

(1) Legal title evidenced by such document as is customarily issued to the purchaser of a manufactured home in the jurisdiction in which the manufactured home is initially sited, or

(2) A full possessory interest convertible into a legal title conforming to paragraph (a)(1) of this section upon payment in full of the guaranteed loan.

(b) The loan must be secured by a properly recorded financing statement and security agreement or other security instrument that creates a first lien on or equivalent security interest in the manufactured home and all of the furnishings, equipment, and accessories paid for in whole or in part out of the loan proceeds.

(c) It is the responsibility of the lender that the veteran initially obtains an interest in the manufactured home meeting the requirements of paragraph (a) of this section and to obtain and retain a security interest meeting the requirements of paragraph (b) of this section.

[36 FR 1253, Jan. 27, 1971, as amended at 46 FR 43671, Aug. 31, 1981; 58 FR 37860, July 14, 1993]

COMBINATION AND MANUFACTURED HOME  
LOT LOANS

**§ 36.4251 Loans to finance the purchase of manufactured homes and the cost of necessary site preparation.**

(a) A loan to finance the purchase of a manufactured home may include funds (or be augmented by a separate loan) to pay all or a part of the cost of the necessary site preparation of a lot on which to place the manufactured home and the loan shall be eligible for guaranty: Provided, that:

(1) The veteran has, or incident to the transaction will acquire, a title to the lot that conforms to § 36.4253(a).

(2) The loan is secured as required by § 36.4253(d).

(3) The lot is determined by the Secretary to be an acceptable manufactured homesite pursuant to § 36.4208.

(4) The cost of the necessary site preparation is determined by the Secretary to be reasonable.

(5) The amount of the loan to pay for necessary site preparation does not exceed the cost thereof and also does not

exceed the reasonable value of the developed lot as determined by the Secretary, and

(6) The loan conforms otherwise to the requirements of the § 36.4200 series.

(b) Notwithstanding that the veteran-borrower's obligation for such site preparation be evidenced and secured separately from the obligation for purchase of the manufactured home, the obligations together shall constitute one loan for the purposes of the § 36.4200 series, including computation of the Secretary's guaranty liability.

(c) The cost of site preparation which will not be paid from the proceeds of the loan must be paid by the veteran in cash from the veteran's own resources.

[36 FR 3368, Feb. 23, 1971, as amended at 40 FR 13215, Mar. 25, 1975; 48 FR 40230, Sept. 6, 1983]

**§ 36.4252 Loans for purchase or refinancing of a manufactured home.**

(a) A loan to purchase a manufactured home may include funds (or be augmented by a separate loan) to finance all or part of the cost of acquisition by the veteran of a lot on which to place the manufactured home and the loan shall be eligible for guaranty: *Provided*, That:

(1) The veteran will acquire title to such lot that conforms to the requirements of § 36.4253(a),

(2) The loan is secured as required by § 36.4253(d),

(3) The lot is determined by the Secretary to be an acceptable manufactured homesite pursuant to § 36.4208,

(4) The portion of the loan allocated to acquisition of the lot does not exceed the reasonable value of the lot as determined by the Secretary, and

(5) The loan conforms otherwise to the requirements of the § 36.4200 series.

(b) Notwithstanding that the veteran-borrower's obligation for acquisition of the lot be evidenced and secured separately from the obligation for purchase of the manufactured home, the obligations together (including, where appropriate, that for site preparation) shall constitute one loan for the purposes of the § 36.4200 series, including computation of the Secretary's guaranty liability.

(c) The cost of lot acquisition which will not be paid from the proceeds of

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the loan must be paid by the veteran in cash from the veteran's own resources.

(d) For the purpose of this section acquisition of a manufactured home lot includes:

(1) The refinancing of the balance owed by the veteran as purchaser under an existing real estate installment contract, and

(2) The refinancing of existing mortgage loans or other liens which are secured of record on a manufactured home lot owned by the veteran.

(e) A loan to acquire a lot on which to site a manufactured home may include funds to refinance an existing loan made for the purchase of and secured by a manufactured home on which lot the manufactured home is located or will be placed, provided that:

(1) The veteran will acquire or retain title to such manufactured home and lot that conforms to the requirements of §§ 36.4234 and 36.4253,

(2) The loan is secured as required by § 36.4253(g),

(3) The lot is determined by the Secretary to be an acceptable manufactured homesite pursuant to § 36.4208,

(4) The portion of the loan allocated to the acquisition and preparation of the lot does not exceed the reasonable value of the developed lot as determined by the Secretary,

(5) The cost of necessary site preparation is determined by the Secretary to be reasonable.

(6) The portion of the loan allocated to the refinancing of the manufactured home does not exceed an amount equal to the sum of the balance of the loan being refinanced; a reasonable discount as authorized in § 36.4204(d)(8) with respect to that portion of the loan used to refinance the existing purchase money lien on the manufactured loan, and closing costs as authorized in § 36.4232 or § 36.4254, as appropriate,

(7) The loan conforms otherwise to the requirements of the § 36.4200 series,

(8) The veteran-borrower's obligation for acquisition of the lot and for refinancing the existing loan on the manufactured home (including site preparation, where appropriate), shall constitute one loan for the purposes of the

§ 36.4200 series, including computation of the Secretary's guaranty liability.

(Authority: 38 U.S.C. 3712(a)(1)(G) or (5))

[36 FR 3368, Feb. 23, 1971, as amended at 40 FR 13215, Mar. 25, 1975; 44 FR 22725, Apr. 17, 1979; 48 FR 40230, Sept. 6, 1983]

**§ 36.4253 Title and lien requirements.**

(a) The interest in the realty constituting a manufactured home lot acquired by the veteran wholly or in part with the proceeds of a guaranteed loan, or in the realty constituting a manufactured home lot improved wholly or in part with the proceeds of a guaranteed loan, shall not be less than:

(1) A fee simple estate therein, legal or equitable; or

(2) A leasehold estate running or renewable at the option of the lessee for a period of not less than 14 years from the maturity of the loan, or to any earlier date at which the fee simple title will vest in the lessee, which is assignable or transferable, if the same be subjected to the lien; however, a leasehold estate which is not freely assignable and transferable will be considered an acceptable estate if it is determined by the Under Secretary for Benefits, or the Director, Loan Guaranty Service, (i) that such type of leasehold is customary in the area where the property is located, (ii) that a veteran or veterans will be prejudiced if the requirement for free assignability is adhered to and, (iii) that the assignability and other provisions applicable to the leasehold estate are sufficient to protect the interests of the veteran and the Government and are otherwise acceptable; or

(3) A life estate, provided that the remainder and reversionary interests are subjected to the lien; or

(4) A beneficial interest in a revocable Family Living Trust that ensures that the veteran, or veteran and spouse, have an equitable life estate, provided the lien attaches to any remainder interest and the trust arrangement is valid under State law.

The title to such estate shall be such as is acceptable to informed buyers, title companies, and attorneys, generally, in the community in which the property is situated, except as modified by paragraph (b) of this section.