

CONSUMER GUIDE *to* FACTORY-BUILT HOUSING



Prepared by:

New York Housing Association, Inc.
634 Watervliet Shaker Road
Latham, New York 12110

phone: 518.867.3242

toll free: 800.721.HOME

fax: 518.867.3245

website: www.nyhousing.org

e-mail: info@nyhousing.org

Table of Contents

Introduction.....	2
Chapter 1: Factory Built Housing.....	3
Chapter 2: Living in a Manufactured Housing Community.....	6
Chapter 3: Land and its Development.....	8
Chapter 4: Utilities: Water, Sewer, Power and Heat.....	10
Chapter 5: Foundations.....	12
Chapter 6: On-Site Completion.....	14
Chapter 7: Financing.....	15
Home Building Budget Worksheet.....	18
Home Builder’s Information Sheet.....	19
Glossary of Lending and Building Terms.....	20

Disclaimer

This guide, produced by the New York Housing Association, Inc., is intended to provide general guidance regarding New York State laws, regulations and related issues that may affect persons interested in purchasing factory built housing. The New York Housing Association makes no warranties or representations concerning the accuracy or correctness of the materials in this guide as many provisions are based on individual opinions and advice from members of the manufactured housing industry.

Although we have tried to include materials addressing the major issues consumers face when determining whether to construct a factory built home, this guide is not exhaustive. Furthermore, laws and regulations cited in this guide are subject to change and judicial interpretation. The New York Housing Association is not responsible for any loss or damage caused by, or alleged to be caused by use of, or reliance on, the materials in this manual.

Any duplication of this guide or any part thereof, without the express written consent of the New York Housing Association, is prohibited.

INTRODUCTION

CONSUMER GUIDE TO FACTORY-BUILT HOUSING

When building a home, you will be faced with a lot of decisions. This booklet is intended to let you know what some of those decisions are, what choices you may have, and what the ramifications of each decision may be.

**Home building can be a stressful time.
Our goal is to take some of the mystery and stress out of the process.**

Because situations differ from one buyer to the next, not everything included in this booklet will apply to everyone. To help you decide what is important to you, the format of this booklet is designed to be user-friendly. At the beginning of each section, there are one or more questions. Your answers will determine where you need to start reading.

Good luck with your new home. With careful planning and preparation, it will provide years of enjoyment. We hope you enjoy this book and find it helpful.

We welcome your comments and suggestions.



New York Housing Association, Inc.
634 Watervliet Shaker Road
Latham, New York 12110

Phone: 518.867.3242

Toll Free: 800.721.HOME

Fax: 518.867.3245

E-mail: info@nyhousing.org

Website: www.nyhousing.org

CHAPTER 1

FACTORY-BUILT HOUSING

Here are some facts about homes built in a factory:

1. BUILDING IN A FACTORY IS MORE COST EFFECTIVE.

No matter what type of factory-built home you decide on, it will certainly be less expensive to have it built in a factory setting. Due to efficient production techniques and large quantity materials purchased, factory-built housing is less expensive than its site-built counterpart. Using the same or better quality materials that are found in site-built housing, there is no better housing choice dollar for dollar. You get more house, with more features in a factory-built house than in a site-built home.

2. A FACTORY IS A CLIMATE-CONTROLLED SETTING.

Have you ever passed by a home under construction when it is raining or snowing? Lumber and other interior parts are exposed to the elements. Homes built in a factory are never exposed to inclement weather. The controlled conditions inside a factory account for the precise nature of a factory-built home. All homes are built on construction jigs on the level floors of a factory to ensure every wall is square, plumb and ready for final assembly on your building site. A factory setting also significantly cuts down on theft. Have you ever read a story in the newspaper about a building site getting robbed of materials? It happens quite often and the consumer ends up paying the price.

3. QUANTITY PURCHASING MEANS SAVINGS.

Even large-scale site builders who buy a large volume of materials can never match the buying power of a factory. Site-built home builders purchase lumber, plumbing and electrical equipment by the truckload to handle their local needs. A factory-built home builder, on the other hand, builds for entire regions of the country, so purchases can be made in trainload volume. The bigger the volume of materials, the better the savings that are passed to you, the consumer.

4. BETTER QUALITY-CONTROL.

A site-built home is built under the watchful eye of the local building inspector and whatever supervision, if any, is on the job site. Most local building inspectors and builders do a commendable job of overseeing projects, but nothing near the requirements that factory builders must meet. Factory-built homes are built according to federal or state laws and codes, which mandate high quality-control measures that assure your home is constructed properly. See the next section for more on federal and state laws and codes.

5. COULD THE AVERAGE SITE-BUILT HOME TRAVEL BEHIND A TRUCK AT 60+ MILES PER HOUR?

FACTORY-BUILT HOMES, CODES & INSPECTIONS

Factory-built homes fall into two major categories: manufactured and modular. What differentiates homes that originate in a factory are the codes or regulations to which they are built. The building code sets the requirements for every element of these homes.

