

# BUYING MODULAR

## A Guide to Buying a Modular Home



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## Table Of Contents

1. Introduction
2. Understanding Modular
3. Should You Buy Modular?: Yes, No, Maybe
4. Process
5. Who To Buy From
6. Finance Your Modular Home
7. Where To Build
8. Custom Design
9. Deliver & Set- Ways To Save
10. Warranty



## 1. Introduction

This guide is not meant to be an all inclusive, comprehensive document. It is a guide. It is based on 15 years of designing, selling, financing, and building modular homes.

This guide will help you understand how modular homes are built and the process of building a modular home. It will ask you the questions that will help you decide if you should buy a modular home. It will go through numerous financing options (and there are many). It will explain how you can customize your home. It will talk about what type of modular builder is best for you. And it will talk about ways to save on building a modular home.

I have built everything from a 900 square foot addition to a 4,000 square foot home on a 50'x100' waterfront lot. There is very little that cannot be done in modular construction. In fact, I had the privilege to visit a modular home that was 10,000 square feet with 10' ceilings throughout the two floors. It was very impressive and the cost was incredibly inexpensive for the size.



## 2. Understanding Modular

It is very important for anyone considering a modular home to understand how they are built. If you have the opportunity to visit a modular plant or facility, take it (there are modular plants in every region of the United States). It will be an education. You will see a beehive of activity. Floors systems squared up on large jigs (devices that keep the floors square). Walls being built and craned onto floor systems; electricians running wires and plumbers running pipes at a fast pace; drywall being glued, screwed, taped, and mudded by an army. And all of it is done inside a controlled space where your house will never see rain, snow, hail, or any weather. That means no water and no mold.



These homes are essentially homes that would be “stick built” on site but are built in a climate controlled facility that allows for better controls of the whole construction process. And like many stick built homes you can customize them. There are some size restriction but with CAD (Computer Aided Design) almost anything is possible. You are only limited by your imagination.



## OMITTING ITEMS IN YOUR HOUSE

Most modular builders will allow for customization. So if you don't like the flooring or the countertops you can have them omitted so you can have specific flooring or countertops installed on site. But remember this type of construction is still manufacturing. And manufacturing has systems and processes in place that can't be changed. These houses are built on a "line" or "move". "Lines" or "moves" are like stations. So at each station certain things must happen before it can make a "move" or continue on the "line". The stations differ from plant to plant but essentially you have the floor station; the wall station; the electrical station; the plumbing station; etc.,. These are all stations that every house will go through and are going to be used in every home. Then there are stations that add fixtures and housing products and components like flooring (carpet, vinyl, wood, laminate); plumbing fixtures; cabinets; countertops; light fixtures; etc. At every station are workers who are there to install those items. If you choose to omit any of those items and have those items installed on site those workers are still there getting paid and earning benefits. Many people believe they should get the cost of the omitted items discounted and that is not always the case. All the manufacturer's I have worked with will give some credit for the omitted items. Not what you would pay at the box stores but what they have calculated.

## NEED A LOCAL BUILDER

Modular customers should understand that most modular manufacturers work through a system of local builders. These local builders are who you will be working with. Most manufactures do not want to get involved in local construction. Their expertise is in building the homes; not selling or dealing with local issues. So, picking a local builder is as important if not more important than picking the manufacturer or picking the house.

A local builder is a General Contractor who is licensed, insured, and in some areas bonded. They have the experience and knowledge to work through local, state, and federal agencies to deal with the many obstacles that may present themselves. Having the experience of a local, experienced builder is essential.



### 3. Should You Buy Modular?: Yes; No; Maybe

If you are getting ready to build a new home then you need to consider having a modular home built for you. There are three simple reasons: 1) cost savings; 2) customization; 3) time. The costs savings can be significant especially if you want a lot of upgrades. Stick builders and track builders see upgrades as a revenue stream. They typically add on a percentage/dollar amount to every upgrade. And they typically want to control that work (pick who does the work and what materials are used), so they can add on to it. With modular, many builders (not all) will allow you to get involved with aspects of the finish and detail work like flooring, appliances, tile work, counter tops, etc. Modular is a great way to get a well constructed, solid house on your property. Then you can go in and finish it off with your choice of materials at the price you want to pay. The caveat to that is picking your own crews will now make you more responsible and carry greater liability if the crews you pick screw up.

