

Manufactured Housing: A Homebuyers' Education Program

The University of Georgia Cooperative Extension

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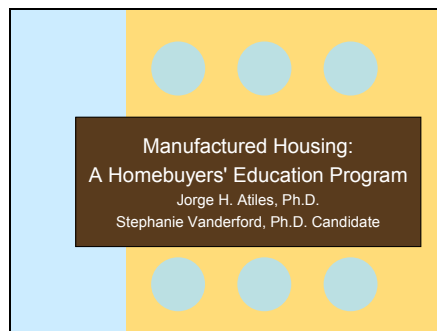
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Slide 1



Whether you are planning to buy your first home or are considering relocating, manufactured housing may be an option worth your consideration. Before learning about the specifics of buying a manufactured home, you may want to know some general information about the product to determine if it is, indeed, the right kind of house for you and your family. Although the name *manufactured housing* is often used to refer to a wide range of factory-built homes, the term officially applies to only a specific subgroup of these homes. On a basic level, manufactured homes are built entirely in the controlled environment of a factory and are transported to the site only after all work is complete, whereas other factory-built homes may be only partially constructed in a factory. In other words, manufactured homes represent one end of a continuum of amount of industrialization. At the opposite end is the traditional site-built home, which is built on site, probably using only a few factory-made components, such as roof trusses. This program will outline the characteristics and benefits of manufactured housing, as well as help potential manufactured home buyers learn about some of the decisions they will have to make.

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What is Manufactured Housing?

Manufactured housing is:

- Built entirely in the controlled environment of a factory
- Required to meet a national building code (the HUD Code)
- Required to include a permanent metal chassis in each section

The slide features a blue header with the title, a yellow background, and a dark brown box containing the list. Three light blue circles are positioned to the right of the 'Manufactured housing is:' text.

In addition to being built entirely in a factory, there are two other criteria that define manufactured housing: Manufactured housing is required to meet a national building code, called the HUD Code. The National Manufactured Housing Construction and Safety Standards Act, presented by the U.S. Department of Housing and Urban Development (HUD) and passed by Congress in 1974, officially changed the name of what had been called a mobile home to manufactured home. Since implementation of the detailed HUD Code on June 15, 1976, all manufactured homes have been required to be built to its national standards. Consequently, manufactured homes are sometimes referred to as HUD-Code homes. Manufactured homes are required to include a permanent metal chassis in each section to assist in transportation. Despite the chassis, when a manufactured home is placed on a site, it typically closely resembles similarly sized site-built homes.

The HUD Code, which will be explained in greater detail later, and the permanent chassis are the defining characteristics of manufactured homes. Other aspects of manufactured homes, such as size, building materials, and special features, vary drastically among homes, as they do in site-built homes. Furthermore, the features that are now available in manufactured homes set them apart from the smaller, less personalized trailers and mobile homes of the past.

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Manufactured Housing: Numbers

How common is manufactured housing?

- Over ten million manufactured homes across the U.S.
- In 2002, HUD-Code homes accounted for approximately eleven percent of all new single-family homes
- In Georgia, one out of every five permits issued for single-family housing is for a manufactured home

The slide features a blue header with the title, a yellow background, and a dark brown box containing the list. Three light blue circles are positioned to the right of the 'How common is manufactured housing?' text.

There are an estimated 10 million manufactured homes in the United States. In 2001, HUD-Code homes comprised approximately 8% of all existing single-family homes in the US and 13% of all new single-family homes.

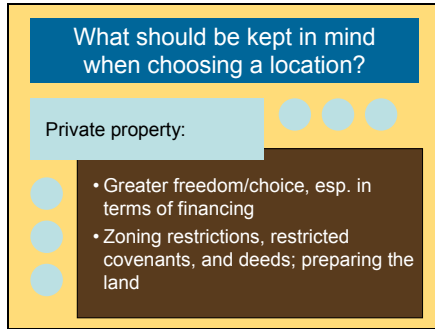
The slide features a blue header with the title 'Where is manufactured housing located?'. Below the header is a light blue box containing the text 'There are four options:' followed by three small blue circles. The main content is a dark brown box with a white list of four options:

1. Placed on private property
2. Placed on a piece of land leased from a developer in a planned manufactured home community
3. Bought with a piece of land in a planned community
4. Rented in a planned community

The location of a manufactured home is important, particularly since they are usually only transported once – from the factory to the home site. Also, more and more areas are accepting manufactured homes, so homeowners are not limited to parks and rural lots. In general, there are four options of placement/ownership status for manufactured homes:

1. A manufactured home can be placed on a piece of property owned by, or to be bought by, the future resident. The U.S. Census Bureau reported that 67% of new manufactured homes in 2001 were placed on private property, and this percentage is increasing over time. Although originally manufactured homes were placed primarily on owned land in rural areas, recent years have shown trends toward more manufactured homes being placed in traditional suburban subdivisions. In 2001, 10% of new manufactured homes were placed in traditional subdivisions.
2. A second option is to place a manufactured home on a piece of land leased from a developer in a planned community. In all states but three, developers are required to allow any home meeting the community's guidelines to be placed on a home site in their community, thereby preventing developer-retailers from monopolizing sales.
3. Third, a new or pre-owned manufactured home may be bought with a piece of land in a planned community.
4. Finally, most land-lease community developers own at least a few of the homes on their sites and make them available for rent, which is particularly popular in vacation areas and retirement communities.

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A yellow-bordered box with a blue header containing the text "What should be kept in mind when choosing a location?". Below the header is a light blue box labeled "Private property:" with three blue circles to its right. To the left of the main content area are three blue circles. The main content area is dark brown and contains two bullet points.

What should be kept in mind when choosing a location?

Private property:

- Greater freedom/choice, esp. in terms of financing
- Zoning restrictions, restricted covenants, and deeds; preparing the land

Deciding to place a HUD-Code home on private property has the advantages (greater freedom/choice, more financing options) as well as the disadvantages (paying for land preparation such as clearing grading and connecting electricity and water; abiding by zoning restrictions and other regulations) that come with owning a site-built home. Particularly for homes in traditional subdivisions, residents must abide by neighborhood regulations/deeds. Manufactured housing is forbidden in some areas, but many local governments have been growing more accepting. Stereotypes of pre-1976 mobile homes linger, which means that barriers persist. Potential manufactured home buyers should be aware of restrictions, but they should also be encouraged by the trend toward lessening regulations.

Slide 7

A yellow-bordered box with a blue header containing the text "What should be kept in mind when choosing a location?". Below the header is a light blue box labeled "Planned community:" with three blue circles to its right. To the left of the main content area are three blue circles. The main content area is dark brown and contains four bullet points.

What should be kept in mind when choosing a location?

Planned community:

- Amenities include recreational facilities, lawn service, and garbage collection
- Preparing the site and placing the home are easier
- May be more feasible financially, but fewer options
- Cannot realize gain from appreciated land value
- May be rules/restrictions (parking, noise, etc.)

There are advantages and disadvantages to owning a home and renting the land. Preparing the site and placing the home is easier on leased land than on private land because of the lack of zoning regulations and ordinances. Also, manufactured home communities are well-planned neighborhoods with amenities such as sidewalks and recreation facilities. In some communities, the monthly cost of the land lease includes services such as trash collection and lawn maintenance. However, potential consumers should be careful to review all park rules and regulations before deciding to move into a community and should be especially aware of regulations related to rent increases, parking, noise, and other issues. Financially, leasing, rather than buying, land may be a more feasible option for many people. The initial cash outlay is smaller (partially due to the absence of attorney fees and closing costs), and the monthly payment is often much less than it would be if the land were bought. Working to homebuyers' disadvantage, however, are the facts that leasing land often requires the use of a personal property loan, rather than a real estate mortgage, and homeowners cannot realize any gain from appreciated land value when they sell their home. In addition, most manufactured home residents in such land-lease communities have month-to-month leases, rather than long-term leases. This means that landlords can unexpectedly raise rent on the lot and/or the utilities and give the residents only 30 days notice. They may also

sell the land or decide to use it for another purpose and give the residents only 30 days to move. Despite some of the potential disadvantages, for many homeowners, a manufactured home in a planned community may bring the right mix of benefits related to homeownership and affordability.

If buying a home and its land in a planned community, financing will be similar to that for homes on private property. Also, because the home will be placed in a planned community, there are no concerns about zoning regulations, and the amenities of planned communities are available.

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Why is manufactured housing less expensive than site-built housing?

Greater ability to control costs:

- Fewer time delays
- No need to hire expensive subcontractors
- Better protection from theft and vandalism
- Take advantage of price discounts by ordering supplies and appliances in bulk
- More efficient (working from the inside out)
- Take advantage of computer-assisted design programs

One advantage of factory-built construction is the greater ability to control costs, in large part because of the speed of construction. Typically, factory-built homes can be completed within three months, and sometimes as quickly as one week in the case of double-section HUD-Code homes! There is not time for the costs of materials to rise, there is little or no need for construction loan money, and bad weather cannot cause costly delays.

Furthermore, there is no need to hire expensive subcontractors; the skilled factory employees work together to complete all aspects of the homes.

Additionally, factory construction provides better protection from theft and vandalism during construction, and it allows for manufacturers to take advantage of price discounts by ordering supplies and appliances in bulk. Finally, workers can be more efficient because they are working from the inside out. They can also take advantage of computer-assisted design programs.

Overall, lower costs on the construction end translate into lower prices for homebuyers.

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How much does manufactured housing cost?

Costs

- National price range (excluding land): \$20,000 to over \$100,000
- Construction costs: 20-50 percent less per square foot than costs of comparable site-built housing

Just as with site-built homes, the ranges of sizes and types of manufactured homes are wide.

Consequently, the price range of new manufactured homes is also wide, with prices, excluding land, ranging nationally from \$15,000 to over \$100,000.

The important point, however, is that, on average manufactured homes are less expensive than site-built homes. Manufactured housing offers the potential of home ownership to many Americans because of its low cost.

Indeed, according to the Foremost Insurance Group, 82% of manufactured home buyers indicated that the price was their primary reason for purchasing the home.

Nationwide, manufactured home construction costs 20-50% less per square foot than construction of comparable site-built housing.

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How much does manufactured housing cost?

