

Manufactured Homes (MH) Dealer Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Questions

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- 1. Why is it essential to understand local regulations before purchasing a manufactured home?**
 - A. To ensure compliance with zoning and construction standards**
 - B. To find the best financing options**
 - C. To improve the home's resale value**
 - D. To enhance aesthetics of the home**
- 2. What does it mean to finance "chattel" for manufactured homes?**
 - A. It refers to loans secured by real property**
 - B. It indicates financing secured by personal property**
 - C. It is financing available only for land purchases**
 - D. It involves government-backed mortgages**
- 3. For a 1978 manufactured home sold in a park, which of the following items is generally subject to tax when resold?**
 - A. New appliances**
 - B. Maintenance fees**
 - C. Storage shed**
 - D. Installation costs**
- 4. What information can the department disclose upon receiving a written request?**
 - A. Complete sales history of a dealer**
 - B. License status, including principals and reasons for termination**
 - C. Financial statements of the dealer**
 - D. Inspection reports of manufactured homes**
- 5. Who is exempt from sales tax on manufactured homes?**
 - A. New homeowners**
 - B. Those purchasing for residential use**
 - C. Homes already on the local property tax roll**
 - D. Government agencies only**

- 6. Under what conditions may dealers licensed by the department sell park model RVs?**
- A. Only if they have a separate RV sales license**
 - B. If authorized by the department**
 - C. They cannot sell park model RVs at all**
 - D. Only during seasonal promotions**
- 7. How may an escrow be canceled in the sale of a manufactured home?**
- A. By the dealer only**
 - B. By the purchaser only**
 - C. By mutual agreement of the dealer and the purchaser**
 - D. By court order only**
- 8. What factors influence the choice of manufactured home model?**
- A. Design preferences and location limitations**
 - B. Inventory availability and local dealership reputation**
 - C. Budget, size requirements, design preferences, and location limitations**
 - D. Financing options and historical owner reviews**
- 9. What advantage does financing through a dealer typically provide?**
- A. Lower prices on the manufactured homes**
 - B. Convenient terms for buyers**
 - C. No credit checks required**
 - D. Immediate home delivery**
- 10. Which factor does NOT typically affect the resale value of a manufactured home?**
- A. Location**
 - B. Market demand**
 - C. Initial purchase price**
 - D. Condition of the home**

Answers

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1. A
2. B
3. C
4. B
5. C
6. B
7. C
8. C
9. B
10. C

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Explanations

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1. Why is it essential to understand local regulations before purchasing a manufactured home?

- A. To ensure compliance with zoning and construction standards**
- B. To find the best financing options**
- C. To improve the home's resale value**
- D. To enhance aesthetics of the home**

Understanding local regulations before purchasing a manufactured home is crucial primarily to ensure compliance with zoning and construction standards. Each locality has specific zoning laws that dictate where manufactured homes can be placed, any necessary permits, and certain construction regulations that must be followed. These regulations may include factors such as minimum size requirements, types of foundations, and safety standards that need to be adhered to. Non-compliance with these regulations can lead to significant legal issues, fines, or even the inability to place the home on the property. Additionally, meeting these local standards is necessary for obtaining the required building permits and for the home to be legally recognized and insurable. This awareness helps avoid potential conflicts with local authorities and ensures that the home can be lived in safely and legally. The other options listed—finding financing, improving resale value, and enhancing aesthetics—are indeed important considerations but are secondary to ensuring compliance with local laws, which is foundational for the overall success of the manufactured home purchase and occupancy.

2. What does it mean to finance “chattel” for manufactured homes?

- A. It refers to loans secured by real property**
- B. It indicates financing secured by personal property**
- C. It is financing available only for land purchases**
- D. It involves government-backed mortgages**

Financing "chattel" for manufactured homes specifically refers to loans secured by personal property rather than real estate. In this context, a manufactured home is considered personal property if it is not permanently affixed to a foundation and the land it occupies is not owned by the homeowner. This type of financing often involves shorter terms and possibly higher interest rates compared to traditional real estate mortgages, which are secured by real property. Understanding chattel financing is crucial for manufactured home dealers and buyers because it influences the terms of the loan and the financial options available. This distinction is essential for both the loan structure and the tax implications associated with the property. Knowing that chattel loans are based on personal property helps dealers and prospective buyers navigate the financial landscape effectively and make informed decisions regarding their purchases.

