

8 Mistakes To Avoid When Buying a Modular Home



Mistake 1: Failure to Plan Ahead

Purchasing a new home can be demanding and time-consuming, so it is important to plan appropriately. It is suggested to obtain a copy of your current credit report and review for any errors prior to speaking with your lender.

If you are currently renting, review your lease to make sure you will not be subject to any penalties and take note of your lease expiration so you can time the closing of your new home purchase around it. If you qualify for financing based on a dual income, will you be able to survive on one salary in order to fulfill a long-range plan, such as one parent staying home to raise a child?

As you plan, consider your life over the next five to seven years. Do you plan to start a family? Will an in-law eventually move in with you? Will you be working from home? The number and layout of the rooms you require will depend on your answers.

Once you have addressed these questions, decide on a plan and then focus your efforts on implementing it.

Mistake 2: Not Understanding The Process

Most people are just anxious to buy their new home and less keen to do the homework. However before you can make an educated decision you need to take the time to understand the information.

Modular construction aka systems-built-homes, involves a very different construction process than that of traditional stick-built homes. There is also a different timeline that needs to be followed in order to avoid headaches and delays.

Furthermore, modular homes are not constructed the same from manufacturer to manufacturer.

Money savings when going modular:

- Since modular homebuilders fabricate all the homes at one factory they are able to buy material in bulk quantities at reduced costs.
- Fabrication is done in a climate-controlled factory, so no time or money is wasted on weather delays.
- Since the fabrication is done in a central factory they can reduce material waste and the workers are more experienced at their specific tasks so they can complete them faster.
- There are no vandalism costs since the fabricated pieces are secure within the factory until they are delivered to the site.
- Since the modular building can be completed faster due to the concurrent building process, you also save money on the amount of interest you incur on your loan during the build phase.

Changes during the design phase

- While modular homes can certainly be customized to fit most design and functionality requirements, many customers tend to over-complicate this phase, causing it to drag on.
- It's recommended that customers take the time to make any required design changes/updates in one go before passing it on to the factory to create the drawings.
- Most factories take 5-10 days to revise drawings, so if there are 4-5 revisions that can easily add months to the whole process and in building, time is money.
- Have a clear plan of all your design and feature requirements for your new home and work with your builder to address these all together and avoid unnecessary delays.
- Modular home designs are highly versatile. You can have a colonial, ranch, cape cod or just about any design you like. However, the more custom and unique the design - the higher the cost will be.
- Transportation costs should also be considered. A more complex design will often need to be built in smaller modules requiring more flat bed trucks to transport it, more drivers and slower building efficiency, which ultimately means more money! So keep your customizations in-check for greater savings.

Be clear on the details

Make sure you have reviewed all the details prior to construction. This includes things like: paint color, carpeting, insulation, plumbing and lighting fixtures, etc. Also make

sure you are happy with the placement of the doors and windows. If you want to see the sunrise out of your bedroom window, make sure you specify this from the very beginning. Everything should be included in your invoice and if you have to make any changes, make sure they are noted in an official change notice and that your local builder and factory both have it.

Don't forget non-modular costs

There are certain things that aren't included in the price of modular home packages, such as: interest payments while the house is being built, permitting costs, engineering costs (required by the building department), legal costs, town zoning meeting costs, cable & telephone hookups and moving expenses. Make sure you cost these and budget for them.

Mistake 3: Over-Extending Yourself

This often happens when homebuyers get caught up in the moment and lose track of their budget, or worse yet, when begin shopping for a new home without first defining their budget.

It's best to monitor and review your expenses over a couple of months. Once you have these figures, you can decide on a housing budget that's true to your lifestyle and is comfortably within your financial reach. Once you're ready to move ahead you can then ask your lender to pre-approve, rather than pre-qualify, you for a mortgage.

Pre-qualification only tells how much you can afford. Pre-approval goes a step further. Your lender will thoroughly evaluate your application; including verifying employment information and financial disposition, before approving you for a loan for a certain amount. Having your loan pre-approved gives you a sizeable advantage: Your new status as a cash buyer makes you more attractive to the seller. Once you learn how much of a home you can afford, it's also easier to stay within your budget.

Look at many types of homes and designs. When you view a property, get into the habit of listing the positives and the negatives. It's also a good idea to take along a tape measure and record the measurements of specific rooms and areas. This way you can later make certain your furniture will comfortably fit into the space. Once you've narrowed it down, ask a friend to also view your model home choice and provide you with objective feedback.

Site Location

Visit your proposed home-site location at various times of day and take note of lighting and check for changes in traffic patterns, especially at local rush hours.

Mistake 4: Not Pre-Qualifying Modular Home Retailers

Most modular home sales centers, are only licensed to sell homes, and are NOT licensed builders. As a result, there is a tendency to underestimate the total cost that includes the site work required to prepare the land for your home. Dealers tend to give the homebuyer the illusion of a lower price, not only because they don't have the experience of the actual construction costs, but because their role ends with selling you a home.

Modular home dealers who are not licensed builders do not have the expertise to provide a cost estimate for a foundation, well, septic, driveway, tree clearing, land excavation and all the others costs to make sure your home is properly built. Also make sure they are experienced and not new at working with the manufacturer. Each manufacturer is different and modular construction has unique issues. You want your contractor to be well versed with these unique issues and able to proactively handle them. It pays to buy from a licensed builder.

