

# WhitePaper Research



< 10 >

**Mistakes To Avoid  
When Buying A  
Mobile Home in  
Canada.**



Saskatchewan and Manitoba

**The costly mistakes you can prevent.**



<10>

## Mistakes To Avoid When Buying A Mobile Home in Canada.

### Introduction

*Dear Reader*

*This document required a substantial amount of research. Some areas are being updated continuously as new information is available. So areas are actually no fully complete, but we are working on that. If you were looking specifically for information that is still being completed, please contact me directly at [darcy@prairiemobilehomes.com](mailto:darcy@prairiemobilehomes.com).*

*Thank you for your understanding.*

*Darcy Bernardin*

*May 19<sup>th</sup> 2015*

---

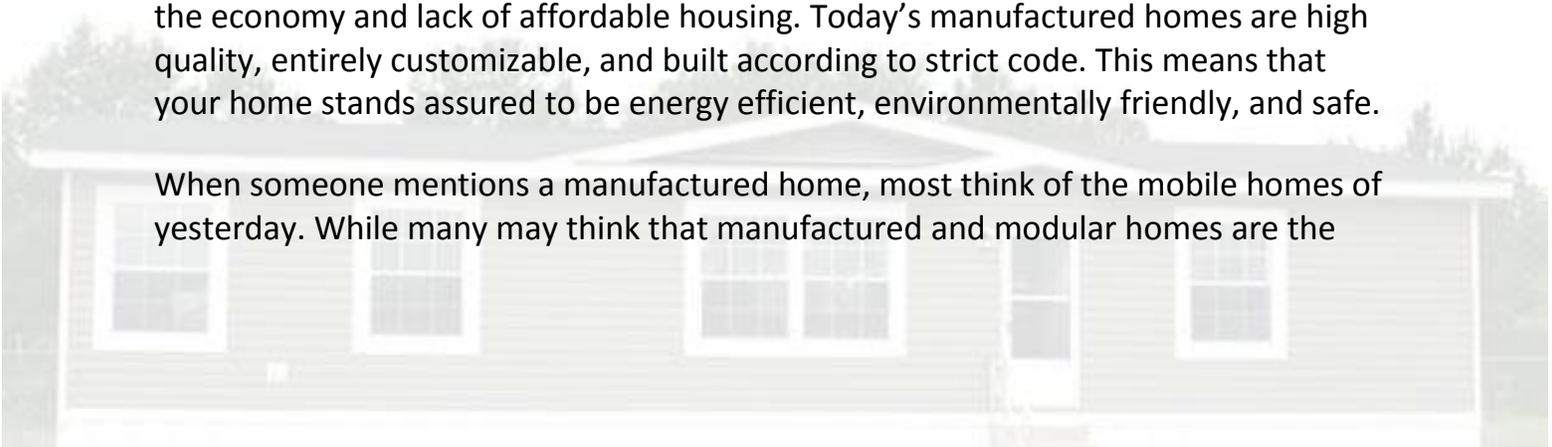
Making a major purchase can cause you to have many different emotions. The excitement of becoming a homeowner and wondering if you are making the right decision are just a few that you may experience. You will have many questions and you can have all of those answered when you work with a reputable dealer. Whether you are concerned about financing, construction materials, or following the code of the Canadian Standards Association, it is always in your best interest to be as educated as possible on all aspects of mobile home buying.

When it comes to buying a manufactured home, avoiding the mistakes made by the purchasers before you is vital. The following list consists of the ten most common mistakes made by consumers purchasing a mobile home. This list will aid educate you as well as help you to escape making any potentially expensive mistakes during the buying process.

### **What is a modular, mobile / prefabricated home.**

Manufactured homes are more feasible than ever before, especially with the state of the economy and lack of affordable housing. Today's manufactured homes are high quality, entirely customizable, and built according to strict code. This means that your home stands assured to be energy efficient, environmentally friendly, and safe.

