



Manufactured
Housing Association
of British Columbia

Purchaser's Guide to Factory-Built Homes

MANUFACTURED, MODULAR & PARK MODEL HOMES
2016

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For the Information of the User of this Guide

This guide is prepared by the Manufactured Housing Association of BC whose Membership represent 80% of all factory built housing sold annually in British Columbia and has been created for the benefit of all purchasers of factory-built housing in our province.

This documented is subject to continual improvement and will be amended as government policy or industry practices change or misinformation is detected.

Factory built housing provides a number of significant benefits for those persons seeking a high-quality home including:

- Homes constructed in quality controlled factories
- Homes subject to independent 3rd party inspection to ensure compliance with Building Codes and CSA certification standards
- Fixed pricing for homes once agreed upon with Retailers
- Fixed timing once agreed upon by the Retailer and the Manufacturer

MHABC Members are subject to a Code of Ethics requiring conformance with Fair Business Practices and Strong Customer Service. Purchasers of factory-built housing are encouraged to deal with MHABC Members who are obligated to provide excellent service.

Examples of Manufactured & Modular Homes



MHABC Website

www.mhabc.com

A Leader in Quality & Integrity
 Since 1972, the MHABC has been the voice of the manufactured home dealers, builders & transporters of British Columbia.

Manufactured Housing Association of British Columbia.

Factory Built Homes are smart, cost effective, environmental and can be customized just like a home built onsite.

The Manufactured Housing Association of British Columbia is a leader for their members and acts as governance for all sectors of the manufactured home industry. The MHABC sets a regulatory standard that all members must follow to ensure that quality and integrity is held to a highest standard. To [learn more about the MHABC](#) and the members please browse or watch some of our videos highlighting each sector of the industry. Learn about the differences between [manufactured and modular homes](#).

Latest MHABC News

- DEC 21** MHABC Fall 2015 News Letter
- DEC 16** CMHI 2014 Industry Economics Report
- NOV 5** MHABC 2016 Conference

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How Factory Homes are Constructed
 Reduced costs, improved quality and consistency, and ultimately reduced construction time.

Quality vs Factory Built Homes
 How do Manufactured and Modular homes differ from houses built on-site? Learn More.

Environmental Information
 Learn about the environmental benefits and superior construction practices.

Manufactured & Modular Home Facts
 14 facts about manufactured & modular home construction that might surprise you.

What People Are Saying

Partners

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Find A Local Retailer:

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1. Purchasers' Checklist

- Do you understand the difference between manufactured and modular homes?
(see: Definitions)
- Do you understand the different certification types used in factory-built homes?
(see: Section 3)
- Do you understand how factory-built homes are registered in British Columbia?
(see: Section 4)
- Are you familiar with the warranty coverage on your home?
(see: Section 5)
- Do you understand how factory-built homes are taxed in BC?
(see: Section #7)
- Do you understand how the foundation system is constructed for your home?
(see: Section 7)
- Are you familiar with the local municipality by-laws and policy with respect to eligibility and placement of homes?
(see: Definitions, Section 3 and Section 6)
- Do you understand the practices of local financial institutions and mortgage loan guarantors?
(see: Section 8)
- Do you understand the legal responsibilities of the real estate agent handling the sale or purchase of a factory built home?
(see: Section 8)
- Do you understand how to approach purchasing a used factory built home versus a new factory built home?
(see: Section 9)

Please read on if there is any concern about checking any or all of these boxes!

