

HOW **TO BUY A** MANUFACTURED HOME



A Consumer's

Guide to Today's

Manufactured Home



TABLE OF CONTENTS

| | |
|-----------------------------|----|
| Introduction | 3 |
| Choosing A Home | 4 |
| Buying A Home | 7 |
| The Manufacturer's Warranty | 7 |
| Implied Warranties | 8 |
| The Retailer's Warranty | 8 |
| Appliance Warranties | 9 |
| Placement | 10 |
| Personal Real Estate | 10 |
| Rental Communities | 11 |
| Buying A Home On Site | 11 |
| Site Preparation | 12 |
| Delivery | 13 |
| Installation | 13 |
| Additions And Alterations | 16 |
| Home Inspection | 16 |
| More Information | 16 |



INTRODUCTION

Buying a home may be the most expensive purchase you will ever make. A manufactured home may be an appealing option for you.

These homes come in a variety of styles, sizes, and floor plans, and range in price from about \$15,000 to more than \$100,000, without land.

Manufactured homes can be installed on your own land, in a rental community, or in a planned subdivision.

Manufactured homes are factory-built to meet the federal Manufactured Home Construction and Safety Standards, also known as the HUD Code. The Code, which is administered by the U.S. Department of Housing and Urban Development (HUD), regulates the home's design and construction, strength and durability, transportability, fire resistance, and energy efficiency. It also sets performance standards for the heating, air conditioning, plumbing, thermal and electrical systems.

The Manufactured Housing Institute and the Federal Trade Commission have developed this guide to help you through the home-buying process.

You'll learn about purchasing a home and its construction, transportation, installation, and important warranty protections. The retailer of your new home can provide additional information.

INTRODUCTION

CHOOSING A HOME

If you have decided that a manufactured home is right for you, consider the following issues:

WHAT SIZE HOME AND FLOOR PLAN DO I WANT?

Manufactured homes come in a variety of sizes and floor plans that include spacious living rooms, dining rooms, fully-equipped kitchens, bedrooms, family rooms, and utility areas. Depending on the size of your homesite, you can choose a single-section or larger multisection design. Homes range in size from 900 to 2,500 square feet and can be customized to meet your needs and preferences.

WHAT FEATURES ARE AVAILABLE?

The interior design of your home can include custom cabinets, walk-in closets, bathrooms with recessed tubs and whirlpools, and wood-burning fireplaces. Because most manufacturers use computer-assisted design, you'll have flexibility in choosing variations to floor plans and decor.

You can choose from a variety of exterior designs, depending on your taste and budget. Exterior siding comes in an array of colors and materials including metal, vinyl, wood and hardboard. Awnings, enclosures around the crawl space, patio covers, decks and steps also are available.

HOW MUCH CAN I EXPECT TO PAY FOR A HOME?

Depending on the size, floor plans and features, a new home can cost anywhere from \$15,000 to more than \$100,000. This doesn't include the land.

WHAT FINANCING OPTIONS ARE AVAILABLE?

Your retailer usually can provide information about financing. You can also check with lenders in your area. Just as there are choices when you buy a site-built home, there are a variety of financing options when you buy a manufactured home. Downpayments and loan terms are similar — 5 to 10 percent of the manufactured home's sales price, and loan terms from 15 to 30 years. Most lenders offer fixed and variable rate loans and most have programs that allow you to "buy the rate down." If you own or plan to purchase the land where you will place your home, traditional mortgage financing can usually be arranged.

WHAT OTHER COSTS CAN I EXPECT TO PAY?

While your mortgage payment may be your biggest expense, you'll have other regular and periodic payments. They may include utilities, property taxes, land rental fees, insurance, routine maintenance, and other service fees such as water and sewer. Today's manufactured homes are built to meet new national energy standards set by HUD. The energy conserving features found in manufactured homes help reduce your monthly energy costs.

HOW MUCH MAINTENANCE WILL MY HOME NEED?

Your homeowner's manual outlines maintenance requirements. It's important that they're followed. Failure to do so could void the warranty, as well as lessen the value and life of your home.

WHAT WARRANTY COVERAGE IS OFFERED ON THE HOME, ITS TRANSPORTATION, AND INSTALLATION?