Costs

- Average sales price, excluding land, in 2002:
 - new multisection manufactured homes (including installation) = \$56,200
 - new single-family, site-built homes = \$174,140

In 2001, the average sales price, including installation, of new multisection manufactured homes was \$55,100. In that same year, the average sales price, excluding land, for new single-family, site-built homes was \$164,217.

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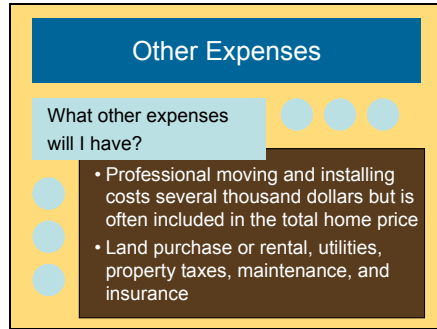
How much does manufactured housing cost?

Georgia: average cost

- Georgia
 - Average cost of new manufactured homes in 2003 = \$52,300

The average cost, excluding land, of a manufactured home in Georgia is \$48,800. Appraisal guides, which are often available at public libraries, can give a prospective homebuyer a better idea of what the cost will be for various types and sizes of manufactured homes.

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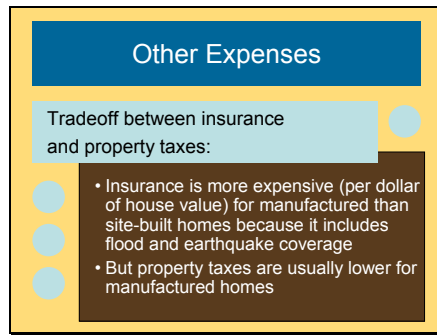
Other Expenses

What other expenses will I have?

- Professional moving and installing costs several thousand dollars but is often included in the total home price
- Land purchase or rental, utilities, property taxes, maintenance, and insurance

As would be necessary when thinking about purchasing any new home, it is important to remember the other costs involved, those costs beyond monthly mortgage or loan payments. One cost that is incurred right away is the cost of moving and installing a home. This is usually several thousand dollars, but it is often included in the total price of the home. Other costs include, but are not limited to, land purchase or rental, utilities, property taxes, maintenance, and insurance.

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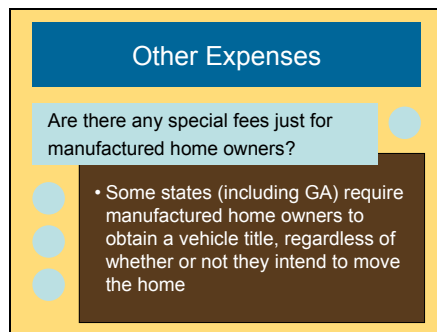
Other Expenses

Tradeoff between insurance and property taxes:

- Insurance is more expensive (per dollar of house value) for manufactured than site-built homes because it includes flood and earthquake coverage
- But property taxes are usually lower for manufactured homes

On average, insurance for manufactured homes is more expensive per dollar of house value than insurance for site-built homes. Part of the reason for the difference, however, is that insurance policies for manufactured homes are more comprehensive. They include flood and earthquake coverage, which is not available in traditional homeowners insurance. There is a trade off: most manufactured home owners incur lower property taxes than do owners of similar site-built homes.

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Other Expenses

Are there any special fees just for manufactured home owners?

- Some states (including GA) require manufactured home owners to obtain a vehicle title, regardless of whether or not they intend to move the home

Some states (including Georgia) require that all manufactured home owners obtain a vehicle title, regardless of whether or not the owners intend to move the home. This law is a remnant of the age when manufactured homes were truly mobile homes, and it may be reversed in the future.

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Other Expenses

Are there any special fees just for manufactured home owners?

- There is a procedure for changing a manufactured home to being considered real (as opposed to personal) property
- If this procedure is followed, then a vehicle title will no longer be required

The only manufactured homes exempt from this law are homes that are considered real (as opposed to personal) property.

Although extra costs should not deter anyone from purchasing a manufactured home, such costs should be included in prospective buyers' budgets to ensure that they will be able to keep up with monthly payments.

Regardless of the type of financing obtained, one bonus of owning a home rather than renting one is the fact that interest payments on the mortgage or chattel loan are tax deductible.

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Who Lives in Manufactured Housing?

Some statistics...

- Over 22 million Americans, including over one million Georgians
- Few significant differences between manufactured home residents and residents of site-built housing

Over 22 million Americans, including over one million Georgians, currently live in HUD-Code housing.

According to periodic studies conducted by Foremost Insurance Group, there are few significant differences between manufactured home residents and residents of site-built housing.

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Who Lives in Manufactured Housing?

Some statistics:

- Among GA manufactured home residents: average age is 53, average income is just over \$29,000
- Nationwide: 19 percent are over the age of 69, 55 percent are employed full time, 30 percent are retired

The average age of manufactured home residents in Georgia is 53, but over a quarter of all residents are under 40 years of age.

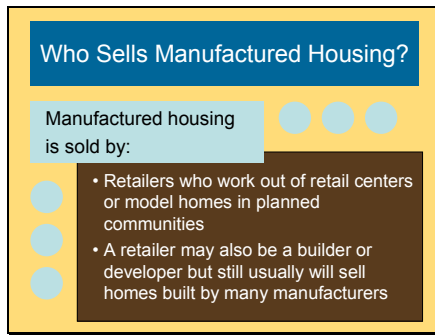
Somewhat surprisingly, nationwide, 19% are over the age of 69. The average household income is just over \$29,000 among Georgia's manufactured home owners.

Nationwide, 57% of heads of household are employed full time, and 29% are retired. The most common household configuration is a household of two members, and 62% of households include no children living at home.

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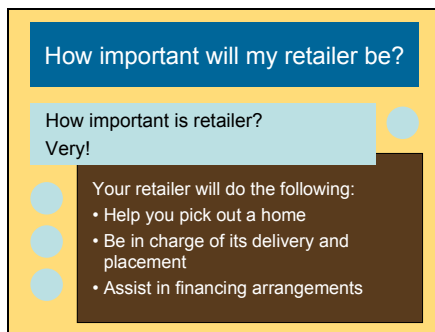
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Most manufactured homes are bought from dealers, who work out of retail centers or model homes in planned communities. Many dealers are also builders or developers, but most dealers sell homes built by several different manufacturers.

(Really only in one situation would a homebuyer need to work with anyone other than a dealer to purchase a manufactured home. If a pre-owned manufactured home is purchased with the land on which it is sited, then a real estate agent may be in control of the sale.)

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Choosing a good dealer is important because he or she will help you in picking out a home and will be in charge of many key aspects of its delivery and placement.

Additionally, a good dealer can assist you in financing arrangements.

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How important will my retailer be?

Your retailer will also:

- Be a primary contact for warranty information
- Be the lessor for land in planned communities

The dealer also will be a primary contact for warranty information. Finally, if the land is being leased, then the dealer will be the lessor. Therefore, it is important to speak with many dealers and, whenever possible, to talk to people who have purchased homes from them.

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What should I think about when starting the shopping process?

Before shopping...

- Talk with other people who have purchased manufactured homes

Once you have decided to purchase a manufactured home, there are many things you will need to take into consideration. Some of these are similar to issues you would deal with in buying a site-built home, but others are unique to manufactured homes. A few words of advice are in order before focusing on the details. First, talk with other people who have purchased manufactured homes. Find out about the manufacturers and dealers they used and if they would recommend those companies and their products to you.

Slide 23

What should I think about when starting the shopping process?

Before shopping...

- Be wary of packaged deals
- With packaged deals, you will pay for the convenience of one-stop shopping with higher mortgage payments and a longer amount of time required to build equity in your home

Another word of caution is to be wary of packaged deals. Dealers who want to sell you a home, serve as the mortgage broker, and sell you extras, such as insurance and furniture, are almost always presenting you with a bad deal. You will pay for the convenience of one-stop shopping with higher mortgage payments and a longer amount of time required to build equity in your home.

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What should I think about when starting the shopping process?

Before shopping...

- Do not let a retailer pressure you into deciding until you are ready, and do not sign anything until you have read it and understand it

Purchasing any home is a big deal and requires careful consideration.

Do not let a dealer pressure you into deciding until you are ready, and do not sign anything until you have read and understand it.

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What should I think about when starting the shopping process?

Before shopping...

- It is the total cost of the home – *not the amount of the monthly payments* – that matters

Finally, remember that it is the total cost of the home – not the amount of the monthly payments – that matters. Never tell a dealer how much you can afford in monthly payments.

With those words of caution as background, the remainder of this section will be devoted to introducing you to some of the terminology regarding manufactured housing and some of the decisions that face homebuyers.

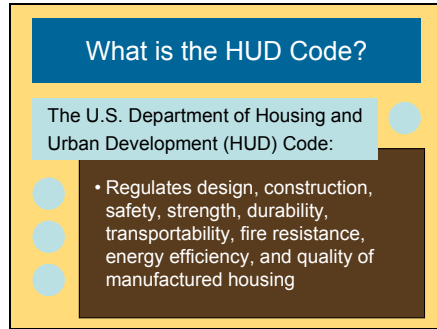
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What should I think about when starting the shopping process?

Before shopping...

- Never tell a retailer how much you can afford in monthly payments

Slide 27



What is the HUD Code?

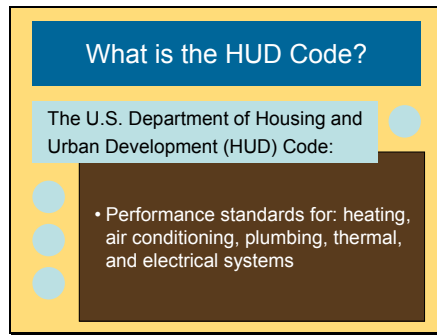
The U.S. Department of Housing and Urban Development (HUD) Code:

- Regulates design, construction, safety, strength, durability, transportability, fire resistance, energy efficiency, and quality of manufactured housing

In 1974 Congress passed the National Manufactured Housing Construction and Safety Standards Act, which empowered HUD to regulate the construction and installation of manufactured homes nationwide. Two years later (1976) HUD adopted a national code of standards for manufactured homes.

In general, the HUD Code regulates aspects of manufactured housing relating to design, construction, safety, strength, durability, transportability, fire resistance, energy efficiency, and quality.

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What is the HUD Code?