2. Definitions & Terminology

- **Amortization Period**
Amortization period is the length of time a home is financed over.
- **Commercial Vehicle Safety and Enforcement Branch**
The CVSE is a branch of the Ministry of Transportation and Infrastructure and is the branch responsible for setting policy for movement of large and heavy vehicles across BC and providing the permits for allowing these vehicles to move on provincial highways. The parameter for widths, heights and weight is laid out in the CVSE's Commercial Transport Policy Manual available at CVSE.com
- **Factory Built Housing**
Factory Built Housing is an umbrella term to describe homes that are substantially constructed in a factory and often termed as off-site construction as compared against site-built homes which are constructed "on-site".
- **Finance Institution**
Finance institution is defined as any organization that provides financing for factory-built homes including registered banks, credit unions and other independent firms.
- **Foundation**
A foundation is the base on which a factory-built is situated. Foundations can range from blocks and anchoring cables to piers to cement crawl spaces to full basements.
- **Homeowners Protection Office**
The HPO is the arm of BC Housing responsibility for new home warranty coverage.
- **Local Government By-laws**
In British Columbia, local government jurisdictions including cities, municipalities, Regional Districts, etc. have developed their own separate by-laws. While generally working in concert with federal and provincial government laws, these by-laws do differ across the jurisdictions and it is important that potential home purchasers have an awareness of the respective by-laws before making important decisions. Many local by-laws have restrictions which only allow Z240 or A277 homes to be relocated in their boundaries and then sometimes subject to zoning guidelines similar to size restrictions for site-built homes.

- **Manufactured Home**

A manufactured home is generally defined as a home built to the CSA Z240 MH standard and constructed on a rigid steel frame.
- **Manufactured Home Park Community**

Formerly called mobile home or trailer parks, new terminology denotes the parks or communities that manufactured homes (those conforming to the CSA Z240 or CSA Z277 standard) are situated. In some parts of Canada, such facilities are called land-lease communities.
- **Manufactured Home Registry**

The Manufactured Home Registry is unique to the Province of British Columbia wherein all factory built homes constructed in or brought to BC are required to have a registration number which remains with the home for life unless the home is deregistered for purposes such as combining the home and land for financing purposes.
- **Modular Home**

Modular homes are generally described as homes built to the CSA A277 standard and compete for the same market as site-built home. Modular homes are normally constructed on full foundations and not intended for future transport but can be placed on rigid steel frames and placed on foundations meeting the CSA Z240.10.1 anchoring standard.
- **Mortgage Loan Guarantor**

Mortgage Loan Guarantor is defined as any organization in BC that provides mortgage loan insurance to the finance agencies. Typical firms include the Canada Mortgage and Housing Corporation or Genworth Canada.
- **Recreational or Seasonal Occupancy Homes (Park Models)**

The CSA has developed the CSA Z241 standard which, while similar to CSA Z240 as a stand-alone building code, is intended for service as a recreational home offering three season's occupancy. In order to allow increased occupancy, most manufacturers are upgrading heating, insulation and exterior finishes accommodating BC's climatic conditions across four seasons.
- **Retailer**

A Retailer is the interface between the manufacturer and the purchaser. The manufacturers often have their own Retailer networks whose sales firms, in many cases, sell homes solely from a single manufacturer. In other cases, the manufacturer sells directly from the factory without having independent sales lots.

- **Site Lease Agreement**

In situations where a purchaser finances a home with the intention of placing the home in a manufactured home park or community, the financing firm may require the manager of the park to sign a Site Lease Agreement which provides the finance agency access to the home in the case of default. In Canada, a Landlord Consent Form (Reference # 1097) is the standard form agreement used by many financial institutions.

- **Transporter**

The transporter is the trucking firm responsible for relocating the home from the manufacturing plant to the ultimate destination.

- **Transport Permit**

A transport permit is provided by the Manufactured Home Registry in advance of receiving a permit to transport a home of on BC Highways granted by the Commercial Vehicle Safety and Enforcement Branch.

- **Warranty**

Warranties are provided by the manufacture to provide assurance to the purchaser that the costs of unforeseen problems which result during the manufacturing phase, transport phase or material defects do not accrue to the homeowner during the warranty period.

3. Certification Standards

- **What are the different types of CSA certification?**

The Canadian Standards Association (CSA) has developed the CSA Z240MH, CSA A277 and CSA Z241 standards.

The CSA Z240 MH (Manufactured Home) standard is a stand-alone building code that lays construction requirements from building practices to materials. Z240 homes are built on rigid steel frames which remain the home for its lifetime.

The CSA Z241 standards is similar to the CSA 240 standard in that it is a standard alone building with the major difference in that these homes are recreational in nature and designed for three season occupancy.

The A277 standard is a “plant standard” which provides that the certified plant can build homes in accordance with Provincial and local building codes. Generally A277 homes are not built on rigid steel frames but can be in some circumstances. A277 homes are most often intended for placement on semi-permanent or permanent foundations including crawl spaces and basements.

