

# New Mexico Manufactured Homes Salesperson Practice Exam (Sample)

## Study Guide



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**SAMPLE**

## Questions

- 1. In terms of home financing, what does APR stand for?**
  - A. Annual Payment Rate**
  - B. Annual Percentage Rate**
  - C. Adjusted Payment Rate**
  - D. Accrued Payment Rate**
- 2. How does a manufactured home differ from a mobile home?**
  - A. A manufactured home is built after 1976 under federal standards**
  - B. A mobile home is built after 1976 under federal standards**
  - C. A manufactured home can never be relocated**
  - D. A mobile home always has a higher value than a manufactured home**
- 3. What type of warranty is typically associated with new manufactured homes?**
  - A. A limited warranty**
  - B. A homeowner's insurance policy**
  - C. A manufacturer's warranty**
  - D. A full-service warranty**
- 4. What does "site-built" mean regarding manufactured homes?**
  - A. Homes constructed in a factory**
  - B. Homes built using off-site materials**
  - C. Homes constructed on-site rather than manufactured in a factory**
  - D. Homes designed specifically for limited mobility**
- 5. What is the maximum duration for a temporary license in New Mexico?**
  - A. 1 week**
  - B. 30 days**
  - C. 90 days**
  - D. 6 months**

- 6. What is meant by "attached accessory" in manufactured homes?**
- A. Any item that is meant to be movable**
  - B. Any structure that is permanently attached to the home, enhancing or affecting its total value**
  - C. Only the utilities connected to the home**
  - D. Temporary structures used for storage**
- 7. What must a salesperson disclose to potential buyers regarding manufactured homes?**
- A. Previous owners of the home**
  - B. Loan options available for purchase**
  - C. Any known defects or issues with the home**
  - D. How many windows are in the home**
- 8. Which document certifies that a manufactured home meets federal safety standards?**
- A. Building permit**
  - B. Construction approval**
  - C. HUD label**
  - D. Safety inspection report**
- 9. What duration is a warranty repair work covered if completed after 10 months from receiving keys?**
- A. Until the end of the month**
  - B. Until the end of the 1 year warranty period**
  - C. 30 days from repair completion**
  - D. 90 days from warranty notification**
- 10. What must salespeople do to renew their manufactured home salesperson license?**
- A. Complete a new licensing course**
  - B. Complete continuing education requirements and submit a renewal application**
  - C. Participate in an exam again**
  - D. Pay a fine for late renewal**

## **Answers**

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

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## **Explanations**

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**1. In terms of home financing, what does APR stand for?**

- A. Annual Payment Rate**
- B. Annual Percentage Rate**
- C. Adjusted Payment Rate**
- D. Accrued Payment Rate**

APR stands for Annual Percentage Rate, which is a crucial concept in home financing and lending. It represents the total yearly cost of borrowing money, expressed as a percentage of the loan amount. This rate not only includes the interest applied to the loan but also encompasses any additional fees or costs associated with obtaining the loan, such as loan origination fees or closing costs. Using APR allows borrowers to compare the costs of different loan products more effectively, making it easier to understand the true cost of financing over the loan's term. Understanding APR is essential for anyone considering financing a home because it gives a more comprehensive picture of what the borrowing will cost over time, beyond just the interest rate. This ensures borrowers are better informed about their financial obligations and can make wiser decisions regarding their mortgage options. Other terms like Annual Payment Rate, Adjusted Payment Rate, and Accrued Payment Rate do not accurately represent the concept of APR and do not encompass the overall costs associated with a loan, thus making them incorrect choices in this context.

**2. How does a manufactured home differ from a mobile home?**

- A. A manufactured home is built after 1976 under federal standards**
- B. A mobile home is built after 1976 under federal standards**
- C. A manufactured home can never be relocated**
- D. A mobile home always has a higher value than a manufactured home**

A manufactured home is classified as such when it is built after June 15, 1976, in accordance with the standards established by the U.S. Department of Housing and Urban Development (HUD). This regulation set specific construction and safety standards that improved the quality of homes produced, ensuring that they met certain criteria regarding design, durability, and safety. In contrast, mobile homes refer to those units that were constructed before these standards were implemented. The key distinction lies in the adherence to federal guidelines. Therefore, the first choice accurately identifies that a manufactured home is built after 1976 and must meet the federal standards, which is a defining characteristic that separates it from what was historically referred to as mobile homes. The other options do not correctly capture this fundamental difference in definitions or facts regarding manufactured and mobile homes.