The U.S. Department of Housing and Urban Development (HUD) Code:

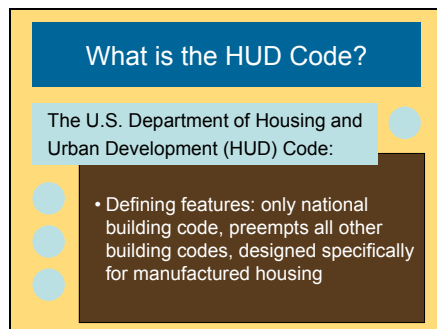
- Performance standards for: heating, air conditioning, plumbing, thermal, and electrical systems

Performance standards are also established for the heating, air conditioning, plumbing, thermal, and electrical systems. Additionally, the HUD Code calls for inspections of manufactured homes.

Finally, the HUD Code established a process through which buyers can register complaints. Each homeowner is provided with an owner's manual that provides information on maintenance and safety, as well as the names of state enforcement agencies with which complaints can be filed.

In each state, a State Administrative Agency (SAA) administers and enforces the HUD Code. In Georgia, the State Fire Marshall acts as the SAA.

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What is the HUD Code?

The U.S. Department of Housing and Urban Development (HUD) Code:

- Defining features: only national building code, preempts all other building codes, designed specifically for manufactured housing

The HUD Code for manufactured housing is the only national building code, it preempts all other building codes, and it was designed specifically for manufactured housing.

All other homes, including other types of industrialized homes, are built to possibly less stringent local, regional, and state codes. As a result of the HUD Code, regardless of where a new manufactured home is purchased, there is no question about the quality of its construction. Also, homes built in one part of the country are easily accepted in other areas.

Finally, because the HUD Code is performance based, rather than materials based, manufacturers can take advantage of new technologies quickly. Unlike many site-built home contractors, manufacturers do not have to wait for changes in their building code before adopting new approaches, as long as the final product meets the standards of construction. Therefore, manufacturers are encouraged to be

innovative with the newest technologies, which can result in better-quality and lower-cost homes.

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The slide features a blue header with the text "What is the HUD Code?". Below the header is a light blue box containing the text "The U.S. Department of Housing and Urban Development (HUD) Code:". To the right of this box are three light blue circles. Below the light blue box is a dark brown box containing a bullet point: "• The Manufactured Housing Improvement Act of 2000 ensures that HUD Code will be periodically updated". To the left of this dark brown box are three light blue circles.

The Manufactured Housing Improvement Act of 2000 was passed to ensure that the HUD Code would be periodically updated to accommodate for changes in the industry. If the industry is to fill the nation's growing need for affordable housing, it is pivotal that the HUD Code incorporate new innovations and technologies that can improve construction and quality and potentially lower costs.

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The slide features a blue header with the text "Inspections". Below the header is a light blue box containing the text "How are manufactured homes inspected?". To the right of this box are three light blue circles. Below the light blue box is a dark brown box containing a bullet point: "• A Federal and state cooperative process: HUD sets the standards, state inspection teams check for compliance." To the left of this dark brown box are three light blue circles.

The inspection process is conducted through a federal and state cooperative agreement. On the national level, HUD sets the standards, and on a state level, inspection teams check for compliance.

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Inspections

Three types of inspections:

1. Design Approval Primary Inspection Agency (DAPIA)
2. In-Plant Primary Inspection Agency (IPIA). In Georgia, the State's Comptroller General's Office acts as the IPIA
3. Each manufacturer thoroughly inspects all of the homes they produce

Inspection of manufactured homes occurs on three levels:

Before any construction takes place, all designs and factories are inspected for compliance with HUD Code standards. This inspection is conducted by the Design Approval Primary Inspection Agency (DAPIA), a third-party inspection agency. Requirements for design approval of manufactured homes are much more comprehensive and strict than are similar requirements for site-built homes. In addition, manufacturers are required to submit a quality assurance manual, which is not asked of site builders.

Second, each factory is monitored to ensure that production actually unfolds as it was described in the design proposal. This inspection is conducted by another third-party agency, the Production Inspection Primary Inspection Agency (IPIA). In Georgia, the State's Comptroller General's Office acts as the IPIA. Finally, each manufacturer thoroughly inspects each home that leaves his assembly line. The official HUD IPIA inspection occurs only after the manufacturer has conducted his own inspection.

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Inspections

Is each home inspected at all stages of manufacturing?

- No, but three guidelines ensure that each home is inspected enough to approve it with confidence:

It is important to note that each home is not inspected by IPIA at each stage in the manufacturing process. However, the inspection process ensures that each home is inspected enough to confidently approve it.

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Inspections

Is each home inspected at all stages of manufacturing?

1. All homes are inspected in at least one stage of the production process
2. IPIA inspectors thoroughly inspect every visible part of every home in each production stage
3. The first home produced by a new plant is completely inspected at all stages of production

Three conditions for IPIA inspection are important:

First, all homes are inspected by IPIA in at least one stage of the production process.

Second, when IPIA inspectors visit a plant, they thoroughly inspect all stages of production by inspecting every visible part of every home in each production stage.

Third, the first home produced by a new manufacturing plant is completely inspected by IPIA at all stages of production. Such thorough process ensures that the manufacturer is meeting his quality assurance standards.

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Inspections

How can I be sure that my manufactured home passed inspection?

- Some factories allow visitors, in which case it might be possible for a homebuyer to inspect his future home informally at various stages of production

In addition to the official inspections described above, some factories allow visitors, in which case it might be possible for a homebuyer to informally inspect his future home at various stages of production. Even if identification of a particular home were not possible, the consumer could assess how well the factory seemed to be operating.

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Inspections

How can I be sure that my manufactured home passed inspection?

- A numbered, red certification label should be placed on each section of each manufactured home...
- No consumer should accept a manufactured home without certification labels!

As an assurance to the homebuyer of the inspection process, a certification sticker is placed on each section of each manufactured home. These stickers certify that the home meets the high standards set by HUD. No one should accept a HUD-Code home that is delivered without inspection stickers in place!

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Personal and Real Property

Can homes be changed between personal and real property?

- All manufactured homes in GA are initially personal property

A manufactured home can be considered real property or personal property. All manufactured homes in Georgia are considered personal property unless the homeowner acts to change that classification. Regulations for changing the classification of a home between personal and real property were specified in House Bill 506 from the 2003 Georgia General Assembly. Any home that undergoes such a change in classification will be taxed as real property.

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Personal and Real Property

Can homes be changed between personal and real property?

For a HUD-Code home to be real property:

- It must be permanently attached to land in which one or more of the homeowners has an ownership interest
- A Certificate of Permanent Location must be filed

For a manufactured home to be considered real property, two criteria must be met. First, the home must be permanently attached to land (real property), in which one or more of the homeowners must also have an ownership interest. Second, a Certificate of Permanent Location must be filed in the real estate records of the county where the home is permanently placed and with the commissioner of motor vehicle safety. Once a home has been converted from personal to real property, it may not be relocated without the consent of the property owner(s) and those who hold security interests in the property.

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Personal and Real Property

A home can be converted from real to personal property if:

- The home is to be moved with the written consent of the property owner and all holders of security interests, AND
- A Certificate of Removal from Permanent Location is filed

Just as a home can be converted from personal to real property, so can it be converted back from real to personal property. The process is similar; a formerly real property manufactured home is considered personal property under two conditions. The first is that the home is going to be moved from the land (real property) with the written consent of the property owner and all holders of security interests in the home. Second, a Certificate of Removal from Permanent Location must be filed in the same way that the Certificate of Permanent Location was filed.

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Personal and Real Property

Other information:

- A Certificate of Destruction must be filed to destroy a real property home
- Certificates cost \$18 each

Finally, if a home that is currently, or has been previously, real property is to be destroyed, a Certificate of Destruction must be filed in the same manner that the other certificates were filed.

A fee of \$18 will be charged by the commissioner of motor vehicle safety for all of the changes described. In addition, all homeowners should be sure to get a certified copy of all certificates filed.

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Manufactured Housing: Appearance

Are all manufactured homes nondescript boxes?

- NO!
- Options are available for personalizing the exterior and the interior of your home
- Homes range in size from 900 to 2,500 square feet

Most people's images of manufactured homes are of one or more nondescript box-like structures. Despite the cookie-cutter image associated with manufactured homes, many options for innovations in home design are now available.

Homes can range in size from 900 to 2,500 square feet, depending on the preferences and budgets of the future residents. A homeowner can personalize the exterior and/or the interior of his home, and he can specify the appliances he wants.

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Manufactured Housing: Appearance

What exterior options are available?

- Trussed roofs with overhangs or awnings, hinged roofs, skirting, steps, carports, garages, screened porches, patios, decks, or even a second story
- In 2001, most new homes had pitched roofs with shingles and gabled ends, which help prevent water damage

Modern manufactured homes often include trussed roofs with overhangs or awnings, hinged roofs, skirting, steps, carports, garages, screened porches, patios, decks, or even a second story. In 2001, most new homes had pitched roofs with shingles and gabled ends. The first two-story manufactured home project in the US was completed recently in Maryland. In addition, all of those homes are situated over basements. In Tucson, Arizona, another recent manufactured home development contains only homes with permanent foundations and attached garages.

Slide 43

Manufactured Housing: Appearance

What exterior options are available?

- Permanent foundation consisting of poured concrete slab and crawl space; anchors/tie-downs prevent a house from slipping off its piers

Additionally, the support and anchoring of a home is an important consideration. A homebuyer placing her home on owned land should consider having her home rest on a permanent foundation consisting of a poured concrete slab and a crawl space. If this is not possible, anchors or tie-downs should be used to prevent a house from slipping off its piers. All home supports should rest on deep concrete pads or footings, not directly on the ground.

Slide 44

Manufactured Housing: Appearance

What exterior options are available?

- Choices for the exterior finish of a home: stone, brick, wood lap, hardboard, metallic, vertical vinyl siding, stucco, cedar or tile shingles

Finally, manufactured home buyers have more choices than they used to have for the exterior finish of their home. Home exteriors may be stone, brick, wood lap, hardboard, metallic, vinyl siding, stucco, or cedar or tile shingles. The variety of exterior finishes available allows manufactured homes to blend into most residential neighborhoods. Care should be taken in choosing an exterior finish, as it can have implications for the durability of the home. In various publications, *Consumers Union* provides information on the advantages and disadvantages of different finishes. In general, hardboard and metallic siding are not good choices because they contribute to more problems with water damage.