When someone mentions a manufactured home, most think of the mobile homes of yesterday. While many may think that manufactured and modular homes are the





<10>

## Mistakes To Avoid When Buying A Mobile Home in Canada.

same, they should not since they vary to some extent. A manufactured home, typical referred to as a mobile home, comes built with a solid steel frame. The setup can include the use of a concrete foundation or cement or metal pillars.

### **Benefits**

A modular home are similar to site built homes, since they have a wooden floor system and the concrete foundation characteristically includes a basement or crawlspace.

The top of the line, modular homes stand built to the same criteria as site built homes. Construction time and costs are drastically lower, since time is not lost from material damage, inclement weather, or a stop in work because all construction related work takes places in a factory.

### **Project requires collaboration (to be added soon)**

### **Challenges**

You may run into a few challenges when looking to buy a manufactured home. It always best to compare cost, floor plans, as well as the décor of the interior and exterior. Asking questions about the materials used and the construction methods will give insight into the manufacturer.

A trustworthy modular home dealer will be more than happy explain everything to you. When you are shopping for your mobile home, the supplier that you are working with can make all of the difference. Building a relationship with a knowledgeable professional who makes you feel comfortable will make getting your questions answered much easier.





## Mistakes To Avoid When Buying A Mobile Home in Canada.

### The 10 Mistakes to avoid when buying a mobile home

#### 1. Failure to Conduct the Necessary Due Diligence

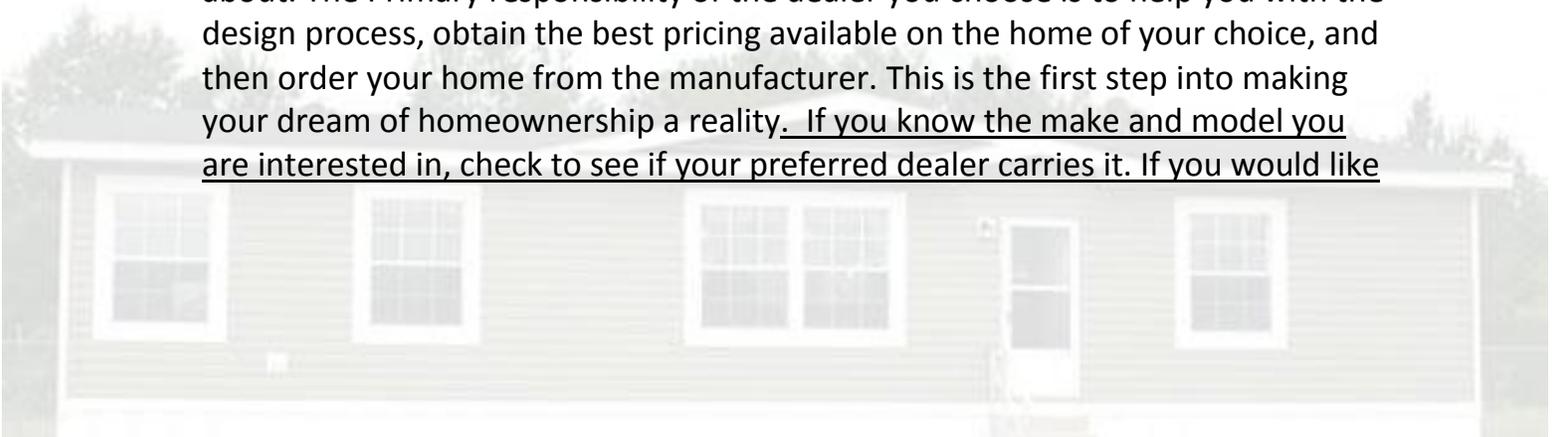
Research is crucial when it comes to purchasing a modular home. There are many variables that you need to take into consideration. By researching each aspect of your purchase you will be able to make the best possible choice when it comes to purchasing your manufactured home.

