

RURAL DEVELOPMENT - MANUFACTURED HOUSING FACT SHEET

Fact Sheet to assist Applicants & Prospective Packagers in preparing a satisfactory Loan Application Package.

Summary of Requirements for Section 502 RH Loans on Manufactured Houses **

Manufactured House:

A structure which is built to the Federal Manufactured Home Construction and Safety Standards (FMHCSS), commonly known as the HUD Standard, for the design, construction, and performance of a manufactured home. **Units must be certified**, as evidenced by a RED PLATE affixed to the exterior of the unit.

Units must be constructed to meet the **Rural Development Thermal Performance Standards** of RD Instruction 1924-A, Exhibit D, IV.G, for the Winter Degree Day Zone where the unit is to be located. In Pennsylvania, the FMHCSS (HUD Code) Uo Value Zone, indicated on the "Comfort Heating & Cooling Certificate" (which may be combined with the Data Plate) inside the unit, shall be **HUD Zone 3**, since the RD Climate Zones for all of Pennsylvania are 4501 Winter Degree Days or more.

* NOTE: FMHCSS Thermal Standards acceptable to Rural Development for new Manufactured Homes are indicated in RD AN No. 4322 dated December 18, 2007. This AN supplements and clarifies the requirements in RD Instruction 1924-A, Exhibit D, and HB 1-3550. (4/08)

Title/Security Requirements:

* A promissory note and mortgage must be executed at the loan closing for the purchase of the site and unit. Since the unit is permanently affixed to real estate and is secured by the mortgage, the unit is no longer considered a motor vehicle.

Form MV-1 "Application for Certificate of Title" and Form MV-16 "Application for Cancellation of Certificate of Title" should be completed simultaneously and sent to Penn DOT. When Penn DOT receives the documentation, a title record will be created and the title will be simultaneously be cancelled. Penn DOT will issue a Receipt for Mobile Home Title Cancellation and a copy should be placed in the file. This process provides a proper title history for the mobile home. (4/08)

Building Requirements:

Single wide - Minimum 12 feet in width, with at least 400 square feet of living area.

Double wide - Minimum 20 feet in width, with at least 400 square feet of living area.

* Unit must be erected on a **permanent site built foundation w/ permanent perimeter enclosures (not skirting)** extending below the frost line & constructed of materials specified by the International Residential Code (IRC) for regular foundation construction. **See the IRC Appendix E – Foundations & Perimeter Enclosures.** (5/08)

Unit must have the towing hitch, running gear, and all other transportation items removed.

Site Requirements:

Located in rural area.

Contiguous to public street.

Streets to be paved or all-weather surface.

Site must not be large enough to subdivide.

Value of site must not exceed 30% of the as-improved market value of the property.

Finish grade beneath the home or the habitable floor, whichever is lower, must be above the 100 year flood plain.

Site must have adequate water and wastewater disposal systems.

Loan Purposes:

Purchase of an eligible site, if not already owned by the applicant.

Purchase of an eligible **New manufactured unit**, including transportation & set-up costs.

Reasonable site development work, i.e., foundation, driveway, walks, well, septic system, utility connections, etc.

Purchase of the unit and all development work must be done under a **single contract**.

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Loan Limitations:

Existing units can not be purchased, only **New manufactured units**.

Sites can not be purchased without also financing the unit.

Units that do not meet FMHCSS and the Agency's Thermal Performance Standards can not be financed.

Loan funds can not be used to finance furniture, including movable items of personal property, i.e., drapes, beds, bedding, chairs, sofas, divans, lamps, tables, televisions, radios, stereo sets, etc.

Amortization period - 30 years.

Dealer-Contractor Participation in the Program:

A Dealer-Contractor may apply to participate by submitting Form RD 1944-5, "Manufactured Housing Dealer-Contractor Application", to the Loan Originator in the Rural Development Area Office, along with a current financial statement prepared by a Public Accountant and certified by the Dealer-Contractor. A Dealer-Contractor must be able to provide the full service of sales, service, erection, and warranty of manufactured units and developing sites for them. To qualify to participate, a Dealer-Contractor must be:

1. financially responsible,
2. qualified and equipped to set up the unit on a site-built permanent foundation and develop the site,
3. willing to provide a Warranty acceptable to the Agency.

The Warranty must identify the unit(s) by serial number(s). The **Dealer-Contractor must certify** that the manufactured home/property substantially complies with the plans and specifications and that the manufactured home sustained no hidden damage during transportation, and if manufactured in separate sections, that the sections were properly joined and sealed according to the manufacturer's specifications. The Dealer-Contractor will also furnish the applicant with a copy of all **Manufacturer's Warranties**.

The attached "Dealer-Contractor Application - Processing Checklist" can be used to assemble information to be submitted to the local Rural Development Office for program participation.