Slide 45

Additions

Who should add structures to the home?

Site-builder:

- Not required to meet the HUD Code, and work is not guaranteed by the manufacturer
- Possibly better built than factory construction of add-ons

Manufacturer:

- Limited in flexibility with design
- Best solution is for a manufacturer to present a DAPIA design for an add-on that a contractor will build on-site

One important decision after opting to add a structural feature to a manufactured home is whether the feature should be manufactured or built on site. The latter option is more common, but there are pros and cons to both decisions.

Add-ons built on site by a contractor will not be required to meet the HUD Code, but rather local, regional, or state codes will be in effect. It is important to keep in mind how such additions will affect the structural integrity of a manufactured home since the builder will, most likely, not be concerned with HUD regulations. Additionally, the original manufacturer cannot be held responsible for damage incurred due to structural additions or changes. Furthermore, such alterations may cause the manufacturer to terminate or alter the warranty. Although the use of manufactured add-ons solves these problems, it presents problems of its own.

Slide 46

Manufactured Housing: Interiors

What are some interior options?

- Formal dining rooms, spacious living rooms, and walk-in closets
- Vaulted ceilings, archways, drywall, whirlpool bathtubs, wood-burning fireplaces, custom cabinets, double sinks, special window designs, and ceiling fans

Additional structural features may require more fine-tuning than standard components of homes, and the precision necessary may not be available in manufacturing.

One idea is for manufacturers to develop designs for add-on features. The designs would have to be approved by a DAPIA inspector. But the actual construction would take place at the home site. This ideal situation, which is fairly common in California, ensures that structural features are built as best as is possible and will not threaten the stability of the manufactured home.

Structural additions can safely add to the attractiveness of a manufactured home, but decisions about such add-ons are not to be made lightly. Homebuyers should not be discouraged from adding features to their home; they are only cautioned to consider all possible options and implications.

Manufactured homes are delivered to their home sites complete with carpet, appliances, and other interior features. Minimum standards for these features have been established, but a homebuyer always has the option of improving or adding to the basic plan.

Most manufacturers allow consumers to choose from among many floor plans, which include features such as extra bedrooms, formal dining rooms, spacious living rooms, and walk-in closets. Other interior features commonly available are vaulted ceilings, archways, drywall, whirlpool bathtubs, wood-burning fireplaces, custom cabinets, double sinks, and special window designs, such as bay windows.

One precaution is that, although consumers tend to prefer drywall to gypsum board, it is more prone to cracking during transportation.

Another interior feature that is becoming more popular is the addition of one or more ceiling fans. A homeowner who chooses to add a ceiling fan should first make sure that there is adequate structural support.

Slide 47

Manufactured Housing: Interiors

What are some interior options?

- Type and color of carpeting (or other floor covering), paint/wallpaper, and countertop surface

Furthermore, the homebuyer can specify the type and color of carpeting (or other floor covering), paint/wallpaper, and countertop material.

Slide 48

Manufactured Housing: Interiors

Will I have choices about appliances?

- Standard kitchens: refrigerator and stovetop/oven
- Full kitchens: microwave, trash compactor, dishwasher, garbage disposal, and indoor grill
- A washer and dryer may also be added

Finally, homebuyers may opt for more or different appliances than those specified by the manufacturer.

The most common adaptation would be for a full kitchen. Standard kitchens include a refrigerator and a stovetop/oven. Optional appliances are a microwave, trash compactor, dishwasher, garbage disposal, and indoor grill. Many homebuyers also opt to include a washer and dryer. The decision to alter kitchen appliances may be due to a desire for greater energy efficiency, which will be discussed later. Consumers must keep in mind their budgets – both short-term and long-term – as they make decisions about adding or altering features or appliances.

A final note, especially regarding kitchens, is that the addition of more electrical outlets is always a good idea.

Slide 49

How will options affect my budget?

Costs

Higher up-front prices may lead to lower long-run costs of maintaining a home because:

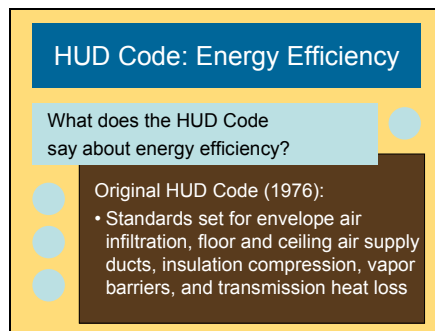
- Improvements often make your home more energy efficient
- Upgraded products may last longer than standard products (example: plumbing fixtures)

The most important thing to keep in mind when altering or adding exterior or interior features is that any changes from the manufacturing standard will affect the price of a home. It is important to think not only of the immediate costs, but also of the long-term costs.

Sometimes a slightly more expensive, higher quality product will last longer and require less maintenance, which can produce savings over the lifetime of the product. One good example is with plumbing fixtures. Fixtures made of heavy reinforced plastic or porcelain-covered steel are much less prone to cracks and leaks than are those made of the standard thin, molded plastic. In addition, it is a good safety precaution to request shutoff valves at all plumbing fixtures, including toilets. Improvements may also make a home more

energy efficient. Such upgrades may cost a little extra, but the price will be worth it in the long run.

Slide 50



HUD Code: Energy Efficiency

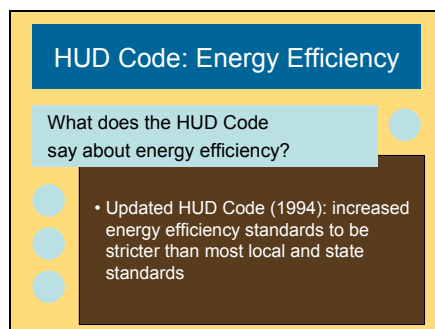
What does the HUD Code say about energy efficiency?

- Original HUD Code (1976):
 - Standards set for envelope air infiltration, floor and ceiling air supply ducts, insulation compression, vapor barriers, and transmission heat loss

The HUD Code has specified energy efficiency standards for all manufactured homes since its inception.

In the original 1976 HUD Code, standards were set for envelope air filtration, air supply ducts (both under the floor and in the ceiling), insulation compression, vapor barriers, and transmission heat loss.

Slide 51



HUD Code: Energy Efficiency

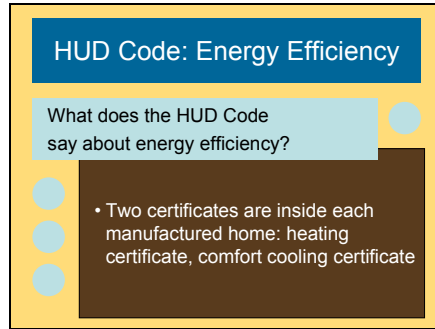
What does the HUD Code say about energy efficiency?

- Updated HUD Code (1994): increased energy efficiency standards to be stricter than most local and state standards

The guidelines imposed by HUD in the updated Code of 1994 are stricter than many local and state codes on energy efficiency.

Regarding heating and cooling systems, the HUD Code distinguishes among three temperature zones in the United States.

Slide 52



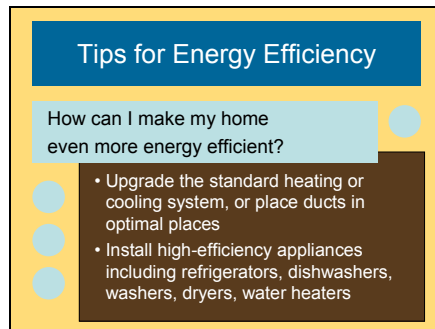
HUD Code: Energy Efficiency

What does the HUD Code say about energy efficiency?

- Two certificates are inside each manufactured home: heating certificate, comfort cooling certificate

Inside each manufactured home, two certificates indicate the appropriate location of the home and method of cooling the home. The heating certificate indicates in which of the three temperature zones the home may be placed based on the amount of insulation in the home. The comfort cooling certificate indicates the appropriate air conditioning system to use in the home.

Slide 53



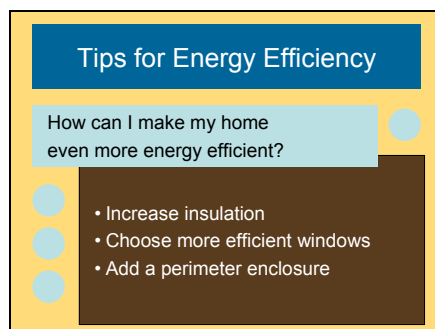
Tips for Energy Efficiency

How can I make my home even more energy efficient?

- Upgrade the standard heating or cooling system, or place ducts in optimal places
- Install high-efficiency appliances including refrigerators, dishwashers, washers, dryers, water heaters

It may be to a homebuyer's advantage to increase the efficiency of a manufactured home. It is always possible to upgrade the standard heating or cooling system to one that is more efficient. The long-term benefits of highly efficient heating and cooling systems were one of the motivations for HUD to increase energy requirements in 1994. Appliances are another area in which potential manufactured home buyers can invest a little extra up front and gain long-term benefits. High-efficiency refrigerators, washers, dryers, dishwashers, water heaters, and many other appliances are available to homebuyers.

Slide 54



Tips for Energy Efficiency

How can I make my home even more energy efficient?

- Increase insulation
- Choose more efficient windows
- Add a perimeter enclosure

Additionally, the type and amount of insulation, as well as the kind of windows, in a home has implications for the overall energy efficiency of the home. Having exterior walls built with 2 by 6-inch boards (rather than 2 by 4-inch boards) allows for more home insulation. In addition, options for double- and triple-glazed windows, storm windows, and high efficiency windows are all available in manufactured homes. Window frames should be welded together, rather than glued or screwed. In addition, vinyl framed windows allow less temperature transfer than do other types of frames. Finally, retailers and home installers can also install perimeter enclosures, which improve the energy performance of manufactured homes. A perimeter enclosure is a protective skirt made of wood lattice, brick, vinyl, or aluminum. It protects the belly wrap (a plastic cover on the underside of a manufactured home), seals out

moisture and pests, and keeps the insulation in place.

Slide 55

Slide 55 content: A yellow-bordered slide with a blue header containing the Energy Star logo and the text "What is Energy Star?". Below the header is a light blue box with the text "Energy Star" and three blue circles to its right. A dark brown box below contains a bullet point: "• Program designed by the U.S. Environmental Protection Agency (EPA) and the Department of Energy (DOE) to reduce energy use in and greenhouse gas emissions from homes".