##### 1.1. Selecting a dealer

The showrooms in your area can be significantly different. Look into each one that you are considering and see how they have been rated by their previous customers. When shopping for a manufactured home, you need to first find a modular home manufacturer who offers the type of home that you are interested in, and couples that with a competitive pricing and great customer support. It is much different from buying a new car or washing machine, since there are not consumer publications available that can offer recommendations or a list of comparisons of available modular home retailers.

If you have a list of trusted resources who have already taken the step of manufactured home ownership, you may find that taking the first steps in the process can be overwhelming, since you have so many choices to make, from the floorplan to the packages offered.

Part of the difficulty when researching dealerships is that all manufactured home dealers offer dissimilar levels of service and workmanship, price variants that may not make sense to you, the assortment of floor plans, and the use of diverse supplies and construction techniques that the typical buyer may not know much about. The primary responsibility of the dealer you choose is to help you with the design process, obtain the best pricing available on the home of your choice, and then order your home from the manufacturer. This is the first step into making your dream of homeownership a reality. If you know the make and model you are interested in, check to see if your preferred dealer carries it. If you would like





# <10>

## Mistakes To Avoid When Buying A Mobile Home in Canada.

to tweak the floorplan to match your needs, ask if they have a contractor available who they work with who can help meet your requirements.

### **1.2. Expect to pay more than just the base price for mobile/prefab home**

Many of those in the market to buy a modular home forget that there may be costs beyond the purchase price of their new home. If you do not already own a lot on which you can set up your new home, you will have to purchase one as well. Many manufactured home dealerships can help you with locating and purchasing land for this purpose. If the dealer you have chosen does not typically assist in the acquisition of land to build on, you will have to find a real estate agent to help you find a piece of land perfect for your new homestead.

If you need to purchase a lot for your home, and its cost can not be included in the purchase price of your home, will need to either pay cash or finance the property. The salesperson from your dealership will be able to point you in the right direction, if they can not facilitate the land purchase.

There may also be other out of pocket expenses that you should perhaps budget for as well, including unanticipated expenses for excavation, improper building specifications, optional amenities that you thought were included in the purchase price, changes in project specifications after construction has started, extra work required by the building department, and financing the costs of acquired from possible project delays.

### **1.3. Financing a modular home**

Explore well before you step foot onto the lot of a manufactured home dealership. Always check out banks and credit unions, as well as traditional manufactured home lenders. When speaking to lenders about financing you should also keep in mind that you may not qualify for traditional financing, since the use of chattel or personal property loans are typically used when buying a mobile home. The rates on chattel loans are usually two to four percentage points higher than that on a site built home mortgage. However, you may be able to qualify for a mortgage instead of a personal property loan if your home meets



<10>

## Mistakes To Avoid When Buying A Mobile Home in Canada.

certain guidelines. If your home is permanently fixed to a foundation or base, your home can be recognized as immovable, thus qualifying for a traditional home loan.

