

§ 3550.73 Manufactured homes.

With the exception of the restrictions and additional requirements contained in this section, section 502 loans on manufactured homes are subject to the same conditions as all other section 502 loans.

(a) Eligible costs. In addition to the eligible costs described in § 3550.52(d), RHS may finance the following activities related to manufactured homes when a real estate mortgage covers both the unit and the site:

- (1) Purchase of an eligible unit, transportation, and set-up costs, and purchase of an eligible site if not already owned by the applicant.
- (2) Site development work in accordance with 7 CFR part 1924, subpart A.
- (3) Subsequent loans in conjunction with an assumption or sale of an REO property, or
- (4) Subsequent loans for repairs of units financed under section 502.

Appendix 1 - Page 49

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7 CFR Part 3550

§3550.73 (Con.)

(b) Loan restrictions. In addition to the loan restrictions described in § 3550.52(e), RHS may not use loan funds to finance:

- (1) An existing unit and site unless it is already financed with a section 502 loan or is an RHS REO property.
- (2) The purchase of a site without also financing the unit.
- (3) Alteration or remodeling of the unit when the initial loan is made.
- (4) 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 items.

(c) Dealer-contractors. No loans will be made on a manufactured home sold by any entity that is not an approved dealer-contractor that will provide complete sales, service, and site development services.

(d) Loan term. The maximum term of a loan on a manufactured home is 30 years.

(e) Construction and development. Unit construction, site development and set-up must conform to the Federal Manufactured Home Construction and Safety Standards (FMHCSS) and 7 CFR part 1924, subpart A. Development under the Mutual Self-Help

and borrower construction methods is not permitted for manufactured homes.

(f) Contract requirements. The dealer-contractor must sign a construction contract, as specified in 7 CFR § 1924.6 which will cover both the unit and site development work. The use of multi-contracts is prohibited. A dealer-contractor may use subcontractors if the dealer-contractor is solely responsible for all work under the contract. Payment for all

work will be in accordance with 7 CFR part 1924, subpart A, except no payment will be made for materials or property stored on site (e.g., payment for a unit will be made only after it is permanently attached to the foundation).

(g) Lien release requirements. All persons furnishing materials or labor in connection with the contract except the manufacturer of the unit must sign a Release by Claimants document, as specified in 7 CFR part 1924, subpart A. The manufacturer of the unit must

furnish an executed manufacturer's certificate of origin to verify that the unit is free and clear of all legal encumbrances.

Appendix 1 - Page 50

7 CFR Part 3550

§ 3550.73 (Con.)

(h) Warranty requirements. The dealer-contractor must provide a warranty in accordance with the provisions of 7 CFR § 1924.12. 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 manufactured home has 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.