The cost savings can be as much as 20% - 30% in some areas as opposed to traditional building. With the right builder that could be a lot of upgrades and even more if you take that work on yourself. If you really want to save money go to the last section of this guide: Deliver & Set.

Some think modular is manufactured and therefore it is cookie-cutter. Modular is manufactured but they are not cookie-cutter. In my dozen years of designing and building modular homes I have not built the same home twice. The list of options and possibilities is endless. With the right modular builder anything is possible.

The design process can be the longest and hardest part of building modular (or any home). And this is also where you want an experienced modular builder helping you. I always tell potential customers look on the internet, go to model homes, get ideas of what you want and bring them in and see how we can incorporate some of those ideas into your new home. I tell them to make a list of everything they want. Ultimately they may not get everything but they will get what is important.





Most modular homes builders offer a turn-key home. They are responsible from pulling permits to building the house and get the Certificate of Occupancy so you can move in. Be aware that there are a few modular builders that will sell you a home but expect you to do much of the work or coordinate it. The price looks good until you realize they are just selling you the house and delivering it to your site. The rest is on you.



## 4. The Process

The process for building a modular home should take around 6 months from the time you pay the first draw (draws are how the builder gets paid). But there can be as many as 6 months spent in designing the house and laying it out on the lot. Most of our customers need a construction loan to build. So, the process from the construction loan is where I will begin. Keep in mind it can take 2-6 months to get the construction loan depending on your circumstances and your lender. So, before the first shovel full of dirt is moved it could be as long as a year. I suggest you start planning sooner than later.

### 1. Construction Loan:

- a. 80% of the time our customers use a construction loan to build their modular home. Even if you have the cash a construction loan can help you ensure certain things are done. The construction lender will typically require proof and inspections for work performed. It's sort of a safety net.
- b. For those of you who do not have your lot yet you can use the construction loan to help you purchase the lot as well. It can be easier and cheaper to do both at the same time because you may reduce settlement costs.

### 2. Settle On Construction Loan

At settlement of the construction loan funds will be disbursed to the seller of the property if you are buying a lot and funds will be disbursed to the builder. Four draws is typical in the modular industry. First Draw is 10%. This is typically used to order the home. Before the home is ordered the customer should sign off on the Final Plans and Specification Sheet which details everything in the house.





### 3. Site Work-Foundation

- a. Depending on the lot there can be a little or a lot of site work before the foundation can go in. Many lots in our area are treed. When buying a lot with many trees keep in mind some or maybe all the trees have to be cut down and the stumps removed. The stumps and roots will be in the way of the foundation and must go. More costs. The holes that the stumps leave have to be filled in. More costs. So if you find a cheap wooded lot it may not be so cheap when all is said and done.





- b. Now the foundation can go in. If it is a crawl space foundation it could be done in a week or so. If it is basement it could be a couple of weeks or so. If it is on pilings or some other raised foundation it could be a few weeks or more depending on the availability of the piling contractor.



- c. Keep in mind delays can happen during site work and putting in the foundation: weather; equipment breaking; unforeseen below grade problems; etc.



- d. When the foundation is completed typically a 2nd draw will be required. The bank usually requests a foundation survey showing the foundation on the lot.
4. House is delivered and set: 8 to 16 weeks
- a. The site work has been done, the foundation is in and now you are ready for the house. Currently one of our plants is taking 3-4 months. Another plant, they are out in eight weeks. Market demand will decide when the house will be built and delivered.
  - b. Once it is delivered the most exciting part of the process is here: Set Day. Set Day is the day the house is placed on the foundation. I highly suggest you take the time to be there and see how it is done. It is fascinating to see how man and machine get 35,000 pounds off of a carrier, up in the air, and on to the foundation. Plan to make a day of it. Bring a picnic, chairs, and your camera.



- c. After the house is set the 3rd draw is paid. The bank inspector will come out the day after the house is set and make sure it is there on the foundation and it is weather tight.



- 5. House is finished in 60 to 75 days...normally.
  - a. Depending on how large the house is and how much on site work is being done like decks, porches, garages, special flooring, granite countertops, special tile, etc. it can take as little as 45 days. I say that because we have done that but typically it is 60 days. Allow for more time.
  - b. Once the house is finished and all the inspections have been done the Certificate of Occupancy or a similar document will be issued to allow you to move in. At this point



you receive this document and do a walk-through with the builder. There will probably be a punch list of items not to your liking or that were missed. The 4th and final draw is paid at this point.