The Energy Star program was started in 1992 by the Environmental Protection Agency (EPA) as a method of reducing greenhouse gas emission from homes.

Slide 56

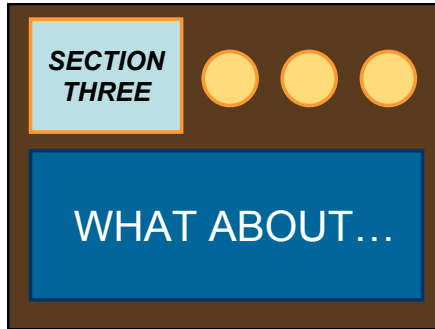
Slide 56 content: A yellow-bordered slide with a blue header containing the Energy Star logo and the text "What is Energy Star?". Below the header is a light blue box with the text "Energy Star" and three blue circles to its right. A dark brown box below contains two bullet points: "• Appliances, building materials, heating and cooling systems, and even entire manufactured homes can be Energy Star certified" and "• Manufacturers usually adjust ducts, insulation, caulking, windows, and heating and cooling systems".

Through their partnership with the Department of Energy, the EPA now offers Energy Star certification for many products, including heating and cooling units, appliances, and building materials.

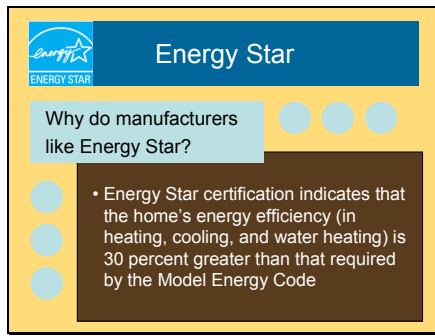
Energy Star has two important implications for prospective purchasers of manufactured homes. First, Energy Star certified appliances and materials may be incorporated into manufactured homes.

Second, it is now possible to manufacture a home that is Energy Star certified as a whole. The areas in which manufacturers typically make adjustments are insulation, caulking, windows, heating and cooling systems, and ducts.

Slide 57



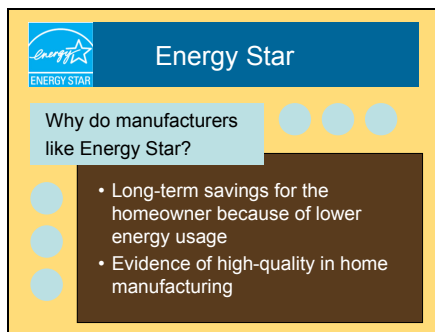
Slide 58



Energy Star certification of a home indicates that the home's energy efficiency in the areas of heating, cooling, and water heating is 30% greater than that required by the Model Energy Code.

The first two Energy Star certified homes were completed in 1997. Since then, changes have made it possible for Energy Star inspections to be incorporated into the IPIA inspection process, which makes it easy for more manufacturers to get involved. Within six months of the publication of the terms for Energy Star certification of a manufacturer, nearly a quarter of all manufacturers joined the program. (Currently, 75 plants participate in the Energy Star program).

Slide 59



Manufacturers are excited about Energy Star for two reasons.

First, Energy Star offers promises of long-term savings for owners of manufactured homes.

These savings may be even greater than those experienced by site-built home owners because the efficient technologies and economies of scale in the manufacturing sector allow more of the savings to be passed on to the consumer.

Second, Energy Star certification offers evidence of the high quality of manufactured homes.

In an age in which manufacturers and homeowners still have to defend the image of their homes, objective, universally acknowledged standards may be the best proof that manufactured homes are high quality homes.

Slide 60

Fire Damage

How concerned should I be about fire damage?

- Site-built homes are more susceptible to fire than are manufactured homes built after 1976

One common misconception is that manufactured homes are more prone to fire than are site-built homes.

In fact, studies have shown that the exact opposite is true. Due to the precise factory construction and strict federal regulations, manufactured homes are typically better protected from fire than are site-built homes. The placement of combustible materials near furnaces, water heaters, and kitchen ranges is restricted.

Slide 61

Fire Damage

How concerned should I be about fire damage?

- HUD Code regulations that protect residents: exit windows in bedrooms, smoke detector, at least two exterior doors

Manufactured homes are required to have egress windows in all bedrooms, at least one smoke detector, and at least two exterior doors. Furthermore, the exterior doors must not be close to one another, and they must be accessible without passing through a lockable interior door.

Strict guidelines make manufactured homes less susceptible to fire and improve the chances of survival for people inside the home, should it catch on fire.

Slide 62

Fire Damage

How concerned should I be about fire damage?

- Manufactured homes often suffer complete fire devastation because they are in rural areas, far from fire stations
- Most home fires in all homes start due to carelessness of the residents

The misconception about the prevalence of fires in manufactured homes most likely developed for two reasons.

First, pre-HUD-Code homes did not include the fire safety features that are standard today. Homes built prior to 1976 *are* more likely to catch fire than are HUD-Code or site-built homes.

Second, until very recently almost all manufactured homes were located in rural areas, which are typically farther from fire stations than are suburban or urban homes. Therefore, all homes – both manufactured and site-built – in rural areas tend to suffer complete devastation from fires more often than do homes located closer to rescue workers.

Also, most fires in manufactured homes begin the same way they do in site-built homes: through carelessness of the residents.

Slide 63

Wind Damage

How likely is it that my home will be damaged by wind?

- Rural locations: hurricanes or tornadoes more likely
- High-wind areas: site-built and manufactured homes built to same wind-resistance standards, so equally likely to be damaged
- Manufactured homes not permanently attached to foundations may be more vulnerable to damage from high winds.

The often rural locations of manufactured homes also help to explain their historically high likelihood of suffering damage from high winds or storms. The meteorological conditions in rural areas are prime for the creation of such bad weather systems as tornadoes and hurricanes.

Building codes for neither site-built nor manufactured homes require homes to be constructed such that they could withstand fully the potential high winds from dangerous storms. In fact, wind-resistance standards in high-wind prone areas generally are equivalent in regional building codes and the HUD Code. The HUD Code established three wind zones – for hurricane-prone areas, other coastal areas, and the rest of the U.S.

As long as a home is appropriate for its wind zone (or meets a higher level of wind durability), it should be as safe from wind as is a site-built home.

Slide 64

Wind Damage

How likely is it that my home will be damaged by wind?

- A manufactured home that is appropriate for its wind zone and has been properly installed and anchored is not more susceptible to damage from high winds or storms than is a site-built home

The stereotype of extremely fragile manufactured houses in the face of high winds is just that – a false stereotype. Just as was the case with fire devastation, the problem is much more directly connected to the location of a home than its construction.

There is one possible exception to this conclusion. Manufactured homes that are not permanently attached to foundations may be more vulnerable to damage from high winds than are homes attached to permanent foundations. Considering the trend to affix more HUD-Code homes to permanent foundations, this is a shrinking concern because manufactured homes on permanent foundations experience damage from winds similar to that experienced by site-built homes.

Slide 65

Water and Moisture Damage

Can my home be damaged by water?

- Built to minimize moisture problems, but still vulnerable to damage because some humidity (from outside or inside the home) is unavoidable

Because manufactured homes are built in factories, shipped to locations with very different humidity levels across the country, and installed quickly, often without perimeter enclosures or ground vapor protection, precautions are necessary to prevent damage from water.

In general, homes are built to minimize moisture problems. Nonetheless, vulnerabilities for moisture damage exist: in the Southeast in the summer, and in North/Central states, in the winter.

Slide 66

Water and Moisture Damage

Can my home be damaged by water?

Prolonged moisture problems may lead to:

- Loss of strength or insulation
- Rotting/rusting of materials
- Extra weight that is too much for support structures

Some humidity (either from outside or inside the home) is unavoidable, but prolonged moisture problems can result in loss of strength and insulation, rotting and rusting of materials, mold growth, and excessive weight that cannot be managed by support structures.

Slide 67

Water and Moisture Damage

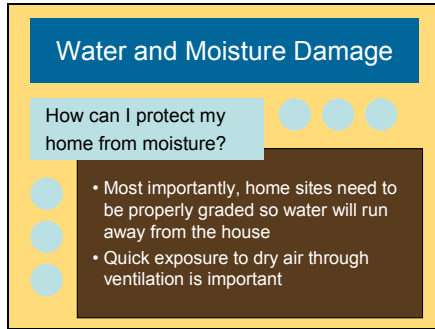
Can my home be damaged by water?

Prolonged moisture problems may lead to:

- Mold growth
- Uncomfortable and unhealthy conditions for residents

Extreme damage is rare, but even mild damage can make a home uncomfortable to live in.

Slide 68



Water and Moisture Damage

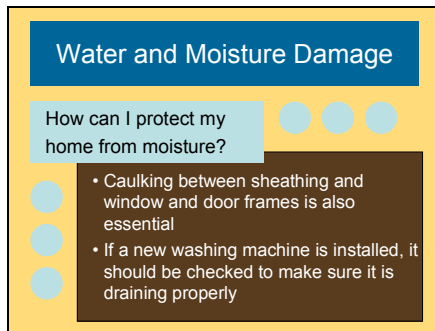
How can I protect my home from moisture?

- Most importantly, home sites need to be properly graded so water will run away from the house
- Quick exposure to dry air through ventilation is important

Think of placement of the home on the back of a turtle shell: the ground should slope away from the home.

Quick exposure to dry air through ventilation is important. Unlike any other type of home, manufactured homes are required to have ventilation systems that are able to run continuously. Additional precautions may be taken to help minimize the potential for water damage. A well ventilated attic is a necessity in protecting against moisture.

Slide 69

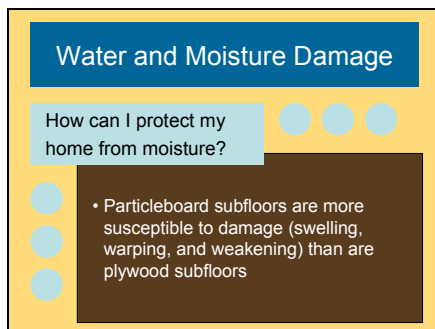


Water and Moisture Damage

How can I protect my home from moisture?

