



Manufactured Housing Quick Tips

This tool condenses important elements about manufactured housing to serve as a quick reference for housing counselors on key topics.

Purpose	Housing counselors should be knowledgeable about and encourage buyers to consider the many ways to purchase a manufactured home. Without appropriate guidance about their options, buyers may simply finance through a manufactured home retailer with a personal property loan which tends to have higher interest rates and shorter loan terms. HUD's Office of Manufactured Housing Programs provides valuable information related to the purchase, installation, and consumer protections for new manufactured homes.
Definition	<p>A manufactured home is built in a factory to the Manufactured Home Construction and Safety Standards (the “HUD Code”) then transported to the placement site. Each transportable section is identified as compliant with the HUD Code by a red certification label attached to the exterior.</p> <p>Other types of factory-built homes include modular and mobile homes, but these do not conform to the HUD Code and do not receive red certification labels.</p> <ul style="list-style-type: none">• Modular homes are more like site-built homes because, rather than the HUD Code, they are constructed to meet the building codes and specifications of the placement location - which are generally a higher standard.• The term “mobile home” refers to factory-built, non-modular homes built before the HUD Code became effective on June 15, 1976.
Land Property Interest	<p>Whether the homeowner owns the land on which a manufactured home is placed can determine how the home is taxed, titled, and financed. Land property interest impacts whether a manufactured home can be collateral for a personal property loan or a mortgage loan.</p> <ol style="list-style-type: none">1. Direct ownership: The borrower owns the land on which the manufactured housing unit is located. The home is taxed and titled as real property and is eligible for most mortgages.2. Indirect ownership: The borrower is a member of a Resident Owned Community (ROC) where the members of the community collectively own the land on which the manufactured home is located. Indirect ownership is typically taxed and titled as real estate, making it real property and potentially eligible for mortgage financing (the ROC must meet the specific guidelines of the mortgage product.)3. Paid leasehold: The borrower pays rent for the property, which may include land contracts or lease purchase agreements, making the manufactured home personal property in most cases.4. Unpaid leasehold: The borrower does not pay rent for the land, such as where the manufactured home is located on land owned by a family member without a written lease or agreement regarding rent payments. In most cases this makes the manufactured home personal property. <p>Note: The type of property interest for land contracts depends entirely on the terms of the agreement and state law. In most cases, land contracts are considered <i>paid leasehold</i> interest because the title to the land is not transferred to the buyer until the land contract is paid off.</p>



Titles and Conversions	<p>New manufactured homes are generally titled as personal property, per state law. To qualify for mortgage financing, a buyer must convert the title of the manufactured home to real property in a process that varies from state to state.</p> <p>Most states will convert a manufactured home title to real property in cases of <i>direct</i> or <i>indirect</i> land ownership interest, but many do not allow homes on <i>leased land</i> to be converted. Where a home on leased land can be converted to real property, an extended lease and/or the community owner’s permission is often required.</p> <p>Requirements for converting a manufactured home to real property typically include:</p> <ul style="list-style-type: none">• Removing the tongue, wheels, and axles• Permanently attaching the home to the land (which could be leased land in some states)• Surrendering the certificate of title to the appropriate revenue commission• Complying with state requirements to have the manufactured home assessed as real estate <p>The benefits of converting a manufactured home to real property include better financing options and consumer protections, while the drawbacks include the possibility of a greater tax burden and limitations on bankruptcy remedies. If a homeowner does not follow the process required by the state, the manufactured home will remain classified as personal property.</p>
Financing	<p>The secured property type of the loan collateral identifies whether a manufactured home loan is a personal property loan or a real property loan.</p> <ul style="list-style-type: none">• A personal property loan (also sometimes referred to using the legal term “chattel”) means the loan is secured by the manufactured home but not by the land.• A real property loan (also referred to as a mortgage) means the loan is secured by both the manufactured home and the land as real property.
Real Property Requirements	<p>Private lenders can finance manufactured homes with conventional loans that conform to Freddie Mac or Fannie Mae, Government-insured loans, and nonconforming conventional loans.</p> <p>In addition to borrower eligibility, the following home and site requirements generally apply to manufactured home mortgage products:</p> <ul style="list-style-type: none">• The home must have been built after June 15, 1976, and the red certification label must be attached to the exterior of each section.• The home must be taxed and titled as real estate to secure a mortgage on the home and the land.• The home site and foundation must meet product-specific guidelines.• The home can only be moved from the dealer to the site and must not have been placed on a previous site.• The home’s installation (set up) must, at a minimum, meet the Model Manufactured Home Installation Standards and carry a one-year manufacturer’s warranty if the unit is new. Some mortgage products further require the installation to conform to HUD’s “Permanent Foundations Guide for Manufactured Housing.” <p>Additional home and site requirements may also apply depending on the mortgage product.</p>



