
CHAPTER 10. MANUFACTURED (MOBILE) HOMES

SECTION I - TITLE I MORTGAGE INSURANCE

- 10-1. GENERAL. HUD's terminology for Mobile home has been changed to "Manufactured Home" but does not include Modular construction which is also a factory built home but is treated the same as stick-built housing, even though it too contains a manufacturer's label.

Appraisals of manufactured home lots are the responsibility of fee panel appraisers. Under Title I, the manufactured home units themselves are not appraised in the field.

- 10-2. MANUFACTURED HOME LOT APPRAISALS - A lot appraisal may be requested to establish value for determining the maximum loan proceeds allowable for a manufactured home lot loan or a combination loan (home and lot). A lot appraisal may also be requested in order to establish a value for claim purposes on a foreclosed lot or home-and-lot combination.

- 10-3. MANUFACTURED HOME LOTS - A manufactured home lot may consist of platted or unplatted land, a lot in a recorded or unrecorded subdivision (including a planned unit development), or an improved area of such subdivision. A manufactured home lot may also consist of an interest in a manufactured home condominium project (including an undivided interest in the common areas) or a share in a cooperative association which owns and operates a manufactured home park. The lot may be located within Indian trust lands if the borrower owns the lot.

- 10-4. INDIVIDUAL LOT ACCEPTABILITY. HUD requires the lender to obtain certifications by the appropriate government officials that the individual lot offered for sale meets the following criteria:

- A. The lot complies with local zoning ordinances and regulations. However, the absence of zoning requirements shall not in itself necessitate rejection.
- B. Adequate vehicular access from a public right-of-the-way is available to the lot.
- C. Adequate water supply and sewage disposal facilities are either available to or on the lot. The lot shall be served by adequate public or community water and sewage systems, unless appropriate local officials certify that either or both systems are unavailable to provide an adequate level of service to the manufactured homesite. If either or both such systems are not

- (10-4) available, the lot shall comply with local or State minimum lot area requirements for the provision of on-site water supply and/sewage disposal.
- (10-4) D. Any other minimum local standards and requirements for site suitability are met. Where minimum local standards for water supply and sewage disposal are not established or enforced, the lender shall obtain a certification from a registered civil engineer that the lot meets minimum standards for water supply and sewage disposal as prescribed by the Secretary.
- E. The site must have adequate electric service; gas service is optional.
- F. The requirement: "Anchoring devices shall be installed as recommended for the hazard zone of the site and the manufactured home being placed thereon," shall be placed on each Statement of Appraised Value, Form HUD-92801A.
- G. A final inspection shall be made by the original appraiser on all lots requiring site preparation in order to insure compliance with requirements set forth in the Statement of Appraised Value, Form HUD-92801A. Final Inspection Reports shall be issued when site preparations are acceptably completed.
- H. No manufactured home loan shall be eligible for insurance if the property securing repayment of the loan is located in an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless the community in which the area is situated is participating in the National Flood Insurance Program, and flood insurance on the property is obtained by the borrower in compliance with section 102(a) of the Flood Disaster Protection Act of 1973 (42 USC 4012(a)). The amount of such insurance need not exceed the unpaid balance of the loan, but the insurance shall be maintained by the borrower and a current policy retained by the lender for the full term of the loan or until the property is repossessed or foreclosed by the lender, and the lender shall be named as a loss payee of insurance benefits.
- 10-5. PROCESSING INDIVIDUAL LOT APPLICATIONS. Manufactured home lot appraisals shall be processed within the same five-day time frame established for other appraisals
- A. When the Field Office assignment clerk receives a request for a case number and the name of an appraiser, a special case number is assigned to identify manufactured home lot appraisals. The three digit numbering code used to identify a state and Field