When a local code enforcement official approves a set of plans and inspects a site-built home, he or she is looking to see that the home was constructed to the requirements of the New York state building code.

Modular homes are also built to the same standard – the New York state building code. Before a factory can start producing homes, a state architect or engineer reviews all the proposed plans and quality control measures, including the people who will be involved in the quality control program inside the factory. These measures are taken to ensure that the homes produced meet the standards set forth by the state building code.

When the factory starts producing homes, a third-party inspector who is not an employee of the manufacturer is on-site. The third party inspector's job is to make sure that the plans and controls that were put in place prior to the production are carried out. Once the home is completed, a New York state insignia is attached.

Manufactured homes are built to a national standard; the code set forth by the Department of Housing and Urban Development (HUD). This is a national code, although it is adjusted to account for regional climate conditions.

As with modular homes, before a factory can produce homes for sale, all work stations, personnel and procedures for quality control and compliance must be documented and approved. With HUD-code homes, the approval is done by a third-party professional

A different independent third-party inspector must then inspect the homes, once the factory starts production to assure that the quality control measures and compliance are being met. Once satisfied that all measures are met, the inspector attaches the HUD certification to the home.

The question that is always asked about the difference between modular and manufactured homes is: “Which Is Better?”

Modular homes are built to the standards established in the New York state building code and manufactured homes are built to HUD-Code standards. As such, there are slight variations between the two building codes' standards; however, most experts agree that the two are about equal..

A word about mobile homes

The HUD Code became effective in 1976 and has been updated as needed. Before that time, factory produced homes not built to the state building code were called mobile homes.

Mobile homes were of unregulated quality; some were very good, and others were not. Because of some production techniques and sales practices, mobile homes sometimes got a bad reputation.

Now that the industry has been regulated for 40 years, the difference between mobile homes and manufactured homes is like night and day. The fact is that mobile homes have not been produced since early 1976, although there are still mobile homes in existence. Today they are manufactured homes, and the difference is much more than a name. Read on in this booklet to see how manufactured homes have become quality and cost-effective alternatives to site-built homes.

LOCAL ZONING

Manufactured homes are designated by the federal government to be a ready source of affordable housing. Unfortunately, many local laws preclude the use of any form of manufactured home. Why? Because many years ago in reaction to public worries about the effect mobile homes would have on neighborhoods, some municipalities passed local laws that said the only factory-built homes that would be accepted in the town would be those built to the state building code.

In 2015, legislation was passed that prevents towns from discriminating against manufactured homes. If your town tries to dissuade you from placing a manufactured home in a residential area, refer the Zoning Enforcement Officer to Section 233(b) of the Real Property Law.

There are also many good reasons to build a modular home. Modular homes often offer more variety and a bigger choice of materials and plans. In some modular homes, self-design is available.

The fact is, that you, the consumer, should be allowed a choice of the home you want to put on your land. Although existing neighborhood building designs should be taken into account, not to allow the single most affordable types of new housing because of outmoded and incorrect assumptions is wrong.

Prior to deciding which type of home you want, you should investigate your home placement options:

- ☐ *Manufactured Home Community*
- ☐ *Private Land Placement*

If you are considering a Manufactured Home community, visit several in your area for comparison. To learn more, read Chapter 2.

If you plan on siting your home on private land, you should visit the local Code Enforcement Official and research zoning ordinances, deed restrictions and any other pertinent local ordinances. To learn more, read Chapter 3.



CHAPTER 2

LIVING IN A MANUFACTURED HOME COMMUNITY

What are the benefits of living in a manufactured home community?

The location of your home is an important decision. As you shop for a new home, consider living in a manufactured home community. Today's manufactured home communities are well-planned, attractive and secure, and offer a wide array of services and amenities.

FINANCIAL BENEFITS

Many people don't understand the financial benefits that can be realized from leasing land while owning their own home. When you live in a land-lease manufactured home community, you purchase your home but lease the land where your home is located. When you make your housing purchase with land costs included, your total housing costs increase significantly. In a manufactured home community, you purchase your home, but lease the land where your home is sited and *your initial dollar investment is much lower.*

This lower initial investment puts more money in your pocket each month to save, to cover living expenses, or to get some of the extras you want and need. If you invest your savings, the earnings could offset the rent you pay on your homesite, further reducing your monthly expenses. You may also be able to buy a bigger home since land costs are not included in your home purchase. You may even decide to take more vacations or buy that boat you have always wanted.

SERVICES AND AMENITIES

Many manufactured home communities offer lawn maintenance, pools, clubhouses, cable television, storage facilities for RVs and boats, and playgrounds. Many also have the staff to keep things in shape, freeing the homeowner from many of these chores.

