Minnesota Housing Partnership
Homes for all.

Manufactured Housing in Minnesota: Overview and Policy Challenges

Kim Skobba, Ph.D. and Leigh Rosenberg, M.S.S.W.

May 2008

This research was primarily funded by the Annie E. Casey Foundation. Additional funding for Minnesota Housing Partnership research comes from The McKnight Foundation, the Greater Minnesota Housing Fund (GMHF) and the Family Housing Fund (FHF). The findings and conclusions presented in this report are those of the authors alone, and do not necessarily reflect the opinions of the funders.

Minnesota Housing Partnership Board of Directors

Acknowledgements

The authors and the Minnesota Housing Partnership would like to thank the following people for their contribution to this study:

Dave Anderson, All Parks Alliance for Change
Laura Arce, Corporation for Enterprise Development (CFED)
Karen Baker, Minnesota House of Representatives Research
Paul Bradley, New Hampshire Cooperative Loan Fund
Donald Brewster, Origen Financial
Mark Brunner, Minnesota Manufactured Housing Association
Ron Elwood, Legal Services Advocacy Project
Margaret Kaplan, All Parks Alliance for Change
Warren Kramer, North Country Cooperative Development Fund
Margaret Lund, North Country Cooperative Development Fund
George McCarthy, Ford Foundation
Kim Stuart, Minnesota Housing
Tim Thompson, Housing Preservation Project
Cheryl Sessions, New Hampshire Cooperative Loan Fund
John Van Alst, National Consumer Law Center

Table of Contents

List of Tables

List of Figures

List of Text Insets

Executive Summary

Manufactured housing, a form of housing that is built entirely within a factory setting, is home to over 68,000 households in Minnesota. Despite its contribution as a substantial source of affordable, unsubsidized housing, especially for low-income homeowners, modern manufactured housing tends to be stigmatized, with poorer legal, tax, and finance structures for owners. This grows out of a legacy of classification as second class housing that likely stems from historical origins of manufactured homes as travel trailers.

Early travel trailers, the first manufactured homes, were similar in functionality to modern day recreational vehicles. However, since the mid-1950's, manufactured homes have become less mobile and increasingly similar to site-built homes in terms of functionality, size, and amenities. Though the form and function of manufactured housing have evolved over time, the policies and market structures associated with manufactured housing have remained largely unchanged over the past 50 years.

Among these antiquated policies is the classification of most manufactured housing as personal property, or chattel, rather than real estate. The classification as personal property results in a sales and financing system resembling that of the automotive industry more than that of the housing industry. This system results in interest rates and consumer protections that differ greatly from, and are less advantageous to owners, than those for traditional site-built home ownership.

This Minnesota Housing Partnership study is designed:

- to provide basic demographics of manufactured housing and its residents
- to compare the characteristics of manufactured housing and site-built homes
- to provide a better understanding of the practices and policies related to manufactured housing in Minnesota, i.e. the sales, titling, financing, taxation, and other consumer protections
- to offer a set of broad policy recommendations.

Major findings of the study are listed below:

Demographics

- 86% of manufactured homes are owned, and 14% are rented in Minnesota.
- Manufactured home residents have substantially lower incomes than residents of site-built housing. This is true for both owners and renters. The national median household income for manufactured home residents is $27,452, compared to $40,304 for all households.
- Nearly three-quarters of the owner-occupied manufactured housing in the Midwest is located in a non-metropolitan area. The majority of manufactured housing in metro areas is located in suburban and exurban communities.
- The average household size and the proportion of homes with children under 18 are about the same for site-built and manufactured housing.
- The owners of manufactured housing are predominantly white, particularly in the Midwest. However, manufactured housing is home to 9% or more of some ethnic and racial groups in Minnesota.
- Families owning or renting manufactured housing are more likely to have a family member with a disability than the general population of owners and renters.

Affordability

- With a median home value of about $29,000 in Minnesota, manufactured housing is an affordable form of homeownership for low-income families.
- Per square foot, the cost of building manufactured housing is less than half the cost of constructing site-built housing.
- The median monthly housing costs of owner-occupied manufactured housing are about half those of all owner-occupied housing nationwide.
- Manufactured housing accounts for about a quarter of owner-occupied units considered affordable to families earning less than half of the area median income in Minnesota.

