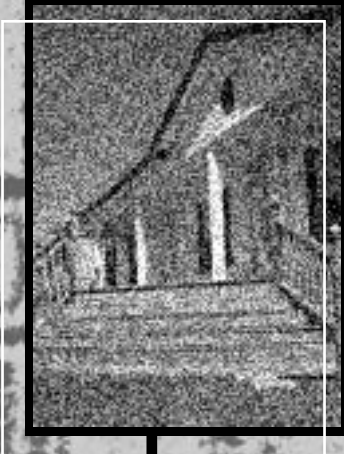


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# MANUFACTURED HOME buyer's guide



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REAL ESTATE CENTER

# Manufactured Home Buyer's Guide

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# Manufactured Home Buyer's Guide

Manufactured housing is an increasingly popular choice among Texas homebuyers. In recent years, new manufactured unit sales represented more than 30 percent of all residential sales in Texas. Unlike site-built housing, buying a manufactured home often requires two decisions: finding the right housing unit and deciding where to put it. While appearing to give the homebuyer more options, it makes the purchase more complicated than the traditional homebuying procedure.

This report is a guide to making such an important purchase. Much of what is presented covers where the home will be placed and how it will be financed. Once these decisions have been made, the total cost of the home may be evaluated and compared to that of new and existing site-built homes.

## Economics of Manufactured Housing

**P**rice is the primary attraction of manufactured housing. Buying a new manufactured home is less expensive than buying a new site-built home of the same size. In many cases, the manufactured home also may be less expensive than an older home of the same size, depending on location. There are several reasons for the difference.

Manufactured homes are constructed in factories where mass production techniques and lack of weather and material supply problems reduce the cost of production. They are produced under a uniform nationwide building code rather than a variety of local codes, some of which may require more costly materials and construction methods. The manufactured home market, because it is not specific to a given location and neighborhood, may be more competitive than that for new or used site-built homes.

In addition, manufactured homes are purchased differently than site-built homes. Although it is possible to buy a manufactured home already located on a site, most units are purchased separately. Most people purchase their unit off a retailer's lot. The unit must then be transported to the site and installed. The site may be purchased or leased. If the owner of the unit also owns the site and the unit is permanently attached, the home must be legally converted into real estate. Until that is done, the unit is personal property, much like an automobile and affects financing costs, which will be discussed later.

If manufactured homes are less expensive, does it follow that they are poor investments because of high maintenance and low resale value? The answer appears to be that a man-

ufactured home can be a solid investment if properly selected.

**Durability.** Manufactured units commonly are believed to be less durable and suffer greater depreciation than site-built homes. However, a series of studies conducted at the University of Michigan in 1994 indicates little difference in the durability and value retention of manufactured homes and site-built homes (Manufactured Housing Research Project by Kate Warner and Robert Johnson, University of Michigan, Ann Arbor).

Like any physical object, the performance of a manufactured unit depends on how well it was constructed and how well it is maintained. While all units must pass the Department of Housing and Urban Development (HUD) inspection standards, some are made with more durable materials and construction techniques. More expensive units will last longer and cause fewer problems than less expensive models (for ways to detect high-quality units, see "Dream home . . . or nightmare?" in the February 1998 issue of *Consumer Reports*).

**Appreciation.** Regarding resale value, it is unrealistic to expect a manufactured home without land to appreciate like a site-built home. In reality, land provides most of the appreciation in a home's value unless there is an unusual shortage of local market housing. When a manufactured home is permanently attached and converted to real estate, it should appreciate along with other homes in the neighborhood.

In 1997 and 1998, nearly 300 manufactured homes sold through real estate agents in the Dallas and Austin Multiple Listing Services. For analysis, it is useful to sort these sales into three categories according to interior area and

compare them to sales of site-built homes (see tables).