SECURE ENVIRONMENT

Manufactured home communities can provide you with the secure living environment you are looking for – it is the original “gated community.” Many have only one point of entry and exit. Some have security guards that ensure only residents and their guests have access to the community. Some communities provide security that patrol the community to ensure resident safety. Plus, neighbors look out for each other, forming a full-time, caring, unofficial crime watch, so to speak. Residents can leave their homes for days or weeks without worrying about its security.



PROFESSIONAL MANAGEMENT

Professional community managers ensure that common areas, homes and homesites are attractive and properly maintained. They ensure that the pool is operational, the snow is removed and the trash is collected. The owner of a manufactured home community wants to keep the community in “tip-top” condition to keep you as a resident and attract new residents. This professional management helps you protect your home investment.

RESALE VALUE

When you’re ready to sell your home, you may find selling your home in a manufactured home community is quicker and easier than in a traditional subdivision. The price of your home will be more competitive than homes similar in size with land included. The amenities of the community will help sell your home as well. Three things mostly determine resale value: the condition of your home, the location of the community, and the condition of the community. In a manufactured home community, the management helps you enhance the value of your investment by maintaining the overall community.



CHAPTER 3

LAND AND ITS DEVELOPMENT

Do you already have land?

If you answered yes, skip to page 9.

If you answered no, start here.

LOCATION

The location of the land you purchase may be the most important decision. Your home location will be very important to you for a lot of reasons:

- ☐ The distance you commute to work
- ☐ Where you shop
- ☐ Taxes
- ☐ The school district if you have school-aged children
- ☐ Where you frequently like to go to see movies, to get pizza, for recreation, restaurants and conveniences

Your final choice of land is affected by your budget.

Location, location, location. It affects the price of even raw, undeveloped land. In a real sense, if you buy a larger lot of land in a more expensive location, it will impact price, resale value and your choices.

Factors like local regulations, water and sanitary services vary from one area to another. Before you decide on a tract of land, there are some things you should check in advance, because once you own the land, your choices are limited.

*The land may not have access to municipal services like sewer and water.
Developing the needed utilities will affect your budget and long-term costs.*

Local laws affect many aspects of home building

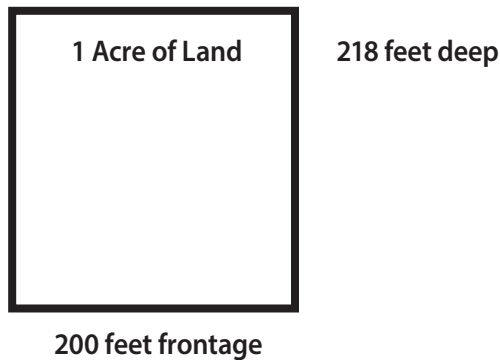
Some towns have strict laws on the minimum size in square footage or overall size of a home. Local laws will tell you about allowable setbacks and separation of elements. Local law will also tell you the minimum size lot needed on which to build, as well as any relevant zoning concerns. All the information is available from the town or village's Code Enforcement Official. Check with them in advance so that you fully understand your options.

WELCOME BACK, LANDOWNERS



Once you own land, there are several decisions that are out of your hands.

LOT SIZE - depending on the type of home you're looking to build, there might be local ordinances that restrict your choice of home. Requirements for a septic system and well may also affect the size of land needed.



Land size requirements are most often listed as acres. An acre equals 43,560 square feet. Before deciding on a home, check with your local code officials to make sure you understand setback requirements (the distance from your home to the borders of your land), zoning issues, issues relating to placement of the water wells and septic systems, and other local issues that may affect the type or the placement of your home.

FACTORY-BUILT HOUSING RESOURCES IN NEW YORK

New York Housing Association

634 Watervliet Shaker Road
Latham, NY 12110-3618
518-867-3242
800-721-HOME
info@nyhousing.org
www.nyhousing.org

Manufactured Housing Institute

1655 Fort Myer Drive
Arlington, VA 22209
703-558-0400
www.manufacturedhousing.org

Department of State

Division of Building
Standards & Codes
One Commerce plaza
99 Washington Ave, Suite 1160
Albany, NY 12231-0001
518-474-4073
www.dos.state.ny.us

Department of Health

Corning Tower
Empire State Plaza
Albany, NY 12237
518-402-7600
www.nyhealth.gov

CHAPTER 4

UTILITIES: WATER, SEWER, POWER AND HEAT

Developing and connecting the needed utilities will affect your budget and long-term costs. The land may not have access to municipal services like sewer and water, so you will need a well and septic system. The source of your electricity and distance from the transformer to the home will have an impact on your costs. Alternative sources include fuel oil, natural gas, propane, solar or wind energy.

WATER

Does your land have municipal water?

If you answered yes, skip to Municipal Water

If you answered no, start here.

If there is no municipal utility service to your land, you'll have to develop your own. The advantage to developing your own water system (well) and septic (private sewer system) is that you never have to pay for water or sewer. The disadvantage is that you have to develop your own well and septic system.

THE WELL

A well supplies water to your home. The water table varies widely from area to area. The depth drilled to reach water and any water treatment required will affect the price of your water. This will impact your budget.

