

SECTION 3: MANUFACTURED HOMES [7 CFR 3550.73]**9.16 AUTHORIZED LOAN PURPOSES****A. Definition**

Manufactured homes are built to different construction standards and codes and have different inspection requirements than those manufactured structures generally referred to as “modular” or “panelized” homes. The major difference between manufactured homes and modular or panelized homes is the construction standard or code to which they are built and the inspection requirements. Modular or panelized homes, as described in Exhibit B of RD Instruction 1924-A, are not affected by the requirements of this section.

**B. Authorized Loan Purposes**

When a real estate mortgage or deed of trust covers the unit *and* the site, Section 502 loans may be used to finance the following:

- Site development work that conforms to the requirements of RD Instruction 1924-A;
- Purchase of an eligible new unit, transportation and set-up costs, and purchase of an eligible site if not already owned by the applicant;
- Subsequent loans for equity or repair in conjunction with an assumption or Real Estate Owned (REO) sale; and
- Subsequent loans for repair of units that are financed with Section 502 loans.

**C. Loan Restrictions**

The Agency will not use Section 502 loan funds to finance:

- The purchase of an existing unit and site, unless the property is already financed with a Section 502 loan or is Agency REO property;
- The purchase of a site without also financing the unit;
- A unit that does not meet Federal Manufactured Home Construction and Safety Standards (FMHCSS);



- A unit that does not meet or exceed the FMHCSS thermal requirements for the county in which the home is to be located (see Attachment 9-B, Thermal Requirements for a Manufactured Home). 
- Alteration or remodeling of the unit when the initial loan is made, unless repairs are needed in conjunction with an assumption or REO sale;
- Repairs not associated with a transfer, REO sale, or unit that is already financed with a Section 502 loan;
- Existing debt owed by the applicant; or
- Furniture, including movable articles of personal property such as drapes, beds, bedding, chairs, sofas, divans, lamps, tables, televisions, radios, stereo sets, and other similar items of personal property (furniture does not include wall-to-wall carpeting, refrigerators, ovens, ranges, washing machines, clothes dryers, heating or cooling equipment, or other similar equipment).

9.17 DEALER-CONTRACTOR REQUIREMENTS

No loans will be made on a manufactured home sold or serviced by any entity that is not an approved dealer-contractor. Once the applicant has submitted the name of the selected dealer-contractor, the Loan Originator should check the State Office's list of approved dealer-contractors. If the dealer-contractor is approved, the Loan Originator should notify the applicant of what information must be submitted to the Agency for review and approval.

If the dealer-contractor is not approved, the Loan Originator should offer the applicant the opportunity to select another dealer-contractor who is on the approved list, or to request that the Loan Originator inform the dealer-contractor about the Agency's procedures for approval.

The applicant and the dealer-contractor will be notified of the Agency's thermal requirements for the county in which the home is to be located. Rural Development accepts the FMHCSS Uo Value Zones for new manufactured homes financed by the Agency. Attachment 9-B lists the FMHCSS Uo Value Zones for each state, by county, and Puerto Rico.

All new manufactured homes built to the FMHCSS are provided with a Comfort Heating and Cooling Certificate. This certificate (which may be combined with the Data Plate) is affixed in a permanent manner near the main electrical panel or other readily accessible and visible location inside the unit. The certificate specifies to FMHCSS Uo Value zone of the home as Zone 1, 2 or 3. (The U/O Value Zone Map on the certificate does not apply.) An example of the Comfort Heating and Cooling Certificate is provided as Attachment 9-A.

Paragraph 9.17 Dealer-Contractor Requirements

An entity may apply to become an approved dealer-contractor by submitting *Form RD 1944-5, Manufactured Housing Dealer-Contractor Application*, credit reports and supplementary data sources, such as financial statements and tax returns should be used to verify or determine employment, income, held assets and credit history. 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; and (3) willing to provide a warranty acceptable to the Agency.

The evaluation of applications for dealer-contractor status involves a joint effort by Loan Originators, Loan Approval Officials, and State Directors.

