

THE COMPLETE GUIDE TO BUYING AND SELLING YOUR MODULAR HOME.

THE 2022 MODULAR HOME BUYER'S GUIDE



Finding the Right Builder | What Will My Modular Home Cost? | Latest Design Trends



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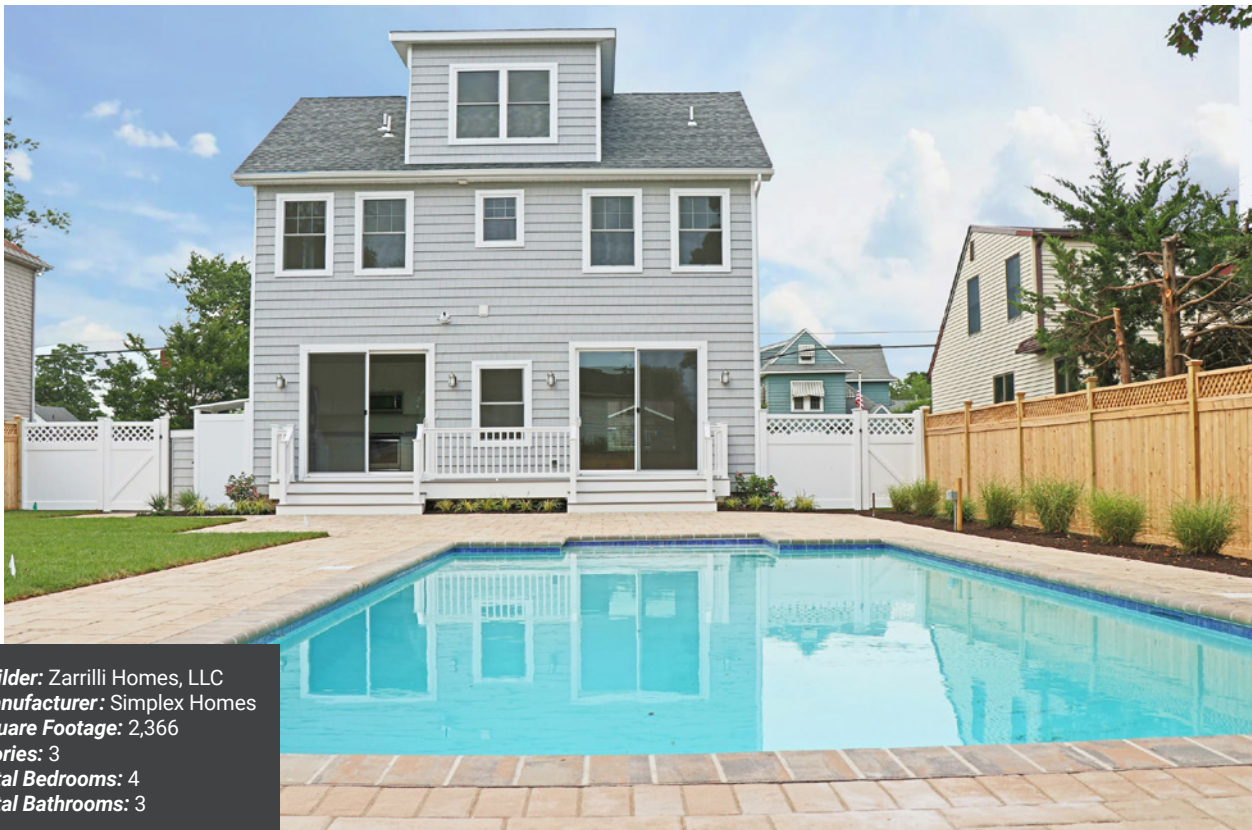


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What is a **MODULAR HOME?**

If you are like many home buyers today, you might be a little confused over the terms used to describe a “non-traditionally built” home. So let’s start right there with the term “traditional” home. When you see a home described in this way, it simply means that the home was built the “traditional” way that homes have historically been built. A home buyer works with a general contractor to design their new home, the contractor gets the permits, hires subcontractors, orders the materials, the materials are shipped to the home site where the construction BEGINS. (We’ve simplified it a bit here for this article, but those are the basic steps). This method is also referred to as “site-built,” “stick-built,” or “conventional”. This is the way a majority of homes are built in the United States, but it is NOT the most efficient or effective way to build a home!