3. For a 1978 manufactured home sold in a park, which of the following items is generally subject to tax when resold?

- A. New appliances**
- B. Maintenance fees**
- C. Storage shed**
- D. Installation costs**

When a 1978 manufactured home is sold in a park, the storage shed is typically subject to tax when it is resold. This is because the storage shed is considered a tangible personal property that has a separate value and can be part of the transaction. Tax regulations often treat items like storage sheds in a manner similar to the manufactured home itself, especially when they are sold as part of the overall deal for the home. New appliances may also be sold with the home, but they are often considered fixtures if they are permanently installed, which might exempt them from taxation as separate items upon resale. Maintenance fees are service charges related to the upkeep of common areas and do not constitute a sale of property, hence they are not typically taxed in this context. Installation costs represent expenses incurred to set up the manufactured home and are not seen as a tangible property that is being sold, thus not subject to tax upon resale. In summary, when reselling a manufactured home, items like storage sheds maintain their classification as personal property and are hence liable for taxation, distinguishing them from other options presented.

4. What information can the department disclose upon receiving a written request?

- A. Complete sales history of a dealer**
- B. License status, including principals and reasons for termination**
- C. Financial statements of the dealer**
- D. Inspection reports of manufactured homes**

The information that the department can disclose upon receiving a written request includes details about a dealer's license status, which encompasses the names of principals associated with the dealer and any reasons for termination of the license. This is vital because it provides transparency regarding the legitimacy and compliance of the dealer within the manufactured housing industry. Consumers and other stakeholders can assess the dealer's standing and any issues that may have led to their license being terminated. In contrast, while sales history, financial statements, and inspection reports may contain relevant information, they typically involve privacy considerations and proprietary information, which may not be disclosed freely under most regulations. These protections are in place to maintain confidentiality and to protect the sensitive business information of the dealers.

5. Who is exempt from sales tax on manufactured homes?

- A. New homeowners
- B. Those purchasing for residential use
- C. Homes already on the local property tax roll**
- D. Government agencies only

Individuals or entities purchasing manufactured homes that are already on the local property tax roll are exempt from sales tax because these homes are classified as real property rather than personal property. When a manufactured home is already assessed for property tax, it is treated as part of the permanent real estate landscape, which subjects it to property tax, not sales tax. This exemption helps to avoid double taxation, as the home is already contributing to local taxes through the property tax system. In contrast, new homeowners or those purchasing for residential use may still be subject to sales tax, depending on the specific circumstances of the transaction. Government agencies might have different tax exemptions, but they are not the sole group that benefits from an exemption related to manufactured homes that are already taxed as property. Hence, the exemption for homes that are already on the local property tax roll is specific and clear, making this the correct answer.

6. Under what conditions may dealers licensed by the department sell park model RVs?

- A. Only if they have a separate RV sales license
- B. If authorized by the department**
- C. They cannot sell park model RVs at all
- D. Only during seasonal promotions

The correct answer indicates that dealers licensed by the department may sell park model RVs if they are authorized by the department. This authorization typically means that the dealer has met specific criteria and regulations set forth by the governing body, ensuring that they are qualified to sell these types of recreational vehicles. This regulatory framework is essential for maintaining quality standards and consumer protection within the industry. In many jurisdictions, the sale of specialized types of vehicles like park model RVs can involve additional requirements, such as safety standards or zoning laws, and having authorization ensures that dealers comply with these regulations. This type of oversight helps to prevent issues that may arise from unqualified sales practices and supports consumer confidence in purchasing these units. Understanding that a separate RV sales license may not be necessary if the dealer is already licensed and authorized by the department clarifies the regulatory landscape for dealers. It's important to note that while some may assume dealers could sell park model RVs freely, the requirement for departmental authorization encapsulates the need for oversight in the industry, reinforcing good practices and compliance with the law.

