

Promoting Quality, Affordability & Energy Efficiency: Using the Homebuyer Tax Credit to Replace Mobile Homes with Manufactured Homes

January 27, 2010
Webinar Questions and Answers

Homebuyer Tax Credit

Q: If state law changes to recognize mobile homes as real estate and not chattel, would a replacement mobile home qualify as a "new" homebuyer for the purpose of the credit
No, whether someone is a first time homeowner is dependent on him or her owning a home, not the type of financing.

Q: Can weatherization grant funds be used in combination with tax credit toward purchase of replacement MHs?

In many cases, weatherization funds cannot be used toward replacement. [Editor's note: please stay tuned for a new resource guide on weatherization and replacement, due out this spring on CFED's [Manufactured Housing Advocacy Center](#).

Q: For the \$6500 credit that was added in Nov 2009, are families that purchased earlier in 2009 eligible or only those that purchase between Nov 09 and June 10?

Only new homes purchased by current homeowners between November 2009 and June 2010 are eligible for the \$6,500 credit. If you owned a home and bought a new home prior to November 2009, you cannot use the credit.

Q: Can the tax credit be sold?

I assume you mean can a lien holder sell the credit. Yes, I believe it can but you should talk to a tax professional about this.

Q: Is it correct to assume that if a new ENERGY STAR manufactured home costs \$30,000 to \$40,000, will the maximum credit be \$3,000 - \$4,000 (10%)?

Yes, the maximum credit is 10% of the purchase price or \$8,000 whichever is greater. We have heard that ENERGY STAR homes are about \$50,000.

Q: How are owners of pre-1976 able to qualify for the \$8,000 first time homebuyer?

They cannot. If you own and reside in a home, no matter how decrepit it is, you cannot qualify for the first-time homebuyer tax credit.

Q: Does your tax credit loan work with FHA insured loans?

Yes, the FHA has published [guidance](#) on using the tax credit advance with FHA products.

Q: Are there specific actions we can take to support congressional legislation on using weatherization or fuel assistance funds for replacement?

Absolutely, contact the ENERGY and HOUSING staff of your Senators and ask that they cosponsor Mr. Tester's [bill](#), S. 1320 and support making Recovery Act weatherization funds eligible for replacement of substandard manufactured homes.

Q: Can organizations receive the tax credits?

No, only the individual can receive the tax credit from the IRS.

Program Questions - Frontier

Q: How does this program work with folks who do not own the land under home? Would the new manufactured home need to be on a permanent foundation?

In the state of Kentucky our programs is designed for fee simple only on a permanent foundation.

Q: Do members of a cooperatively owned park qualify for this type of loan? The cooperative owns the land and each resident is a member of the cooperative.

In the state of Kentucky our program is designed for fee simple only on a permanent foundation.

Q: Can you provide more information regarding Rural Develop financing?

There are several Rural Development loan options. The one we most often use in the state of Kentucky is called the RD502 Direct with rates as low as 1.00% and based on income.

Q: Where does a customer go to apply?

The customer would apply by contacting our mortgage originator for an appointment at 1-877-308-3837 here in Morehead, Kentucky.

Q: In your example, was the homeowner credited with any existing equity in the land? The \$100 homeowner equity amount seems low.

In some cases the homeowner already owns their land and can use the equity in that land, but in many cases we supply additional subsidy to pay down the costs of the home being built such that the loan to value is reduced.

Q: What happened to the Pre-76 Mobile Home?

We first recycle all of the materials we can and dispose of the remaining.

Q: Do these home sales include the land?

Yes, the cases used on the webinar did include the land, and the manufactured house on a Title II permanent foundation.

Q: How many of these loans will last the 30 years and what if that does not go to term?

The life expectancy of one of Frontier's ENERGY STAR Manufactured Houses is greater than 30 years. We are comfortable saying our Frontier ENERGY STAR Manufactured Houses would have comparable life-cycles as our site-built housing.

Q: Does it have to be an ENERGY STAR Home?