As seen, resales of the smaller units (typical of single-wide manufactured homes) performed poorly compared to site-built homes. However, larger units did well, especially in the Austin

market. Although these sales data are not adjusted to control for quality differences, they provide limited evidence that manufactured homes of sufficient quality can be a sound investment and substitute for site-built home.

**Value Appreciation of Homes in Austin**

Size of Home	Average Price per Square Foot, 1997	Average Price per Square Foot, 1998	Percent Difference
<b>&lt; 1,000 sq. ft.</b>			
Site-built home	\$79.66	\$87.33	9.6
Manufactured home	\$40.72	\$37.15	-8.8
<b>1,000-1,999 sq. ft.</b>			
Site-built home	\$67.87	\$71.48	5.3
Manufactured home	\$40.14	\$48.91	21.8
<b>All Home Sizes</b>			
Site-built home	\$69.56	\$73.05	5.0
Manufactured home	\$41.52	\$46.08	11.0

Source: Real Estate Center at Texas A&M University

**Value Appreciation of Homes in Dallas**

Size of Home	Average Price per Square Foot, 1997	Average Price per Square Foot, 1998	Percent Difference
<b>&lt; 1,000 sq. ft.</b>			
Site-built home	\$48.47	\$40.20	-17.1
Manufactured home	\$43.44	\$30.35	-30.2
<b>1,000-1,999 sq. ft.</b>			
Site-built home	\$57.37	\$61.16	6.6
Manufactured home	\$36.13	\$38.34	6.1
<b>All Home Sizes</b>			
Site-built home	\$56.95	\$60.64	6.5
Manufactured home	\$37.07	\$37.35	0.8

Source: Real Estate Center at Texas A&M University

It also is interesting to see how much can be saved by purchasing a manufactured home, even when buying both housing unit and land. For a smaller manufactured home in these markets, the average price per square foot was between 24 and 57 percent less than the price of site-built homes. The savings, still significant for medium-sized homes, are more than 30 percent in both Austin and Dallas. Again, sales figures

do not necessarily reflect units of like quality or location, other than size.

**Siting Options**

The modern manufactured home is designed to be permanently or semipermanently attached to a site, rather than serve as a truly mobile housing unit. A variety of permanent home-site options exists, depending on the

**Austin Sales Prices**

Size of Home	Average Price per Square Foot, 1998	Percent Savings
<b>&lt; 1,000 sq. ft.</b>		
Site-built home	\$87.33	
Manufactured home	\$37.15	57.5
<b>1,000–1,999 sq. ft.</b>		
Site-built home	\$71.48	
Manufactured home	\$48.91	31.6
<b>All Home Sizes</b>		
Site-built home	\$73.05	
Manufactured home	\$46.08	36.9

Source: Real Estate Center at Texas A&M University

**Dallas Sales Prices**

Size of Home	Average Price per Square Foot, 1998	Percent Savings
<b>&lt; 1,000 sq. ft.</b>		
Site-built home	\$40.20	
Manufactured home	\$30.35	24.5
<b>1,000–1,999 sq. ft.</b>		
Site-built home	\$61.16	
Manufactured home	\$38.34	37.3
<b>All Home Sizes</b>		
Site-built home	\$60.64	
Manufactured home	\$37.35	38.4

Source: Real Estate Center at Texas A&M University

owner’s preference for high- or low-density living and ownership of the land. In today’s market, the range of choices fall into three basic categories: the traditional manufactured home community, individual land plot or a manufactured home subdivision.

Unless a home already sited is purchased, the decision of where to locate a manufactured unit hinges on how much time, money and siting alternatives are available. National surveys conducted by Foremost Insurance Company show the following trends in manufactured home locations.

**Manufactured home communities or parks.** These are the modern equivalent to what was traditionally termed a “mobile home park.” A parcel of land, most often in a suburban or

**Table 1. Manufactured Home Location (percentage)**

Location	1990	1993	1996	1999	2002
Homeowner’s land	42	44	45	46	49
Leased lot in park	34	37	37	36	33
Land not owned by homeowner	16	11	11	11	11
Lot bought in subdivision	6	6	6	6	6
Condo or co-op park	1	1	1	1	1

Source: Foremost Insurance Company

rural setting, is subdivided into fully developed sites and leased to owners of manufactured homes. Because the homeowner rents the site, another name for these developments is “land-lease” communities.