6. End Loan - to pay off Construction Loan

- a. Hopefully you have been working closely with your lender and they have the pay off ready for the construction loan. If you get a one-time-close loan the loan typically modifies into your end loan. If it is not a one-time-close then your lender should have your loan processed and ready to close shortly after you receive the Certificate of Occupancy and have moved in.

7. There are no guarantees: there are warranties. What could go wrong?

- a. I had a customer AI, who at the beginning of the process would ask me if there were any guarantees. Simple answer is, NO. What could go wrong?



- b. During the construction loan process the appraisal comes in less than expected requiring more money out of your pocket. Money you didn't plan on or don't have. That could go wrong. So now we have to go back and redesign the house to fit the budget or maybe you have to buy a smaller or less expensive lot.
- c. We dig the footing for the foundation and we hit an old septic tank or cesspool. Most jurisdictions will require it be removed and backfilled with stone. That could go wrong. An expense you hadn't planned on.



Old Septic Tank Below Grade

- d. We dig the footing for the foundation and we hit water. That could go wrong. Now we need to get a soil engineer to come out and tell you what we can or can not do. An expense you hadn't planned for.
- e. Planning and zoning issues. We had a customer once who had purchased a lot on the water. Great spot overlooking the Indian River Bay. They wanted to put a modular home on pilings where an old double-wide trailer had been. There were other modular homes in this old neighborhood. But the head of planning and zoning had retired after they purchased the lot and the new head of planning and zoning did not interpret the code the way it had been in the past. The new head of planning and zoning refused to let them put anything other than a double-wide trailer on their



water font lot. That went wrong. Ultimately they sued and won...tens of thousands of dollars later.

- f. Anything that is not known at the time the contract is signed. So, I would suggest you plan on having **5%-10% of the contract price for cost overruns**. It happens in almost every project. Some lenders will have that built into the loan. Some won't.



## 5. Who To Buy From

Most modular manufacturers do not want to sell directly to the public. Their focus and expertise is on running a manufacturing plant and not working at the local level with customers. Remember your home is going to an area typically far from the plant. They want local representation to deal with all the local issues that can and will arise like; zoning, permitting, codes, and things that could go wrong as I mentioned in the previous chapter. The manufacturer will develop a relationship with local builders who can handle all those issues. The local builder should be a licensed, insured, General Contractor with years of experience.

The builder's job is to act as the go between; the filter. The builder should be able to help you design your home as well as know the building codes for your area. For example I am in a coastal area. Knowing the wind zone codes as well as when the county revises their codes to meet the IECC, IRC, NEC is very important. And more important, the builder has to make sure that the manufacturer knows those codes as well.

Here is a list that you should go through when picking a modular builder (any builder):

1. Experience
  - a. Minimum of ten years in construction. More than likely they will be building something for you on site like steps, decks, porches, etc.
  - b. Minimum of five years with modular. Modular is a different animal. There are hundreds of things that are different with modular construction like ; using a crane to set the house; having a competent set crew; have sub-contractors (plumber, electrician) that know modular homes.
2. References
  - a. Get at least three previous customer references. At least one in the last year.
  - b. Get addresses of those previous customers and look at the work on their homes. That's the work that will be done on your house.
  - c. Ask their neighbors how the project went. My experience is neighbors are always getting their noses into their neighbors business and they would know if any real problems occurred.
3. Trust
  - a. Make sure you feel comfortable with the builder and their staff. You are spending a lot of money and want to be treated fairly. And you will be spending a lot of time with them designing and throughout the whole building process.
  - b. Problems will occur. Let me repeat: Problems will occur. Better to work through those problems with people you trust than not.





#### 4. Financial Stability

- a. Is your builder financially stable? You should ask for bank references. And when you are talking to previous customers ask if there were money issues with the builder. If they are having money issues you don't want to be the one who gets stuck.
- b. Does the builder have relationships with banks who offer construction loans. More than likely you will want/need a construction loan. And more times than not your builder will have to be approved by the bank. Banks won't give money to builders who have problems.

#### 5. Model Home

- a. This is not mandatory but being able to touch, feel, and see what they are selling is helpful. And if they do not have a model do they have a house or two that they are in the middle of completing? Again, you want to be able to see the product you are buying. Going to a construction site will also give a glimpse into their crews and subcontractors and how they treat the property.