A well is drilled until water is found. The well requires casing to line the well, a pump to get the water to your home, a holding tank, and sometimes a water treatment system.

MUNICIPAL WATER

Many towns provide municipal water services. A water main runs under the street outside your home delivering clean, treated water to all who tap-in to the system. Most areas that have municipal systems require you to use them. Municipal water systems charge for their use by metering the amount of water used.

A water line is run from your home to the street, where a municipal crew taps in to the water main. Everyone involved in any aspect of tapping into the municipal waterline system will charge for their services. You can and should find out all of these costs in advance.

SEWER

Does your land have municipal sewer?

If you answered yes, read this section

If you answered no, read the following section on septic systems

If your municipality provides a sewer system, you're in luck. Remember, most municipalities that provide sewers require their use and charge for the service. You will be billed quarterly for your sewer use.

Hooking up to a sewer requires a pipe to be run from your home to the street. Then, either a municipal crew or a certified plumber connects or taps in to the sewer line.

Costs will vary and depend on the distance from the sewer line to your home.

Does your land require a septic system?

If you answered yes, read this section

THE SEPTIC SYSTEM

The purpose of a septic system is to retain solid waste in a tank and to dispose of effluent waste water into the ground without contaminating the environment. In simplest terms, a septic system consists of a holding tank which retains solid waste and grease from household waste water, and an absorption system or "leach field" which disposes of liquid wastewater or "effluent" which leaves the septic tank for absorption below ground into soils on the property. There are many types of leaching systems but the most common is a network of perforated pipes buried in gravel-filled trenches. The specific type utilized on a particular property depends on the soil conditions and the amount of space available. Galleries, seepage pits and sand beds have historically been used. Septic systems will need to be pumped out every few years.

When building a system, first you have to determine how big and what type of system you will be required to have. This is determined by local health department regulations based on a perk test. The local Code Enforcement Official or local Health Department can tell you who to contact to perform a perk test. A perk test determines how much liquid your land will absorb during a predetermined amount of time. The Department of Environmental Conservation may have to approve the system as well.

The more involved your septic system is, the more expensive it will be. The size of your septic system is not optional, but determined by these and other factors. Everyone involved in any aspect of the septic system installation and pumping will charge for their services. You can and should find out all of these costs in advance.

POWER & HEAT

New technologies such as solar and wind may some day provide enough energy to supply your home with electricity and heat. Most families still need conventional sources for these utilities.

Electric utility companies are regulated by the New York State Public Service Commission. You will need to apply to the utility companies for new service. Some utility companies can also provide natural gas. You need to contact the utility company that covers your specific location. Distances from the source of the supply to your home will be a big part of your costs.

In addition to electricity or natural gas, there are alternative sources of heating such as fuel oil and propane. It is recommended that you investigate the costs and benefits of each type and determine what works best for your family. You will need to decide what you are using prior to placing your order for your factory-built home.

CHAPTER 5

FOUNDATIONS

Many would say that a good foundation is the single most important element of the home you are building. All foundations, particularly in the Northeast, require protection from shifting caused by cold weather conditions. There are several types of foundations. The foundation system you use will be determined by your preference, your budget and your local laws. Here is some basic information about the various choices.

ABOUT FOUNDATION SYSTEMS

Footer

A footer is a concrete slab that extends below ground frost level and supports the home or the walls of the foundation. It prevents the foundation from moving. Footers are used in all types of foundations.

Basement

A basement is a foundation that also creates living or storage space under the home. A basement is 8 to 10 feet high. Basements are made with a poured wall, block wall or a pre-cast wall. In some homes, you'd place utility elements like furnaces, water heaters and electric panels in basements. If you don't construct a basement, those items will need to be placed somewhere in the house.

Crawl Space

A crawl space is a very popular type of foundation that is less expensive to build than a basement. Rather than excavating a hole for additional space under the home, a block wall, usually 4' in height, is extended above grade. The wall is connected below ground to the footer. The look from the outside is similar to the look of a basement, without the extra room, storage, or expense.

Slab

A slab is another popular choice. Depending upon soil conditions, a professional slab plan may or may not require footers. Stability is maintained by good drainage. A compacted gravel base is the first layer, on top of which concrete is poured. The house is then placed on the slab. A slab may not be available for all types of homes.

Piers

Piers are the most cost-effective foundation, but are not available for all homes. Some jurisdictions do not allow pier foundations. Piers involve drilling holes, usually 18 to 24 inches in girth below-grade, deeper than the frost line in your area; footers are poured below the frost line. These holes are then filled to ground level with cement. Then blocks and shims are placed on top of the pier supporting the home.

WHICH IS THE BEST FOUNDATION SYSTEM FOR YOU?

Be sure that the foundation system you select is one that is acceptable to construction and mortgage lenders. Before settling on a system that is intended to have a real property classification, it is always prudent to confer with area lenders about locally acceptable foundation systems.

