§ 201.11 Loan maturities.

(a) Property improvement loans. The term of a property improvement loan shall be not less than six months and not more than 20 years and 32 days from the date of the loan, except that:

(1) The maximum term for a single family property improvement loan on a manufactured home that qualifies as real property shall not exceed 15 years and 32 days from the date of the loan;

(2) The maximum term for a manufactured home improvement loan shall not exceed 12 years and 32 days from the date of the loan; and

(3) The maximum term for an historic preservation loan shall not exceed 15 years and 32 days from the date of the loan.

(b) Manufactured home loans. The term of a manufactured home loan shall be not less than six months and not more than 20 years and 32 days from the date of the loan, except that:

(1) The maximum term for a manufactured home lot loan shall not exceed 15 years and 32 days from the date of the loan; and

(2) The maximum term for a multi-module manufactured home and lot in combination shall not exceed 25 years and 32 days from the date of the loan.

(c) Loan refinancing. A loan to be refinanced under this part may be refinanced for an extended period.

(1) The term of a loan to refinance a borrower’s existing insured property improvement or manufactured home loan shall not exceed the maximum term permitted under paragraph (a) or (b) of this section for the particular type of loan. In addition, the total time period from the date of the original loan to the final maturity of the refinanced loan shall not exceed:

(i) In the case of a property improvement loan, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(ii) In the case of a manufactured home loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(iii) In the case of a multi-module manufactured home and lot combination loan, the maximum term permitted under paragraph (b) of this section plus 10 years; and

(iv) In the case of a historic preservation loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(v) In the case of a manufactured home lot loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(vi) In the case of a single family property improvement loan, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(vii) In the case of a single family property improvement loan on a manufactured home that qualifies as real property, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(viii) In the case of a manufactured home improvement loan, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(ix) In the case of a historic preservation loan, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(x) In the case of a manufactured home lot loan, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(xi) In the case of a single family property improvement loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(xii) In the case of a manufactured home improvement loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(xiii) In the case of a historic preservation loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(xiv) In the case of a manufactured home lot loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(xv) In the case of a single family property improvement loan, the maximum term permitted under paragraph (c) of this section plus 9 years and 11 months; and

(xvi) In the case of a manufactured home improvement loan, the maximum term permitted under paragraph (c) of this section plus 9 years and 11 months; and

(xvii) In the case of a historic preservation loan, the maximum term permitted under paragraph (c) of this section plus 9 years and 11 months; and

(xviii) In the case of a manufactured home lot loan, the maximum term permitted under paragraph (c) of this section plus 9 years and 11 months; and

(xix) In the case of a single family property improvement loan, the maximum term permitted under paragraph (d) of this section plus 9 years and 11 months; and

(xx) In the case of a manufactured home improvement loan, the maximum term permitted under paragraph (d) of this section plus 9 years and 11 months; and

(2) The total principal obligation of a loan made to refinance a borrower’s existing uninsured manufactured home loan shall not exceed the lesser of the cost to the borrower of prepaying the existing loan or the appraised value of the property (as determined by a HUD-approved appraisal), whichever is less, up to the maximum loan amount permitted under this section for the particular type of loan.

§ 201.11 Loan maturities.

(a) Property improvement loans. The term of a property improvement loan shall be not less than six months and not more than 20 years and 32 days from the date of the loan, except that:

(1) The maximum term for a single family property improvement loan on a manufactured home that qualifies as real property shall not exceed 15 years and 32 days from the date of the loan;

(2) The maximum term for a manufactured home improvement loan shall not exceed 12 years and 32 days from the date of the loan; and

(3) The maximum term for an historic preservation loan shall not exceed 15 years and 32 days from the date of the loan.

(b) Manufactured home loans. The term of a manufactured home loan shall be not less than six months and not more than 20 years and 32 days from the date of the loan, except that:

(1) The maximum term for a manufactured home lot loan shall not exceed 15 years and 32 days from the date of the loan; and

(2) The maximum term for a multi-module manufactured home and lot in combination shall not exceed 25 years and 32 days from the date of the loan.

(c) Loan refinancing. A loan to be refinanced under this part may be refinanced for an extended period.

(1) The term of a loan to refinance a borrower’s existing insured property improvement or manufactured home loan shall not exceed the maximum term permitted under paragraph (a) or (b) of this section for the particular type of loan. In addition, the total time period from the date of the original loan to the final maturity of the refinanced loan shall not exceed:

(i) In the case of a property improvement loan, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(ii) In the case of a manufactured home loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(iii) In the case of a historic preservation loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(iv) In the case of a manufactured home lot loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(v) In the case of a single family property improvement loan, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(vi) In the case of a manufactured home improvement loan, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(vii) In the case of a historic preservation loan, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(viii) In the case of a manufactured home lot loan, the maximum term permitted under paragraph (a) of this section plus 9 years and 11 months; and

(ix) In the case of a single family property improvement loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(x) In the case of a manufactured home improvement loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(xi) In the case of a historic preservation loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and

(xii) In the case of a manufactured home lot loan, the maximum term permitted under paragraph (b) of this section plus 9 years and 11 months; and
§ 201.12 Requirements for the note.

The note shall bear the genuine signature of each borrower and of any co-maker or co-signer, be valid and enforceable against the borrower and any co-maker or co-signer, and be complete and regular on its face. The borrower and any co-maker or co-signer shall execute the note for the full amount of the loan obligation. Although the note may be executed by the borrower on an earlier date, the date of the loan shall be the date that the loan proceeds are disbursed by the lender. Such date shall be entered on the note when disbursement occurs. The note shall separately recite the principal amount and any interest at an agreed annual rate that comprises the borrower’s payment obligation. The lender shall assure that the note and all other documents evidencing the loan transaction are in compliance with applicable Federal, State, and local laws. If the note is executed on behalf of a corporation, partnership, or trust by an authorized representative, it shall create a binding obligation on such entity.

[61 FR 19796, May 2, 1996]

§ 201.13 Interest and discount points.

The interest rate for any loan shall be negotiated and agreed to by the borrower and the lender, and such interest rate shall be fixed for the full term of the loan and recited in the note. Interest on the loan shall accrue from the date of the loan, and shall be calculated on a simple interest basis. The lender and the borrower may negotiate the amount of discount points, if any, to be paid by the borrower as part of the borrower’s initial payment. The lender shall not require or allow any party other than the borrower to pay any discount points or other financing charges in connection with the loan transaction.

[61 FR 19797, May 2, 1996]

§ 201.14 Payments on the loan.

The note normally shall provide for equal installment payments due weekly, biweekly, semi-monthly or monthly. The note may provide for either or both of the first and final payments to vary in amount but not to exceed 1 1/2 times the regular installment. Where the borrower has an irregular flow of income, the note may be payable at quarterly or semi-annual intervals corresponding with the borrower’s flow of income. The first scheduled payment after the borrower’s initial payment shall be due no later than two months from the date of the loan. Multiple payment schedules may not be used in connection with any loan.

§ 201.15 Late charges to borrowers.

(a) Imposition of late charge. The note may provide for imposition of a late charge unless precluded by State law. The late charge may be imposed only for installments of principal and interest which are in arrears for the greater of 15 calendar days or the number of days required by applicable State law before such a charge may be imposed. Late charges must be billed to the borrower or reflected in the payment coupon, and evidence of any late charges that have been paid must be in the loan file if an insurance claim is made.