The sites may be only slightly larger than the space needed to accommodate the home plus a narrow driveway or parking space. Foundations and utility hook-ups are provided so that the site is ready for installation, and the homeowner need not worry about permits and approvals from government authorities.

In most cases, all that is required of the owner is to apply for entrance into the community and, if approved, sign a lease and pay a security deposit. Despite the fact that, once installed, the unit is difficult to move, lease terms are often short term or the lots are rented on an informal, month-to-month basis. There is a growing trend, however, toward long-term (as much as 40-year) leases with rent pegged to the cost of living.

Communities vary considerably in quality and price. At the low end, expect minimal amenities, undersized utilities and, perhaps, unpaved roads. At this level, monthly site rents may run \$100 or less. Moving up the quality scale, expect to find more open space and recreational facilities, larger electrical and water system capacity, additional utilities including cable television and natural gas, more attractive landscaping and roadways, buffer areas surrounding the community and better location.

According to the Urban Land Institute, typical lot sizes vary from 3,000 to 5,000 square feet. In land-lease communities, higher rent does not necessarily mean larger lots. Community designers tend to emphasize neighborliness by clustering the sites together, even when land is readily available. Owners who desire more

space should consider a subdivision or individual lot.

Once the home is moved into the community, there may be a move-in fee charged by the city to inspect the tie-downs. The charge for this inspection ranges between \$50 and \$100.

Apart from location, amenity and utility level and rental rates, there are some things the prospective land tenant should determine before selecting a land-lease community.

- How long is the lease, and is there an option for renewal? How are rental increases determined?
- What are considered grounds for eviction (besides not paying rent)?
- Are there size restrictions on the home installed (can you install a double-wide, for example)? What about other restrictions, such as pets, children, number of automobiles and so forth?
- Are available utilities sufficient in size and type for the housing unit?
- Are there restrictions on who can install the unit?
- Are there requirements for improvements, such as skirting, steps, decks, carports and outside buildings?
- Are there restrictions on selling the unit in place? How would the lease be assigned to the new owner? Are subleases permitted while the unit is in the community? A requirement that the park owner have the unrestricted right to approve buyers could make resale difficult as long as the unit remains in the park.
- What does the community supply, who is responsible for grounds maintenance and so forth?
- Are security provisions made?

The National Foundation of Manufactured Home Owners offers information on local parks and communities. For referral to local chapters, call 717-284-4520.

**Manufactured home subdivisions.** Subdivisions are similar to land-lease communities in that sites are developed and ready for installation. However, the homeowner must purchase the site. Each homeowner is a member of the homeowners' association that oversees all common property and facilities.

The subdivision is a relatively new innovation that appeals to the homeowner who desires an investment in real property (as well as control of future site costs) but does not want the inconvenience and potential isolation of land development. Subdivisions tend to be more upscale and

spacious compared to land-lease communities. In fact, they more closely resemble site-built subdivisions and often are developed by traditional residential developers.

Some questions for those considering a subdivision:

- Is there pre-arranged financing for the lots, including mortgage packages for the unit and site once they have been converted to real property?
- Is there a homeowners' association? If so, what are the bylaws and monthly dues requirements?
- What amenities and expansions are planned?
- What restrictions are included in the deed, and are they enforced?
- Can the lots be obtained under a long-term lease instead of a fee-simple purchase?

**Individual parcels.** The final alternative is to purchase (or rent) a piece of land and develop it into an appropriate site for a manufactured home. Although this option requires the most effort and time, it is relatively common in rural areas to find freestanding manufactured homes. This approach is suitable for those who want a low-density, rural surrounding, a wider choice of locations, the opportunity to customize the size and appearance of their site and for those who already own a suitable piece of land.