A manufactured home must be installed according to the Manufacturer's Installation Manual. Another foundation system called an "alternative foundation system" may be used if designed for the site by a New York State Licensed Professional Engineer or Architect, then submitted to the manufacturer and its Design Approval Primary Inspection Agency (DAPIA) for approval. Foundations for modular homes must be designed by a New York State licensed Professional Engineer or Architect. Generally, either a modular home or a manufactured home can be placed on any type of foundation.

There is no single "best" foundation system. When comparing foundation systems, consideration of each should include ventilation factors; methods of attachment; construction challenges; initial cost; real property classification; installation time; and resistance to wind, floods, gravity, frost and seismic loads. For example, basement foundation systems are far more expensive than other systems, are not recommended in flood-prone areas, and require more installation time. However, they can add significant amounts of usable space to a home; qualify as a real property foundation; and will resist wind, gravity and seismic loads when properly engineered.

Foundation systems are subject to the New York State building code. So, while the homes themselves may enjoy consistency of design and construction, foundation plans are subject to review by the local code enforcement official. Be sure to check with your sales professional and local zoning authorities to learn which foundation choices are available to you.



CHAPTER 6

ON-SITE COMPLETION

Factory-built homes are constructed in a factory as modules of one or more sections, transported to the homesite, and placed on the homeowner's foundation system. There are many methods of placing the sections on the foundation and connecting them together. The number of sections and method of assembly are part of your final cost of the home. Manufacturers provide specific instructions as to how their home should be assembled to perform properly to their individual construction methods. There is no single, correct method that applies to all homes.

A building permit from the local municipality is required under New York State law. The Building Code Enforcement Official is then required to perform certain inspections prior to issuing a Certificate of Occupancy at the end of construction.

Beginning in 2006, all HUD-Code Manufactured Home manufacturers, retailers, installers and mechanics must be certified by New York State. To become certified, all entities must meet requirements such as education, training, experience and proof of financial ability. The program is regulated by the Department of State, Division of Building Standards & Codes (DBSC) in Albany, NY.

All new HUD-Code homes, manufactured after January 1, 2006 must have a Manufacturer's Warranty Seal. Any HUD-Code home or mobile home installed after January 1, 2006 must have an Installer's Warranty Seal. These seals are to be placed in the largest closet in the largest bedroom of the home. Consumers have the right to select any certified installer of their choice. They even have the option of installing the home themselves if they meet certain criteria.

For a list of certified entities, and a copy of the regulations, go to www.dos.ny.gov/dcea/manuf.htm or contact the Manufactured Home Unit at the New York State Department of State Division of Building Standards & Codes at 518-474-4073.

Modular Homes are not currently governed by these regulations.



CHAPTER 7

FINANCING

If you are financing your home, read this chapter

If you are purchasing with cash in full, congratulations!

Today's buyer of factory-built homes may choose from a wide array of financing options. Some financial institutions offer an entire menu of lending programs. If the house is a manufactured house, it can be financed as personal property, on leased land, in a manufactured home community or on a privately-owned site. Buyers who desire to acquire land in conjunction with the home can finance the land and home together. If the house is a modular house, it will have numerous types of mortgages and loan packages for financing options.

Buyers may obtain more information on financing for factory-built homes through the builder or retailer from whom they buy their home. Builders maintain business relationships with a number of lending institutions—large national lenders as well as local institutions. Customers may also shop independently for financing with a lender of their choice.

Understand that rates will vary based on the type of financing you need and your history as a customer. What you invest in the deal in cash or equity, and the loan term needed can also affect your rate. Understand this when looking for the “best rate.”

CREDIT and CREDIT REPORTS

Sometimes, it can be uncomfortable to talk about your credit, salary or debts, but when buying a home, your financial situation is of utmost importance. Every element of the home you build will be directly related to your credit-worthiness and to the amount of money you have available; it's as simple as that!

Your credit worthiness will include your resident and job history, credit history and what you can afford. The lending institution and you may have different ideas of what you can afford. The salesperson or loan originator will look at your debt-to-income ratio and match that to a loan source.

What does a lender look at when deciding whether or not to approve my loan?

Lenders set their own rules on what qualifies for a loan approval. If you are looking for the best chance to have your loan approved, there are some things you can do in advance to help.

1. PAY YOUR BILLS ON TIME

Lenders look for indications that the applicant is going to pay the loan back on time. A pattern of late payments means your chance of obtaining credit – or at least getting favorable terms – is diminished.

2. KEEP YOUR DEBTS UNDER CONTROL

If you have too much established debt, you're considered a higher credit risk. Many experts say non-mortgage debt should not run higher than 15% of your income.

3. KEEP YOUR USE OF CREDIT UNDER 30% OF YOUR AVAILABLE CREDIT LIMIT

Using only up to 30% of your available credit on your credit card(s) will help raise your credit score, and will give you a stronger, more positive credit report.