Builder: Zarrilli Homes, LLC
Manufacturer: Simplex Homes
Square Footage: 2,366
Stories: 3
Total Bedrooms: 4
Total Bathrooms: 3

Unlike site-built homes, there are a full array of processes where the construction begins somewhere other than the home site. In other words, the construction occurs OFFSITE. So your home is either constructed primarily ONSITE (on the final site where your home is located) or OFFSITE (a nearby facility where the construction occurs in a controlled setting).

So that is the first distinction. If your home is built offsite, it can be constructed using a number of different processes – modular, manufactured, or panelized for example. Here are the key differences between these processes:

Modular means your home is being constructed in three dimensional boxes or “modules” at the factory. A modular home is built to the same local building codes (International Residential Code) as a stick-built home. The materials are shipped to the factory where construction of your home BEGINS in the form of larger components. These components (modules) are transported to your home site where your contractor will permanently attach them to each other and to the foundation. Once completed on your site, a modular home is virtually indistinguishable from a stick built home and meets all the same codes and requirements. It is important to note, there is no “modular building code” as homes built in this manner must meet the same local codes where the final home site is located, not where it is constructed.

Unlike modular, a panelized home is built wall by wall and shipped to the site, instead of in boxes or modules. Transportation costs are often more favorable, but this method requires more on site work.

Prefab is a marketing or slang term, short for the word “prefabricated.” This simply means that the home or parts of it were prefabricated before they arrived at the site. Roof trusses are a



great example of prefabrication in homes. Many people in the industry, particularly in the west, have embraced the term “prefab” in an effort to move away from other terms they deem to be less desirable.

Summary: So if you are still confused remember this one key point to ask your contractor – what code will my home be built to? If the answer is something other than your local building code (typically a version of the International Residential Code), chances are you are not getting a modular home.



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The factory controlled process utilizes untainted building materials, generates less waste, and creates fewer site disturbances. This process also allows simultaneous construction on site, ie: demo, foundation, and excavation work, thus shortening construction schedules while reducing weather delays allowing projects to be completed in potentially half the time of traditional construction. This process creates a safer work environment in the factory and on-site. Period!

Contact The Mod-Squad. We are here to serve all your building needs!



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Modular Means More: Nice Slogan, But What Does That Mean?

Modular construction offers many benefits to homebuilders

What if you could combine the speed of construction, quality control, and ease of installation of a traditionally manufactured housing product with the durability and long term value of a site built home constructed to the International Residential Code (IRC)? Well, that's exactly what we mean when we say, "Modular Means More."

Modular homes are constructed at offsite factory settings, under strict quality control regulations. A modular home is constructed in similar size "modules" as manufactured homes for ease of transportation and installation.

Modular homes have also been proven to be more resilient than traditionally built homes. Following Hurricane Andrew in Dade County, Florida, FEMA assessed all the housing inventory to determine how each withstood the Category 4 storm winds of 133-155 miles per hour.

According to FEMA "manufactured homes possessed poor ability to withstand the high wind loads generated by Hurricane Andrew. In several subdivisions, many of these homes suffered total losses. The issue of providing safe, affordable housing in high wind areas needs to be further examined."

Site-built wood frame homes – "The wood frame

gable ends of the roof structure were found to be especially failure-prone."

Wood frame modular homes experienced "relatively minimal structural damage" according to FEMA. "the module-to-module combination of the units appears to have provided an inherently rigid system that performed much better than conventional residential framing."

Modular construction compared to site-built homes

Financing/Resale Value – One of the biggest "cons" of purchasing a manufactured home is the future resell or appraised value of the unit. Unlike modular and site built homes, loans for manufactured homes have maximum loan amounts and terms. For example, for a single wide unit, the maximum amount that FHA will insure is about \$70,000 for the unit and \$23,000 for the land. If the owner is leasing the lot the maximum term of the loan is 20 years, but can go to 25 years if the land is owned. Conventional loans, however, can typically extend to 30 years.