This option requires acquisition of a suitable land parcel, meeting all government requirements for development and installation, and site development in preparation for installation. Actually, all three are intertwined. The willingness of local governments to allow a manufactured home in their jurisdictions will dictate the location of the site, as will the availability of desired utilities and services.

**City location.** Most cities regulate, through their zoning ordinances, where a manufactured home can be placed. Half of the 20 cities surveyed in a 1998 canvas of Texas municipalities allow manufactured homes only in approved mobile home parks. One bans manufactured homes altogether. Two cities allow manufactured homes in agricultural areas. Three of the cities allow manufactured homes in some residential areas. In one case, the manufactured home must be placed on a permanent foundation to be located in a residential neighborhood.

To place a manufactured home within the city limits, the local planning department must be contacted to determine appropriate locations. For those who own a lot with a legally permitted manufactured home on it, state law allows

the unit to be replaced with a new, HUD-approved unit without seeking permission of the zoning authority (Section 4A of the Texas Manufactured Housing Standards Act, Article 5221f, Vernon's Civil Statutes).

If the home will be located on a lot inside the city, there will be charges to tap into the water, sewer and electric lines. Electrical connections can be expensive, running into hundreds of dollars. For example, the City of Georgetown requires a \$400 electrical connection fee. Sewer and water tap fees vary depending on the city. The average water and sewer tap fees are approximately \$300 each. The cost to obtain electric, water and sewer services will total nearly \$1,000.

**Rural location.** For an individual parcel in a rural area, there are a number of considerations. Counties do not have zoning powers and, therefore, placing a home outside municipal limits is less restrictive.<sup>1</sup> The owners may have to provide their own water supply and sewerage (some unincorporated areas are served by special quasigovernmental utility districts that provide services).

A septic tank and water well are needed if the manufactured home is to be sited in a rural area. The price for a septic tank depends on the type of tank chosen, size and age of the home and the service provider's fee. The septic tank ranges from \$1,400 to \$4,500 installed. In addition to the septic tank cost, the county requires an inspection. Inspection fees range from \$25 to \$210; most counties average \$50. In some counties, the inspector will complete a site evaluation prior to the installation, while others allow the installer to complete the site evaluation. The county sends an inspector to insure that the installation is correct and then issues a permit to use the septic tank.

Drilling a water well provides a source of safe drinking water for the home. The cost for drilling a well ranges widely (about \$8 to \$15 per foot of depth), depending on the soil type and the depth of the water. Drilling charges include gravel, the well cap and the casing. A pump also is needed to bring the water from the well to the home. Charge for the pump and installation vary from \$650 to \$1,800, depending on the distance to the home and the type and size of pump selected.

Texas has established rules for drilling water wells. A well must be a minimum of 100 feet from a septic tank. If the well does not have a cement casing, it must be located 50 feet from a property line. If it is cemented, then it may be a minimum of 10 feet from a property line.

Electrical service also is a consideration when deciding where to locate a manufactured home. An electrical contractor is needed to apply for the necessary permits. For a typical 200-amp manufactured home, the price for the electrical pole averages \$650. In addition, there is a charge of approximately \$15 per foot from the pole to the home. The utility company will complete a final inspection before approving use of the electrical system. For a manufactured home set back 30 feet from the primary electrical line, the total cost would be approximately \$1,100.

Gas tanks also are available to provide energy to a manufactured home. The basic setup includes a 250-gallon tank. The cost for the setup averages \$170. This includes the tank rental, an initial gas supply and hook-up to the home. After the first year, the tank has a rental fee of approximately \$65 per year, and the renter is responsible for the cost of additional gas.

It can be expensive to establish utility services for a new country home; however, these are one-time expenses that provide service for years. These costs should be considered when deciding whether to locate in a park, subdivision or on private property.