#### 6. Have a Realtor's license (only if you are buying a lot)

- a. I discuss in Chapter 7, Where To Build, the issues that come up when buying a lot for your modular home. It is not imperative that your builder be a licensed Realtor but it will help alleviate many problems, save time, and possibly save money. We at 4 Shore Homes are builders who are licensed Realtors and we offer our Realtor services to help our customers. Our goal is to make sure you get the lot that fits your wants and needs and the needs of the house. If you are dealing with just a Realtor they may or may not know or understand the needs of you home.



## 6. Financing Your Modular Home

I found my way into to the modular home industry through construction loans. Working for a national wholesale lender who specialized in construction-to-permanent loans gave me a lot of exposure and experience with modular homes. After being in the lending industry for 15 years I decided to expand my offerings by providing loans and homes all at the same time. That was the early 2000's. After the Great Recession I focused on selling and building modular homes.

### LOCAL BANKS AND CREDIT UNIONS

In our area there are six local banks that will finance the purchase and construction of modular homes. We have two local credit unions and only one of them offers a construction loan. A construction loan is a short term loan and those banks and credit unions will be using their money, their depositors money, to finance the project. A good modular builder will have a relationship with at least one of these lending institutions. I have worked with and still work with every local lender in our area. It helps me and it helps my customers. Each bank or credit union has their own lending criteria and not every customer meets all those criteria. Each bank and credit union have their own terms for the loan. This is a partial list of typical terms.

Rates and terms vary. Typically their rates and terms are:

- Prime plus 1% to 2%
- 9-12 months to complete the project- possible extensions.
- Loan or origination fee(s)
- Inspection fees

### REGIONAL AND NATIONAL BANKS

Before the Great Recession there were many construction-to-permanent loans. Most of them were from Regional and National banks. The lender I worked for was based in Florida. Today a few Regional banks have gotten back into the construction-to-permanent loan market but the end loan, the loan that pays off the construction loan is a 5 year, 7 year, or 10 year ARM (Adjustable Rate Mortgage). Again, it is their depositors money and it is a short term loan so they are willing to offer an ARM knowing the balance will be paid off in 5, 7, or 10 years. Currently I do not know a National bank offering a construction-to-permanent loan.



## 1-TIME CLOSE VS 2-TIME CLOSE

A 2-time close is when you have a closing or settlement on the construction loan and you have a separate closing or settlement on the end loan; 2 closings. As it implies if you have two closings you are paying for two closings.

A 1-time close is one closing or settlement for the construction loan and that loan will “modify” into the end loan; 1 closing. This is what some of the Regional banks are offering to entice you into the ARM loan. You have to remember that at some point you will have to refinance the ARM and you will have a closing or settlement at that point and you will pay for it. So, both loans really are a 2-time close.



## 7. Where To Build?

Modular home construction is perfect for almost any situation from a 1,200 square foot townhouse to a 12,000 square foot mansion. Where you put your modular home is the question. If you already purchased a lot, that's the answer. If your parents or grandparents gave you a lot, that's the answer. If you inherited the lot, that's the answer. In all of these situations the location has already been decided.

If you have to buy a lot there are so many things to consider: general area or town; neighborhood; subdivision; country setting. I get many customers who do not want HOA (Homeowners Association) fees. When it comes to sewer/water and septic/well there are many opinions. People who like sewer/water (public sewer and public water) like the dependability of it. They like that the sewer or water won't fail. But the reality is sewer lines fail and water lines fail. People who like septic/well (septic system and well for water) like the fact that they won't have monthly or quarterly bills. But the reality is it takes electricity to run the well and the septic system needs periodic pumping. The overall costs are typically much lower with septic/well. In some areas your septic system may be above ground or some sort of "mound system". There are those who think "mound systems" are unsightly. In some areas the well water has high levels of minerals and can stain your clothes and fixtures which require a water treatment system. A good water treatment system can cost as much as \$4,000. These are things to consider.

Other than those considerations the only thing you really need to know about buying a lot for your modular home is:

1. Are there restrictions on modular homes? Some communities restrict them. Check the covenants and/or deed restrictions.
2. Is the lot big enough for your modular home. Remember every lot will have building set back rules. That is how close you can build to the property line. In our area it is called the Building Restriction Line (BRL). The BRL will determine the size and placement of your home. This is for traditional building, modular building, or any type of building.