- Caulking between sheathing and window and door frames is also essential
- If a new washing machine is installed, it should be checked to make sure it is draining properly

Slide 70



Water and Moisture Damage

How can I protect my home from moisture?

- Particleboard subfloors are more susceptible to damage (swelling, warping, and weakening) than are plywood subfloors

Something else to keep in mind is that particleboard subfloors are more susceptible to damage – swelling, warping, and weakening – than are plywood subfloors.

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Water and Moisture Damage

How can I protect my home from moisture?

- Manufacturers and installers should use checklists and guidelines to help them ensure that homes are well protected from moisture

Additionally, checklists are available for both manufacturers and installers to help them ensure that the homes they work with are well protected from moisture. Find out whether companies use such guidelines before deciding to buy their home or use their services.

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SECTION FOUR

WARRANTIES AND INSTALLATION

Slide 73

Warranty

Will my home come with a warranty?

- Yes, warranty coverage may be offered by one or more of several parties
- Review all written warranties before purchasing a manufactured home
- Insist on being given written copies of all warranties before signing any binding commitments...THIS IS YOUR RIGHT!

Before purchasing a manufactured home it is important to determine if any written warranties are available, or even required by your state. In all states, homebuyers have the right to review any warranties before purchasing a manufactured home. Such review of warranties allows the consumer to compare services offered by different manufacturers, retailers, and appliance companies.

Slide 74

Warranty

What should I look for in a warranty?

- Who offers the warranty
- What the warranty covers; what it excludes
- How long the warranty lasts
- Who will provide the needed services
- Where repairs will be performed
- What you must do to ensure that the warranty remains effective
- Whether or not it is possible to purchase an extended warranty

The first piece of information to find out is who offers warranties for the homes being considered. They may be offered by the manufacturer, the retailer, and/or the appliance company(ies).

Then it will be important to determine what is covered, how long coverage lasts, who will provide any needed services, and where repairs will be performed. In most cases, retailers perform needed service on homes, but manufacturers guarantee that repairs are completed well and quickly.

Also pay attention to anything required of the homeowner to ensure that the warranty remains in effect for its full length.

Furthermore, some warranties may be able to be extended if the homebuyer wishes to pay for such coverage. All consumers should be educated on what warranty coverage is available, should anything happen to their homes.

Slide 75

Manufacturer's Warranty

What is the manufacturer's warranty?

- Covers structural quality of the home and factory-installed plumbing, heating, and electrical systems

All manufacturers should offer a written warranty on the structural quality of the homes they sell.

Most manufacturers' warranties also cover plumbing, heating, and electrical systems that were installed at the factory. (They may also cover factory-installed appliances, but those are typically covered by their own warranties, as described later).

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Manufacturer's Warranty

What is the manufacturer's warranty?

- Excludes damage or failures resulting from everyday wear and tear, abuse, accidents, transportation and/or installation, or lack of maintenance

Typically, manufacturers exclude from coverage any damage or failures that result from everyday wear and tear, consumer abuse, accidents, home transportation and installation, or lack of maintenance. Due to these exclusions, it is very important to follow the manufacturer's guidelines related to transporting, siting, maintaining, and repairing a manufactured home. Furthermore, whether or not a perimeter enclosure is installed may also have implications for the manufacturer's warranty.

Slide 77

Manufacturer's Warranty

What is the manufacturer's warranty?

- The retailer is responsible for completing warranty work, but the manufacturer must guarantee that the work gets done

Slide 78

Retailer's Warranty

What is the retailer's warranty?

- Warranties from retailers and/or transportation or installation companies may cover transportation and installation of your home

Since damage may be incurred while a manufactured home is being transported and/or installed and since such damage usually is not covered by manufacturers' warranties, retailers and transportation or installation contractors often offer warranties covering specifically such potential damage. Such warranties, however, usually do not cover damage due to negligence and will not pay for unauthorized repairs. Some homeowners have reported difficulty in getting retailers to fulfill their end of the warranty. This problem tends to arise when retailers have already received full payment for the house. One way to circumvent this problem is to ask the lending company to keep some of the payment in an escrow account until the installation inspection and any initial warranty repairs have been completed.

Slide 79

Home Warranty

What is the appliance company's warranty?

- Appliances are frequently covered by a separate appliance warranty
- Most warranty repairs will be performed by a local appliance store

In addition to possibly being covered within the manufacturer's warranty, appliances are covered frequently by a separate appliance warranty. Most repairs under such warranties will be performed by a local appliance store, but the homeowners should be sure to check the conditions for repair stated in their warranty.

Slide 80

Home Warranty

What is an implied warranty?

- An unwritten and unspoken promise that a home is fit to be sold and lived in
- Offers protection to the consumer when no written warranty is available

In the rare case in which no written warranty is available, an implied warranty is able to offer protection to the consumer. An implied warranty of a manufactured home is a promise that the home is fit to be sold and lived in, but the promise is unwritten and unspoken.

Slide 81

Home Warranty

What is an implied warranty?

- In most states, a manufactured home may be sold as is (without an implied warranty)
- You need to know which is the case when buying a used home
- Questions about implied warranties can be answered by a state or local consumer protection office

In some states, implied warranties are required when written warranties are not available, but in most states, it is possible to sell a manufactured home as is, that is, without an implied warranty. It is essential that homebuyers know whether an implied warranty is effective or they are buying a house as is. This will be particularly important for consumers purchasing used HUD-Code homes. Any questions about implied warranties or the laws that regulate them in a particular state can be answered by calling a state or local consumer protection office.

Slide 82

Transporting My New Home

Who will transport my new home?

- Transported first by the manufacturer to the retail center, where the retailer inspects for damage and makes repairs
- Transportation from the retail center to the home site is typically done by a transportation company

Usually, manufactured homes are transported first from the factory to the retail center, at which time the retailer inspects for damage and makes any necessary repairs. Transportation from the retail center to the home site is typically done by a transportation company. It is critical to inspect carefully for any damage as soon as a manufactured home is delivered and before it is installed.

Slide 83

Pre-Installation Considerations

Things to consider:

- Zoning restrictions
- Septic, electrical, and building permit requirements
- Site preparation/accessibility
- Stability of soil

Installation is obviously an important process, and there are many things to consider, such as: Do zoning restrictions apply? What requirements are there for septic, electrical, and/or building permits? Does the site need to be prepared, and is it easily accessible? Is the soil stable, and is the proper foundation system in place?

Slide 84

Pre-Installation Considerations

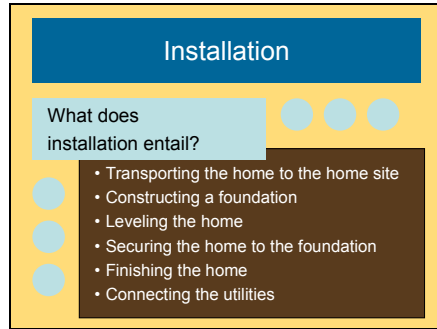
Things to consider:

- Requirements for perimeter enclosure and/or ground vapor retarder
- Requirements for utility hook ups and dryer vent discharge

Also consider: Is a perimeter enclosure and/or ground vapor retarder required or recommended? What are the requirements for utility hook ups and dryer vent discharge?

These questions, along with any others about installation, can be answered by consulting with the retailer and/or state or local building officials.

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Installation

What does installation entail?

- Transporting the home to the home site
- Constructing a foundation
- Leveling the home
- Securing the home to the foundation
- Finishing the home
- Connecting the utilities

In general, there are six stages involved in the installation of a new manufactured home. Homebuyers should be familiar with these stages and know who is performing what, regardless of whether a home is being installed on leased land or on owned land.

The six stages are:
transporting the home to the home site
constructing a foundation
leveling the home site
securing the home to the foundation
finishing the home
connecting the utilities

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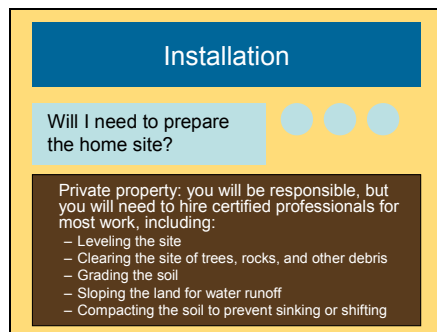
Installation

Will I need to prepare the home site?

- Leased land: community manager may prepare site

One advantage of purchasing a manufactured home in a land-lease community is the fact that the community manager typically takes care of preparation of the site prior to the arrival of the home.

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Installation

Will I need to prepare the home site?

Private property: you will be responsible, but you will need to hire certified professionals for most work, including:

- Leveling the site
- Clearing the site of trees, rocks, and other debris
- Grading the soil
- Sloping the land for water runoff
- Compacting the soil to prevent sinking or shifting

If a manufactured home will be placed on private property, then usually the homeowner will be responsible for site preparation.

Individuals should check with their retailers to determine exactly what needs to be done for a particular home and site.

In general, things to keep in mind during site preparation are: leveling the site; clearing it of trees, rocks, and other debris; grading the soil; sloping the land for water runoff; and compacting the soil to prevent sinking or shifting.

Although homeowners may be able to complete some of this on their own, they will need to hire professionals for work such as grading and leveling.

Slide 88

Installation

Will I need to prepare the home site?

- All homes: retailer or installer should inspect the site after preparation

Regardless of who does the work, the retailer or the installer should inspect a site after it has been prepared and before the home is delivered. Such an inspection is necessary to ensure that the site preparation meets the standards required for the home warranty to hold.

Slide 89

Installation

Who will install my new home?

Leased Land:

- Typically installed by retailers or specialized installation companies

Manufactured homes on leased land are typically installed by retailers or specialized installation companies.

Slide 90

Installation

Who will install my new home?

By law:

- All manufacturers must provide instructions for proper installation of their homes
- Retailers and installation companies must abide by the guidelines and any state regulations

By law, all manufacturers must provide instructions for the proper installation of their homes. However, manufacturers are not usually responsible for installing homes, so the homeowner must be sure that all guidelines are followed.

In some cases, retailers may install homes purchased for owned land, but the homebuyer is often responsible for hiring a professional installation company. Check on retailers' standards early to provide adequate time to prepare for what needs to be done to ensure proper delivery and siting of a home. If it is necessary to hire an installation contractor, then you should ask for written proof of his or her qualifications, check on the availability of a warranty, and ask the contractor to verbally explain and write out the steps in the installation process.