4. LONG HISTORY OF CREDIT

The longer you have had credit extended to you, the more favorably a lending institution will look upon you. Do not close old accounts... they have helped to establish your credit worthiness.

Remember, lenders are trying to determine that you will be able to repay the new debt as agreed. Well before starting the application process, check your credit score and your credit report, and make corrections to errors on your credit report.

What is a credit report?

A credit report is your record of repayment on the credit you have had extended to you. Car loans, credit cards, bank loans, even utility payments all can appear. Legal matters which are public record, that involved your payment history, such as bankruptcies and collections are all noted on your credit report as well.

It is a good idea for prospective home buyers to check their credit report before looking for a home, to ensure the accuracy of the report. Identity theft and errors on credit reports have risen in recent years. Everyone should check their credit reports on a regular basis to ensure this isn't happening to them.

If you choose to check your own credit, the three major credit reporting agencies will send you your credit report. By law, you may now receive your credit report for free, once per year.

The credit reporting agencies are:

EQUIFAX

P.O. Box 740241
Atlanta, GA. 30374
800-685-5000
www.equifax.com

TRANS UNION

Credit Report Request Service
PO Box 105281
Atlanta, GA 30348
877-322-8228
www.transunion.com

EXPERIAN

475 Anton Blvd.
Costa Mesa, CA 92626
877-FACT-ACT
www.annualcreditreport.com

If you believe there are mistakes on your credit report, be sure to:

- ☐ **SET THE RECORD STRAIGHT!** All three Credit Reporting Agencies' websites have an online dispute process. Gather all of your supporting information and submit it. The online process provides a legitimate "paper trail," but you can still do this via mail.
- ☐ Contact the company that reported the negative item. Ask them to send a statement about the error to the three credit bureaus.
- ☐ Make copies of all documents that support your contention that an item is incorrect. Send the information to the reporting companies.
- ☐ Follow up with the credit bureaus to make sure the error has been corrected. You must be persistent!!

Write a letter to each of the Credit Reporting Agencies listing the mistake and describe the problem in detail. There are federal laws that govern errors in your credit report. Contact the Credit Reporting Agency and they will assist you in addressing the corrections.

Clearing up incorrect information on your credit report takes time. You have the right to insert a 100-word statement in your credit report. Potential lenders will see your statement when they request your credit history. This statement may help mitigate or explain any negative items listed.

Send correspondence to the credit bureaus by Certified, Return Receipt Requested mail.

The "Fair Credit Reporting Act" requires credit bureaus to solve problems with your report in a reasonable amount of time. Thirty (30) days is the target. If you think that your situation is not being handled properly, contact the New York State Attorney General <https://ag.ny.gov> or the Federal Trade Commission at 202-326-2222 or www.ftccomplaintassistance.gov

When applying for a loan, what information will I need to supply?

- ☐ W-2 forms
- ☐ If self-employed, business tax returns for the last 2 years
- ☐ One (1) month's pay stubs for everyone applying
- ☐ Bank statements from **ALL** bank accounts
- ☐ Copies of brokerage account statements and a list of any other assets including boats, RVs or stocks, etc..
- ☐ Copies of 401K or other retirement account statements
- ☐ Documentation of any additional income, such as child support or pensions
- ☐ Account numbers for credit cards and account balances
- ☐ Lender information on any installment, student, car or other loans
- ☐ Personal addresses for the last 5 years, with landlord information, if any

Since you checked your credit report, you know what is there. You will want to explain, in advance, the history for any negative items.

THE LOAN

When the application process is completed, the lender will come back with an approval that will list the amount that can be borrowed, the interest rate and approximate payment.

Add the amount of money generated by your financing package, plus whatever cash you have for a down payment: that is the budget you have work with. If you own land, the equity in the land may also be used.

ONE ADDITIONAL WORD ABOUT MORTGAGES:

Mortgages are loans that are tied-in to the land and whatever is attached to it, like the house. To make sure that the land on which the home is being placed is free and clear of any past encumbrances or debts, banks look into the history of the land.

Title searches are performed, and then title insurance is written on the property to insure the lender that no old claims can be made against the property. The lender needs to know that the land has a "clear title".

An abstract company searches the official records from the County, checking for debts listed against the land under previous owners. Once the abstract company is sure that the title is "clean," it writes insurance on the title. That insurance pays any claims that are brought against the land by former debt holders, should they turn up, while you own the property.

Title searches and insurance are part of the closing costs of a mortgage. Closing costs are the costs generated by putting the loan in place. Closing costs can include any local mortgage taxes, filing fees, legal fees, document preparation, appraisals, surveys, and other costs.

Depending on your credit situation, you may have several choices when it comes to choosing a lender. Besides the interest rate, the closing costs can have a real impact on the final cost of your home.

Lenders must supply you a "good faith" closing cost estimate, in advance of going forward with the loan. In some cases, they will list costs that might not apply, but have to be listed, just in case.