**Table 2. Cost to Prepare the Site with Utilities**

Type of utility	Approximate cost
Electrical lines	\$650, plus \$15 per foot from pole to house
Water well	\$650–\$1,800 for pump, plus \$8–\$15 per foot in depth
Septic tank	\$1,400–\$4,500 for installed tank, plus \$50 inspection fee
Gas tank	\$170 set-up

Source: Real Estate Center at Texas A&M University

Some considerations for those developing a rural site for a manufactured home are:

- What type of foundation is most appropriate and feasible? What will soil conditions support?
- Can quality subcontractors be found to perform the various tasks required in site preparation? Is there an experienced general contractor who might take the job?
- What local and state regulations affect site use and development?
- Can electric power be supplied? At what cost?
- Can a water system be tapped, or will a well need to be drilled?



- Can a sewage system be accessed, or will a septic tank be required? Is the site large enough to develop both a septic system and a well?
- What type of heating and air conditioning is necessary?
- Does the site have adequate all-weather access?
- How will surrounding land uses, highways and natural boundaries affect the use and value of the site?
- Where are local services located such as emergency medical care, fire protection, police and schools?

**State installation inspection.** The Texas Department of Housing and Community Affairs (TDHCA) sets standards and regulations for manufactured home installation. The department inspects installations on a sample basis and, by state law, must cover at least 25 percent of all installations. These inspections monitor how well installers follow the state's standards. Any inspection fee charged by the state is the responsibility of the installer. For questions about installation inspections, call the TDHCA at 800-500-7074.

For information about prior installation and home inspections when purchasing a used home, access the department records from their Web site (<http://www.tdhca.state.tx.us>). The seal and serial numbers, as well as the owner's name, will be needed to find a specific record.

**Permanent installation.** The owner's manual supplied with the home includes instructions for proper installation. It is important to review this section and become familiar with the installation process. The purpose of installation is to:

- level the building on the site,
- support the weight of the unit in such a way as to prevent damage to the home,
- raise the level of the unit to avoid water damage because of flooding,
- prevent the home from moving off the site by wind or water and
- connect the unit to available utilities.

For locations expected to flood, it is important to raise the unit higher than the periodic flood level. Check with local authorities or the U.S. Corps of Engineers to get information about flood-prone areas. Also, installation may vary for high-wind areas. Flood insurance may be obtained from the homeowners insurance company. For information about whether a property is located in a flood plain, contact the county engineer's office.

Manufactured home foundations may consist of support blocks or jacks resting on a wood or concrete base or a series of concrete piers poured under the unit's I-beams. To provide wind stability, the unit is anchored to the ground by straps installed in the factory and connected to anchors installed in the ground or foundation slab. For permanent attachment, the foundation may be subject to local building codes as well as standards set by the Federal Housing Administration (FHA), if FHA financing is to be used.

Once the unit is permanently attached, homeowners may apply to convert the title to real property. The manufacturer's certificate or original document of title must be sent to the TDHCA along with a legal description of the site. If there currently is a lien on the home, the department will notify the lienholder of the application and require a lien release before the title can be canceled. When this is completed, the department will issue a certificate of attachment to the homeowner. Consult TDHCA's website ([www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)) or call 800-500-7074 to get instructions on how to convert the title to real property.

## Financing

Permanently attaching the home indicates that it is to be considered a permanent improvement on the land and is a prerequisite to converting the housing unit from personal to real property. For practical purposes, it means the owner of the housing unit also must own the land. In Texas, when a manufactured home is permanently sited on land owned by the homeowner, the title must be converted to real property.

In Texas, manufactured homes are subject to ad valorem property taxes (tax based on the value of the property) whether they are personal or real property. In addition, the legal status of the property does not affect the owner's ability to deduct interest expenses from income subject to federal income taxes.