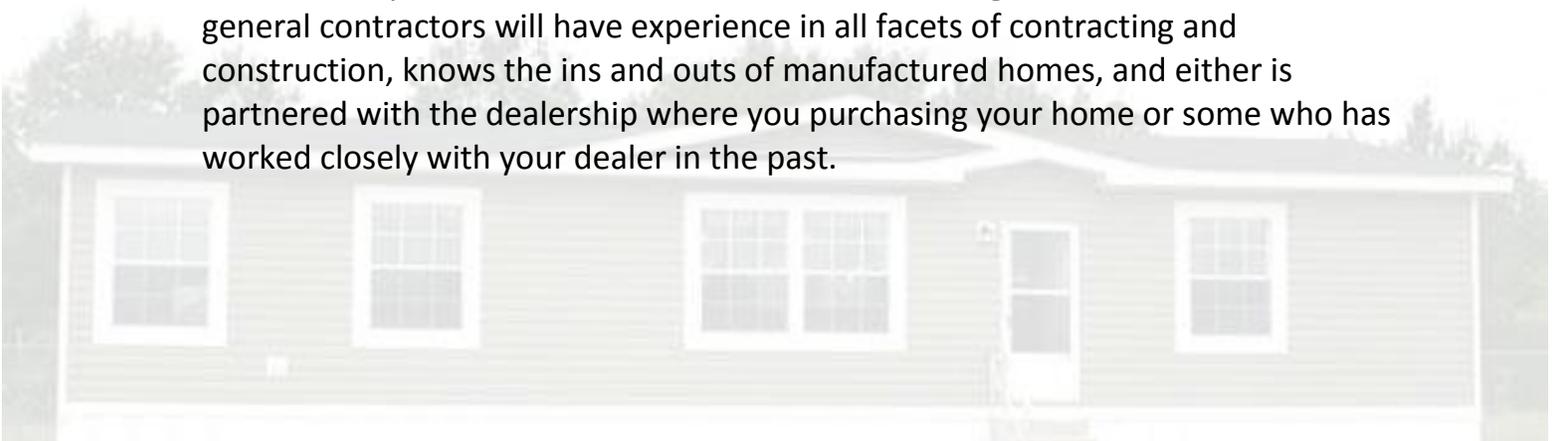
If your home is eligible for mortgage financing, you can expect to pay higher interest rates and loan related costs associated with financing than buyers of site-built homes. There are other elements that you have to consider when shopping for a lender, since those factors can also affect your interest rate and loan terms. Your personal credit situation and financial profile may hinder you in the process of finding mortgage. Chattel loans usually deal with high risk borrowers, and those creditors will charge more to offset the potential risk.

You should also keep in mind that it is not always possible to obtain a mortgage on a manufactured home that will be setup in a mobile home community, even if it is fitted permanently. Since the lots available in those communities are typically rented, the homes that have been established there are not considered real property.

While there may be a downside to chattel loans, they also have some advantages. Closing times are usually much shorter and typically easier, the costs may also be less than that of a mortgage, and the maximum term of most chattel loans is 20 years, making this type of financing a viable option. With any major purchase, it is always best to shop around so you can find the best pricing and services to fit your particular situation.

### **1.4. The general contractor**

On any construction job, the general contractor will be the one who is handling a full list of responsibilities that are both time consuming and difficult. The best general contractors will have experience in all facets of contracting and construction, knows the ins and outs of manufactured homes, and either is partnered with the dealership where you purchasing your home or some who has worked closely with your dealer in the past.





## Mistakes To Avoid When Buying A Mobile Home in Canada.

Problems occur on every job, but the job of a general contractor is anticipate any issues that may happen and head them off before they cause any problems during the building of your home. A licensed general contractor will be aware of any local building codes, and by following these to the letter, they are not only abiding by the law, but they are protecting your health and ensuring your safety.

Having the assistance of a competent general contractor during the building of your home can keep the complications to a minimum, because they will handle all of the less glamorous and more difficult aspects of the construction process, like obtaining reasonable bids, defining the building specifications, and signing contracts with subcontractors that detail their work responsibility, the building stipulations, and the cost of their services. The general contractor will also manage the schedules of material delivery as well as the schedules of the subcontractors, which will increase production and decrease conflict.

The most important job of the general contractor is to guarantee that all of the work completed is acceptable to industry standards and also to the satisfaction of you, the homeowner.

1.5. Final planning checklist (to be added soon)

## 2. Not checking for CSA Label on Mobile Home

2.1. What are Canadian Standards Association (CSA) standards?

The Canadian Standards Association began as the Canadian Engineering Standards Association in 1919 and was federally commissioned to create standards for 57 areas, including electrical equipment and electronics, industrial equipment, environmental protection and construction materials.