Personal Property Requirements	<p>Private lenders can finance manufactured home personal property and Government-insured loans are also available.</p> <p>The FHA Title I Manufactured Home Loan Insurance Program insures mortgages made by approved private lenders that finance the purchase or refinance of a manufactured home and/or the lot on which the home is located. Unique requirements include:</p> <ul style="list-style-type: none">• The home must be the borrower’s principal residence.• The home can be classified as real or personal property on land that is owned or leased by the borrower.• For <i>paid or unpaid leasehold interest</i>, the initial lease term must be for a minimum of three years with a provision that the homeowner will receive written notice at least 180 days in advance in the event the lease is to be terminated.
Pre-Purchase	<p>Clients intending to purchase a manufactured home may have a significantly different experience than those intending to purchase site-built homes. Manufactured home buying teams may include additional members and additional duties.</p> <ul style="list-style-type: none">• Real estate agent: Can assist homebuyers to find<ul style="list-style-type: none">- An existing manufactured home on real estate- An existing manufactured home on a leased lot- Real estate to purchase and place a new manufactured home- A leased lot on which to place a new manufactured home• Appraiser: Manufactured home appraisals vary from site-built homes, including special considerations such as the presence of access roads and manufacturer certifications.• Manufactured home dealer or retailer: New manufactured homes are purchased through a retailer, much like the process to buy a new car. HUD’s Homeowner Fact Sheet offers several resources for homebuyers seeking to buy a new manufactured home.• Manufactured home installer: New manufactured homes must be installed in accordance with minimum standards (see the Mortgage Requirements section above) and the work must be completed by a certified or licensed home installer. The installer may be the dealer or retailer in some cases, or the installer may be a separate entity.• Manufactured home community management or other landlord: Homebuyers seeking to lease space or buy an existing home in a manufactured home community must work with the landlord or manufactured home community’s management team to secure the lot lease.• State titling authority: Homebuyers wishing to obtain a mortgage for the manufactured home as real estate with the land must convert the manufactured home title from personal property to real property.