The cost of a manufactured home also depends on how the purchase is financed. The choice of financing methods is constrained by how the unit is to be sited. There are two basic ways to finance a manufactured home. If the homeowner does not own the site, personal property financing, also known as a *chattel mortgage*, must be used. This type of loan usually carries a higher interest rate and shorter term (and higher monthly payments) than real estate mortgages but may require a lower down payment and loan costs. It is often possible to

get quick approval for this type of loan. In fact, most home retailers can arrange these loans at the time of purchase.

When the home is attached to a site owned by the purchaser, mortgage financing must be used. Interest rates on these loans are lower and terms longer. On the other hand, getting the loan may be slower and more costly. In addition, the land forms part of the collateral for the loan and is vulnerable to loss if the homeowner defaults on the loan.

Conventional and FHA mortgage programs are available, but they require units to be in compliance with HUD codes and that they qualify under state law as real property.

Conventional loans may require private mortgage insurance if the down payment is less than 20 percent of the property's value. Alternatively, the FHA insures loans for manufactured homes. Mortgage brokers may have loan combinations that avoid mortgage insurance. Down payments for both conventional and FHA loans can be as low as 5 percent.

Before conversion to real property can occur, the homeowner must purchase an appropriate site and permanently attach the unit to it. Therefore, the owner who wishes mortgage financing will need to arrange interim financing for the unit and, possibly, the land separately, and refinance once the siting and conversion are accomplished. Some lenders have loans designed to cover lot purchase for those owning a housing unit or cover home purchase for owners of a lot. If desired, the loan combines a refinancing of the original loan into a consolidated mortgage loan.

With either type of loan, there will be some initial costs: cash down payment, loan application fee and potentially, discount points in the case of mortgage financing. Financing the purchase of a site or of a site-built home may require obtaining title insurance. Most mortgage loans for amounts more than 80 percent of the value require mortgage insurance, whereas most chattel mortgages do not. If mortgage insurance is involved, a premium must be paid—either at closing, monthly or both.

Some lenders will make mortgage or chattel loans for used homes. Check on loan availability and any restrictions applied to the type of home financed before home shopping.

### **Total Cost of a Manufactured Home**

Once the questions of where the unit will be placed and how it will be financed have been settled, estimating what the total package will cost is much easier. When comparing properties, be sure similar elements are included for each possibility.

Start with the cost of the housing unit itself. When pricing units, determine what is included in the price. Sometimes the price includes other necessities, such as steps, and may include delivery and installation. When comparing prices for units sold by different retailers, determine how the units differ in construction quality. For example, there may be significant differences in how the floors are constructed, the kind of roofing material used and the type of windows and doors.<sup>2</sup>

Optional features will add to the basic cost of the unit. These include material upgrades for the floor covering, interior walls and exterior siding, luxury features such as fireplaces and kitchen islands, bath and kitchen fixtures and appliance upgrades and special waterproofing treatments. If any of these features are desirable, price them with each retailer.

If the site is in the counties shown in Table 3, the unit must be built to Wind Zone II specifications. Consumer advocates recommend that all manufactured homebuyers purchase units with this extra level of weather resistance. This will add to the cost but may result in a more durable and problem-free home.

**Table 3. Texas Counties Where Wind Zone II Manufactured Housing Required**

Aransas
Brazoria
Calhoun
Cameron
Chambers
Galveston
Jefferson
Kenedy
Kleberg
Matagorda
Nueces
Orange
Refugio
San Patricio
Willacy

State law requires retailers to provide a one-year warranty.<sup>3</sup> If a warranty is longer, include that fact in the pricing comparison. Manufactured home buyers are not required to pay sales tax on the purchase at the retail level.

The unit must be transported to the site and installed by licensed professionals. There will be costs involved with these operations. Installation includes leveling and anchoring the unit, as well as connecting to available utilities.

Skirting around the base of the unit may be required to conceal the understructure. There are several types of skirting, including methods that make the unit resemble a site-built house. Some types of steps, porches or decks will be required to provide access to the home. Once the home is installed, the wheels and axles and, in some cases, the hitch may be removed. Often, these components may be sold back to the manufacturer for reuse.