Often manufactured homeowners get financing directly

	HUD Mfg Home	Modular Home	Site Built
Low cost	✓		
Factory-controlled construction	✓	✓	
Ease of installation	✓	✓	
Durability (built to IRC)		✓	✓
Resilient/Robust (better withstands disasters)		✓	
Low material waste during construction	✓	✓	
Less site disturbance/safety concerns	✓	✓	
Long-term value/resale		✓	✓
Conventional financing available		✓	✓
Zoning restrictions apply	✓		



from the dealer in the form of chattel loans – a personal loan similar to an auto loan. These loans often carry higher interest rates than traditional mortgages.

While buying a manufactured home is much cheaper up front, there are drawbacks. You may find that some financial institutions are reluctant to offer a home loan for a manufactured home unless it will rest on a permanent foundation, or you already own the land it will be set up on (or are taking out a loan to buy the land as well).

Another potential drawback to buying a manufactured home is the relatively low resale value. Although attitudes toward man-

ufactured homes are changing, they're still probably not going to hold as much equity as a standard home, depreciating in value more like an automobile. However, manufactured homes sold as part of a land package can sometimes hold equity more like a standard home, depending on upkeep, landscaping, and local real-estate conditions. (source: State Farm).

When compared to site built homes, modular homes have not only been found to be more resilient after a disaster, but also a much more environmentally friendly construction process.

One study by the National Association of Home Builders

estimates that 8,000 pounds of waste material gets sent to the landfill when building a single 2,000 square foot stick-built home 4 pounds / square foot!

Modular homes minimize construction waste. According to the National Institute of Building Science, "when understood and deployed by stakeholders intentionally, with early project planning, it is a well-suited solution to control project schedules and budgets while increasing quality and reducing environmental impact."

So when we say "modular means more," we aren't the ones saying it!

Benefits for Home Owners

Variety

Today's technology has allowed modular manufacturers to build almost any style of house, from a simple ranch to a highly customized contemporary.

Custom Design

The building process begins in the design phase. Our modular producers use state-of-the-art design technology that aid them in customizing floor plans and producing drawings and material requirement lists.

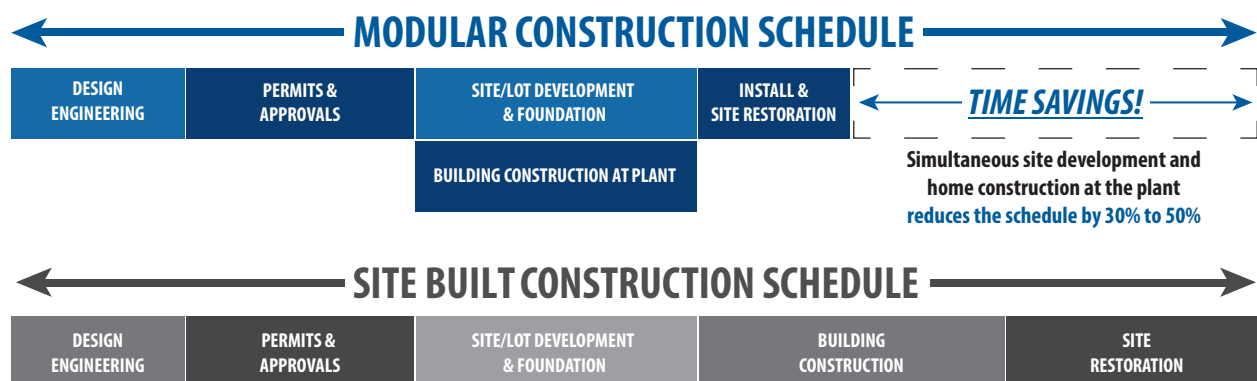
Attention to Codes & Standards

Modular homes are built to the same codes and standards as conventional stick built homes. A quality control process provides complete assurance that a home has been inspected for code compliance and workmanship. In-plant inspectors as well as independent agencies inspect the home on behalf of our state and local governments.



Expedited Process

Efficiency begins with modern factory assembly line techniques. A modular home travels to workstations where all the building trades work as a team. Work is never delayed by weather, subcontractor no shows or missing materials.



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Building Your New Home: Key Advantages of Modular Construction

A modular home is built to the same codes and standards and uses the same materials as a conventional site built home.

You have as many choices in home styles and layouts with modular construction as well. As such, the cost to build a modular home is comparable to a site built home.