Comparison to site-built housing

- Unlike site-built homes, more than half of manufactured homes in the Midwest are placed on rented land. Because land ownership is a critical factor in the appreciation of housing, the placement of manufactured housing on rented land prevents appreciation.
- Manufactured homes placed on land owned by the homeowner appreciate comparably to site-built housing.
- Manufactured housing and site-built housing achieve similar quality ratings in the American Housing Survey.
- Manufactured homes are considered far more dangerous in storms than site-built homes. However, larger manufactured homes on permanent foundations perform comparably to site-built homes in storms. Manufactured home parks in Minnesota must provide storm shelters or evacuation plans for residents.
- Manufactured homes tend to be newer and smaller than site-built homes. New manufactured homes tend to have similar amenities as newer site-built homes, and are more likely to be larger, double-wide homes.
- There are differences in the materials and construction methods used to build manufactured homes. These differences may make it more difficult for homeowners to access materials and qualified contractors for repairs and improvements.

The role of property classification

- Most manufactured housing in Minnesota is titled as personal property, similar to a motor vehicle, rather than as real estate. This treatment has important implications for financing, sales, taxation, and consumer protections.
- The statutory differences between real and personal property impact consumer protections, particularly the type and terms of the loan and rights upon default.
- The lack of land ownership for many manufactured home owners is an important barrier to treatment of homes as real property under current law.

Sales, financing, and default

- Sales of new manufactured homes typically occur through a retailer, similar to a car dealership. Frequently sales and financing are linked (and sometimes vertically integrated), which leaves buyers vulnerable to deceptive or predatory practices.
- The majority of manufactured homes are financed through high-cost personal property loans, even when credit scores would likely qualify borrowers for real

estate mortgage loans. Personal property loans are not covered by the consumer protections of the Real Estate Settlement Procedures Act (RESPA).

- When manufactured home owners are able to qualify for real estate mortgage loans, financing regulations are usually stricter than for site-built homes. They also frequently involve higher interest rates, fees, and down payments. If manufactured homes do not resemble site-built homes physically, they are typically ineligible for mortgages.
- Approximately 30% of manufactured homes are not financed at all at the time of purchase.
- In the case of defaults on loans for manufactured homes, borrowers with personal property loans have less opportunity and time to stop repossession than owners with real estate mortgages. Mortgage holders benefit from access to a more protracted, state-mandated, foreclosure process.
- Titling manufactured housing as real property alone will be helpful, but not sufficient in and of itself, to remedy the financing problems of such homes.

Taxation

- The application of sales tax on 65% of the sales price for a new manufactured home in Minnesota likely means that consumers are subject to double sales taxation. This is because materials used in construction of manufactured housing were previously taxed at the time of manufacture, and this cost is indirectly passed on to the consumer in the price of the new home. There is no sales tax on resale of manufactured homes sold within Minnesota.
- The property tax rate on manufactured homes is similar to that of site-built homes, though the owner pays a property tax only on the home if it is on leased land. However, property taxes for manufactured homes on rented land must be paid on a shortened schedule in comparison to that for homes on owned land. This shortened timeline, in addition to lack of tax escrow, is a disadvantage to owners of manufactured homes titled as personal property.
- Manufactured homes, whether classified as real or personal property, are eligible for the homestead classification in Minnesota. In many cases, this qualifies owners for lower property tax rates and property tax refunds.
- Manufactured homeowners may apply the renter's credit to the rent paid for land on which a home is placed.
- Interest paid on manufactured home loans can be deducted from state and federal income taxes.

The results of this study suggest that manufactured home owners often stand at a disadvantage compared to site-built home owners due to policies that treat the types of homes differently. Despite the fact that manufactured and site-built homes both serve as permanent dwellings, manufactured home owners have more limited financing options and are more vulnerable than their site-built counterparts. Many of these differences can be resolved through policy changes. Please refer to the *POLICY RECOMMENDATIONS* at the end of the study for specific recommendations to improve financing options and protections for manufactured home owners in Minnesota.