A glossary of common lending terms can be found at the end of this booklet.

***Congratulations on your new home!
With careful planning and preparation,
it will provide you a good place to live for many years to come.***

HOME BUILDING BUDGET WORKSHEET

Cost of land *(include all fees included in purchase)* \$ _____
 Surveys: Original and updated survey when complete \$ _____

MANDATORY IMPROVEMENTS

Water Well \$ _____
 Municipal water system tie-in and plumbing _____
 Septic system perk test \$ _____
 Septic System installation or sewer hook-up
(including design costs)..... \$ _____
 Health Department Permits \$ _____
 Electric, Power and Fuel..... \$ _____
 Land grading \$ _____
 Curb cuts _____
 Driveway \$ _____
 Building permit(s), *(including Utilities costs)* \$ _____
 Factory-built Home price *(including transporter's fees + sales tax)* \$ _____
 Installation charge *(including crane fees, if applicable)* \$ _____

FOUNDATION OPTIONS

Basement - complete *(for a home on basement)* \$ _____
 Crawl Space - complete \$ _____
 Slab and/or Piers \$ _____

OPTIONAL CONSIDERATIONS

Deck and/or Porch, Garage \$ _____
 Landscape materials and labor \$ _____
 Air conditioning \$ _____
 Other: \$ _____
 \$ _____
 \$ _____
 General Contractor's fee..... \$ _____

TOTAL HOME BUILDING BUDGET \$ _____

HOME BUILDERS INFORMATION SHEET

HOME BUILDER/RETAILER

Company Name:

Salesperson:

Phone: _____

MUNICIPAL CONTACTS

Code Enforcement Official:

Phone: _____

Health Department contact person:

Phone: _____

CONTRACTORS

General Contractor:

Phone: _____

SUB-CONTRACTOR(S) INFORMATION

Septic/ Municipal line tap-in:

Phone: _____

Water Well/Municipal line tap-in:

Phone: _____

Plumbing Household:

Phone: _____

Excavation/Foundation:

Phone: _____

Electric Contractor:

Phone: _____

Installation Contractor:

Phone: _____

Other contact names and phone numbers:

GLOSSARY OF LENDING AND BUILDING TERMS

ACRE – A measurement of land equal to 43,560 sq.ft.

ADJUSTABLE RATE MORTGAGE (ARM) – A loan with an interest rate that is periodically adjusted to reflect changes in a specified financial index.

AMORTIZATION – The process of paying the principal and interest on a loan through regularly scheduled installments.

ANNUAL PERCENTAGE RATE (APR) – The cost of the loan expressed as a yearly rate on the balance of the loan.

APPRAISAL – Process to determine the value of your property as is or as completed. This is usually based on other similar properties sold in areas close to your site.

BUILDING CODE – A comprehensive set of laws that controls the construction or remodeling of a home or other structure.

BUILDING MORATORIUM – A halt on home construction to slow the rate of development.

BUILDING PERMIT – A permit issued by a local municipality that allows the construction or renovation of house.

BUILDING LINE OR SETBACK – Guidelines that limit how close one can build to the front, rear and side property lines.

CANTILEVER – A beam that extends beyond its support and is supported on one end only. Homes built over the side of a hill are called cantilever homes.

CERTIFICATE OF OCCUPANCY – A document that states that a home or other building is in compliance with all building codes and is suitable for habitation.

CERTIFICATE OF TITLE – A written opinion on the status of a piece of property based on an examination of the public record.

CLOSING – The final procedure in which documents are signed and recorded, and the property is transferred.

CLOSING COSTS – Incidental expenses to the sale of real estate, including loan, title and appraisal fees.

CLOSING STATEMENT – A document which details the final financial settlement between a buyer and seller, and the costs paid by each party.

CODE ENFORCEMENT OFFICIAL – A municipal employee who enforces the building code to ensure that work is performed correctly. Code enforcement officials must be certified by New York state. A list of certified entities may be found at <http://www.dos.state.ny.us/code/certCEOlist.htm>

CONSTRUCTION LOAN – A short-term loan a lender makes for the construction of homes and buildings. The lender disburses the funds in stages. This may or may not roll into your permanent mortgage.

CREDIT HISTORY – A record of current and past debt payments of an individual.

CREDITOR – An individual or institution to whom a debt is owed.

CREDIT RATING – The degree of credit-worthiness assigned to a person based on credit history and financial status.

CREDIT REPORT – A credit bureau report that shows a loan applicant's history of payments made on previous debts. Several companies issue credit reports, but the three largest are TransUnion, Equifax and Experian (formerly TRW).

DEAD LOAD – The weight of structural parts of a building and other fixed loads.

DISCOUNT POINTS – Fees that a borrower pays at the time the lender makes the loan. A point equals one percent of the total loan amount.

DOWN-PAYMENT – The amount of money a buyer agrees to give the seller when a sales agreement is signed. Complete financing is later secured with a lender.