All manufacturers offer a written warranty that should cover:

- structural workmanship;
- factory-installed plumbing, heating and electrical systems; and
- factory-installed appliances, which also may be covered by separate appliance manufacturer warranties.

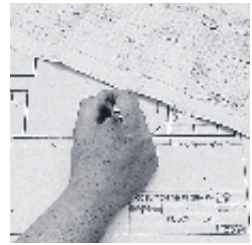
There are important differences among warranties. For example, manufacturer warranties usually do not cover installation (also called "set-up") and transportation of the home, but you may be able to get this coverage through the retailer or installation contractor. Although you may never need such warranty services, it's a good idea to check the coverage on any warranties offered before you buy.

WHERE CAN I LOCATE MY HOME?

Many homes are placed on privately owned property. If this option appeals to you, find out about zoning laws, restrictive covenants, and utility connections. Your retailer can give you more information.

Another option is to place your home in a land-lease community specifically designed for manufactured homes. Here, you own the home but lease the land. Placing your home in a land-lease community involves fewer siting considerations such as utility connections.

A third option is buying the home and land together in a planned subdivision where siting issues are handled by the developer.

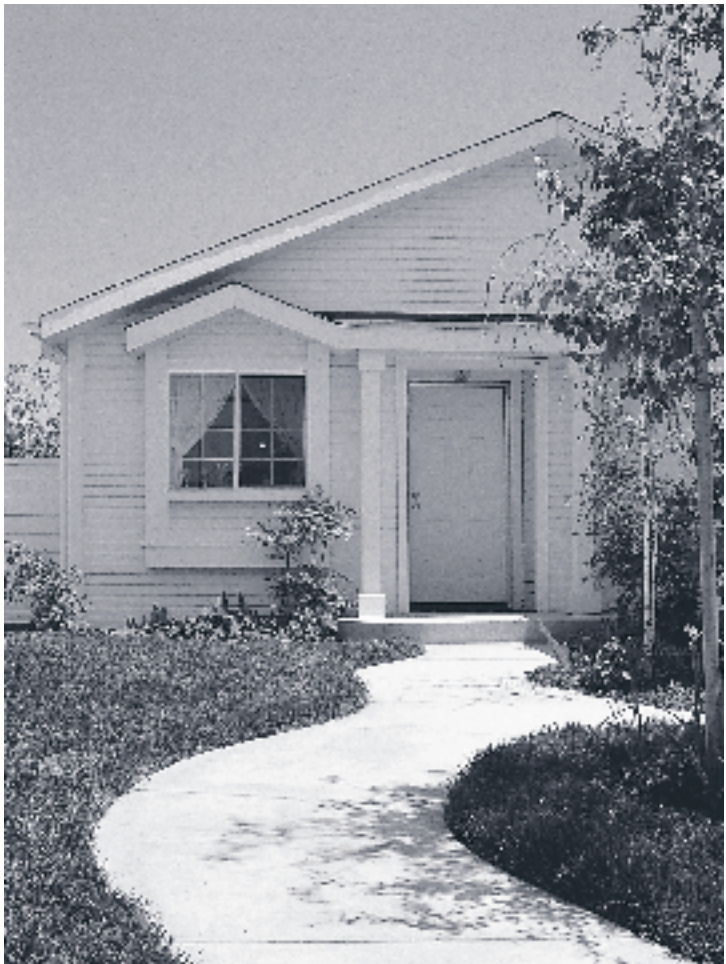


MAY I MOVE MY HOME?

Yes, but it's not common to do so. The transportation of a home can place considerable stress on its structure and contents. Nevertheless, if you do plan to move your home at some future time, make sure you check with the appropriate state authorities about transportation and zoning regulations. States have restrictions on weight, size and width that may prevent you from moving your home. If you relocate, make sure you use a professional transporter; never try to move the home yourself.

It's also important to check the data plate zone maps in your home. These maps tell you the wind, snow and thermal zones for which your home was constructed. Use them to determine if the new location is suitable for your home.

Cost is another consideration. Besides transport expenses, which include licensing fees to take your home through a state, you'll have to pay for a new foundation, installation, and utility hook-ups.