I. Introduction

With a median home value of $29,000 in Minnesota, manufactured housing is an important source of unsubsidized, affordable home ownership for low-income Minnesotans. There are 59,000 owner-occupied manufactured housing units in Minnesota, nearly all of which are affordable to low-income households. Manufactured housing accounts for an estimated one-quarter of all existing owner-occupied units affordable to families earning 50% of the area median income, or $33,400 per year. Yet, while much attention is given to preserving affordability of federally subsidized housing, policies surrounding manufactured housing are rarely addressed.

This lack of attention is, in part, due to misperceptions of and stigma attached to manufactured housing. Another factor is that from a policy and finance perspective, manufactured homes are considered to be more like automobiles than homes. Manufactured housing is usually considered moveable personal property, or chattel, by default in many states - including Minnesota. This standard treatment as personal property permeates the home ownership cycle, resulting in sales, marketing, financing and legal protections that differ greatly from, and are less advantageous to, owners than the consumer protections that traditional site-built home ownership offers.

As a response to the fact that manufactured home owners often pay higher interest rates and enjoy fewer protections than owners of site-built homes, Richard Genz advocates a change in property classification of manufactured housing. In his article, *Why Advocates Need to Rethink Manufactured Housing*, he argues that reclassifying manufactured housing from chattel to real property would result in improved access to financing and better legal protections for manufactured home owners. He makes the assumption that reclassification from chattel to real property would eliminate many of the challenges associated with manufactured home ownership. Throughout this study, this research considers this assumption, and explores the probable impact of changing the property classification on manufactured home ownership as one of the key questions.

The purpose of this study is to compare and contrast manufactured housing and site-built housing and to gain a better understanding of the policies surrounding manufactured housing in Minnesota. The study uses a descriptive research process that considers the following research questions:

- What is known about the demographics of manufactured housing residents in Minnesota?
- How does manufactured housing compare to site-built housing in terms of affordability, financing, sales, consumer protections, quality, cost, appreciation and land tenure?
- How would a reclassification of manufactured housing from personal to real property impact owners, and in particular, the financing of manufactured housing?
- What additional policy changes would help confer the benefits of site-built homeownership onto manufactured housing ownership?

Note: Data sources are cited in References *at the end of this report, while substantive notes appear as footnotes in the body of the text. Text box sources appear within the gray text boxes.*

Inset 1: Terms Used in this Study

Manufactured housing—*In this study, the terms* **manufactured home** *and* **manufactured housing** *refer to single-family houses that are built completely within a factory using the federal Manufactured Home Construction and Safety Standards, commonly known as the "HUD Code".*[i] *Though the terms* **mobile home** *and* **manufactured home** *are used interchangeably in common practice, technically, mobile homes are factory built homes produced before the implementation of the HUD Code on June 15, 1976. The term* **mobile home** *will therefore be used only to refer to the older homes when this distinction is meaningful or when the term is quoted by others. Otherwise, the term* **manufactured housing** *will be used.*

Modular housing—**Modular housing** *refers to another type of housing built largely within a factory setting. These homes are delivered to the building site in several completed partitions, or modules, and assembled on site. The modules are assembled using a crane and placed on a conventional basement or foundation. Modular homes are similar to newly constructed site-built homes. They are typically sold and assembled on land owned by the homeowner and financed like site-built housing.*[ii] *Modular housing is also regulated by the same state or local building codes that govern site-built housing. Manufactured housing within this paper does not include modular housing.*

Site-built housing—**Site-built** *homes are distinguished from manufactured housing by the amount of construction that is done ahead of time in a factory, as opposed to at the home site.*[iii] *For site-built homes, the majority of construction takes place at the home site and is subject to local building codes. Increasingly, the lines between factory-built and site-built homes are being blurred. Many traditional site-built homes have major components such as walls and roof trusses constructed in a factory. Additionally, many new factory built homes, whether manufactured or modular, are indistinguishable in appearance from site-built homes and are often built using the same materials.*

[i] Manufactured Housing Institute, 2007, "The Definition of a Manufactured Home"
[ii] National Association of Home Builders, Research Center, 1998, "Factory and Site-Built Housing: A Comparison for the 21st Century"
[iii] Carswell, Andrew and Anne Sweaney, 2006, "The Housing Industry" in Introduction to Housing, Housing Educators and Research Association