ESCROW ACCOUNT – An account a lender or mortgage service establishes to hold funds for the payment of expenses such as homeowner's insurance and property taxes. Also known as an impound account. This may be added to your mortgage payment.

FANNIE MAE – The official name of the Federal National Mortgage Association. It is a Congressionally-chartered, shareholder-owned company that buys mortgages from lenders and resells them as securities on the secondary mortgage market.

FEDERAL HOME LOAN MORTGAGE CORP – The Federal Home Loan Mortgage Corp., commonly known as Freddie Mac. The company buys mortgages from lending institutions, pools them with other loans, and then sells shares to investors.

FINISH GRADE – Any surface which has been cut to or built to the elevation indicated for that point, for example: surface elevation of lawn, driveway or other improved surfaces after completion of grading operations.

CONSUMER GUIDE TO FACTORY-BUILT HOUSING

FOOTER – Extends below the ground frost-level and supports the home or the walls of the foundation. It prevents the foundation from moving.

FRONTAGE – The portion of property that borders a roadway or body of water.

GRACE PERIOD – A specified amount of time to make a loan payment after its due date without penalty.

GROSS INCOME – The total income of a household before taxes or expenses are subtracted.

HOME RULE – The power of a local government to adopt its own land-use regulations.

INSURABLE TITLE – Title to property that a company agrees to insure against defects and disputes.

INSURANCE BINDER – A temporary insurance arrangement usually put in force until a permanent policy can be obtained.

INTEREST – The fee borrowers pay to obtain a loan. It is calculated based on a percentage of the total loan.

JUDGMENT – The decision of a court or law. If a court decides that a person must repay a debt, a lien may be placed against that person's property.

LAND EQUITY – Value in your land that can be used toward your down payment. This is calculated by taking the appraised value of the land, less any monies owed against the land, and then multiplied by 80%.

LIEN – A claim laid by one person or company on the property of another as security for money owed. **LIVE**

LOAD – Weight on a structure consisting of movable objects & persons.

LOAN-TO-VALUE RATIO (LTV) – A technical measure used by lenders to assess the relationship of the loan amount to the value of the property.

LOCK-IN – When interest rates are volatile, many borrowers want to “lock in” an interest rate and many lenders will oblige, setting a limit on the amount of time the lock-in is in effect.

PITI (PRINCIPAL, INTEREST, TAXES, INSURANCE)

- When a buyer applies for a loan, the lender will calculate the principal” interest, taxes & insurance. The figure is designed to represent the borrower's actual monthly mortgage-related expenses.

POINT – A fee charged by lenders at the time a loan is originated. A point is equal to one percent (1%) of the total loan amount.

POWER OF ATTORNEY – A LEGAL document that authorizes an individual to act on behalf of someone else.

PRIVATE MORTGAGE INSURANCE (PMI) – A special type of loan insurance that many lenders require borrowers to purchase if the borrower's down payment is less than 20 percent of the home's purchase price.

R-FACTOR (RESISTANCE FACTOR) – A method used for calculating heat leakage using thermal resistance.

RISE – The vertical distance between the plate line of a house and the ridge of the roof.

sheetrock– Another name for drywall or wall board

SLOPE – Indicates the incline of a roof as a ratio of the vertical rise to the horizontal run. It is expressed sometimes as a fraction but typically as “X” in 12. For example, a roof that rises at the rate of 4 inches for each foot (12 inches) of run, is designated as having a 4 in 12 slope (4/12).

SQUARE – Roofing is estimated and sold by the square. A square of roofing is the amount required to cover 100 sq. feet of roof surface.

SURVEY – This is the official map of your property. A boundary Survey shows just that – the outside perimeter of your property. A Plot Plan is a boundary Survey that shows where you plan to locate your house. Most lenders require your survey to be fully updated once your project is completed, prior to final funding.

TITLE – The actual legal document conferring ownership of a piece of real estate.

TITLE COMPANY – Firms that ensure that the title to a piece of property is clear and provide title Insurance.

TITLE INSURANCE – A policy issued to lenders and buyers to protect any losses because of a dispute over the ownership of a piece of property.

TITLE SEARCH – A check of public title records to ascertain that the seller is the legal owner and that there are no claims or liens against the property.

U-FACTOR – The rate at which heat is lost through a building's exterior walls, roof, windows, doors and foundation. It depends on the type of material through which it passes. A window would have an average U factor of .62, whereas a ceiling with R-19 insulation would have a U value of .055.

VAPOR BARRIER – Material used to retard the passage of vapor or moisture through walls and thus prevent condensation within the walls. It is also called a moisture barrier, and is installed between insulation and the interior wall.

VARIABLE RATE MORTGAGE – A loan with an interest rate that hinges on factors such as the rate paid on bank certificates and Treasury bills.

ZONING – Regulations that control the use of land within a jurisdiction.

NOTES

[illegible]

NOTES

[illegible]

NOTES

[illegible]