Slide 91

Installation

Who pays for installation?

Leased land:

- Included in the cost of the home

Private property:

- Homebuyer is often responsible for hiring and paying for a professional installation company

For homes placed on leased land, the price of the installation is often included in the price of the home.

For homes placed on private property, the homebuyer will likely be responsible for hiring and paying for a professional installation company.

Slide 92

Installation

What is an installation inspection?

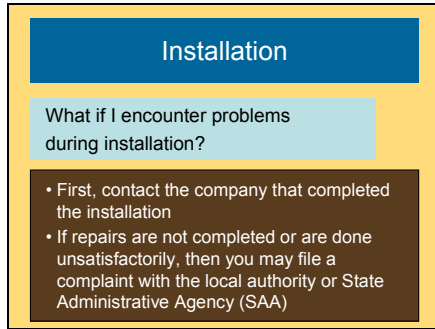
- The *first* thing you should do once your home has been installed is thoroughly inspect it for any damage
- Inspect every aspect of the home to make sure that it works properly and was installed correctly
- The installation crew manager may be able to help you
- Use the checklist that we will give you

The first thing all manufactured home owners should do once their home has been installed is to thoroughly inspect it for any damage. If the installation crew manager is available, he may be able to walk through the home as well to help complete the inspection.

In general, every aspect of a new home should be inspected to make sure that it works properly and was installed correctly. Some specific items to focus on are doors (interior and exterior), walls, floors, ceilings, faucets, and appliances. To help keep track of what has been inspected, it is a good idea to perform the inspection in an organized fashion. One suggestion would be to start with the outside and then work through the inside rooms, one at a time. Don't forget about hallways!

Also, if the manufacturer provided a checklist, then it should be helpful to fill it out during the inspection. Doing so (and making copies) will provide the homeowner, the retailer, and the manufacturer with a written record of the condition of the home upon arrival at the site.

Slide 93



Installation

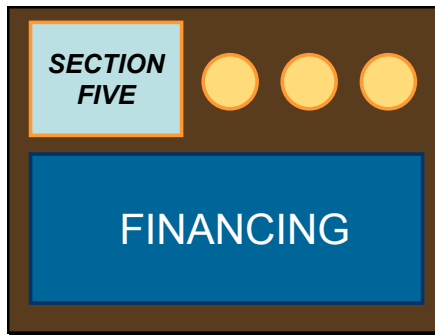
What if I encounter problems during installation?

- First, contact the company that completed the installation
- If repairs are not completed or are done unsatisfactorily, then you may file a complaint with the local authority or State Administrative Agency (SAA)

If damage is incurred to a manufactured home during installation, then the new homeowner should turn first to the company that completed the installation – either the retailer or the installation company.

If repairs are not completed or are done unsatisfactorily, then the homeowner may file a complaint with the local authority or State Administrative Agency (SAA). Contact information for the SAA in Georgia will be provided at the end of the session today.

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SECTION FIVE

FINANCING

Slide 95



How Will I Pay For My Home?

Options include:

- Personal property (or chattel) loan
- Traditional real estate mortgage
- Land-home financing

Talk to more than one potential lender about options

How to finance any home – manufactured or site-built – is an important decision. Today, the options for financing a manufactured home are much more numerous than they were even a decade ago. Because of the many options and their different financial implications, it is important to consider all possibilities before making a decision.

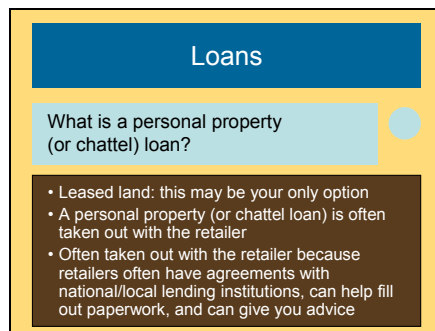
Options include:
personal property (chattel) loan
traditional real estate mortgage loan
land-home financing
a loan backed by Ginnie Mae, Fannie Mae, or Freddie Mac

It is a good idea to talk to more than one potential lender. Consumers' Union recommends obtaining your own credit report from Equifax, Experian, and TransUnion, rather than having individual lenders check your

report. Lenders should be able to estimate the terms of a loan based on the credit information you provide them.

Regardless of how a home is being financed, a down payment will be required. It is important to understand the difference between a down payment and a deposit. The former is actually part of the home purchase and should be paid only when all loan documents are completed. A deposit, on the other hand, is a small payment (\$100-\$500) that may or may not be required to reserve a home.

Slide 96



Loans

What is a personal property (or chattel) loan?

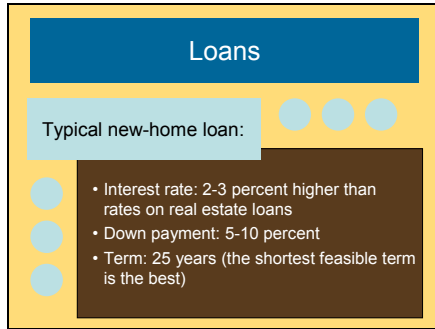
- Leased land: this may be your only option
- A personal property (or chattel loan) is often taken out with the retailer
- Often taken out with the retailer because retailers often have agreements with national/local lending institutions, can help fill out paperwork, and can give you advice

The traditional method for financing a manufactured home is to take out a personal property (or chattel) loan, often with the retailer who sold the manufactured home. A manufactured home being placed on leased land will require, in most cases, a personal property loan. Today, 74% of all new manufactured homes are still titled as personal property, rather than real estate.

Retailers often have agreements with national or local lending institutions; they can help fill out paperwork; and they can provide new homeowners with advice.

However, it is also possible to shop for a loan with lenders independently. Typically, these loans carry an interest rate that is two to three percentage points higher than rates on real estate loans. Loans for new homes typically require 5-10% down and last for 25 years.

With any type of loan, the larger the down payment and the shorter the term of the loan, the quicker a homeowner will build equity, which is advantageous to homeowners.



The slide is titled "Loans" in a blue header. Below the header, there is a light blue box containing the text "Typical new-home loan:". To the right of this box are three light blue circles. Below the light blue box is a dark brown box containing a bulleted list of three items. To the left of this dark brown box are three light blue circles, each corresponding to a bullet point.

Loans

Typical new-home loan:

- Interest rate: 2-3 percent higher than rates on real estate loans
- Down payment: 5-10 percent
- Term: 25 years (the shortest feasible term is the best)

ADDITIONAL INFO:

Who are Ginnie Mae, Fannie Mae, and Freddie Mac? Secondary market members.

Another growing option for manufactured home owners is to take out a loan backed in the secondary market.

Secondary market members

Purchase loans made by originating companies

Ginnie Mae purchases personal property manufactured home loans that are insured by the Federal Housing Authority (FHA) or guaranteed by the Veteran's Administration (VA). Insured or guaranteed loans may require lower down payments and/or interest rates than other chattel loans because of the reduced risk to the lender. However, it may take longer to be approved for a FHA or VA loan than it would for other loans.

When dealing with homes that qualify as real estate, Fannie Mae and Freddie Mac purchase traditional mortgages. These two institutions have begun recently to open their markets more and more to the manufactured housing sector. In all states, Fannie Mae and Freddie Mac will provide loans for HUD-Code homes on permanent foundations on owned land. In general, they require that there is only one tax bill for the home and the land and that the property has been certified as real property, rather than personal property. They also require that the foundation be designed by a licensed professional engineer and that it is inspected after completion.

Another new development is the Freddie Mac Leasehold Estate Mortgage Program. Under its guidelines, Freddie Mac may offer loans for HUD-Code homes on permanent foundations in land-lease communities. Availability of traditional mortgages for these homes could save the homeowners up to 20% on their monthly payments, as compared to chattel loans.

Freddie Mac Leasehold Estate Mortgage Program: Freddie Mac may offer loans for HUD-Code homes on permanent foundations in land-lease communities.

Slide 98

Mortgages

When can a traditional real estate mortgage be used?

- Most states require homes to meet two conditions:
 - Placed on owned land
 - Placed on a permanent foundation

If certain conditions are met, then a traditional real estate mortgage loan may be taken out to finance a manufactured home. To qualify for such a loan, homeowners would have to title their home as real estate, which was the case for 22% of all new HUD-Code homes in 2001. Additionally, in most states, a traditional mortgage is not an option unless the manufactured home owners also own the land on which the home rests. However, California recently became one of the first states to allow classification of manufactured homes as real estate regardless of whether the land is leased or owned. Depending on state guidelines, it may also be necessary to place a manufactured home on a solid foundation to qualify for traditional real estate mortgages.

Slide 99

Land-Home Financing

What is land-home financing?

- Available to people who purchase a manufactured home and the land on which it is placed at the same time
- Similar to personal property loans

The manufactured home personal property lending market has created an alternative for people who purchase their home and land together. In this case, it is possible to take out a land-home loan that is similar to the personal property loans for homes already described.

Slide 100

Financing Questions

What if I still have questions about financing?

- Contact the Housing Counseling Clearinghouse of the Department of Housing and Urban Development (HUD) for counseling services for:
 - Renters
 - First-time buyers
 - Homeowners with questions
 - Homeowners in danger of default or foreclosure

If the prospect of financing a new home is still overwhelming, there are people who can provide further assistance. For more information on housing counseling services, please contact The Housing Counseling Clearinghouse of the Department of Housing and Urban Development (HUD). They provide counseling services for renters, first-time buyers, homeowners with questions, and homeowners in danger of default or foreclosure.

Slide 101

Financing Questions

What if I still have questions about financing?

- UGA Extension is a HUD-approved housing counseling agency.
- Contact your local agent for further assistance!

If the prospect of financing a new home is still overwhelming, there are people who can provide further assistance. For more information on housing counseling services, please contact The Housing Counseling Clearinghouse of the Department of Housing and Urban Development (HUD). They provide counseling services for renters, first-time buyers, homeowners with questions, and homeowners in danger of default or foreclosure.

Slide 102

Rights as a Homeowner

What will my rights as a homeowner be?

- Federal law requires that manufacturers contact the original purchasers of homes in which performance- or safety-related defects are suspected

Manufactured home owners do have rights, and it is important that they are aware of them. One such right is the right to know if the manufacturer discovers the possibility of a defect in a home. Federal law requires that manufacturers contact the original purchasers of homes in which performance- or safety-related defects are suspected.