To Qualify, the Rural Housing Applicant Must:

Be income eligible, credit worthy and be in need of adequate housing. The applicant should refer to the Section 502 Housing Fact Sheet (available in any Rural Development Office) for specific eligibility requirements.

The attached "Manufactured Housing 'Supplemental' Loan Application Checklist" itemizes some specific documents needed for a Manufactured Housing Loan Application.

ECOA NOTICE

"The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580."

** Based on RD Handbook HB-1-3550 & RD Instruction 1924-A, Exhibit J.

* Changes dated April & May 2008.

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MANUFACTURED HOUSING "SUPPLEMENTAL" LOAN APPLICATION CHECKLIST

LOAN APPLICATION (Supplemental items to be provided by Applicant and Dealer-Contractor, in addition to the documents required for a standard Section 502 RH loan):

- 1. Letter of Acceptance for Dealer-Contractor.
- 2. Plot plan with site development plans & specifications, Form RD 424-2, "Description of Materials".
- 3. Schematic floor plan.
- 4. Elevation drawings or picture of unit exterior.
- 5. Permanent foundation plans and specifications, Form RD 424-2, "Description of Materials":
 - * Drawings and details for installation, anchorage and construction of the **permanent foundations & permanent perimeter enclosures (not skirting)** designed in accordance with the requirements of the International Residential Code (IRC), **IRC Appendix E – Sections AE502 & AE503**, and the American National Standards Institute (ANSI) A58.1-1982 to resist wind forces for the geographical area in which the manufactured home will be sited. (5/08)
- 6. * Plans, Specifications, and Thermal Certifications (Form RD 1924-25). The Thermal Certification (by the Manufacturer) shall indicate compliance with RD Instruction 1924-A, Exhibit D (FMHCSS **HUD Zone 3** (Uo) meets RD Thermal Standards for new Manufactured Homes). (5/08)
- 7. Itemized cost breakdown for total package - including the base unit, eligible options, site development, installation, set-up, lot costs, and any credit for the tongue, wheels and axles.
- 8. Dealer-Contractor Certification - Attachment A.
- 9. Has the Appraiser documented zoning classification & compliance on Form FmHA 1922-8, "Uniform Residential Appraisal Report"?
- 10. Site Acceptability - HB-1-3550, Attachment 5-B, "Single Family Housing Site Checklist".

OTHER REQUIREMENTS FOR CONSTRUCTION & LOAN CLOSING:

- 1. Units must be FMHCSS certified.
- 2. **Single contract**, Form RD 1924-6, "Construction Contract", for both unit and site development work.
- 3. Firms furnishing materials or labor, except the manufacturer of the unit, must sign Form RD 1924-10, "Release by Claimants".
- 4. Dealer-Contractor Certifications, i.e., unit compliance w/ plans & specs, hidden damage, & sections.
- 5. Manufacturer Warranties identifying the unit by Serial Number.
- 6. Manufacturer's Certificate of Origin indicating that the unit is free & clear of all legal encumbrances.
- 7. Local approvals, as required.
- 8. Rural Development Inspections.

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DEALER-CONTRACTOR APPLICATION - PROCESSING CHECKLIST

- [] 1. Form RD 1944-5, "Manufactured Housing Dealer-Contractor Application".
- [] 2. Current Financial Statement prepared by a Public Accountant & certified by the Dealer-Contractor.
- [] 3. Commercial Credit Report on the firm.
- [] 4. Consumer Credit Report on each of the principals.
- [] 5. Document a check on trade & bank references & the local Better Business Bureau.
- [] 6. Report on inspection of the Dealer's place of business re: permanency & available equipment.
- [] 7. Brochures, descriptive literature, guarantees, sales contracts and price lists.
- [] 8. Document Dealer's equipment and experience in set up and site development work. Names and qualifications of subcontractors, if applicable. Field inspection of recently developed sites & set-ups.
- [] 9. Document Dealer-Contractor's ability to provide full service of sales, service, erection, & warranty of manufactured units & developing sites for them.
- [] 10. Rural Development Loan Originator's recommendations re: acceptability.
- [] 11. Rural Development Loan Approval Official's recommendations.
- [] 12. Affirmative Fair Housing Marketing Plan (if selling 5 or more units per year through the RD Programs), OR, a Letter of Explanation (if selling less the 5 units per year).

NOTE: The Dealer-Contractor and the Rural Development Area Office will assemble all of the above and submit to the State Director for issuance of a "Letter of Acceptance" for participation of the Dealer-Contractor.

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MANUFACTURED HOUSING: DEALER-CONTRACTOR CERTIFICATION:

Applicant: _____

I hereby certify that any cash payment or rebate as a result of the purchase of the manufactured home will be deducted from the price of the unit and not paid to the applicant.

I further certify that \$_____ is the full price of the unit and all development, and that if furniture is being purchased by the applicant with other funds, that a lien will not be filed against the USDA/Rural Development security property.

Dealer-Contractor

Date