In Kentucky at Frontier Housing you can apply for the tax credit subsidy on a site-built or a manufactured house. Both are acceptable in the program. All of Frontier's homes are ENERGY STAR Certified whether they are site built or a manufactured home.

Q: Are some households over income to qualify for tax credit?

Any household by IRS guidelines can qualify for the existing tax credit program. You simply need to be a first time homebuyer to get \$8,000 or an existing homeowner to get \$6,500. With Frontier's Tax Credit Subsidy whereby we front the funds for your home purchase while you wait on your tax refund, the borrower would need to qualify for one of our affordable housing programs assisting them into homeownership.

Q: If it is a single wide does it have to be a basement?

No, it does not have to have a basement in the state of Kentucky. We do build all of our homes on a permanent foundation such that the real estate is owned fee simple. Our Ridgeline series is a manufactured house near in size of a single wide but built to Frontier quality specifications and built to ENERGY STAR specifications then placed on a Title II permanent foundation.

Q: Are loans that are provided by Frontier only from home develops by frontier in Kentucky?

At Frontier we can build you a site built home or we can build you a manufactured home. Both are built to Frontier's ENERGY STAR specifications.

Q: Kelly, were examples land-owned or not owned?

Both examples were land owned.

Q: If not owned, did land owner approve permanent attachment?

The land owner comes to us looking to improve their housing either by replacing an existing home on their land, or by purchasing land with a house on it that Frontier built and owns.

Q: Is this real estate secured? Real property or chattel?

Yes, it is fee-simple, not chattel, and is secured to a permanent foundation.

Q: Any idea how many individuals have taken advantage of the various programs for manufactured homes?

At Frontier we have served over 1,000 families in 36 years of service. For manufactured housing alone we have served approximately 40 in the last 5 years.

Program Questions - MaineHousing

Q: How do you deal with regs about displacing family while replacing home?

MaineHousing's program has language that relocation is the responsibility of the applicant.

Q: What is being offered for units in mobile home parks?

MaineHousing's program is for Single Families owning their own land at this time.

Q: What is your default rate? And what do you do when a family has difficulty making their payment.

Currently we do not have any defaults in our program.

Q: Was the new \$3M from a state bond approved by the voters, or by the legislature? Or is the normal Private Activity Bonds issued by Maine Housing?

This was a special authorization from the Legislature. MaineHousing will issue the bond, but a dedicated State Revenue stream will pay the debt service.

Q: What is the typical cost of the ENERGY STAR replacement homes you have used to date, and what is the typical square footage?

Cost for complete set up is approximately \$57,000 per unit, all set-up for a Single unit that is on average 14x72. The cost of a double wide such as a 24'x34' is approximately \$72,000.

Q: Your program does not include tax credit but the clients are eligible, are they not?

Clients are eligible yes. In the future if we are able to continue this program we will consider the benefits of adding this to the program.

Q: Has Maine considered low cost energy efficient stick built housing rather than mobiles?

Yes and the cost was too high and the standard and quality of the ENERGY STAR Manufactured Homes, it was not feasible.

Participant Comments

The ENERGY STAR standard for manufactured homes is actually set by the US EPA. EPA is in the process of revising its standard for ENERGY STAR manufactured homes. The goal is to bring the energy efficiency standard of ENERGY STAR manufactured homes to the same level of efficiency as ENERGY STAR's standard for site-built homes, which is also being revised by the US EPA.

The HUD code that governs manufactured housing construction is currently in the update process. ENERGY STAR can be expected to make changes after the HUD code gets updated.

We are a Community Action Agency in MN. The MHFA Housing Agency appropriated funds to be used similar to these programs in 1999. The first two years we replaced 60 pre-HUD sealed units in one mobile home park. The deferred loan allows a buyer a max. \$10,000.00 downpayment filed as a lien for a period of 5 years and then forgiven as long as the buyer did not sell the home. Of those

first 60 buyers only one defaulted on the loan. This program has been well received and more effective than funds spent on weatherization/rehabbing them. I am so pleased to see more programs like these serving and upgrading the mobile home communities.