Slide 103

Rights as a Homeowner

What will my rights as a homeowner be?

- If defects result from errors in design and/or assembly, or if they create a very high risk for death or injury, then the manufacturer will also be required to repair the defects

If defects resulted from errors in design and/or assembly, or if they create a very high risk for death or injury, then the manufacturer will also be required to repair the defects at no cost to the homeowner.

Slide 104

Arbitration

What is arbitration?

- Homebuyers should be aware of arbitration clauses
- Arbitration clauses limit a homeowner's right to sue and should be avoided if possible

Homebuyers should be aware of any arbitration clauses in their contract. Such clauses limit a homeowner's right to sue and should be avoided if possible.

Slide 105

Arbitration

What is arbitration?

- If it cannot be avoided, the homeowner should find out how much it costs to file a claim and who gets to pick the arbitrator

If an arbitration clause cannot be avoided, then the homeowner should find out how much it costs to file a claim and who gets to pick the arbitrator.

Slide 106

Manufactured Housing Loans

Are manufactured home loans predatory loans?

- They may be, although most manufactured home loans are perfectly safe

Manufactured home loans should not be confused with predatory lending. Interest rates are higher on manufactured home loans than on traditional real estate mortgages because of the perceived added risk to the lenders. Although predatory lending is also characterized by high interest rates, it also involves high points, fees, and other charges, as well as frequent refinancing (“flipping”) or other requirements (such as balloon payments) with no benefit to the homeowner.

Slide 107

Manufactured Housing Loans

Are manufactured home loans predatory loans?

- All homebuyers, particularly those people purchasing their first home, need to be aware of the potential for predatory lending

All homebuyers, particularly those people purchasing their first home, need to be aware of the potential for predatory lending.

Currently, the Georgia Fair Lending Act protects residents and allows them maximum capability to sue lenders and holders of loans. However, this controversial act will undoubtedly be revised.

Slide 108

SECTION FIVE

MAINTAINING YOUR MANUFACTURED HOME

Slide 109

Will My Home Require Maintenance?

No home is maintenance free!

- Manufactured home owners receive a homeowner's manual that describes what maintenance should be done when and also details guidelines for repairs
- Rates of repair are similar in site-built and manufactured homes

No home – site-built or manufactured – is maintenance free!

Although many materials, such as vinyl siding and aluminum-clad windows, used in home construction today are low maintenance, some regular maintenance is still required.

Rates of repair are similar in site-built and manufactured homes. HUD-Code homes require only slightly more maintenance than similar site-built homes.

Manufactured home owners are fortunate because they receive a homeowner's manual that describes the kind of maintenance that should be done, as well as when it should be completed.

Slide 110

Homeowner's Manual

How important is the homeowner's manual?

- Very!
- If the guidelines are not followed, the manufacturer's warranty may no longer be valid, and the home may lose value or years off its life

If these guidelines are not followed, then the manufacturer's warranty may no longer be valid. In addition, the home may lose value or lose years off of its life.

If a home is still under warranty, the residents should always check with the manufacturer first to determine if they will handle the repairs.

Some people like to make repairs to their homes themselves. Before doing this, however, it is important to check with the manufacturer. Some manufacturers do not reimburse homeowners for repairs done on their own. Furthermore, it is essential to ensure that repairs will not threaten the stability of the home.

Many studies have been conducted to compare maintenance problems and needs in manufactured and site-built homes. Most reports conclude that rates of repair are approximately equal in the two types of homes, with HUD-Code homes requiring only slightly more maintenance than similar site-built homes. One author suggested that the difference is not in the construction or design of the homes but rather in the residents. He argued for greater assistance – both educational and financial – to help manufactured home residents recognize and pay for necessary repairs in a timely manner before they become more urgent and possibly devastating.

Slide 111

Maintenance

Are there other suggestions for maintenance?

- Additional checklists are available to help you with potential water problems

Additional checklists are also available to guide homeowners in dealing with potential water problems.

Some of the recommendations in these checklists are to use ventilation fans in the bathroom and kitchen, check the air conditioner filter monthly, and set the thermostat above 75 degrees in hot, humid climates. In addition, do not install an air conditioner or heat pump that is too large, do not use unvented propane or kerosene heaters, and do not cover or close off heater or air conditioning registers. Belly wraps should be inspected by the homeowners about every three months; most repairs can be done with a do-it-yourself repair kit.

Slide 112

Maintenance

Are there other suggestions for maintenance?

Be aware of signs of developing problems:

- Musty smells
- Discolored walls or ceilings
- Swollen floors, walls, or ceilings
- Condensation on windows
- Standing water under the home

Finally, be aware of signs of developing problems, such as musty smells; discolored walls or ceilings; swollen floors, walls, or ceilings; condensation on windows; and standing water under the home.

In order to manage and solve moisture problems, it will be crucial to understand the source of the water.

Slide 113

Moving My Home

Will I be allowed to move my home?

- Yes!
- Keep in mind the size, width, and weight regulations for highway travel in each state
- Check with the appropriate state regulatory agencies before purchasing a home

Although they are moved infrequently, it is still possible to relocate manufactured homes.

When transporting a home, it is crucial to keep in mind the size, width, and weight regulations for highway travel, as they differ from state to state.

Anyone who anticipates moving his home should check with the appropriate state regulatory agencies before purchasing a home to ensure that it will be able to travel through the necessary states.

Slide 114

Moving My Home

Will I be allowed to move my home?

- Also pay close attention to the data plate zone maps located inside the manufactured home. They indicate where it is suitable for a particular home to be placed, based on wind, thermal, and roof load restrictions

Before any moves, it will also be important to pay close attention to the data plate zone maps located inside the manufactured home. As already described, these maps indicate where it is suitable for a particular home to be placed, based on wind, thermal, and roof load restrictions.

Slide 115

Property Value

What will happen to my property value?

- In general, manufactured homes appreciate at lower rates than do site-built homes, but individual manufactured homes *may* appreciate at the same rate as site-built homes

In general, manufactured homes increase in value, i.e., appreciate, at lower rates than do site-built homes. In a study conducted by the Consumers Union, site-built homes appreciated 6% more per year than did manufactured homes. However, it should be noted that individual manufactured homes *may* appreciate at the same rate as site-built homes in the area. Overall, there is more variation in appreciation rates among manufactured homes than among site-built homes. The drastically different appreciation rates for different manufactured homes is a result of many factors, primarily whether the home is placed on owned or leased land.

Slide 116

Property Value

What will happen to my property value?

- Manufactured homes permanently grounded on owned land tend to experience higher rates of appreciation than do homes not placed on permanent foundations and/or placed on leased land

Manufactured homes permanently grounded on owned land tend to experience higher rates of appreciation than do homes not placed on permanent foundations and/or placed on leased land.

Slide 117

Property Value

What will happen to my property value?

- Manufactured homes placed on owned land appreciate at about the same rate as site-built homes, but homes placed on leased land tend to depreciate

In the Consumers Union study, manufactured homes placed on owned land appreciated at about the same rate as site-built homes. However, homes placed on leased land depreciated, i.e., lost value.

Slide 118

Property Value

What affects values of homes?
In general:

- The housing market or community where the home is located
- The availability and cost of homes and/or sites in the area
- The initial home price
- The age and condition of the home
- The inflation rate
- The extent to which an official local resale network exists

It is important to remember that the appreciation of all homes is subject to many factors, including: the housing market or community where the home is located, the availability and cost of homes and/or sites in the area, the initial home price, the age and condition of the home, the inflation rate, and the extent to which an official resale network exists in the area.

Slide 119

Property Value

What affects values of homes?
Specifically for manufactured homes:

- The size of the home
- Whether or not the home is overcrowded
- The amount of money invested in maintenance annually
- Whether or not the home has been moved

Other specific factors that affect appreciation rates of manufactured homes are the size of the home, whether or not the home is overcrowded, the amount of money invested in maintenance annually, and whether or not the home has been moved.

Slide 120

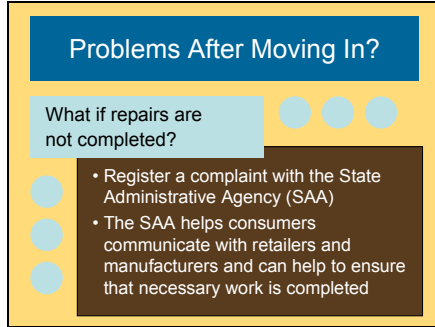
Problems After Moving In?

What do I do if I have problems once I'm in my home?

- First, contact your retailer
- Follow up with letters listing the problems sent to the retailer, the manufacturer, and the installer
- Keep copies of all letters sent
- Finally, call the retailer or manufacturer to discuss further the repairs that need to be made

If a manufactured home owner has any problems with his home, he should first contact his retailer. He should follow this with letters to the retailer, the manufacturer, and the installer listing the problems. It is important to keep copies of all letters sent. After sending letters, it is a good idea to place a call to the retailer or the manufacturer to further discuss the repairs that need to be made.

Slide 121



Problems After Moving In?

What if repairs are not completed?

- Register a complaint with the State Administrative Agency (SAA)
- The SAA helps consumers communicate with retailers and manufacturers and can help to ensure that necessary work is completed

If repairs are not completely in a timely fashion, or if they are not done well or at all, then the consumer should register a complaint. All consumer complaints should be filed with the State Administrative Agency (SAA). The SAA can assist consumers in communicating with retailers and manufacturers and can help to ensure that necessary work is completed.

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Problems After Moving In?

Who is the State Administrative Agency (SAA) in Georgia?

- Georgia State Administrative Agency (SAA): State Fire Marshal
- 404 - 656-2056
- Toll free: 1- 800 - 656-2298
- <http://www.gainsurance.org/>

In Georgia, the SAA is the State Fire Marshall.
Georgia State Administrative Agency (SAA): State Fire Marshall
404-656-2056
Toll free: 1-800-656-2298
<http://www.gainsurance.org/>

Other helpful sources of information are:
The website for the Manufactured Housing Institute has a lot of helpful information:

<http://www.manufacturedhousing.org/default.asp>

Another website with a wealth of information on manufactured homes is:

<http://www.mhousing.com/>

For a list of manufactured housing dealers in Georgia, visit the following web site:

http://www.manufactured-housing.org/html/georgia_manufactured_housing_dealers.htm