II. History of Manufactured Housing

Modern day manufactured housing is deeply rooted historically in the travel trailer industry. Early travel trailers were similar in functionality to modern day recreational vehicles. They were highly mobile, intended for traveling, and when people needed a place to stay, they would pay to park their trailers on private campgrounds. Initially used as a vehicle for vacationing families, the travel trailer later emerged as an alternative form of housing for a transient workforce.[1]

During World War II, the trailer became a stop-gap form of housing, as the United States government began buying trailers and opening trailer parks to alleviate regional housing shortages brought on by the need for a rapid increase in war-related employment. Though the government closed its trailer parks and got out of the trailer business after the war, the use of trailers during the war had the effect of legitimizing trailers as a place to live.[2]

As the function of trailers changed from travel to permanent housing, so did the homes produced by the manufactured home industry. Manufactured homes became larger, had more amenities and became less mobile.[3] This shift in form and function required both a change in attitude and name. In his book *Wheel Estate*, Allan Wallis writes of this change:

> Manufacturers no longer made trailers that could also serve as dwellings, but dwellings that happened to be mobile. In 1952, *Trailer Park Management Magazine* changed its name to *Mobile Home Park Management*. The following year, the industry's key association changed its name from Trailer Coach Manufacturers Association to the Mobile Home Manufacturers Association. (p.133)

Though the term "mobile home" is still widely used, modern day manufactured homes have been largely immobile since they made the transition to a form of permanent housing. While manufactured homes are still sold with a hitch, axles and wheels to allow for transportation, most homeowners remove these components and the homes are left unmoved once they are sold and installed.

While the form and function of manufactured housing has evolved over time, the policies and market structures associated with manufactured housing have not kept pace. Paul Bradley, of the New Hampshire Community Loan Fund explains that "Travel trailers have morphed into permanent housing without any evolution of the underlying business models."[4] This lack of change within the market structure, combined with policies that still treat manufactured homes as motor vehicles, have left a system in which manufactured home ownership is treated less favorably than other forms of home ownership, despite similarities in form and function.

New manufactured homes are similar to site-built homes in quality and appearance.

Manufactured homes are rarely moved once placed, and are far less mobile than people often believe.

A home situated in a manufactured home park in Minnesota.

III. Resident Characteristics

Complete data on Minnesota's manufactured home owners is not readily available. Therefore, the following profile of manufactured home owners draws on three different sources: the 2005 American Housing Survey, the 2000 Decennial Census, and the 2006 American Community Survey. The 2005 American Housing Survey is a national survey conducted by the United States Census Bureau and includes a sample of approximately 55,000 housing units. Data was reported at the national and regional levels in 2005. The Decennial Census is the most comprehensive compilation of demographics of the U.S. population, but the 2000 data is now considered somewhat outdated. The American Community Survey is a survey which is meant to provide more timely information between decennial censuses and to replace the "long form" of the decennial census. However, the margins of error can be high for certain areas, and the ACS does not yet report data for localities smaller than 65,000 people.[5]

A. Unit numbers and ownership rates

According to the 2006 American Community Survey, there are about 68,300 units of manufactured housing in Minnesota, of which 86% (about 58,700 units) is owner-occupied, and the remaining 14% (about 9,700 units) rented.[a] The Minnesota ownership rate for manufactured housing is significantly higher than the national rate of 75%.[6] Manufactured housing accounts for 2% of all rental units and 4% of all owned homes in the state.[7]

B. Income

Nationwide, manufactured home residents have substantially lower incomes than the general population. This is true for both owners and renters. Analysis of 2005 American Housing Survey data shows a median household income of $27,452 for manufactured home households compared to $40,304 for all households. Minnesota-specific data is not available, but income trends for the Midwest follow national trends. Manufactured home renter and owner incomes are compared in Table 1.

Table 1: Income of Households in Manufactured Housing, 2005, U.S.

Tenure	Unit type	Income
Owners	Manufactured homes	$30,468
	All owned homes	$55,571
Renters	Manufactured homes	$19,833
	All rental units	$27,051
All	Manufactured homes	$27,452
	All housing units	$40,304

Source: American Housing Survey, 2005

[a] The 2000 Census reported the number of manufactured homes at about 74,000, with about 65,000 owner-occupied, for an ownership rate of 87%.