Given these similarities, here are a few key reasons to choose modular when building your new home:

Speed to occupancy – Assuming a similar timeline for the permitting process, you will be able to move into your new home much sooner using modular construction. That’s because a majority of the actual construc-

tion is occurring at the same time the foundation and site work is being done. With conventional site built, once the foundation is ready the home construction BEGINS. With modular construction, your home may be substantially completed by the time the foundation is ready. By having simultaneous work sites, you may be able to move into your home months sooner! This can be critical at a time when material and labor availability and costs are so uncertain.

Greater Durability – modular homes are constructed in a controlled setting, then transported to your site and assembled to make up your home. Because one six sided module is placed adjacent to (beside or above) another six

sided module, the final result is a very durable structure with wall, ceiling, and floor assemblies often much more robust than with site built construction. In fact, FEMA studied modular, site built, and homes after Hurricane Andrew devastated Florida. In their findings FEMA noted that the module to module assembly performed favorably to site built homes. In addition to greater durability, the module to module configuration also reduces room to room noise transmission.

Greater Energy Efficiency – The aforementioned module to module assembly creates a much tighter building envelop. Gaps around outlets and other openings can be sealed in the factory before being delivered on site. Furthermore, the buildings





envelop can be tested at the factory to ensure your home meets or exceeds energy requirements with any necessary adjustments made BEFORE you move in!

More Environmentally Friendly Construction – A staggering four tons of material waste is sent to our landfills for each and every 2,000 sf home constructed on site. This inefficient practice is not sustainable and must be addressed. With modular construction, factories order materials in bulk for multiple homes, and use any excess material to either brace and reinforce the home (leading to even greater durability) or for use on the next home constructed. As much as 90% of new

home construction waste can be diverted from our landfills using modular construction.

Given these two choices,

why wouldn't you pick the option that is faster, more durable, more energy efficient, and more environmentally friendly?



Financing Your Modular Home



So you are in the market for a new home and heard that a modular home might be a less expensive option? Given that modular homes are built with the same materials and built to the same codes as conventional site built homes it would seem that the costs would also be the same. Generally speaking, the costs are comparable, but there are a few ways that a modular home can save you money.

Construction Loan – During the construction phase of your home, typically you will have a construction loan. Payments (or draws) are taken from this loan

to pay contractors, subcontractors and materials, with the borrower (home owner) paying the monthly interest payment. Once construction is completed, the construction loan will be paid off with your permanent mortgage loan. One of the key advantages of modular construction is the shorter construction schedule. Construction of your home is occurring at the same time as the foundation work. When the foundation is completed, it is generally only a matter of weeks before your home is set. It is not uncommon for a modular home to be completed two to three months sooner than a comparable site built home, saving you

the interest payments for those months. The amount you save here depends on the principal amount, the interest rate and the draw schedule. For illustrative purposes, the monthly interest payment on a \$200,000 loan at 5% is \$833.33.

Materials/Waste – The U.S. Environmental Protection Agency estimated that a staggering 164 million tons of building-related waste was generated annually in the United States. According to the National Association of Home Builders (NAHB) construction of a typical 2,000-square-foot home generally produces about 8,000 pounds of waste. That's





four tons of waste going to our landfills for every new homes built! A home built in a factory controlled setting yields far better results. NAHB’s study concluded that on average, 4 pounds of waste is generated per square foot of new home construction (4lbs/sf). The typical modular manufacturer generates about half a much waste during the construction process.

On a modular home site, you do not see the row of dumpsters filled with drywall, lumber, and excess building materials like you do on nearly every conventional site. Excess lumber on a modular home is either used for additional wall bracing while the home is being constructed in the factory, or stored and used for a future home. Additionally, it is much

easier and cost effective for the modular manufacturer to separate and recycle items that often land in the same dumpster on site. As a result, the hard costs of waste disposal are reduced.

Waste Disposal Costs – This might equate to \$300-\$400 on a 2,000 square foot home. But there is also the upfront cost purchasing the material that was wasted. It is not at all uncommon for site built contractors to order a little extra for all materials delivered to the site. Why? Because they don’t want to run short and have to stop the project and go order more.

Materials Cost – While material waste depends largely on which materials we are talking about, we will use a “waste” figure of

10%, meaning 10% of the materials you pay for do not end up in your home with a conventional builder. That can be a significant amount when you consider as much as 25% of the total cost of your home is materials expense. This is a 2-2.5% savings on your total cost alone!