7. How may an escrow be canceled in the sale of a manufactured home?

- A. By the dealer only**
- B. By the purchaser only**
- C. By mutual agreement of the dealer and the purchaser**
- D. By court order only**

An escrow can be canceled in the sale of a manufactured home through mutual agreement between the dealer and the purchaser. This means that both parties have the ability to come to an understanding and decide together that they no longer wish to proceed with the transaction. This mutual consent is an important aspect of agreements in real estate and manufactured home sales, as it ensures that both parties are aligned and that any termination of the escrow process is handled amicably and correctly. The cancellation of escrow is a significant decision as it typically involves finances and contractual obligations, hence requiring agreement from all parties involved. Escrow serves as a neutral holding period for funds and documents while conditions of the sale are met, and canceling it amicably prevents potential disputes that may arise if only one party attempts to unilaterally cancel the escrow. By requiring mutual agreement, it ensures that both the dealer and the purchaser retain their rights and responsibilities in the transaction process until they decide otherwise together.

8. What factors influence the choice of manufactured home model?

- A. Design preferences and location limitations**
- B. Inventory availability and local dealership reputation**
- C. Budget, size requirements, design preferences, and location limitations**
- D. Financing options and historical owner reviews**

The choice of a manufactured home model is influenced by a variety of factors that encompass the needs and preferences of the buyer. The correct answer includes a comprehensive range of these factors: budget, size requirements, design preferences, and location limitations. Budget is a critical consideration as it determines what models a buyer can afford, guiding them towards homes that fit within their financial means without compromising on necessary features. Size requirements are equally important; buyers must consider the number of occupants and their lifestyle needs, which influence the desired layout and square footage of the home. Design preferences play a significant role as well, as buyers often have specific tastes in interior and exterior aesthetics, which can greatly affect their satisfaction with the home. Location limitations also must be considered, as zoning laws, land availability, and local community regulations can dictate the type and size of manufactured homes that can be placed in certain areas. Together, these factors create a multifaceted decision-making process that ensures buyers select a manufactured home model that not only meets their financial and spatial needs but also aligns with their personal tastes and situational constraints.

9. What advantage does financing through a dealer typically provide?

- A. Lower prices on the manufactured homes**
- B. Convenient terms for buyers**
- C. No credit checks required**
- D. Immediate home delivery**

Financing through a dealer typically provides convenient terms for buyers, which is a significant advantage. Dealers often have established relationships with various lending institutions, allowing them to offer tailored financing options that can suit a broad range of buyer needs. This can include flexible payment plans, lower down payments, and competitive interest rates, making the purchasing process easier and more accessible for customers. Moreover, dealers can streamline the financing process, reducing the number of steps and paperwork required, which can further enhance the buying experience. This convenience is particularly appealing to those who may not be well-versed in financing options or those who prefer a simplified process when making a significant purchase. While other options might seem appealing in certain contexts, they do not capture the core benefit of the dealer financing experience in terms of overall convenience and accessibility for the buyer. For instance, lower prices are more influenced by market factors rather than the financing method itself, no credit checks may limit the ability to secure responsible lending, and immediate home delivery is more related to inventory and logistics than financing terms.

10. Which factor does NOT typically affect the resale value of a manufactured home?

- A. Location**
- B. Market demand**
- C. Initial purchase price**
- D. Condition of the home**

The resale value of a manufactured home is influenced by various factors, and the initial purchase price is not one of them. While the initial price can provide context for value, it does not directly determine what a buyer will be willing to pay upon resale. Factors such as location are critical since homes in desirable areas often have higher resale values due to demand. Market demand plays a significant role as well; when more buyers are looking for homes, prices typically rise. The condition of the home also greatly impacts resale value because well-maintained homes attract higher offers compared to those that require significant repairs or updates. In summary, while the initial purchase price may reflect the original investment, it does not inherently affect the ongoing market dynamics that ultimately determine the resale value. Thus, it is the least relevant factor in this context.