The CSA developed to cultivate standards for safety and performance, and even though most of the standards that they have created are voluntary, meaning that there is no law in place that requires them, companies who adhere to these





## Mistakes To Avoid When Buying A Mobile Home in Canada.

standards show that are dedicated to the satisfaction and safety of their customers.

Having a CSA registered mark shows that you the products in your home have been independently tested and certified, and that they meet the documented criteria for safety and performance.

### 2.2. How CSA Works in the Inspection Process

Manufactured home inspections vary greatly from an inspection that is done on a site built home, because a manufactured home is designed and constructed in a different way. Since mobile home are factory built, they have to observe the standards permitted by the CSA. Mobile homes have very particular design and construction criteria to make certain they are durable, of high quality, and most significant, safe.

Mobile home inspections are beneficial to you as a homeowner, since the inspector is making sure that your home was properly setup and fabricated. One of the other benefits of manufactured home ownership is that if you do run into a problem during the inspection, you will usually be able to address the issue for a cost that is much less of that with a site built home.

### 2.3. The Specification Name Plate

No matter where is building is assembled, the municipality where your home will be located has the directive to sanction that your home is built to code requirements. A certification label from the CSA will indicate that the factory constructed parts of your home meet all local requirements and this will give the inspector responsible for assessing your home piece of mind.





<10>

## Mistakes To Avoid When Buying A Mobile Home in Canada.

The specification name plate, also referred to as a data sheet, will accompany your CSA certification and sometimes can be found inside a cupboard. The data sheet will include the name of your homes manufacturer, the model and serial number, along with the label number. Information about the factory installed appliances and aspects of construction, including insulation conditions, wind pressure threshold, and snow load will also be included on the data sheet.

The name plate is helpful not only during the inspection process, but it will also help if you need maintenance on your factory installed appliances or need work on your foundation. This is also information that you will need if you must file an insurance claim in the future.

### **3. Not researching and understanding the municipal regulations and building codes**

*(to be added soon)*

- 3.1. National Building Code of Canada and /or International Building Code Standards
- 3.2. Zoning
- 3.3. Utilities
- 3.4. Restrictive covenant
- 3.5. Water
- 3.6. Sewage

### **4. Waited too long to apply for Hydro/utilities**

- Apply for electrical permit in Manitoba *(to be added soon)*

### **5. Failing to Consult with a professional mobile home mover**

- 5.1. Moving a manufactured home *(to be added soon)*





# <10>

## Mistakes To Avoid When Buying A Mobile Home in Canada.

The home you are buying may be considered a mobile home, and at first glance the name is actually quite misleading. When you finalize the purchase of your new home you are not able to put the keys in the ignition and drive it to the property to where it will be placed. Having your mobile home moved to where it will be set up is a large process and it takes much planning and preparation for it happen as easily as possible.

### 5.2. Permits *(to be added soon)*

### 5.3. Finding a mover

The most important part of this process is finding a licensed and trustworthy mobile home mover. You will need to see if they will be able to handle the task of moving your home in the time frame that you need it done. Communication with the moving company is essential, since you will need to tell them what you will require from them as movers and what services that you need. You will also need to have them provide you with a written agreement that includes a quote on price.

### 5.4. Preparing for the move

Always have an inspection done of the property, well in advance, to determine if your mobile home will fit properly. You may need to have your driveway widened, trees removed, branches trimmed, wires lifted, or small buildings relocated before they can setup your modular home.

## 6. Did not allow enough time before moving in

6.1. Construction/weather delays

6.2. Walk through to ensure everything is up to specifications

## 7. Tried to save money for lot or pad setup





<10>

## Mistakes To Avoid When Buying A Mobile Home in Canada.

### 7.1. Where Are You Going to Place It?

There is much more to your budget than the purchase of price of your home. The preparation of the site where your home will rest and professional setup are crucial for conserving the superior construction and resilience of your manufactured home.