When evaluating these applications, the Loan Originator should perform the following tasks.

- Maintain an operational file for each dealer-contractor who submits *Form RD 1944-5* and a certified financial statement.
- Obtain a commercial credit report on the firm and consumer credit reports on each of the principals through the appropriate Regional Coordinator assigned to order Dun & Bradstreet reports. Do not use UniFi to order individual reports.
- Make direct checks on trade and bank references and check with the local Better Business Bureau.
- Inspect the dealer's place of business to determine its permanency and the adequacy of available equipment.
- Obtain copies of brochures, descriptive literature, guarantees, sales contracts, and price lists.
- Determine that the dealer-contractor has the necessary equipment and experience to perform or subcontract all site development work. If the firm uses subcontractors, obtain the names of the subcontractors and their qualifications. A field inspection of recently-developed sites and set-ups is desirable in determining whether the dealer-contractor has the necessary experience.

- Carefully analyze the collected information to determine if the dealer-contractor is able to provide the full service of sales, service, erection, and warranty of manufactured units and developing sites for them. Based on this analysis, the Loan Originator should develop a recommendation with supporting documentation as to whether or not the dealer-contractor is acceptable.
- If necessary, the Loan Originator should maintain a complaint file to establish a basis for limiting future business with the dealer-contractor.

The Loan Approval Official should review the Loan Originator's recommendations and forward them, with any additional comments, to the State Director for review.

The State Director will make the decision on the dealer-contractor's acceptability and, if applicable, issue a letter of acceptance. The State Director also will issue a list of acceptable dealer-contractors in the State. If the State Director determines that the dealer-contractor is not acceptable, appeal rights will be granted. Any dealer-contractor determined to be unacceptable may reapply for acceptance at any time the dealer-contractor has reason to believe the conditions leading to the determination have been removed.

9.18 PROCESSING PROCEDURES

A. Submission Requirements

In addition to the documents required for a standard Section 502 loan, the applicant must submit the following before the loan can be approved:

- A plot plan and site development plan as described under RD Instruction 1924-A, Exhibit C; 
- A foundation plan per RD Instruction 1924-A, Exhibit C adapting manufacturer's design to the specific site conditions. Specific site conditions that may require modification may include slope, soils type, frost depth and requirements of FD adopted code and/or local codes.
- Certification of site and foundation designs on Form FD 1924-25;
- An itemized cost breakdown of the total package, including the base unit, eligible options, site development, installation, set up, lot costs, and any credit for wheels and axles;

Paragraph 9.18 Processing Procedures

- A statement signed by the dealer-contractor indicating that any cash payment or rebate as a result of the purchase will be deducted from the price of the unit and not paid to the applicant; and
- A statement signed by the dealer-contractor that the proposed cost is the full price of the unit and all development activities, and if furniture is being purchased by the applicant with other funds, that a lien will not be filed against the Agency's security property.

B. Appraisal Techniques

The site and unit must be appraised before loan approval, using normal single family residential appraisal techniques. Since other manufactured units and sites provide the most similar comparables, every effort must be made to obtain such comparables, even if their distance from the subject property is greater than preferred. If units are not available within a reasonable distance, the appraiser may use homes other than manufactured homes, after adjusting for factors such as location, construction material, size, and quality.

The appraiser will use Marshall and Swift cost data for average-construction manufactured housing to determine the appraised value using the cost approach. The National Office may authorize the use of an alternate cost method. For more information on appraisals, see Section 5 of Chapter 5.

**C. Loan Rates and Terms**

The interest rates for manufactured homes are the same as for other real estate loans made with Section 502 loan funds, but the maximum loan term is 30 years. Applicants for Section 502 loans on manufactured homes may receive payment subsidy, if they are eligible.