If the unit is sited in a manufactured housing community, deposits and other fees may be required when the unit is installed, in addition to the site's monthly rent. The rental rate may increase over time and may be especially unpredictable if there is no lease. Fees to cover water, garbage collection and other services also may be included in the rent. When comparing one community with another, or when comparing renting to owning, include the same services for each alternative. The worksheet computes a total price and a cash outlay so that comparisons may be made on both a total cash cost and monthly payment basis.

When purchasing a site, include the purchase price in your comparison. The site may be fully developed and ready to accommodate a unit (as is the case with manufactured home subdivisions) or it may be partially or completely unde-

veloped. In the latter case, it will be necessary to cost out the items needed to accommodate the housing unit. These items may include foundation preparation, landscaping, drives and walkways, water supply, sewage and other utilities. Many of these operations also involve governmental approvals and, possibly, permit fees.

If buying an existing home already sited on land, the purchase may be compared directly without the worksheets and analysis described above. Before committing to an existing home purchase, check the availability and financing cost, which may be more difficult to arrange than a loan on a new unit. Information on financing is available from the manufactured home retailer.

For each financing alternative, determine up-front costs, as well as the monthly payment amount. With the completed worksheet, an estimate of how much cash will be required at the time of purchase and the amount of monthly costs should be simple to assess.

While manufactured homes are affordable, they still represent a sizable investment. As with any other significant purchase, knowledge can work to the consumer's benefit. This guide is intended for consumers who wish to make knowledgeable purchases.

## Manufactured Housing Purchase Worksheet

Price of unit at retailer \_\_\_\_\_ (1) Total interior space \_\_\_\_\_ sq. ft.

For comparison, list the grade of the following features included in the unit price:

roofing	_____
exterior siding	_____
undercarriage treatment	_____
sub floor material and treatment	_____
floor coverings	_____
interior walls	_____
kitchen appliances	_____
bath fixtures	_____
warranty	_____
other (list)	_____
	_____
	_____

Cost of add-ons:

porch/deck	_____
fireplace	_____
kitchen island	_____
built-ins	_____
other (list)	_____
	_____

Required items (indicate any extra cost required):

delivery	_____
installation	_____
skirting	_____
steps	_____

Rebates for return of axles, wheels, hitch: \_\_\_\_\_

(2) total costs of housing unit: \_\_\_\_\_

Financing:

(3) loan origination costs	_____
(4) cash down payment	_____
(5) monthly payment	_____

Land purchase:

(6) land costs	_____
(7) development costs	_____
(8) loan costs	_____
(9) down payment	_____
(10) monthly payment	_____
(11) other periodic fees	_____

Land lease:

(12) deposits	_____
(13) monthly rent	_____
(14) other monthly fees	_____

**Total costs:**

**Price:**

Costs of housing unit: \_\_\_\_\_(2)  
Land/development cost \_\_\_\_\_(6)+(7)  
Costs of lease\* \_\_\_\_\_  
(15) total price \_\_\_\_\_  
price per sq. ft. \_\_\_\_\_(15)/(1)

\*estimate at 100 times monthly rent (13)

**Cash outlay:**

loan origination \_\_\_\_\_(3)  
down payment (unit) \_\_\_\_\_(4)  
down payment (land) \_\_\_\_\_(9)  
loan costs (land) \_\_\_\_\_(8)  
deposits \_\_\_\_\_(12)  
total cash outlay: \_\_\_\_\_  
monthly payment (unit) \_\_\_\_\_(5)  
monthly payment (land) \_\_\_\_\_(10)  
other fees (land) \_\_\_\_\_(11)  
monthly rent \_\_\_\_\_(13)  
other fees (rent) \_\_\_\_\_(14)  
total monthly costs \_\_\_\_\_

## Notes

Assistance in preparing this report was provided by Milan Powers of Yellow Rose Mobile Home Sales, Inc., and Scott Gilmore of Schult Homes Corporation.