It is the responsibility of independent third party inspection agencies to ensure the manufacturing plants build the homes in accordance with the respective certification standard.

The CSA Z241or Park Model standard is similar to the CSA Z240 standard in that it is, in essence, a stand-alone building code. The major difference is Z241 homes are intended for seasonal occupancy and are constructed with this in mind. Stating this, these homes can be upgraded with superior insulation and heating systems which can then accommodate longer occupancy periods.

Further, purchasers should be aware that acceptance of these standards within provincial Building Codes is not consistent and therefore it is important that knowledge of local government by-laws is necessary. For example, the Province of Alberta only recognizes factory built housing constructed to the A277 standard and not the CSA Z240 standard.

- **How are the respective certifications identified on manufactured and modular homes?**

In newer homes, a plate placed adjacent to the electrical panel denotes the certification type and regulating agency. A specification plate is also located in the home which again denotes the certification type, inspection agency, timing of construction and other important details including snow load capabilities and electrical capacities.

In older homes, certification plaques were placed in a minimum two locations generally by the main entrance, a kitchen cabinet or near the electrical panel.

- **What if you cannot find the labels on a used home?**

It is extremely important to be able to confirm the certification of the home. If the labels cannot be found in the normal locations, the homeowner should check the purchase agreement documents for this type of information. In some cases, the Manufactured Home Registry system or local government administration office may have this information on file. Worst case, the home will need to have an electrical inspection conducted.

- **What if your home was constructed before 1972-73 and does not have CSA Z240 certification?**

The CSA Z240 standard was implemented circa 1972-73 consequently all homes built after this era utilizes this certification. In the event that local government by-laws place restrictions on these older homes, an option is to have an electrical inspection conducted on the homes under the auspices of a BC Safety Council certified electrician. Said electrician is the able to place a “Silver Seal” on the home subject to passing the inspection. Please see BC Safety Authority for more information. The homeowner should be comfortable with the anticipated costs of conducting the inspection to ensure the costs justify the expense against the value of the home.

- **What if a CSA Z240 home has been modified since leaving the factory?**

A CSA Z240 home cannot be recertified once leaving the factory. In the event the home is renovated or repaired after suffering damage, all applicable work must be conducted in accordance with the Building Code in place at the time the work is undertaken. Licensed trade persons should be used who can attest that Code requirements have been met whenever modifying or repairing this type of home.

Also, homeowners must avoid making any changes to the home that impact the original engineering conducted for the home. As examples, additions or decks should not be affixed directly to the home as the integrity of the walls may be impacted. Such additions should be “stand-alone”; that is should carry their own weight without depending upon the original building to carry the weight. In the event the homeowner elects to directly affix structures onto the home, a qualified engineer should be consulted.

Supplemental Information:

- CSA Z240 Standard (see Canadian Standards Association website)
- CSA A277 Standard (see Canadian Standards Association website)
- BC Safety Authority Home Page

4. Registration of Manufactured and Modular Homes in B.C

- **Registration of homes in BC through the Manufactured Home Registry?**

The Manufactured Home Registry was established circa 1978 and is unique in Canada as BC is the only province having this system. The system was established to protect the consumer, financial institutions and mortgage loan guarantors.

The Manufactured Home Registry requires that each factory-built home receive a unique registration number upon commencement of construction. General information on the home is documented in the MHR database. Confirmation of registration is denoted by a Province of BC label containing the registration number and is affixed to the outside of the home as well with the home certification information.

- **Changing the ownership status?**

Whenever the ownership status of the home is changed, the MHR must be advised through standard protocols available through the MHR. In normal circumstances, the manufacturer applies to the MHR upon the start of construction. When the home is delivered to a Retailer, the ownership of the home reverts to the respective business conducting the sale of the home. When the home is sold to the purchaser, the ownership then reverts from the Retailer to the new home owner. When that homeowner sells the home, the MHR is then advised and the database is amended to reflect the new owner.

It is imperative that the home owner receive confirmation that the ownership status has been updated in the MHR database.