9.19 CONSTRUCTION AND SITE REQUIREMENTS

The unit must meet the requirements for new dwellings contained in Section 2 of Chapter 5 and must have a floor area of 400 square feet or more, and a width of 12 feet or more for a single-wide unit, and 20 feet or more for a double-wide unit. In addition, the unit must meet the Agency's Thermal Performance Standards as set forth in RD Instruction 1924-A, for the winter degree day zone where the unit will be located. Finally, site development and set up must conform to Exhibit J of RD Instruction 1924-A, and the environmental requirements of RD Instruction 1940-G must be met. Development under the Mutual Self-Help and borrower construction methods is not permitted for manufactured homes.



9.20 LOAN CLOSING

In general, loan closing procedures are the same whether the Section 502 loan is made for the purchase of a manufactured home or another type of single family home. However, the Loan Originator should be aware of the following requirements.

A. Contract Requirements

The dealer-contractor must sign *Form RD 1924-6, Construction Contract*, which will cover both the unit and site development work. Multiple contracts are prohibited, but a dealer-contractor may use subcontractors if the dealer-contractor remains solely responsible for all work under the contract. Payment for all work will be made in accordance with *Form RD 1924-6* and RD Instruction 1924-A, except that no payment will be made for materials or property stored on site (for example, payment for a unit will be made only after it is permanently attached to the foundation).



B. Lien Release Requirements

All firms furnishing materials or labor in connection with the contract must sign *Form RD 1924-10, Release by Claimants*, except for the manufacturer of the unit. The manufacturer of the unit must furnish an executed manufacturer's certificate of origin indicating that the unit is free and clear of all legal encumbrances. *Form RD 1924-10* and the manufacturer's certificate of origin should be filed in the case file.

C. Warranty Requirement

A dealer-contractor must provide the borrower with a warranty in accordance with the provisions of RD Instruction 1924-A. The warranty must identify the unit by serial number. The dealer-contractor must certify that the unit substantially complies with the plans and specifications, and the home has sustained no hidden damage during transportation. If the home was manufactured in separate sections, the dealer-contractor also should certify that the sections were properly joined and sealed according to the manufacturer's specifications. The dealer-contractor must furnish the applicant with a copy of all manufacturer's warranties.



D. Real Estate Tax Requirement

Whether manufactured homes are considered personal or real property may vary state-to-state. When the loan closes, the unit and site must be taxed as real estate by the jurisdiction in which it is located, if such taxation is permitted under applicable law.



**RURAL DEVELOPMENT MANUFACTURED HOUSING
DEALER-CONTRACTOR APPLICATION**

TO: (Rural Development)	Date
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As provided in 7 CFR Part 3550, this application is submitted for your approval as a Dealer-Contractor.

Tax Identification #	DUNS #	Phone Number	Ownership
Trade Name		Date Business Established	<input type="checkbox"/> SOLE PROPRIETORSHIP
Number and Street		Years at Present	<input type="checkbox"/> PARTNERSHIP
City, Zone, State		Address	<input type="checkbox"/> CORPORATION
Previous Address		Years at Previous Address	<input type="checkbox"/> LIMITED LIABILITY CO.
Type of Business (General Contracting, Lumber Yard, Heating, etc.)		Date Financial Statement	Number of Sales Personnel
			Identify Sales Personnel on Separate Attached Sheet

IF NOT A SOLE PARTNERSHIP, IDENTIFY PRINCIPALS

Name	Title	Home Address
1.		
2.		
3.		

EMPLOYMENT HISTORY OF PRINCIPALS FOR PAST TEN YEARS *(If more space is needed, use an attached sheet)*

Name of Principal, Position, and Dates Employed	Names and Addresses of Employers	Type of Business
1.		
2.		
3.		

Bank of Deposit

CREDIT REFERENCES

Name	Address	Dates	
		From Year	To Year

TRADE REFERENCES: (NAME PRESENT AND PREVIOUS SUPPLIERS OF MAJOR PRODUCTS)

Names	Address

If any work is subcontracted, give type of work and trade name of subcontractor.

ATTACHMENT 9-A

Manufacturer Address _____

Plant Number _____

Date of Manufacture _____ HUD Label No.(s) _____

Manufacturer's Serial Number and Model Unit Designation _____

Design Approved by (D.A.P.I.A.) _____

This manufactured home is designed to comply with the federal manufactured home construction and safety standards in force at time of manufacture.
(For additional information, consult owner's manual.)