1. Some cities regulate land uses outside the city boundaries. If the land parcel is within a few miles of a municipality, check to see if a permit for siting a manufactured home is required.

2. *How to Buy A Manufactured Home and Save Thousands of Dollars* by Randall Eaton is an excellent source of information on judging manufactured home quality. It can be ordered from <http://www.buymobilehome.info/>.

3. Used manufactured homes also may be purchased. Many retailers market used homes off their lot and much of the procedure for delivery and installation is the same as with new units. Units purchased from individuals will most often already be sited, either in a rental community or on an individual parcel of land included in the sale. By state law, the seller must provide a written warranty, indicating that the unit is suitable and safe to serve as a home. The buyer then has 60 days to notify the seller of any defects that render the home inhabitable because of an unsafe or unsanitary situation. Failure of the seller to remedy the condition allows the buyer to void the sale.

## Appendix A

## Manufactured Housing Field Offices

### Amarillo

P.O. Box 300  
Skellytown, Texas 79080  
Office 806-671-8834

### Corpus Christi

606 N. Carancahua  
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The El Paso field office is now closed. All calls that normally would be handled through the El Paso office are now handled out of the Lubbock office. Call the number listed for the Lubbock office.



## Appendix B

## Glossary

**Factory-built home.** Any type of housing that is produced primarily in a factory and assembled or installed on the site.

**Installation.** All of the procedures required to properly attach a manufactured housing unit to a site. Includes setup, leveling, anchoring and connection of the unit's tie downs, wheel and axle removal, installation of steps or porch, and hook-up to utilities and external equipment, such as air conditioning units.

**Manufactured home.** A home built entirely in a factory under the federal building code administered by the Department of Housing and Urban Development (HUD) (in Texas, this responsibility is taken by the Texas Department of Housing and Community Affairs). This standard code supercedes local building codes.

**Manufactured home broker.** A professional licensed to act as an agent for sellers of manufactured homes. Holders of real estate broker or salesperson licenses may sell only one manufactured home per year unless the homes have been converted to real property.

**Manufactured home community.** A facility that leases sites to owners of manufactured homes. May also be referred to as a "manufactured home park" or "mobile home park."

**Manufactured home retailer.** A businessperson licensed to sell new and used manufactured homes.

**Mobile home.** Term applied to factory-built homes before the application of the HUD code inspection requirement in 1976. Still widely used in the industry and media to refer to any manufactured home.

**Modular home.** A housing unit built in a factory to the specifications of the building code of the specific locality in which the unit will be sited.

**Seal.** Information plaque or label placed on a manufactured home at the factory and required to remain in place for any unit sold new or used in Texas. If the seal is missing, the owner can apply to the state for a new one.

**Section.** A whole or portion of a manufactured home as it leaves the factory. Single-section homes are composed on only one section. Double- or triple-section homes consist of several sections designed to be joined together on the site.

**Site.** A land parcel that has been prepared for installation of a manufactured home. Preparation includes provision of necessary utilities, access and foundation, as well as procurement of all required governmental authorizations.

**Site-built home.** A house that has been constructed primarily at the site. Some components may be factory-built, such as structural units and cabinets. Would not include homes constructed of prebuilt wall sections or from precut kits.

**Skirting.** Treatment used to cover the space between the chassis of a manufactured home and the foundation surface. Skirting serves primarily a cosmetic role rather than a structural one.

**Subdivision.** A development of sites connected by streets and possibly including open space and recreational areas for sale to those wishing to build homes or install manufactured homes. Usually a subdivision is restricted to one type of home, although some newer subdivisions mix manufactured and site-built homes.

**Wind zone.** A set of design specifications for the capability of the home to withstand high winds. Wind zone II homes are designed for the stronger winds expected in areas near the coast.



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