### 7.2. Preparing a building lot for a modular home

You are the one is who going to be responsible for the preparation of your setup site. The company who is going to be executing the setup of your home site will need to come in beforehand and do a proper inspection. You can talk to the dealership where you are purchasing your modular home and ask for advice about site preparation. While you are able to do some of the work yourself, like removing debris, trees and limbs, and shrubs, you will need to hire a professional to do the more labor intensive work for the site preparation, such as packing down the soil and grading.

You will have a few foundation choices to choose from, including concrete slabs and full basements, but some financial institutions have requirements when it comes to the type of foundation that is used. You will also need to follow any instructions provided by the manufacturer of your new home. Local building codes may have requirements for climate and soil conditions, and a professional installer will be familiar with the codes that need to be followed by your municipality.

## 8. Forgot to understand the rules for septic fields

8.1. Type of System *(to be added soon)*

8.2. Disposal field *(to be added soon)*

8.3. Registration *(to be added soon)*

8.4. Installation *(to be added soon)*

If the property where you will be setting up your home does not have access to the public sewer system you will need to have a reserved septic system installed. Your septic system will be constructed in accordance to a set of engineered procedures,





<10>

## Mistakes To Avoid When Buying A Mobile Home in Canada.

referred to as septic design, that have been drawn up by a licensed engineer who specializes in sanitation.

This design is fashioned using the results of various tests that the engineer has the choice of using to determine the soil texture on your property. The superiority of domestic water will also be considered during this process, since the elements in well water, like iron and sodium, will be factored into the design of your system.

Your engineer will also need to know about the home that will be on the land, since the number of bedrooms and occupants are also considered in the design. If you have any special amenities built into your new home, like a Jacuzzi tub, the capability to receive more wastewater than average will be included in the plans as well.

After your installer finalizes the required tasks to complete your septic design, they will recommend a system that is suitable for your property. This will be based on various items related to the workings of your new septic system, including the amount of land area available, soil conditions, your access to public water, and flow rate.

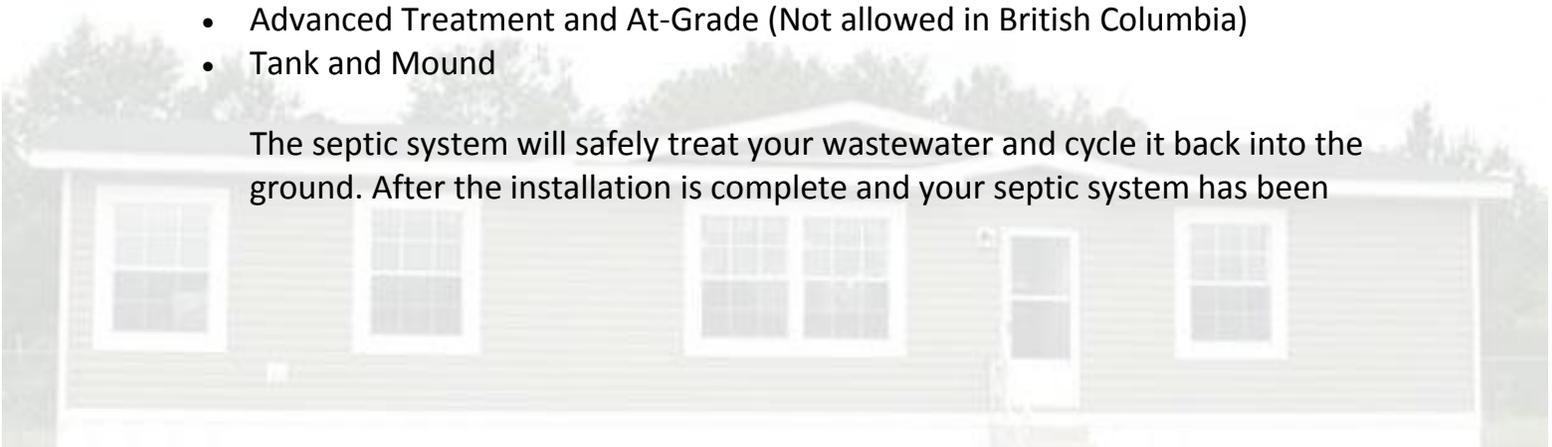
Your installer's design must meet or exceed the requirements of provincial regulations in order for you to be able to attain a permit from the authorizing authority before you begin construction. In most jurisdictions, you will need to have your system inspected prior to completion.