## 8. Custom Design

Where you build your modular home is important but what you build to live in is equally important. The interior design, layout, and plan must make you feel happy and comfortable. Whatever the time is spent on getting this right is time well spent. I always tell people to start thinking about the design and layout of their home early and often.

- A. Do you like an open floor plan?
- B. Is a large working kitchen important?
- C. What is required in the master bathroom?
- D. Will the Family Room be an Entertainment Room?
- E. Do you like lots of natural light, lots of windows?

When it comes to the exterior or elevations are you looking for:

- A. The Craftsman look?
- B. The two-story Colonial look?
- C. The Cape Cod look?
- D. The Modern or Contemporary look?



I cannot express enough how you have to spend as much time as possible on these issues. Take pictures of houses you like; pictures from magazines; even from the internet. A good builder will want to see what it is you like and want in your home.

Look at plans online. Go visit model homes and see what is out there that appeals to you. A good modular builder will help you take that information and turn it into the house plan you want. Modular building can construct most anything you can dream of. Our first sales manager, Chip, use to say, “if you can draw it on a napkin we can build it”. And for the most part that is true.

If you work with a builder who does not want to help you with the details then that builder is probably not right for you. The builder is suppose to help you with your dream not theirs.



## 9. Deliver & Set

**Turn-Key Home:** The builder performs all the work needed to allow you to move into the home when they are finished. That should include: permits, design, foundation, set crew, crane, connect to existing utilities, steps, and Certificate of Occupancy or Use of Occupancy. The day the builder hands you the keys you should be able to move in that night.

**Deliver & Set:** The builder performs just the work to get the house on the foundation and weather tight. That should include: design, set crew, crane, and make sure roof is shingled and house is weather tight.

**Deliver & Set (also referred to as a Drop & Set)** comes in many variations. Simply put, Deliver & Set is the opposite of a Turn-Key home. It is a great way to save a lot of money; up to 30% of the cost of building (depending on how much you do yourself). Unless you are in the trades, have been in the trades, have family or friends who are in the trades, and you are detail oriented, you do not want a Deliver & Set. It is not for the faint of heart.

Below is a real world example. Carol was familiar with modular homes. Her previous home was a modular and she loved it. I spent about a month with her on the design of her home. After we agreed on the price I helped her with getting the stamped plans for her building permit. Once she had her building permit and plans in place she had her foundation put in. I drove 3 hours to her sight to make sure the foundation was what was on the plans. When the house arrived I was there to set the home and make it weather tight. She then spent the next four months on finishing the interior (drywall in some areas, trim, paint, flooring, etc.); the exterior (siding, stone); connecting the utilities (septic, well, electricity) and she got her Cert. Of Occupancy and moved in.



SET DAY



4 MONTHS LATER



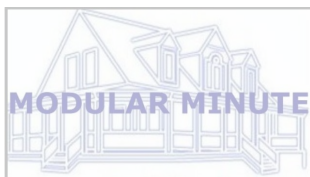


Here is what I give customers to help them understand and help them determine if the Deliver & Set is an undertaking they want to pursue. Below is the spreadsheet from 2012 for Carol's budget which is not all inclusive. Every job will have new or different line items.

**HOME QUOTE**

Date: **2012** Home Model: Cape with garage  
 Customer: Carol Phone #:

ITEM #	DESCRIPTION	COST		COMMENTS
			Deliver & Set	
1		\$ -	\$ -	
2	sq. ft.	\$ 159,576.00	\$ 159,576.00	Energy Star
3	Appliance package	\$ 5,000.00	\$ -	Allowance
4	4 extra cable outlets	\$ 260.00	\$ -	
5	Water treatment	\$ 3,500.00	\$ -	
6	Front Porch	\$ 2,000.00	\$ -	Composite
7	Set up	\$ 13,000.00	\$ 13,000.00	Set crew and crane
8	Trim out	\$ 4,000.00	\$ -	
9	HVAC	\$ 17,000.00	\$ -	Geothermal HP 14 SEEr
10	Electric	\$ 3,000.00	\$ -	Connect to existing service
11	Plumbing Package	\$ 3,500.00	\$ -	Connect to existing service
12	Insulation	\$ 2,000.00	\$ -	crawl space
13	Gutters	\$ 900.00	\$ -	White, downspouts, splash guards
14	County Plan Review		\$ -	
15	County Building Permit		\$ -	TBD
16	Town Building Permit	\$ -	\$ -	TBD
17	Surveys	\$ 1,250.00	\$ -	Lot, proposed, foundation, final
18	Final Grade and Seed	\$ 1,000.00	\$ -	
19	Driveway	\$ -	\$ -	TBD
20	Sidewalks	\$ -	\$ -	TBD
21	Wood Fire Place	\$ 2,500.00	\$ -	
22	Decks and steps	\$ 1,200.00	\$ -	