C. Age of residents and household size

Though manufactured housing is commonly used as a form of retirement housing in some parts of the county, manufactured housing is about as likely to include children as other housing in the United States. Overall, 38% of households in manufactured housing have at least one child under the age of 18 living in the home, compared to 36% of all units. Households are also similar in size, with an average of 2.47 residents in manufactured housing units versus 2.54 residents for all housing units.[8]

Table 2: Presence of Children and Household Size, U.S., 2005

Tenure	Unit type	Percent of households with children under 18	Average household size
Owners	Manufactured homes	36%	2.46
	All owned homes	36%	2.64
Renters	Manufactured homes	47%	2.58
	All rental units	37%	2.32
All	Manufactured homes	38%	2.47
	All housing units	36%	2.54

Source: American Housing Survey, 2005

D. Disability status

Of the households living in manufactured housing in the U.S., nearly 9% of owner households and 8% of renter households in the American Housing Survey (2005) identified disability income or worker's compensation as an income source. This compares to about 5% of households in all types of occupied units for both owners and renters. The data suggests that manufactured housing is more likely to house people with disabilities than site-built housing.

E. Race and ethnicity

The vast majority of manufactured home owners, both in the Midwest and nationally, are white. In the 2005 AHS sample, 96.6% of owner-occupied manufactured housing in the Midwest had a head of household who was white, compared to 88% nationally. Minnesota's manufactured housing has a higher proportion of non-white residents than the Midwest average, with about 9% of households being non-white. The data suggest that for some ethnic/racial groups, Native Americans and Hispanic/Latinos in particular, manufactured housing appears to play an important role as a source of housing. About 12% of all Native American households and 9% of Latino households are likely to live in manufactured housing in Minnesota.

Table 3: Race & Ethnicity of Households in Manufactured Housing, Minnesota, 2006

	Number of households	Percent of total households	Percent of households by race
White alone	61,896	91%	3.3% (+/-0.1%)
Black/African-American alone	490	1%	0.7% (+/-0.5%)
American Indian/ Alaska Native alone	2,129	3%	11.9% (+/-2.9%)
Asian alone	643	1%	1.3% (+/-0.5%)
Other race alone	2,223	3%	10.2% (+/-3.1%)
Two or more races	680	1%	4.0% (+/-2.2%)
Total	***68,061***	***100%***	
Non-Hispanic/Latino	59,743	93%	3.3% (+/-0.1%)
Hispanic/Latino	4,506	7%	8.8% (+/-2.0%)
Total	***64,249***	***100%***	

Source: American Community Survey, 2006

F. Geography

Manufactured housing is more likely to be located in a non-metropolitan area than owner-occupied housing in general, especially in the Midwest. In the national 2005 AHS survey, 44% of all manufactured housing was outside a metropolitan area. However, in the Midwest, nearly 75% of owner-occupied manufactured housing was located in a non-metropolitan area. Furthermore, among the owner-occupied manufactured homes located within metropolitan areas in the Midwest, 75% were located within suburban or exurban areas.

Inset 2: APAC Survey Data

All Parks Alliance for Change (APAC), a St. Paul-based nonprofit tenants association for residents of Minnesota's manufactured (mobile) home parks, has surveyed residents living in seven manufactured home parks that were closing over the last five years. While the survey does not utilize a random sample, it does provide useful data on the residents surveyed. Of the residents living in the seven closing parks surveyed, 60% earned less than $30,000 and 40% earned less than $20,000. Nearly all of the surveyed residents (96%) owned their homes. Residents were primarily younger adults and children. Overall, 30% of the individual residents in the seven closing parks were younger than age 18, and over one-third were between the ages of 18 and 39. About one quarter of the residents were aged 40 and older, and less than 10% were over the age of 60. The results do suggest that individual park demographics may vary considerably. Nearly 40% of the residents in the seven closing parks were Hispanic/Latino, and 45% were white.[i] This stands in contrast to statewide data that suggest that the about 91% of manufactured home residents are white. It is possible that the parks that closed included more Latino residents by chance or that there is a causal relationship between the racial and ethnic makeup of the residents and park closings. Advocates have raised the possibility that in within a given geographic area, parks with a predominance of Latino residents may face greater risks of park closure.[ii]

[i] Nyquist, Daren, 2007, "The Risk of Manufactured Home Park Closings: An Analysis and Recommendations for Effective Park Closing Ordinances", Prepared for All Parks Alliance for Change.
[ii] Wells, Julia. (2007) "Racial Disparities in Manufactured Home Parks: Latinos' Experience in Minnesota". All Parks Alliance for Change.