Knowing the five most common types of septic systems used in western Canada can help you when navigating the process of having your septic system designed.

They include:

- Advanced Treatment Plant
- Open Discharge or Ejector Systems (Not allowed in British Columbia)
- Tank and Field
- Advanced Treatment and At-Grade (Not allowed in British Columbia)
- Tank and Mound

The septic system will safely treat your wastewater and cycle it back into the ground. After the installation is complete and your septic system has been





## Mistakes To Avoid When Buying A Mobile Home in Canada.

inspected, the consistent upkeep and non-hazardous operation of your septic system is your responsibility.

- It should also be noted that if you are planning to put your new modular home on property where another home already stands, most municipalities will not allow two homes to share an existing septic field. This can be an unanticipated and costly expense, so you need to plan accordingly. Contact the [Manitoba Office of the Fire Commissioner](#) to learn more information about your property.

### **9. Did not consider that Tax Rebate may not apply to this mobile home.**

#### First-Time Home Buyers' Tax Credit

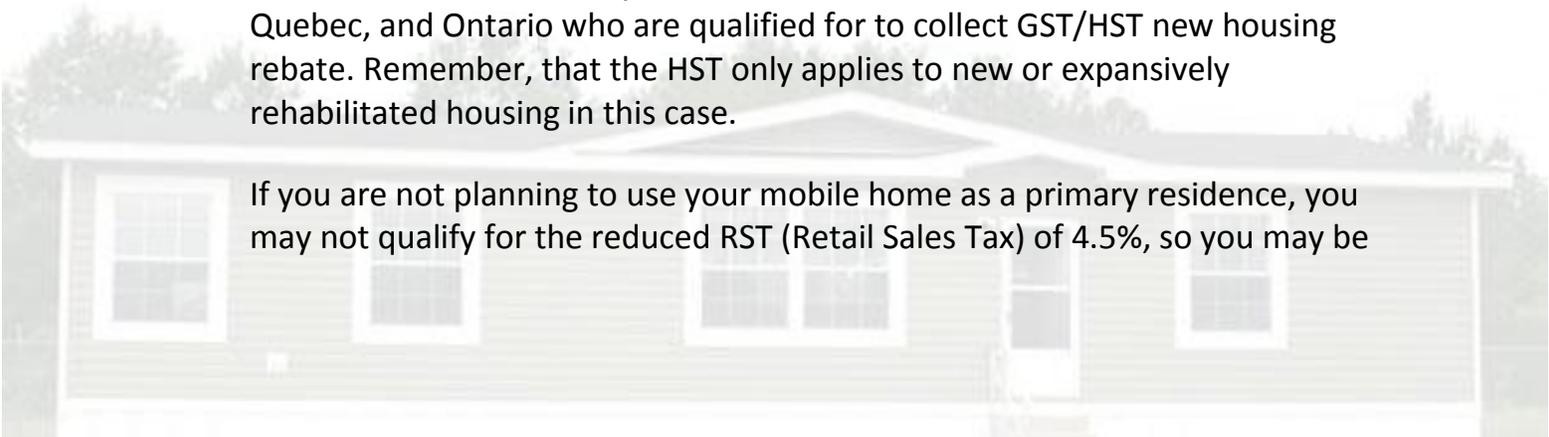
The GST/HST new housing rebate is available to individuals who bought a new modular or mobile home that they plan on making their primary residence. This rebate will help you pay for the federal percentage of the GST/HST that you are required to pay. This particular tax rebate is for new home buyers, but you may also qualify for other home tax deductions, so it is best to speak with an experienced tax professional to determine if you are eligible.