23	Site Built Screen Porch	\$ -	\$ -	
24	Portable restroom & Dumpster	\$ 1,500.00	\$ -	
25	Tile in Kitchen, Utility Rm, all baths	\$ -	\$ -	
26	Builders risk insurance	\$ 500.00	\$ -	
27	Whirlpool tub	\$ 1,800.00	\$ -	
28	Granite countertop	\$ 6,000.00	\$ -	Allowance
	<b>CONTRACTOR ITEMS</b>	<b>\$ 229,486.00</b>	<b>\$ 172,576.00</b>	

The difference in the two prices is \$56,910 but that is not the savings. The savings would depend on how much work you can do and get done for less than I would have done it for. She probably saved around \$35,000 when it was all said and done. She got the house she wanted at the price she could afford and she had the time to do it.

### **DELIVER & SET PROCESS**

Although a Deliver & Set ultimately takes money out of our pockets it is a great way for you to save money for upgrades, retirement, etc. I don't want to make this sound like it is easy because it is not. But it can be done if you are organized, detail oriented, have a dream, and you want/need to save money.

#### Factors to consider:

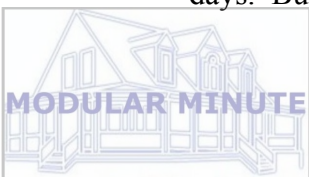
Most banks will not lend to DIY builders.

Some subcontractors may not want to work with a DIYer.

**There is a lot of paperwork involved:** entrance permits, building permits, possible wetland or flood zone issues, invoices and payments.

If you are not yet discouraged here is the process:

- We work with you on initial plans, proposal, and budget (see Sample Budget). If we are still progressing a \$1,000 plans deposit (applicable to the *Agreement To Build* contract) is required to order a full set of plans and finalize the budget.
- A Builder representative will visit the site (this could happen earlier if local).
- We work with you on finalizing the plans. This is where we help guide you. This can be the longest part of the process if there is no direction.
- An *Agreement To Build* is signed and a deposit is made.
- The final set of plans are agreed upon and the house is ordered. Delivery is in approx.. 6 to 12 weeks weeks.
- Home owner prepares site (foundation, ready site for delivery). Builder representative visits site to verify foundation. Builder receives a portion of the *Agreement To Build* price.
- The house is delivered, set, and made weather tight. This is typically done in one or two days. Builder's representative will be there during this stage. Builder receives the balance



of the *Agreement To Build* price when the house is delivered to the staging area (this could be on site or nearby). Builder receives final draw of the *Agreement To Build* price when the house is made weather tight.

- Homeowner begins calling in subcontractors to finish the house or finishes it themselves.
- Builder is available for questions via phone or email.

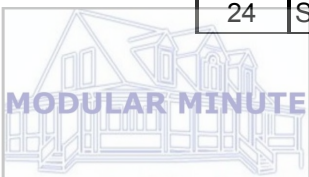
Again, I want to emphasize if you are organized, detailed oriented, and have the time this is a way to go. But it is not easy. If it were, everyone would do it.

**COST TO CONSTRUCT**

Date: \_\_\_\_\_

Home Model: \_\_\_\_\_

ITEM #	DESCRIPTION	PRICE		COMMENTS
		COST	Actual	
		\$ -	\$ -	
1	<b>HOUSE DELIVERED AND SET</b>	\$ -	\$ -	
2	Appliance package	\$ -	\$ -	
3		\$ -	\$ -	
4	House Foundation	\$ -	\$ -	
5		\$ -	\$ -	
6	Trim out	\$ -	\$ -	
7	Drywall	\$ -		
8	Doors	\$ -		
9	Gen	\$ -		
10	Painting	\$ -		
11	HVAC	\$ -	\$ -	
12		\$ -	\$ -	
13	Electric	\$ -	\$ -	
14	Plumbing Package	\$ -	\$ -	
15	Sewer	\$ -	\$ -	
16	Septic	\$ -	\$ -	
17	Gutters	\$ -	\$ -	
18	County Plan Review	\$ -	\$ -	
19	County Building Permit	\$ -	\$ -	
20	Town Building Permit	\$ -	\$ -	
21	Surveys	\$ -	\$ -	
22	Final Grade and Seed	\$ -	\$ -	
23	Driveway	\$ -	\$ -	
24	Sidewalks	\$ -	\$ -	