Let’s use that 2,000 square foot home as an example to show the savings:

Total home cost = \$240,000

Construction loan = \$200,000
Cost / sf = \$120

Materials cost = \$60,000

Materials waste cost = \$6,000

Materials disposal cost = \$400

Construction loan savings
(2 months of interest) = \$1,667

Total cost savings with modular = \$8,067 = 3.4%

When you factor in workforce labor productivity (it takes fewer labor hours to construct a comparable size modular home), as well as overall energy efficiency of the modular home once occupied (due to higher quality control and tighter building envelop), it’s easy to see how a modular home can end up saving you 5-10% overall.

Obviously it is impossible to apply all of these assumptions to all modular homes, but this article does demonstrate the potential savings you can realize with your new modular home.

What Will My **Modular Home** Cost?

This is one of the most commonly asked questions we receive, and before we answer it, we will both need a little more information. For starters, it really helps to think of the term “modular” as the construction process used to build your home, rather than a specific type of home. When you hear “modular home” you should be thinking “modularly-constructed home.” As we discuss in our article “What’s in a Name?” a modular home must be built to the same local codes as a conventionally constructed home. So when you ask “how much will my modular home cost”, that’s just like asking a realtor “how much will my home cost? The realtor will say – it depends. The same holds true for modular.

Factors in the home cost:

Land

Your home has to go on a piece of land somewhere, and depending on your location, lot size etc., your land cost could make up a small portion of your overall cost or a much larger portion. For the sake of this article, we will leave the land out of the cost equation with the acknowledgement that it is not typically included in the cost you are quoted for your home.

Cost of the Home

The modular home industry, generally speaking is comprised of two main types of companies that you will likely encounter – 1) the manufacturer who actually constructs a majority of your home in a quality controlled location other than your home site, and 2) the local builder or contractor you work with to have your home delivered, installed and completed on your home site.

Typically, the builder or contractor is your primary point of contact for the home and the one dealing with the manufacturer. As such, there is a price that the manufacturer charges for the basic home construction (base model, standard plan). This is the price to the builder, not to you. So if you get a quote directly from a manufacturer, that is likely NOT the final cost of your home.

MHBA represents dozens of different modular home manufacturers and each has their own standard models and floorplans. Its best to research several styles and plans that appeal to you before contacting a builder. Do you prefer a cape cod or a rancher? Colonial or contemporary? And obviously the size of your home impacts the overall cost. We have provided many of sample images in our gallery.

Most homeowners are not likely to purchase a standard

plan with no alterations or customization. Working with your builder, you can talk about what options or changes you would like to make to the standard plan and what the cost of these upgrades are.

Then the builder works with you on the site to ensure all permits, zoning, and local ordinances are being met, and arranges for the delivery and installation of the home. Delivery and installation are costs that a manufacturer may or may not include, but they are costs to you, so be sure to ask.

So before you click on our request a quote button to get a price, you will need to know a little more about what you are looking for. When you think you have a good idea of what you want, go to our request a quote page and enter that information. Your request will be sent to our network of builders who do work in your region and they will follow up with you directly.

NOTE: Builders get many requests online from people just curious about pricing but with no real intent to build a new home – or in some cases, with no financial means to do so. If you are not sure how much home you can afford, check out this article on Budgeting Basics for Modular Home.



Manufacturer: Champion Modular / Excel Homes
Builder: Seacoast Modular Homes Inc.
Stories: 2
Total Bedrooms: 5
Total Bathrooms: 2.5

Tips to Find the Right Modular Builder for You

Once you've made the decision to build your home with modular construction you may begin to ponder how to find the perfect builder who will meet all your needs. If you are feeling overwhelmed by all your choices, this article will help guide you toward the perfect partnership to build your dream home. The more educated you are about the industry, the more questions and details you can get out of your first meeting with your potential builder.

This is a relationship that should be considered very carefully as you will be working closely together for the foreseeable future.

Understand what the builder will do for you.