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- (10-5) Office shall be used as the prefix number, followed by a four digit number to identify the file sequence (example: 201-0001). Each Field Office shall begin the series with the four digit numbering system beginning with 0001.
- B. The mortgagee must forward the Form HUD-92801, Application and Request for Manufactured Home Lot and/or Site Preparation, and instructions, to the appraiser. (See pages 10-4a and b.)
 - C. When determining the estimate of value for the lot, the appraisal shall be made by comparison with other lots offering similar amenities.
 - D. Upon completion, the appraiser shall send the original and one copy of the appraisal report, a snapshot of the lot and one of each comparable to the Field Office for review.
 - E. The reviewer shall check for information relative to flooding, subsidence, zoning, or other location deficiencies from data available in the office, and note any adverse influences in the file, or determine that the site is a preliminary reject from information already contained in the office.
 - F. After completing the review, the review appraiser shall complete the Statement of Appraised Value, Manufactured Home Lot and/or Site Preparation, Form HUD-92801-A, and sign as "Authorized Agent." The completed Statement of Appraised Value will be mailed to the lender, and a copy retained in the binder. (See page 10-4c.)
 - G. A conditional commitment shall not be issued when processing manufactured home lot appraisals.
 - H. The case binder with the original application and supporting documents shall be filed numerically in a file separate from the regularly processed cases and retained for a period of at least three years.
- 10-6. UNDEVELOPED LOT. Only those improvements which are necessary to make the lot suitable for placement of a manufactured home may be financed (i.e., concrete pad, permanent foundation, appropriate driveway, provision for anchoring, on-lot water and utility connections, sanitary facilities, lot improvements and landscaping). Excluded are items such as swimming or wading pools, barbecue pits and other ancillary facilities. Costs of necessary improvements will be arrived at by the appraiser on the basis of costs set forth in either a contract or proposal from the builder, together with a complete itemization of materials and labor.
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- 10-7. PROPOSED MANUFACTURED HOME SUBDIVISION CRITERIA. Proposed manufactured home subdivisions for individual site ownership must meet the minimum criteria established in Handbook 4940.5, Minimum Design Standards for Manufactured Home Parks. A subdivision plat and protective covenants approved by the local authorities are required. Evidence shall be submitted that the streets and drainage, water supply and sanitary sewage systems have been accepted for continuous maintenance by the local authority that has jurisdiction.
- 10-8. PROCESSING THE SUBDIVISION APPLICATION. Processing shall be in accordance with outstanding subdivision processing procedures in Handbook 4135.1, Subdivision Analysis and Procedures for Home Mortgage Insurance. Where common area charges against all lot owners may constitute a lien, processing shall be in accordance with PUD procedures in Handbook 4140.1, Land Planning Principles for Home Mortgage Insurance. Lot values shall be determined by using comparable manufactured home subdivisions offering similar amenities where available. Included in the value of the site are all realty items such as the pad, driveway, utilities, and provisions for anchoring. Where lot values must be estimated from data involving non-manufactured home sites, the value will be adjusted for the realty items common to the manufactured home site but not included in the non-manufactured site. Manufactured home subdivision feasibility applications shall be processed under the same procedures required for subdivisions with respect to Affirmative Marketing Plan requirements. Environmental considerations and clearance requirements shall be processed in accordance with Chapter 8 of Handbook 4010.1, Definitions, Policy Statement, and General Rulings.
- 10-9. PROCESSING FORECLOSED MANUFACTURED HOME SITES. When a manufactured home site appraisal is required after foreclosure, the same case number will be used that was assigned to the initial site appraisal. The appraisal shall be processed within the same five day time frame established for existing properties. A field inspection is mandatory.
- 10-10. MANUFACTURED HOME LOT APPRAISAL REPORT. The appraiser will complete Forms HUD-92801, Application and Request for Manufactured Home Lot and Site Preparation Appraisal, when making an appraisal on a foreclosed lot. The completed appraisal report will be reviewed for accuracy and completeness. The review appraiser will prepare and sign the Statement of Appraised Value (Form HUD-92801A) as authorized agent, forward the original to the lender and retain a copy in the file.
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APPLICATION FOR MANUFACTURED HOME
LOT AND SITE PREPARATION APPRAISAL

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SECTION 2. TITLE II MORTGAGE INSURANCE

10-11. ELIGIBILITY: PROPOSED CONSTRUCTION.

- A. To be eligible for FHA mortgage insurance under Title II, a property with a manufactured (mobile) home must comply with requirements set forth in HUD Handbook 4145.1, Chapter 3.
- B. APPRAISAL: EXISTING CONSTRUCTION.
 - 1) Appraisers should use normal single family residential appraisal techniques when appraising manufactured housing. Other factory built housing may provide the most similar comparables so every effort should be made to obtain such comparables even though their distance from the subject may

be greater than normally desirable. In situations where there is no other factory built housing within a reasonable distance from the subject property, conventionally built homes may be used with appropriate adjustments made for size, location, construction materials, quality, etc. Sales data for manufactured homes can usually be found in local transactions records.

- 2) For proposed construction, Marshall and Swift cost data may be used as a guide.
- 3) It will be the appraiser's responsibility to confirm that the manufactured home under appraisal meets requirements for acceptance of manufactured housing as evidenced by an affixed certification label.
- 4) Since manufactured housing is usually located in outlying areas, the appraiser must also determine the market acceptability of the property, which should be noted in the appraisal report and reflected in the appraised value.

D. Inspection.

- 1) Fee appraisers making appraisals or inspections of existing manufactured homes may have difficulty in determining compliance with the requirements in HUD Handbook 4145.1:

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- a. In some cases, a visual inspection will be adequate to determine compliance. In other cases, it may be practical to examine the builder's site and foundation plans and Description of Materials and then determine from visual inspection whether the construction appears to be in compliance and secure a certification of compliance from the builder.
 - b. During appraisals and inspections, it will generally be infeasible to determine whether a proposed unit or an existing unit permanently erected on a site for less than one year prior to the date of application for mortgage insurance was properly stiffened and braced during transportation. Appraisers and inspectors should examine dwellings to assure that there is no obvious damage or loosening of fastenings that may have occurred during transportation. For proposed construction, the builder must warrant the property against such damage, which should protect the Federal interest.

- c. Lot evaluation determinations related to potential flooding shall be based upon information shown on National Flood Insurance Program Flood Insurance Rate Maps, where available. In all other cases, they should be based upon recommendations of the Regional Civil Engineering staff.
 - d. The builder of the manufactured home property, for proposed construction, shall submit with the application for insured financing design calculations, details and drawings for the installation, anchorage and construction of the permanent foundation as set forth in HUD Handbook 4930.3 certified by a professional, licensed engineer. Also, the perimeter enclosure to be used should be included (See HUD Handbook 4145.1).
- E. VA-CRV'S. Because the Department of Veterans Affairs accepts manufactured housing regardless of age or prior occupancy or other HUD eligibility requirements, CRV's are not acceptable for conversion to HUD commitments for insurance.