Mistake 5: Acting As Your Own General Contractor

Perform a risk assessment before you act as your own general contractor. An assessment will help you understand the risks involved if you choose to act as your own general contractor. Compare the savings versus the risks involved if something goes wrong. Understand that a subcontractor is only responsible for their specific part, not the entire project.

Here are some important things to consider:

- Do I know all the building codes and permit requirements to build a new home?
- What are the industry standards for quality and workmanship?
- Can I afford the time required each day to oversee the project properly?
- Will the subcontractors make my project a priority over other jobs?
- How do I deal with schedule lags in my project?
- How can I estimate a fair price for the work contracted?
- What are the costs for liability and risk insurance policies?
- What do I need to know about subcontractor insurance?
- What is the timeframe that I need to get each phase completed?
- What documents are required by the bank, title company and appraisal inspectors?
- Can I afford the risk if a subcontractor does not uphold his contract?
- Is it cost effective to forgo any warranty to act as the general contractor?

Site Preparation

If you are having your home installed on your own land, you are responsible for site preparation. However, it is a good idea to ask your retailer (or whoever is going to install your home and warrant the installation) to inspect the site prior to installation to make sure that everything has been prepared properly.

Here are some guidelines that must be followed in preparing the site:

- The site must be accessible by the truck transporting your home.
- The site must be as level as possible.
- The precise site area must be cleared of trees, rocks, and any other surface debris.
- The soil must be graded and sloped for water runoff.
- The soil must be compacted so that the foundation will not sink or shift on loose earth fill.

Although you may be able to do some work yourself, such as removing trees and shrubs, most site-preparation tasks, such as grading and compacting the soil, require technical expertise. You will need to contract for expert assistance to ensure that your home is installed on firm land that adequately drains.

Mistake 6: Purchasing Based On Lowest Price

Be an educated buyer and know your material. Make sure you confirm everything that is included in the price. If something's unclear, do not be afraid to ask for clarification on what exactly is included in the quoted price.

If the price only includes the house, then you must also price out the home preparation work. The entire home cost should also include the excavation, septic system, foundation, electrical, mechanical, permits, and all other necessary prerequisites that need to be in-place before you can take delivery of your home. Start by obtaining a complete detailed list of everything that's included from your home retailer. Review everything on the list to ensure your home will be built to the quality level you expect and that you are clear that all necessary items to complete your project have either been included or that you have priced and carefully budgeted for them yourself.

Also check with the Better Business Bureau before doing business with a modular housing retailer. The retailer will be handling so many aspects of your purchase, and will also be responsible for handling any subsequent issues that arise with either the home or the warranty, so it is important that you know you will be working with a reputable business before making a commitment to purchase.

Mistake 7: Not Being Clear On Differences Between Modular vs. Mobile homes

Make sure you have a clear understanding of the differences between a modular home and a mobile home built to modular specifications. The differences can affect the price of the home as well as its resale value and financing costs.

Some mobile home manufacturers are building floor plan designs to meet the higher standards of modular BOCA building codes, instead of the standard HUD codes that apply to mobile homes. These homes may cost less, but there are clear differences in the quality and design of the homes that homebuyers should be aware of, before purchasing as an alternative to modular homes. These mobile homes are generally one-story and are designed to go on a crawl space, therefore the heating system does not have the capacity to heat a basement area, and the structural integrity does not have the same quality as a BOCA modular home.

Mistake 8: Not Getting It In Writing

There are several documents that you need to carefully review before deciding to purchase your new modular home. Ask for a copy of all documents you will be asked to sign, ahead of time. Read them at your own pace, so that you are fully aware of what's included, make a note of any points you need further clarification on, know what decisions you will be asked to make and ensure they cover everything you feel they should.

- Review the purchase agreement, financing terms and extra costs with caution. Before you sign an agreement of sale, you might consider asking an attorney to look it over to make sure it protects your interests.
- Always get a written receipt for any deposit/payment you make.
- The manufacturer of your new home will usually provide a written warranty to guarantee the quality and workmanship of your home for a specified time. Look for a manufacturer that offers a long-term warranty without a lot of exclusions.
- Ask to get warranties from the retailer, the transporter, the installer and the appliance manufacturer. Ask for copies of the warranties to review before you buy the home and check them for items that are – or aren't – covered.
- Copies of zoning laws, restrictive covenants, water, utilities and sewerage requirements should be obtained before placing a modular home on private property.

About Yates Homes

Buying a new home is an extremely exciting time and at Yates Homes we love working with you to achieve your vision of a perfect home.

Our **Yates Inspired Design Program** provides you with everything you need to bring your home ideas and dreams to life. With our combined resources, industry experience and knowledge our program is designed to get you your perfect home, within your budget.

For over 25 years we have been providing the best in quality and service to our customers in Virginia and North Carolina. Home construction has evolved greatly in recent years and we continually strive to deliver only the best product to our clients.

Learn more about Yates Homes @ www.yateshomesales.com, call (800) 732-6348, or email syates@yateshomesales.com.