Compliance with Dodd-Frank Mortgage Related Provisions	Loans originated after July 21, 2010, must meet all Dodd-Frank mortgage related provisions.
Compliance with Safe Act	Loans originated after October 1, 2010, must comply with Secure and Fair Enforcement for Mortgage Licensing Act of o 2008, Loan originator must be Federally registered, and licenses in the states that licensing is required.

- (1) Recourse is the contingent liability in which the credit union has to repurchase the loan if the sale of the loan breaches one of the warranties or representations of the credit union has made when the loan was sold. The credit union will have the option of whether to sell a mortgage loan with or without recourse. If the credit union sells a mortgage with recourse, the yield to the credit union be greater, but the credit union will maintain a portion of the mortgage risk.
- (2) The CDCU Mortgage Center will provide Credit Unions with the specific Fannie Mae/ Freddie Mac Loan Servicing requirements and guidelines, if necessary.
- (3) A first-time homebuyer is an individual who meets any one of the following criteria:
 - a. Individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property.
 - b. A single parent that has only owned with a former spouse while married.
 - c. An individual who is a displaced homemaker and has only owned with a spouse.
 - d. An individual who has only owned a principal residence not permanently affixed to a foundation in accordance with applicable regulations.
 - e. An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.
- (4) The area median income is used to determine the eligibility for applicants for both federally and locally funded programs. Its sets the maximum limit that a household can earn to be eligible for certain programs. Income limits are calculated for specific geographic areas. They are based on HUD estimates of median family income with adjustments for family size.