



Corbett's Home Buying Guide

Thank you for considering us as your source for purchasing your manufactured home. We know the home buying process can sometimes be a hassle and we're often told by our customers that they, "Just don't know where to start." If that sounds like you, then please continue reading this home-buying guide and hopefully the majority of your questions will be answered.

Step 1: Where is your home going to go?

Do you already have a spot picked out for your home's site placement? Do you already own land? Are you buying land? Is your home going in a park or property with a lease? Do you have family that is going to allow you to place a home on their property? Does the land already have well, septic and power? These are the first questions you need to answer before beginning to shop for a home.

1. You own your land free and clear

- You can apply for a home only (chattel) loan
- You can apply for a land in lieu loan where you use the land for collateral
- You can apply for a conventional type loan without tying up the land
- FHA, USDA and VA loans will apply as well (These also require the land to be tied up into the deal)

2. You are buying land

- First you will need a contract between the land owner and yourself
- You can apply for a conventional loan to purchase the home and property together
- FHA, USDA and VA loans are popular for purchasing land and homes because they typically carry the lowest interest rates

3. Home is going in a park or on leased land

- First you will need a lease agreement between the property owner and yourself
- The only loan available to you would be a home only (chattel) loan

4. Home is going on family land

- You will need a letter from family member and copy of the deed proving ownership. The letter needs to state they are allowing you to place your home on their property with no rent being charged.
- A home only(chattel) loan is the only option

Step 2: Financing

Now that you know where your home is going, you should know what type of mortgage you may qualify for. Most banks determine eligibility based on credit, job security and income. Now we will explain the different types of mortgages, associated interest rates, credit requirements and possible down payment scenarios.

1. Home Only (Chattel)-

Typically the easiest mortgage to process and can sometimes get you in your home in as little as 2 weeks, but average 30 days. Has very low processing fees and closing costs. Options for lower credit and income applicants as well as higher tiered customers. Typically carry higher interest rates than other mortgages. Down payment options as low as 5% and as high as 35%. Customers with the lowest credit scores can still qualify for this loan. Max 23 year loan term. Hard to finance in cost of improvements such as well, septic, power, pad and permits.

2. Land in Lieu-

This basically means you are pledging your land for collateral instead of coming up with cash out of pocket. This loan is popular with first time home buyers and people just starting out their careers who do not have a lot of cash on hand, but can handle monthly mortgage payments. Banks take the appraised value of the land, minus any amount of money owed on land and give you a fixed amount of equity value to go towards your down payment. There are occasions where the land isn't valued high enough to cover the entire down payment and closing costs. Sometimes you may still have to bring some money to the table. Land in Lieu down payments range from 3.5% to 35% options and can sometimes take up to 90 days to close. In this type of loan, you could have no credit, but high land value and still qualify for a mortgage. Average 23 year loan term, some occasions 30. Can include well, septic, power, pad and permits if land value is high enough.

3. Conventional-

Almost every bank has some sort of conventional type loan program. These often carry higher interest rates, but virtually no processing or closing fees. Down payment options range from 5% to 35%. Most banks have a cut off of a 620 beacon score however some banks go as low as a 575. These are generally smooth processing loans and can be closed between 30 to 60 days. Average 15 to 23 year mortgage term. Can also purchase all necessary land improvements and include in financing.

4. FHA-

Often confused as the "First Time Buyers Program" this is a popular loan for applicants with higher credit scores, but not a lot of long period established credit or cash down. Most banks require a 620 beacon score, but some require at least a 640. Down payment options start at around 3.5% down but generally have higher closing

costs. This mortgage has some of the lowest interest rates available and allows the loan to be stretched out over 30 years, so it is extremely popular for applicants seeking a low monthly payment. Can include improvements in financing as long as value is supported.

5. USDA/VA-

These are typically the hardest loans to process, but they offer 100% financing so the option of not having to come up with a down payment usually offsets the length of time spent closing the deal. These loans are great for purchasing land, home and all land improvements necessary. Occasionally some closing costs arise. Most banks require a 640 beacon to qualify, but other than that the loan works much like an FHA. Low interest rates and up to 30 year terms, but because no money is being put down, monthly payments are usually higher than with FHA.

Step 3: Getting Pre-Approved

Based on the situation with your land, you should have an idea of which type of mortgage you are going to be looking at. The next step is to apply for a loan. Before you begin shopping, you need to have an idea of what you're wanting to spend and know what your budget is. Getting pre-qualified helps because it gives you a guideline with an approximate monthly payment based on a total loan amount. So while you are shopping you are only looking at homes and/or land packages that are within your budget. If you are pre-approved for \$100,000 but you know the land you are wishing to purchase is being sold for \$15,000 then you need to look for a home that is no more than \$85,000 or less depending on if the land already has well, septic and power. You can usually get pre-approved at any dealership, but you can also do research and find your own bank to provide financing. You are never forced to use a dealer's choice for financing. They may have recommendations, but ultimately you have to pick the option that works best for you. Getting pre-approved before starting to shop helps because you know what your budget is and when you find the perfect home that fits all of your needs, you will know.

Step 4: Home Selection

While shopping for a home it is important to keep your budget in mind and not to get off track. There are so many options and features in today's manufactured homes it is easy to get overwhelmed. It's best to find a dealer or sales rep that you can trust. One who doesn't treat you like another number, but actually listens and cares about what's important to you. With today's homes, there is almost no budget that is untouchable. Destiny Homes are all custom built and tailored to your specific needs. So if your budget for a home is \$60,000, then Destiny will build a home around a \$60,000 price limit. Pushy salesmen and cheap tricks are distracting and can make one of the most exciting purchases in your life a nightmare. Whatever you do, do not settle. You are the consumer and if you aren't happy, then the dealership has failed you. This is a huge purchase and should be treated as such. Keep in mind that glamour isn't everything. A home can be built poorly, but decorated well and that illusion can keep you distracted until the new wears off and your home starts

having issues. Always shop for well-built homes with strong bones, energy efficiency and lasting warranties. You can take a home that is built well, but has very little cosmetic flash and that home will last you a lifetime. You can always update and upgrade later on down the road, but if your home starts falling apart, you can't rebuild it. Just because you may get pre-approved for \$200,000 doesn't mean you have to spend that much money. Always keep your goal budget or monthly payment in mind. Let the dealership work for you. Tell them the features and options that are most important and let them try to put all of the pieces together for you. If your goal is \$100,000 or \$700 per month and ultimately you have to budge a little and go to \$105,000 or \$730 per month then that's okay if you're getting EVERYTHING you want. However, at the same time if you have everything you need in a home that's \$85,000, there's no need to bump up to \$100,000 just because you can, even if you can afford the monthly payment.

We hope this has been a useful guide, however it is nearly impossible to answer every question and cover every scenario. Please feel free to give us a call, email or chat with one of our expert consultants through our chat box on our website. We take pride in doing the best we can to satisfy all of our customers. We are not sales men and we aren't selling you a home. At Bobby Corbett's Mobile Home Center, we are Friends Helping Friends Buy A Home.