25	Garage / Concrete floor	\$ -	\$ -
26	Insulation Floor Joists	\$ -	\$ -
27	Screen Porch on concrete	\$ -	\$ -
28	Materials	\$ -	\$ -
29	Concrete	\$ -	\$ -
30	Portable restroom & Dumpster	\$ -	
31	Front Porch	\$ -	\$ -
32	Steps	\$ -	\$ -
33	Flooring	\$ -	\$ -
34	Blower door test	\$ -	\$ -
35	Builders risk insurance	\$ -	\$ -
36		\$ -	\$ -
37		\$ -	\$ -
38			\$ -
<b>CONTRACTOR ITEMS</b>		<b>\$ -</b>	<b>\$ -</b>



## 10. Warranty

Modular homes typically come with a 10 year structural warranty which is run through a third party, a separate warranty company. The modular manufacturer pays a few hundred dollars per house for this. What it means is that the house has to be virtually falling down for the warranty to kick in. And you contact the warranty company not the home manufacturer. Having said that, in my experience there have only been a few instances that there were any problems with the house and those problems were 1) water leaking into the house; 2) houses not coming together properly. The problems were not structural.

In the first instance be careful how you design your house and which manufacturer is building it. And who is putting it together for you; the on site builder. Early on I was sold on the idea that anything can be built via modular and it can if the manufacturer has the experience and the onsite builder has the experience. At that time I did not have the experience and neither did the manufacturer. They were willing to build it and ship it because they knew once the house leaves their yard any problem with the house is the onsite builders problem. I am not saying they wash their hands but... The situation with the water leaking was a design issue. The customer wanted balconies/decks cantilevered off the bedrooms on the 2nd and 3rd stories. The height was not the issue but sealing the 2" x 10" floor joists that ran into the house was. The engineers did address this and neither did we until it was too late. Let me say fixing leaks 10' and 20' in the air is not easy. I know now that we can seal those areas if the manufacturer didn't on the ground before we set the house that high up.

In the second instance it was solely a manufacturer problem and the manufacturer refused to fix the problem. In fact it happened with two houses and we dissolved our relationship after that. It is important that the manufacturer has been around a long time and that they build the type of house you want. The basics in building manufactured homes is being able to build a ranch home, a one level home that comes together perfectly. The industry standard for "perfectly" is within  $\frac{3}{4}$ ". That means that both halves of the house fit together within  $\frac{3}{4}$ ". But not just they fit within  $\frac{3}{4}$ " but all the opening on the marriage line, where the two halves come together fit within that margin of error. On a two-story home now you have double the amount of places that have to fit together and that is where some manufacturers fail. Getting the stairwells to line up is a challenge and some just don't meet it.

The other warranty issues are with the workmanship or the house and the foundation. The onsite builder you choose should warranty these items. And if the mason is a subcontractor than the onsite builder should work with you to resolve any foundation issues. The workmanship in the house, drywall, trim, etc. is handled by the onsite builder. We provide a walk-through the day we turn over the keys; a six month walk-through; and a one year walk-through. Some builders may offer this but many don't. You should ask about that upfront.



The mechanicals, HVAC, appliances, water pumps, etc. are typically warrantied for 1 year parts and labor and longer depending on the equipment that is used. Your onsite builder should have a good relationship with the HVAC company and well company. The appliances are dealt with through the appliance manufacturer.

Most everything in your house has a warranty for at least one year. But that doesn't mean your builder will not address concerns you may have after that one year. It doesn't mean they will. That is part of the relationship you will cultivate with your builder. If there are issues or problems along the way and during the process of building your home remember "cooler heads prevail". I always keep this line from a Kipling poem in my head: "If you can keep your head when all about you are losing theirs..." I have been through sticky situations with customers and always appreciate the ones who choose the calmer path. Typically all problems and issues get resolved to the customers satisfaction. That should be the goal of all builders. Our goal is to make our customers happy so they will tell others. It's that simple.