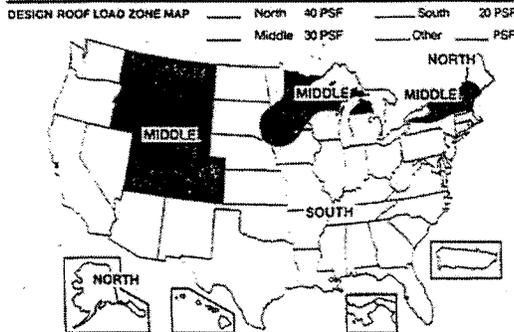
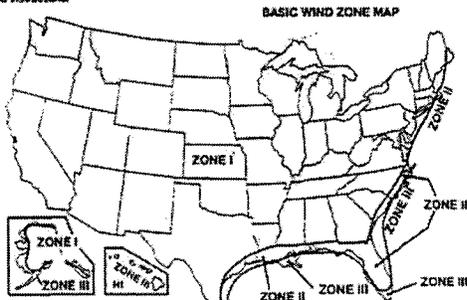
The factory installed equipment includes:

Equipment	Manufacturer	Model Designation
For heating	_____	_____
For air cooling	_____	_____
For cooking	_____	_____
Refrigerator	_____	_____
Water Heater	_____	_____
Washer	_____	_____
Clothes Dryer	_____	_____
Dishwasher	_____	_____
Garbage Disposal	_____	_____
Fireplace	_____	_____

HOME CONSTRUCTED FOR Zone I Zone II Zone III

This home has not been designed for the higher wind pressure and anchoring provisions required for oceanic coastal areas and should not be located within 1500' of the coastline in Wind Zones II and III, unless the home and its anchoring and foundation system have been designed for the increased requirements specified for Exposure D in ANSI/AICC 7-58.

This home has _____ has not _____ been equipped with storm shutters or other protective coverings for windows and exterior door openings. For homes designed to be located in Wind Zones II and III, which have not been provided with shutters or equivalent covering devices, it is strongly recommended that the home be made ready to be equipped with these devices in accordance with the method recommended in manufacturer's printed instructions.



Attachment A

COMFORT HEATING

This manufactured home is normally insulated to conform with the requirements of the federal manufactured home construction and safety standards for all locations within U/O value zone _____ (See map at bottom). Heating equipment manufacturer and model (see list at left). The above heating equipment has the capacity to maintain an average 70° F temperature in this home at outdoor temperatures of _____. To maximize furnace operating economy, and to conserve energy, it is recommended that this home be installed where the outdoor winter design temperature (9.5.25) is not higher than _____ degrees Fahrenheit. The above information has been calculated assuming a maximum wind velocity of 15 mph at standard atmospheric pressure.

COMFORT COOLING

Air conditioner provided at factory (Alternate I)

Air conditioner manufacturer and model (see list at left).

Certified capacity _____ B.T.U./hour in accordance with the appropriate air conditioning and refrigeration institute standards. The central air conditioning system provided in this home has been sized assuming an orientation of the front (ditch) end of the home facing _____. On this basis the system is designed to maintain an indoor temperature of 75° F when outdoor temperatures are _____ °F dry bulb and _____ °F wet bulb.

The temperature to which this home can be cooled will change depending upon the amount of exposure of the windows of this home to the sun's radiant heat. Therefore, the home's heat gains will vary dependent upon its orientation to the sun and any permanent shading provided. Information concerning the calculation of cooling loads at various locations, window exposures and shadings are provided in Chapter 22 of the 1989 edition of the ASHRAE Handbook of Fundamentals.

Information necessary to calculate cooling loads at various locations and orientations is provided in the special comfort cooling information provided with this home.

Air conditioner not provided at factory (Alternate II)

The air distribution system of this home is suitable for the installation of central air conditioning.