A modular home builder's primary role is as your project manager and they will be the hub for the design, price and ordering of your home from a trusted manufacturer. Many home builders offer services beyond this scope and can provide a more turn-key experience and handle all aspects of the project from permitting to finishing touches. Other home builders may have a more hands-off approach and guide you toward experienced vendors who will complete your home for you. Whichever approach you would like to take, make sure and ask your modular home builder the process they will use.

Purchase land and have financing plan in place.

Having these important steps completed can make your meeting with your potential builder more productive. Many homes are better suited to certain plots of land and your builder can help guide you in the right direction. Remember your builder will work as the project manager for

the building of your dream home so coming in prepared will provide you with the best estimate possible in your initial stage of building. Check out our gallery of homes to better understand which style of home appeals most to you.

Research builder's experience and skillset.

You want an experienced builder who has built the type of home you want. Some builders focus on certain types of home within certain price ranges and some may only build in certain parts of the country while others may build nationwide.

Initial research into your future builder can be simple and easy. A straightforward internet search will show their website, what associations they are members of, and the company's rating with the Better Business Bureau. These are all important factors to consider before setting up an initial meeting.

Don't be afraid to ask questions.

Your first meeting with your potential builder is critical in setting the stage for the rest of your home building process. This is your first chance to ask all





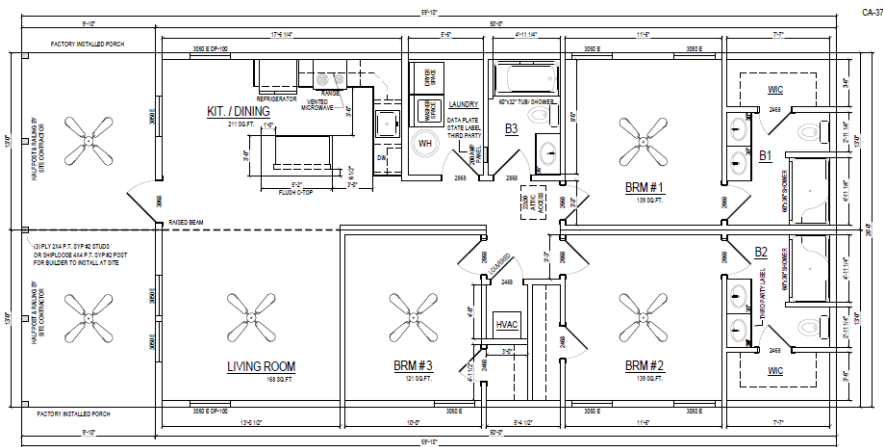
the questions you can think of and get answers that will comfort you through the homebuilding process. Feel free to delve deep into the complete process and ask about each stage of your home. Suggested questions include:

- Is there a set timeline you can follow for your home build?
- Is there any insurance if something should happen while your home is being built in the factory?

- What is the payment plan?
- Who will be your direct contact for the project?
- Are there any warranties on your home?

These general tips are just the first steps in your home building adventure. While it can be intimidating, MHBA members are more than willing to answer any and all questions you may have. Find a Builder here and reach out to start your home building process today!

Modular Home Gallery



December 2021 Home of the Month
Affinity Building Systems



January 2021 Home of the Month
Dreamline Modular Homes



Excel Homes & Quartz Properties
January 2022 Home of the Month – Under 2500 sf



Impresa Modular
March 2021 Home of the Month



Saratoga Modular & Icon Legacy
February 2021 Home of the Month



Signature Building Systems
Home of the Year 2021 – Over 2500 sf



Westchester Modular Homes
February 2022 Home of the Month – Under 2500 sf



ABOUT MHBA

The mission of the Modular Home Builders Association (MHBA; formerly the Modular Building Systems Association) is to be the primary organization advancing the legislative and regulatory interests of the modular industry in the United States. The MHBA strives to increase awareness of the value of modular construction by consumers, suppliers, builders, and government officials; it advocates public policies that make modular building systems available on a cost-effective basis. The MHBA serves as a forum where members, suppliers, and builders work together for the purpose of fostering the exchange of information and innovation in the modular industry.

The Modular Home Builders Association is the only national organization dedicated exclusively to serving the modular home builders and manufacturers. The MHBA also advocates at the state and federal level to ensure a fair and competitive playing field for the industry.



THE **2022** MODULAR HOME BUYER'S GUIDE



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Find the builder of your next modular home at www.modularhousing.com