### **3. What type of warranty is typically associated with new manufactured homes?**

- A. A limited warranty**
- B. A homeowner's insurance policy**
- C. A manufacturer's warranty**
- D. A full-service warranty**

New manufactured homes typically come with a manufacturer's warranty, which is specifically designed to cover the defects or issues that may arise from the construction of the home or its components. This warranty usually assures buyers that the home meets certain standards of quality and performance, providing peace of mind regarding the investment they are making. Manufacturer's warranties can vary in duration and coverage, but they generally address significant issues related to structural integrity, plumbing, electrical systems, and appliances that are included with the home at the time of purchase. This type of warranty is crucial because it reflects the manufacturer's commitment to the quality of their product and protects the buyer from unexpected repair costs shortly after the purchase. In contrast, the other options do not specifically relate to the home itself in the same way. A limited warranty, for example, may contain specific exclusions or limitations that do not provide the same level of assurance as a manufacturer's warranty. Homeowner's insurance policies, while necessary, cover different risks such as damage from fire, theft, or natural disasters, rather than manufacturing defects. Lastly, a full-service warranty typically provides extensive coverage but is often broader and more inclusive than what is offered by a manufacturer's warranty for new manufactured homes, which is focused specifically on defects related to the manufacturer's responsibilities.

### **4. What does "site-built" mean regarding manufactured homes?**

- A. Homes constructed in a factory**
- B. Homes built using off-site materials**
- C. Homes constructed on-site rather than manufactured in a factory**
- D. Homes designed specifically for limited mobility**

"Site-built" refers to homes that are constructed directly on the intended property or land where they will be occupied. This method typically involves traditional construction techniques and allows for a high level of customization in terms of design, layout, and materials used. Site-built homes are often subject to local building codes and regulations, which can provide a different layer of oversight compared to manufactured homes, which are constructed in a factory setting. The distinction here is crucial; while manufactured homes are built in a controlled environment and then transported to a site, site-built homes are assembled where they will be lived in, often incorporating the specific characteristics of the location. Understanding this difference can aid in navigating the terminology and regulations within the real estate industry, especially when dealing with manufactured homes and their classifications.

**5. What is the maximum duration for a temporary license in New Mexico?**

- A. 1 week**
- B. 30 days**
- C. 90 days**
- D. 6 months**

In New Mexico, the maximum duration for a temporary license is established to provide individuals time to fulfill any requirements necessary for obtaining a full license. The correct maximum duration for a temporary license is 90 days. This time frame allows new applicants to engage in their professional activities while ensuring they meet licensing criteria, including any training or educational mandates. Temporary licenses serve as a bridge for those entering the profession, giving them the opportunity to operate under supervision or to begin working in the field. The structured time frame ensures that individuals have adequate time to complete the necessary steps toward their permanent licensure without compromising regulatory standards or the safety of consumers.

**6. What is meant by "attached accessory" in manufactured homes?**

- A. Any item that is meant to be movable**
- B. Any structure that is permanently attached to the home, enhancing or affecting its total value**
- C. Only the utilities connected to the home**
- D. Temporary structures used for storage**

"Attached accessory" in the context of manufactured homes refers to any structure or feature that is permanently affixed to the home itself, which contributes to its overall functionality, utility, aesthetic appeal, or market value. This can include features such as porches, attached garages, or built-in cabinetry. The key characteristic is that these items are not intended to be moved; they are integral to the home, enhancing its livability and often its resale value. Understanding this concept is essential for professionals in the manufactured home industry, as it impacts both sales and the valuation of properties. Items classified as attached accessories typically increase the home's value more than movable items, which can be detached without significant impact on the structure's integrity or worth. The other available options refer to different categories of items or structures that do not hold the same significance in this context. Therefore, recognizing what constitutes an "attached accessory" is important for anyone involved in the sale or appraisal of manufactured homes.