The supply air distribution system installed in this home is sized for a manufactured home central air conditioning system of up to _____ B.T.U./hr. rated capacity which are certified in accordance with the appropriate air conditioning and refrigeration institute standards, when the air conditioners of such air conditioners are rated at 0.3 inch water column static pressure or greater for the cooling air delivered to the manufactured home supply air duct system.

Information necessary to calculate cooling loads at various locations and orientations is provided in the special comfort cooling information provided with this manufactured home.

Air conditioning not recommended (Alternate III)

The air distribution system of this home has not been designed in anticipation of its use with a central air conditioning system.

To determine the required capacity of equipment to cool a home efficiently and economically, a cooling load (heat gain) calculation is required. The cooling load is dependent on the orientation, location and the structure of the home. Central air conditioners operate most efficiently and provide the greatest comfort when their capacity closely approximates the calculated cooling load. Each home's air conditioner should be sized in accordance with Chapter 22 of the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) Handbook of Fundamentals 1989 edition, since the location and orientation are known.

**INFORMATION PROVIDED BY THE MANUFACTURER
NECESSARY TO CALCULATE SENSIBLE HEAT GAIN**

Walls (without windows and doors) _____ °F

Ceilings and roofs of light color _____ °F

Ceilings and roofs of dark color _____ °F

Floors _____ °F

Air ducts in floor _____ °F

Air ducts in ceiling _____ °F

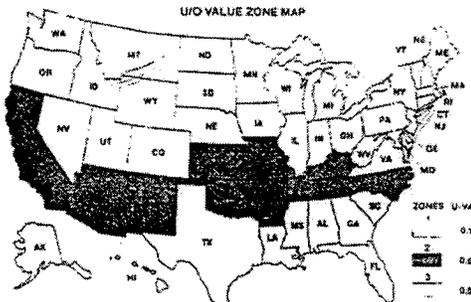
Air ducts installed outside the home _____ °F

The following are the duct areas in this home

Air ducts in floor _____ sq. ft.

Air ducts in ceiling _____ sq. ft.

Air ducts outside the home _____ sq. ft.



ED-69 (Rev. 6-81, Inc. REV. 10/81)

(01-23-03) SPECIAL PN
Added (7-13-05) PN 387

ATTACHMENT 9-B

**RURAL DEVELOPMENT
THERMAL REQUIREMENTS
FOR
MANUFACTURED HOMES**

BACKGROUND: The minimum thermal requirement for new manufactured homes acceptable to Rural Development is the Federal Manufactured Home Construction and Safety Standard (FMHCSS) Uo Value Zone(s) indicated on the Comfort Heating and Cooling Certificate for the following States:

NOTE: For a FMHCSS Uo Value Zone 1 or higher, higher means a FMHCSS Uo Value Zone 2 or 3. For a FMHCSS Uo Value Zone 2 or higher, higher means a FMHCSS Uo Value Zone 3.

ALABAMA

FMHCSS Uo Value Zone 2 or higher is acceptable for all counties in the State.

ALASKA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

ARIZONA

FMHCSS Uo Value Zone 2 or higher is acceptable for the following counties:

Cochise	Greenlee	Mohave	Santa Cruz
Gila	La Paz	Pima	Yuma
Graham	Maricopa	Pinal	

FMHCSS Uo Value Zone 3 is acceptable for all other counties:

ARKANSAS

FMHCSS Uo Value Zone 2 or higher is acceptable for all counties in the State.

(01-23-03) SPECIAL PN
Added (07-13-05) PN 387

CALIFORNIA

FMHCSS Uo Value Zone 3 is acceptable for the following counties:

Alpine	Modoc	Nevada	Sierra
Lassen	Mono	Plumas	Siskiyou

FMHCSS Uo Value Zone 2 or higher is acceptable for all other counties:

COLORADO

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

DELAWARE / MARYLAND

FMHCSS Uo Value Zone 3 is acceptable for all counties in both States.