BUYING A HOME

Most manufactured homes are sold through retail sales centers, many of which are independently owned and operated. Others are owned and operated by a manufacturer. In some states, you may also buy from a manufactured home community owner, developer, or if you're purchasing a previously owned home, a real estate agent.

Shop around. Retailers offer a variety of products and services. Many will help you choose your home and its features and, if you want, place a custom order with the factory. Typically the retailer is also responsible for coordinating the delivery and installation of your home. Ask what warranty coverage the retailer provides on transportation and installation and get it in writing. The retailer may arrange for financing and insurance. And, once you've moved in, the retailer is often the contact for warranty service.

A good way to find a retailer is to ask existing homeowners for recommendations. You can contact your state manufactured housing association for the names and addresses of manufacturers and retailers in your area. (Check the Yellow Page listings under manufactured or "mobile" homes.) As with any major purchase, check out a potential retailer or manufacturer with your local Better Business Bureau and state or local consumer protection agency. They'll tell you if they have any unresolved consumer complaints on file.

The Manufacturer's Warranty

Warranty coverage varies among manufacturers. Retailers must make copies of warranties offered on the homes they sell available for you to review and read before you buy a home. Read them and compare coverage. The following questions may help you in doing this.

- What coverage comes with the home? You may get warranties from the home manufacturer, the retailer, the transporter, the installer, and the appliance manufacturer.
- What components and what types of problems does each warranty cover? What's not covered?
- Does the manufacturer's written warranty cover transportation and installation? If not, are they covered by other written warranties?
- How long do the warranties last?
- How do I get warranty service? Who will provide it? Where will it be performed?
- Are extended warranties available from the manufacturer? If so, what do they cover and cost?



Manufacturer warranties generally cover substantial defects in the following areas:

- workmanship in the structure;
- factory-installed plumbing, heating, and electrical systems; and
- factory-installed appliances, which may also be covered by separate appliance manufacturer warranties.

Manufacturer warranties **DO NOT** cover:

- improper installation and maintenance;
- accidents;
- owner negligence;
- unauthorized repairs; or
- normal wear and aging.

Make sure the person who performs the installation follows the manufacturer's installation instructions. Also ensure that the manufacturer's maintenance and repair instructions (contained in the consumer/homeowner's manual) are followed to keep your warranty in effect. While your retailer will perform most warranty service, the manufacturer is responsible for making sure repairs are done and completed in a timely manner.

Implied Warranties

In addition to written warranties, you may be protected by certain "implied warranties." An implied warranty is an unspoken, unwritten promise that a product is fit to be sold and used for its intended purpose. For example, a manufactured home should be fit to be sold and lived in. Implied warranties protect you even if no written warranty is offered by the manufacturer or retailer. Most states allow sales that exclude implied warranties ("as is" sales). However, some states do not allow sellers to exclude or limit implied warranties. Check with your state or local consumer protection officials to learn more about implied warranty protections. If you're buying a previously-owned home, ask if it's being sold with a warranty or "as is" — with no written or implied warranty.

The Retailer's Warranty

A retailer may offer a warranty on a home. Ask to see the retailer's warranty in writing before buying a home. While retailer warranties vary, they typically include:

- the terms of the warranty;
- what you must do to keep the warranty in effect;

- what you can reasonably expect from the retailer; and
- that the home has been installed according to manufacturer installation instructions and local regulations.

Retailer warranties do not cover problems that arise from:

- owner negligence;
- failure by the owner to provide notice for service; and
- unauthorized repairs.

Appliance Warranties

Your home appliances also have warranties. They may come with the use and care manuals from the appliance manufacturer or be included in the home manufacturer's warranty, as required in some states. You have the right to review copies of all warranties before you buy a home. It's a good idea to do so, and to compare coverage.

Carefully read your warranties. Note their length and terms. In most cases, you'll get service from a local appliance service center. However, if warranty service isn't available, contact your retailer for guidance.



PLACEMENT OF YOUR HOME

Before you buy a home, you'll need to decide where you want to live. You have several options. You can place your home on land you own or intend to purchase, in a rental community, or in a subdivision.