Installation	<p>The price of a new manufactured home may include installation. If installation is not included, the retailer may be able to recommend a professional installer. Depending upon the state where the manufactured home is installed, the installation must be completed by a state-licensed or HUD- licensed installer.</p> <p>Six steps for installation should be included in a written explanation from the installer of their services, promises, and applicable warranties:</p> <ol style="list-style-type: none">1. Transporting the home: The retailer or its transporter is usually responsible for delivering the home to the site. The site must be accessible by road in order for most retailers or transporters to deliver.2. Building a foundation: The foundation should meet the requirements of the landlord, community, and/or the mortgage loan product. The buyer is responsible for ensuring that all applicable requirements will be met.3. Leveling the home: A level foundation is critical to evenly distribute the home’s weight. Because some foundation supports may settle unevenly, it is important to periodically check that the home stays level.4. Securing the home to the foundation: To help minimize damage from high winds and earthquakes, the home should be anchored to the ground or concrete footers. Anchoring must comply with the manufacturer’s instructions, or as otherwise required.5. Finishing the home: The home may need finishing work, including an enclosure around the crawl space or, for multi-section homes, molding and joining carpet on the interior, and siding and roofing on the exterior.6. Connecting utilities: Installation should include connections to water, electricity, gas, and sewer. If connections are not included in the installation price, the buyer will have to hire a separate contractor.
Consumer Protection	<p>The HUD Office of Manufactured Housing Programs supports consumer protection for new manufactured homes.</p> <ul style="list-style-type: none">• Production Complaints• Installation Complaints• Dispute Resolution Complaints
Post-Purchase	<p>The USDA Section 504 Home Repair Program can provide loans to very-low-income homeowners to repair, improve, or modernize their homes, or grants to elderly, very low-income homeowners to remove health and safety hazards.</p> <p>Private lenders will rarely refinance a manufactured home personal property loan with a new loan, though it may qualify for refinance under the FHA Title I Manufactured Home Loan Insurance Program. Cash-out refinancing is not allowed under Title I but the funds can be used to finance built-in appliances and equipment and wall-to-wall carpeting.</p> <p>When selling a manufactured home on <i>leased land</i>, in most cases the landlord or manufactured home community must approve the new buyer for a lease. While a new buyer can purchase the home, they may have to move it to a new site if they are not approved for a lease at the current site.</p>
Foreclosure	<p>Whether a manufactured home is subject to the state foreclosure process or repossession process depends on several factors, including how it is titled and financed as well as whether it is permanently attached to the land.</p> <p>The state foreclosure process may also apply when a manufactured home is considered a fixture to the real property and collateral for the mortgage loan, even if it is classified as personal property and the mortgage loan funds were not used to purchase the home.</p>



Repossession

Borrowers who default on a personal property loan typically must navigate the state repossession process similar to that of a vehicle loan.

To repossess a manufactured home, lenders often use a process similar to judicial foreclosure, called **replevin**, in which the lender files a lawsuit in court and requests the court grant an order for repossession.

Manufactured-home owners also have the option of **voluntary repossession** in which the surrender of the home is negotiated with the lender.

In the event a manufactured home on leased land is repossessed, the landlord or manufactured home community have the right to **evict** the homeowner and the home.

Eviction

The manufactured home eviction process in most states will differ depending on the property and tenancy type.

- Manufactured-home owners who own the home and the land as real property are subject to the **foreclosure** process.
- Tenants who rent a manufactured home and the lot are subject to the same **landlord-tenant laws** as a tenant who rents an apartment.
- For those who own the manufactured home and rent the lot, many states factor into the eviction process the unique rights and responsibilities of the homeowner/tenant, the landlord, and any lender who holds a lien on the manufactured home.

Manufactured-home owners evicted from their lot or community must generally **remove their home from the lot**, which can be very costly and damage the home. Most state landlord and tenant laws therefore provide specific considerations for manufactured-home owners on leased lots, such as requiring “**just cause**” for a landlord to evict or refuse to renew a lease.

As a lienholder on a manufactured home, the lender has a right to the home as **collateral**, which factors into the eviction process.

- The homeowner may need **permission from the lender** to relocate the home upon eviction.
- In the event a manufactured-home owner is being evicted and has defaulted on the home loan, the lender will often work with the manufactured home community owner to negotiate the **back rent and storage fees** to be paid until the home is sold or removed from the community by the lender.
- In most cases, the fees paid by the lender can be added to the **judgment against the borrower** resulting from the repossession.

Housing counselors should encourage clients to consider the following factors when deciding whether to **relocate** or to **sell** or **abandon** the home:

- **Condition of the home:** In most states, a home must be in suitable condition to move before a permit will be issued.
- **Cost to move the home:** The cost of detaching the home from the site and utilities; transporting and reattaching the home to the new site and utilities; and the materials, permits, and insurance may be unaffordable.
- **Finding a new site:** Manufactured-home owners with an eviction in the public record may find it difficult to become approved for a site in a new manufactured home community. A manufactured home should also never be placed in a more restrictive wind, thermal, or roof load zone than that for which it was built.
- **Hiring qualified movers:** Look for an experienced moving company that is appropriately licensed and insured to move homes in the original state and any other states the home might pass through.