**7. What must a salesperson disclose to potential buyers regarding manufactured homes?**

- A. Previous owners of the home**
- B. Loan options available for purchase**
- C. Any known defects or issues with the home**
- D. How many windows are in the home**

A salesperson is required to disclose any known defects or issues with the manufactured home to potential buyers because this is crucial for making an informed purchasing decision. This obligation stems from ethical practices in real estate sales and legal requirements to ensure transparency. Disclosing defects helps protect buyers from unexpected problems and potential financial burdens associated with repairs or safety concerns. Providing information about known issues supports consumer rights and fosters trust in the transaction. It also aligns with the principles of full disclosure, where the seller or their representative must share any material facts that could influence the buyer's decision-making process regarding the home. In contrast, details like previous owners, loan options, or the number of windows, while they may be of interest to buyers, are not legally mandated disclosures that could directly impact the safety or livability of the home. Thus, these factors do not carry the same weight of obligation as revealing known defects.

**8. Which document certifies that a manufactured home meets federal safety standards?**

- A. Building permit**
- B. Construction approval**
- C. HUD label**
- D. Safety inspection report**

The HUD label is the correct answer because it serves as the certification that a manufactured home complies with the federal safety standards established by the U.S. Department of Housing and Urban Development (HUD). This label is typically a metal tag affixed to the home, indicating that it has been inspected and meets specific construction and safety requirements. The presence of the HUD label assures buyers and regulators that the manufactured home adheres to the federal standards intended to protect the health and safety of its occupants. The other options do not specifically serve this certification purpose. A building permit is generally issued by a local authority to ensure proposed construction meets local codes, but it does not guarantee adherence to federal standards specific to manufactured homes. Construction approval may denote that plans and specifications have been reviewed, but it lacks the certification aspect specific to federal safety compliance. A safety inspection report can denote that a home has been checked for safety features, but it does not necessarily indicate compliance with the specific federal standards that the HUD label guarantees.

**9. What duration is a warranty repair work covered if completed after 10 months from receiving keys?**

- A. Until the end of the month**
- B. Until the end of the 1 year warranty period**
- C. 30 days from repair completion**
- D. 90 days from warranty notification**

The correct answer indicates that warranty repair work completed after 10 months from receiving the keys is covered until the end of the one-year warranty period. This is because most manufactured home warranties stipulate that any repairs made under warranty do not restart the warranty period but are instead covered for the duration of the original warranty. In this case, the one-year warranty typically begins from the date the purchaser receives the keys to the home. Therefore, if repair work is performed within the timeframe of that one-year warranty, it remains valid and covered until the end of the one-year period. This approach ensures that homeowners have thorough coverage for any defects that may arise and can receive necessary repairs without losing warranty protection. The other options do not align with standard warranty practices. For instance, some suggest a potential limit on coverage based on the timing of the repair without extending the coverage duration of the warranty itself. However, the warranty's terms generally prioritize maintaining coverage until the full warranty expiration regardless of repair events, which is why the correct choice underscores the continuity of the warranty period until the one-year mark.

**10. What must salespeople do to renew their manufactured home salesperson license?**

- A. Complete a new licensing course**
- B. Complete continuing education requirements and submit a renewal application**
- C. Participate in an exam again**
- D. Pay a fine for late renewal**

To renew their manufactured home salesperson license, it is essential for salespeople to fulfill the continuing education requirements and submit a renewal application. This process typically involves completing a specified number of hours of educational training, which helps ensure that salespeople remain knowledgeable about current laws, regulations, and best practices pertaining to the sale of manufactured homes. By requiring continuing education, the licensing authority aims to maintain high professional standards within the industry. This helps protect consumers by ensuring that salespeople are informed about the latest developments and ethical practices. Submitting a renewal application is also critical because it allows the licensing body to review the salesperson's qualifications and ensure compliance with any updated regulations before granting the renewal. In this context, simply completing a new licensing course or participating in an exam again would not be necessary for renewal, as licensing renewal focuses specifically on continuing education and application submission. Paying a fine for late renewal might apply in certain situations but does not constitute the routine requirements for license renewal.