Personal Real Estate

If you plan to buy land, there are several matters to consider. Your retailer can help you with the following concerns:

Zoning. In cities and suburban areas, and in some semi-rural areas, you may face zoning requirements or restrictions. Some areas may prohibit manufactured homes. Others may have requirements regarding their size and appearance. Contact your retailer and your planning and zoning office for more information.

Restrictive Covenants These are limitations in property deeds that control how the land can be used. Covenants may mandate that homes be a certain size or that land be used for certain purposes. The title search, conducted when you buy the land, may outline these limitations. However, sometimes, the restrictions are described in ways that are difficult to understand. You may want to seek the advice of an experienced real estate attorney to avoid problems.

Utilities. Although a manufactured home comes with plumbing, electrical, and heating systems, it must be connected to utilities. Contact your local public utility companies for connection and cost information.

Water. Not all areas have local water lines and you may have to drill a well. Check with a local well-drilling company about costs and whether success is guaranteed, as success rates are less than perfect. Also, check with local health officials about water quality.

Sewerage. Some areas rely on septic systems rather than city or county sanitary sewerage systems. If you can't connect your home to a municipal or county system, you must check with local authorities about installing a septic tank. While properly installed septic systems can work quite well, in some cases environmental conditions may prevent their use. For more information, contact your local health department or the office responsible for issuing building permits.

Rental Communities

Perhaps a rental community specifically planned for manufactured housing appeals to you. Placing your home in such a community involves fewer practical concerns than siting the home on your own land since most services are included in your lease payments.

If the idea of a rental community interests you, visit several. Today's manufactured home communities offer many of the same conveniences and services found in other planned residential developments. Retailers will have information about rental communities and, in some cases, operate such communities themselves. Compare services, amenities, and the costs of each, including the rent, installation fees, and other miscellaneous service charges.

Ask the following questions before deciding on a community:

- Q:** *Is a written lease required? If so, for what length of time?*
- Q:** *What are the charges for utility connections and other services?*
- Q:** *Can my home be installed by my retailer or other professional, or does the community require that it handle installation?*
- Q:** *What will I be charged for installation?*
- Q:** *Who is responsible for ground maintenance, snow removal, garbage collection, street maintenance, and mail delivery?*
- Q:** *What are the community's rules and regulations? Can I live with them? For example, are pets allowed?*
- Q:** *Are there any special requirements or restrictions if I sell my home?*
- Q:** *How are rent increases handled?*
- Q:** *Is there a homeowners association?*
- Q:** *Are there restrictive covenants?*

Buying a Home on Site

Another option that's gaining popularity is a planned subdivision where the developer is responsible for installation. Be sure to ask about costs, services, and covenants before you buy.





SITE PREPARATION, TRANSPORTATION AND INSTALLATION

Before your home is installed, make sure the site has been properly prepared. Careful attention to the following details will help ensure satisfaction with your home for years to come. Your retailer can provide you with valuable guidance and assistance.

Site Preparation

If you're having the home installed on your own land, you may be responsible for site preparation. But it's also a good idea to have your retailer or installer inspect the site.

Here's a site preparation checklist:

- The delivery truck must be able to reach the site.
- The site must be as level as possible.
- The area where the home will sit must be clear of trees, rocks, and other debris.

- The soil must be graded and sloped away from the home for water runoff.
- Fill soil must be compacted to prevent the foundation from sinking or shifting.

While you may be able to do some of the site preparation, most tasks, such as grading and compacting soil, require professional expertise. Otherwise, you could do damage to your home that's not covered by the warranty.

Delivery

In most instances, your home will be transported from the factory to the retail sales center. There, it will be inspected by your retailer. Any damage done to the home in transit will be repaired before it is delivered to your homesite.

If damage occurs on the way from the retailer to your site, the transporter is usually held responsible. Therefore, make sure you check for damage before the home leaves the sales center and again when your home arrives at the site. If you find any damage, report it to the transporter immediately.

Before you finalize arrangements to buy and transport a home, make sure you have a written warranty from the transporter. Otherwise, if damage occurs during delivery, you could have a difficult time getting no-cost repairs.

Installation

Manufacturers must provide instructions for proper home installation. Usually, the retailer will install your home or use a contractor. Typically, the price of your home includes installation. You should get a written explanation of the installation services from your retailer. Be sure to read your contract before you sign. If installation isn't included, you may have to hire a professional. Ask your retailer for recommendations.