Several provinces have pooled their provincial tax with the GST, forming the harmonized sales tax, or HST. The provinces who have opted to do so are:

- Newfoundland and Labrador
- British Columbia
- Nova Scotia
- New Brunswick
- Ontario

Provincial rebates are only available to the citizens of British Columbia, Quebec, and Ontario who are qualified for to collect GST/HST new housing rebate. Remember, that the HST only applies to new or expansively rehabilitated housing in this case.

If you are not planning to use your mobile home as a primary residence, you may not qualify for the reduced RST (Retail Sales Tax) of 4.5%, so you may be





## Mistakes To Avoid When Buying A Mobile Home in Canada.

required to pay the full RST of 8% as well as the GST (Goods and Services Tax). If you are adding the cost of appliances and draperies into the purchase price, you are required to pay the full 8% RST on those items. To see if your purchase is eligible for the available tax rebates, please check out [Canadian Revenue Agency](#) website for information.

### 10. Did not plan for surprises

Even with all of the comprehensive planning you have done, you can still run into delays that you did not think were a possibility. There is no way to prevent a glitch, but you can do your best to make sure that you have all of your bases covered.

When it comes to financing, make sure that your lender knows that you are looking at buying a manufactured home from the beginning. If your lender of choice is not in the know, it can cost you valuable time and add more expenses. The types of loan programs available for manufactured homes are characteristically dissimilar than the ones available for site built homes. By letting your bank know upfront what your plans are, it can save you from a hassle later on.

When you are looking to obtain all of the permits necessary for the setup of your new home, it is best to have a checklist of all of the requirements that are prerequisites for setting up a new home. The manufactured home dealer that you are working with will be well-informed when it comes to what you will need to smoothly transition into mobile homeownership, so use their expertise to your advantage. Ask questions every chance you get. The salesperson that you are working with should be patient and willing to give you the answers that you need. They will have your best interests in mind, since a happy home buyer will be more likely to refer their friends and family to their showroom.

You will be working with a few different servicers during the process of your mobile home purchase, including the dealership, lender, movers, and setup





<10>

## Mistakes To Avoid When Buying A Mobile Home in Canada.

and delivery professionals. Building a solid rapport with them will help you keep the entire process streamlined.

Make sure that you have the contact information for each specialist that you are working with, including afterhours phone numbers, in case there is an emergency. The entire process is linked, and if there is a delay with one of companies involved, it can potentially cause a delay in other work being done.

Keep in contact with your contractors on at least a weekly basis, so you can let them know where each of the others you are working with are in the construction and preparation of your home. The suppliers of the services you need will appreciate your communication, and it will help you to evolve seamlessly into being a homeowner.

By doing your research ahead of time and getting all of the necessary things in order you can avoid many expensive mistakes in the process of buying the modular home of your dreams. The purchase of a home is a big decision that will no doubt be life changing, and you will want to make the process as stress free as possible. Working with a dealership that will help you through the process and keep your best interest in mind will allow you to make your dream of homeownership come true.





<10>

## Mistakes To Avoid When Buying A Mobile Home in Canada.

### Conclusion

To learn more information about the types of modular homes available and financing options, please visit [www.prairiemobilehomes.com](http://www.prairiemobilehomes.com).

Their knowledgeable and courteous staff will be able to lead you in the right direction when it comes to the purchase of your new mobile home. Your satisfaction is their top priority. Prairie Mobiles Homes has years of experience and they will walk you through the entire process from picking your floorplan, to finding the right lender for you, all the way up to the moving and setup of your mobile home. Use the knowhow of [Prairie Mobile Homes](http://www.prairiemobilehomes.com) to make your dream of becoming a homeowner a reality. [Contact](#) Prairie Mobile homes today to get started on the road to owning a new manufactured home.