FLORDIA / VIRGIN ISLANDS

FMHCSS Uo Value Zone 1 or higher is acceptable for the following Florida counties and the Virgin Islands:

Brevard	Hardee	Levy	Palm
Broward	Hendry	Manatee	Beach
Charlotte	Hernado	Marion	Pasco
Citrus	Highlands	Martin	Pinellas
Collier	Hillborough	Monroe	Polk
Dade	Indian River	Okeechobee	Sarasota
DeSoto	Lake	Orange	Seminole
Glades	Lee	Osceola	St Lucia
			Sumter
			Vousia

FMHCSS Uo Value Zone 2 or higher is acceptable for all other counties:

GEORGIA

FMHCSS Uo Value Zone 2 or higher is acceptable for all counties in the State.

HAWAII

FMHCSS Uo Value Zone 1 or higher is acceptable for all counties in the State.

IDAHO

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

ILLINOIS

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

INDIANA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

IOWA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

KANSAS

FMHCSS Uo Value Zone 2 or higher is acceptable for the following counties:

Barber	Cowley	Harper	Neosho
Chautauqua	Crawford	Labette	Sumner
Cherokee	Elk	Montgomery	Wilson
Comanche			

FMHCSS Uo Value Zone 3 is acceptable for all other counties:

KENTUCKY

FMHCSS Uo Value Zone 2 or higher is acceptable for all counties in the State.

LOUISIANA

FMHCSS Uo Value Zone 2 or higher is acceptable for all counties in the State.

MAINE

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

MASSACHUSETTS / RHODE ISLAND / CONNECTICUT

FMHCSS Uo Value Zone 3 is acceptable for all counties in the three States.

MICHIGAN

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

MINNESOTA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

MISSISSIPPI

FMHCSS Uo Value Zone 2 or higher is acceptable for all counties in the State.

MISSOURI

FMHCSS Uo Value Zone 2 or higher is acceptable for the following counties:

Barry	Jasper	Newton	Scott
Butler	McDonald	Oregon	Stoddard
Cape	Mississippi	Ozark	Stone
Girardeau	New Madrid	Pemiscot	Taney
Dunklin		Ripley	
Howell			

FMHCSS Uo Value Zone 3 is acceptable for all other counties:

MONTANA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

NEBRASKA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

NEVADA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

NEW JERSEY

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

NEW MEXICO

FMHCSS Uo Value Zone 2 or higher is acceptable for the following counties:

Bernalillo	Eddy	Lea	Quay
Chaves	Grant	Lincoln	Roosevelt
Curry	Guadalupe	Luna	Sierra
De Baca	Hidalgo	Otero	Socorro
Dona Ana			

FMHCSS Uo Value Zone 3 is acceptable for all other counties:

NEW YORK

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

NORTH CAROLINA

FMHCSS Uo Value Zone 2 or higher is acceptable for all counties in the State.

NORTH DAKOTA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

OHIO

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

OKLAHOMA

FMHCSS Uo Value Zone 3 is acceptable for the following counties:

Beaver	Cimarron	Texas
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FMHCSS Uo Value Zone 2 or higher is acceptable for all other counties:

OREGON

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

PENNSYLVANIA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

PUERTO RICO

FMHCSS Uo Value Zone 1 or higher is acceptable for all of Puerto Rico.

SOUTH CAROLINA

FMHCSS Uo Value Zone 2 or higher is acceptable for all counties in the State.

SOUTH DAKOTA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

TENNESSEE

FMHCSS Uo Value Zone 2 or higher is acceptable for all counties in the State.

TEXAS

FMHCSS Uo Value Zone 1 or higher is acceptable for the following counties:

Cameron	Kenedy	Starr	Zapata
Hidalgo	Kleberg	Willacy	

FMHCSS Uo Value Zone 2 or higher is acceptable for all other counties:

UTAH

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

VERMONT / NEW HAMPSHIRE

FMHCSS Uo Value Zone 3 is acceptable for all counties in both States.

VIRGINIA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

WASHINGTON

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

WEST VIRGINIA

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

WISCONSIN

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

WYOMING

FMHCSS Uo Value Zone 3 is acceptable for all counties in the State.

(01-23-03) SPECIAL PN
Added (07-13-05) PN 387