Whether the retailer or a contractor installs your home, follow these guidelines listed below. They will help you understand what you're paying for and how to check that the work has been done properly. You'll also better understand your warranty protections.

- Get written proof of the installer's qualifications. This may be required by state law.
- Ask if there is a written warranty for installation. If not, have the contractor put in writing any promises or claims regarding the installation.
- Ask the contractor to explain the installation process; have it written into the agreement.



Make sure the following six steps for installation are included in a written itemized list before you sign the purchase contract.

1. TRANSPORTING YOUR HOME

The manufacturer is usually responsible for transporting the home from the factory to the retailer. The retailer or its transporter is usually responsible for delivering the home to your site. However, if roads are inadequate or obstacles make delivery difficult, your retailer may not be able to accept responsibility for delivery. Have the transporter check out the route beforehand to avoid problems.

2. BUILDING A FOUNDATION

Your home must have a foundation. In addition to following the manufacturer's instructions and complying with local codes, ask the institution financing your home or your rental community if they have special requirements. The Federal Housing Administration (FHA), Veterans Administration (VA), and the Rural Housing Service (RHS) also have special foundation requirements for homes they finance. Remind your retailer of the kind of financing you're using so that all applicable requirements will be met.

If you place your home on your own property, you can choose from a number of foundation types: concrete block, metal or treated wood piers, a concrete slab, or a full basement. A professional installer will know which local building codes apply. Ask the installer to obtain required building permits and inspections.

3. LEVELING YOUR HOME

It's critical that your home be leveled to meet the manufacturer's installation instructions. Otherwise, your home's weight will be unevenly distributed. This can cause floors and walls to buckle and prevent doors and windows from opening and closing smoothly. While the manufacturer's warranty won't cover repairs resulting from improper leveling, a written warranty from the installer may.

Insist on a walk-through before the installer leaves. Check for signs that your home may not be level.

Because some foundation supports may settle unevenly, it's important to periodically check that your home stays level. The first check should be done 60 to 90 days after installation, and then once every year.

4. SECURING YOUR HOME TO THE FOUNDATION

To help minimize damage from high winds and earthquakes, your home should be anchored to the ground or concrete footers. Anchoring must comply with the manufacturer's instructions or as required by local codes. This is not a "do-it-yourself" project. Ask your retailer for more information.

5. FINISHING YOUR HOME

Your home may need finishing work, such as an enclosure around the crawl space. The enclosure must provide adequate ventilation openings at all four corners of the home. If you have a multisection home, finishing work may include molding and joining carpet on the interior, and siding and roofing work on the exterior.

6. CONNECTING UTILITIES

Installation should include connections to water, electricity, gas, and sewer. If connections aren't included in the installation price, you'll have to contract for them separately. Your retailer can help you with the arrangements, or you can contact local authorities for more information.



Additions and Alterations to Your Home

Once your home has left the factory, the HUD Code does not include provisions for additions and alterations. Such modifications may jeopardize your home warranty. They may also create malfunctions or an unsafe home. An approved addition should be a free-standing structure that meets local building codes; you may need a permit. Contact your manufacturer, the state agency that oversees manufactured housing in your state, the U.S. Department of Housing and Urban Development, or local building officials for more information.

HOME INSPECTION

Conduct an organized inspection before you move in. Move from the exterior to the interior, carefully checking each room. Many manufacturers provide a checklist in the owner's manual. Fill it out, date it, include additional items that need servicing and promptly return it to the manufacturer. Keep copies for yourself. A delay could jeopardize your warranty.



FOR MORE INFORMATION

To learn more, contact the Manufactured Housing Institute at 2101 Wilson Boulevard, Suite 610, Arlington, VA 22201-3062, or visit the Institute at www.mfghome.org on the Internet.

For consumer information on a wide variety of issues, request a free copy of *Best Sellers* from the Federal Trade Commission. Write to: Consumer Response Center, Federal Trade Commission, Washington, D.C. 20580, or call 202-326-2222; TDD: 202-326-2502. You also can visit the FTC at www.ftc.gov on the Internet.

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