- **Changing the status of a Manufactured and Modular Home in the MHR data base**

In some cases, a factory-built home will need to have the status of the home changed (known in MRH terminology as deregistration) in that the home no longer requires the oversight of the Manufactured Home Registry in granting transport permits to relocate the home or update the data base with subsequent ownership changes. As an example, if a Mortgage Loan Guarantor is involved and requires the home and land to be coupled together, application can be made to the MHR for deregistration purposes. In the event the home is to be relocated once deregistration is in place, an application will need to be made to the MHR for re-registration.

Supplemental Information:

- BC Registry Services Manufactured Home Registry

5. Warranty Coverage in B.C.

- **What are the types of warranty coverage offered on factory homes in BC?**

In British Columbia, factory-built housing is currently exempt from Homeowners Protection Office requirements because the manufacturer is subject to third party inspection and, further, the factory provides its own warranty.

The standard home warranty on factory-built homes in BC is termed a 1 & 10 warranty which provides for coverage on all components of the home during the first year and then anything structural over the subsequent ten year period following purchase. These warranties are typically provided by an independent home warranty provider who is responsible for ensuring the warranty coverage remains in place in the event the manufacturer ownership changes or ceases operation.

It is critically important that purchasers receive an in-depth briefing of the home warranty provisions during the home purchase negotiations phase and especially which independent warranty firm is involved.

- **Who is responsible for providing home warranty coverage in BC?**

Structural warranties are typically provided by an independent home warranty firms who are responsible for ensuring the warranty coverage remains in place should ownership of the manufacturer ownership change or the unlikely event the Manufacturer ceases operation. Larger home warranty firms in Canada include National, Pacific, Progressive and Travelers.

- **What is required if warranty work is needed?**

In the event that problems arise with a new home, the initial action to be taken by the homeowner is to contact the Retailer. In most cases, the Retailer is able to resolve the problems quickly. In the event, the purchaser's concerns are not adequately addressed, the next recourse is to contact the warranty department of the respective manufacturer who will work with the Retailer to find solutions. In the very unlikely event the Manufacturer is not successful in resolving the problems, the independent Warranty Provider will be asked to engage.

- **Responsibility of the Purchaser**

In keeping with the responsibility of the purchaser as with any major acquisition, the owner is responsible for maintaining regular maintenance on the home from ensure regular inspections of the heating system to keeping ventilation and drainage systems clear. Where negligence can be shown in upkeep of the home, some elements of the warranty coverage can become null and void.

Supplemental Information:

- [National Home Warranty Home Page](#)
- [Progressive and Pacific Home Warranty Home Page](#)

6. Taxation of Factory-Built Homes

- **What taxes apply to factory-built housing in British Columbia?**

With the change back to provincial sales and federal Goods and Services tax in 2014, factory-built housing once again became subject to both General Sales Tax (GST) and PST (Provincial Sales Tax).

In BC, used homes are not subject to GST however new homes are. In some cases, GST rebates are available and these should be discussed with the Dealer during the purchase price negotiations phase.

Manufactured and modular homes are subject to provincial sales tax based upon 50% and 55% respectively of the home's value based upon factory pricing.

Because factory-built homes are substantially completed in the factory and material costs are accounted for the factory, the amount of PST does not generally show up on the customer invoice. The only exemption relates to window fixtures, some appliances and other add-ons which are not included in the home upon leaving the factory. In this case, these add-ons are subject to the full 7% PST and the tax does show up on the customer invoice. Purchasers should not hesitate to ask the Dealer for assurances that the required amounts of PST have been forwarded the provincial sales tax agency (Consumer Taxation Branch).

CSA Z241 are subject to the full 7% sales tax on the retail price of the home and, in this case, the sales tax does show up on the customer invoice.

7. Foundations for Factory-Built Homes

- **What types of foundations are used for factory-built homes?**

In the case of Z240 homes, foundations can involve blocking and anchoring on cement pads to placement on crawl-space to full foundations.

Where the home is placed on blocked foundations, the Canadian Standards Association has developed CSA Z240.10.1 Foundation and Anchoring. This standard addresses adequate weight bearing guidelines for pads and anchoring standards to address wind and seismic issues. It is important for the purchasers to understand how their homes are to be anchored. The Z240.10.1 standard varies by geographic zone across Canada.

Only qualified set-up firms should be engaged in this important part of siting a home. If a prospective firm cannot demonstrate an understanding of the standards, please seek another firm who can.

As CSA A277 homes are typically intended for permanent siting, foundations can include the use of screw piles as well as placement on crawl spaces and full cement basement foundations. In all case, compliance with local building codes is mandatory. Please ensure an understanding of the local government by-laws and building permit requirements before proceeding to make decisions on the appropriate foundation needs.

Supplemental Information:

- CSA Z240.10.1 (see Canadian Standards Association website)

8. Financing and Sale of Factory-Built Homes

- **How do Financial Institutions Approach Factory-Built Housing?**

In the case of financing on the typical A277 home intended for permanent siting, the financial institutions approach factory-built housing in no different way than the typical mortgage on any type of home.

Where the home remains within the Manufactured Home Registry and is typically a Z240 home in a Manufactured Home Park Community, the Financial Institution will treat the home on a chattel basis. Chattels in BC are addressed via the Personal Property Protection Act and the home is registered within this system. Different terms apply for chattels versus standard mortgages. In these cases, the financial institution will require signing of a Site Lease Agreement by the Community Park manager to ensure access to the home by the institution in the case of payment default.

- **How do Mortgage Loan Guarantors Approach Factory-Built Housing?**

Mortgage Loan Guarantors take similar approaches to the treatment of home financing insurance as the Financial Institutions take on financing. Mortgage Loan Guarantors take a portion of the payments made to the financial institutions.

In the case of permanent sited homes, the Mortgage Loan Guarantors will require deregistration of the home in order to couple home and land. In the case of the Canadian Mortgage and Housing Corporation, the CMHC maintains its own assessment data base and can determine the values of the homes where sufficient recent sales data exists. Where sale data is limited, the CMHC will require an independent appraisal on the home.

In the case of chattel loans, CMHC will not insure homes older than 40 years and has developed a sliding scale to determine amortization periods.

- **How does a Real Estate Sales Person Approach the Sales of Factory Built?**

Real estate persons approach the sales of factory built housing no differently than the sale of any other type of real estate with the exception that Real Estate Association of BC policy require the sales person to ensure verification of certification type whether CSA Z240 or CSA A277. In cases where this cannot be provision, discussion on conducting a BC Safety Council sanctioned electrical inspection can be discussed.

Supplemental Information:

- [Canadian Mortgage and Housing Corporation website](#)
- [BC Real Estate Association of BC website](#)

9. New or Used Factory Built Home?

- **What should be considered in making the decision on whether to purchase a new or used home?**

As in every case in making a major purchase, the ability to fund the purchase is paramount and will typically drive major decision making. Many of the discussion points already dealt with in this paper should come into play. Additional points the potential homeowner should consider include:

- While used factory-built homes provide very good value for the money, a major consideration should be the level of maintenance the home has received. Excellent maintenance will result in an excellent home, poor maintenance will result in a poor home. No different than any type of housing. The potential homeowner should not hesitate to engage a qualified home inspector before making a final purchase decision. Roofing, foundation and heating systems should be given high priority.
- Used factory-built homes are generally smaller in size than newer homes and thereby are automatically energy efficient. Saying this, energy efficiency requirements have changed dramatically in recent years. As newer homes have higher insulation, higher door, window and skylight standards as well as more efficient appliances with commensurate decreases in energy use.
- In assessing a used factory-built home please use the following checklist:
 - Can I find the decals to determine that the home is constructed to the CSA Z240 standard or has been certified by the BC Safety Authority Silver Label process?
 - Can I find the Manufactured Home Registry decal and associated registration information?
 - Have I personally inspected the home or had an inspection done to determine:
 - dry rot
 - additions or alterations to the home
 - anything that could compromise the structural integrity of the home
 - condition of the roof
 - aluminum wiring

- If the home is to be moved:
 - If the home has a steel frame, does it appear to be in good condition and is the hitch available and also in good condition?
 - Is there sufficient access in order to remove the home from the current location?
 - Has consultation been done with the destination local government authority to have the approvals in place to relocate the home there?

Supplemental Information:

- [BC 2012 Building Code](#)
- [Canadian Association of Home and Property Inspectors Home Page](#)