IV. A Legacy of Stigma

Beginning in the 1970's, President Nixon included mobile homes in the nation's "Housing Starts"[b]– an economic indicator. With this, manufactured housing was ostensibly poised for recognition as a legitimate form of permanent housing.[9] Inclusion of manufactured housing in the housing starts was also a strategy enabling Nixon to claim that the country was meeting production and housing affordability goals:

> *The president's message went further than simply recognizing the contribution of mobile homes . . . His message was also intended to signal to various federal agencies that the mobile home was henceforth to be officially treated as primary and permanent housing. Such recognition could significantly improve mortgage terms and the secondary market for mobile home paper.*[10]

Despite the continuing importance of manufactured housing as a major force in the housing market even today, manufactured housing remains largely under-recognized and under-valued as a source of affordable housing, especially for ownership. In 2006, manufactured housing comprised 6% of the nation's 112 million housing units. In Minnesota, this percentage is lower than the national average with about 3% of the housing stock being manufactured housing.[11] The 59,000 units of owned manufactured housing in Minnesota contribute to the state's distinction of having the highest rate of home ownership of all states.[12] Though manufactured housing is an important component of the housing stock, ironically it has yet to achieve recognition as a legitimate form of primary and permanent housing as put forth by President Nixon over 30 years ago.

The lack of recognition of manufactured housing as primary and permanent housing is likely a legacy of its origin in the travel trailer industry. Despite Congress mandating the use of the term "manufactured housing" in all federal law and literature in 1980, the general public continues to use the term "mobile home".[13] This term continues to support an image of manufactured housing as transient and temporary. It also supports the belief that manufactured home owners can pick up their homes and relocate on any given day, though the vast majority of manufactured homes are never moved after their initial placement. In the 2005 American Housing Survey, only 18% of respondents living in manufactured housing reported that their homes had been moved from another site. This is not surprising, given the routine removal of axels and wheels once manufactured homes are placed, the high cost of moving homes to another site, and limited availability of land for placement.[14]

The perception of manufactured housing as an inferior form of home ownership is also perpetuated through stereotypes of the people living in manufactured housing. These perceptions are easily invoked by most people, even if they have never known or visited someone living in a manufactured home. Focus group research in Georgia revealed that manufactured home residents are perceived as "lower income, less educated and less likely to desire to succeed or improve their lives".[15] This contrasts with widely accepted beliefs about site-built home ownership as a mechanism for upward mobility and a sign of achievement of the American Dream. Similarly, people sometimes cite the notion that people who live in manufactured homes do not take care of their properties as a basis

[b] Housing starts measure the number of new housing units on which construction began in a given time period.

for stigma and prejudice. Yet less frequently understood is that park owners may sometimes be responsible for the poor upkeep of properties and park grounds.

V. Comparison of Manufactured and Site-Built Housing

A. Affordability

Manufactured housing provides a significant source of unsubsidized affordable housing and home ownership both in Minnesota and across the nation. The 2002 bi-partisan Millennial Housing Commission reported that manufactured housing accounted for 72% of all new units affordable to low-income homebuyers in the United States.[16] In Minnesota, there are about 59,000 owner-occupied manufactured housing units.[17] Manufactured housing is estimated to account for about a quarter of all existing owner-occupied units affordable to very low-income families (defined as earning less than half of the median family income) in Minnesota.[c]

With a median home value of about $28,900 in Minnesota, manufactured housing is a viable form of homeownership for many low-income families.[18] The average sales price of a new manufactured home placed in Minnesota in 2006 was $64,900. This figure is substantially lower for a single-wide unit, with an average sales price of $41,800 and higher for a double-wide unit, at $66,900.[19] Manufactured housing is far less expensive to produce than traditional stick-built construction. Nationwide, a new manufactured home built in 2006 cost $40.13 per square foot[d], whereas a new site-built home cost an average of $91.99 per square foot, excluding land costs.[20] Thus, construction costs for manufactured housing are less than half the amount per square foot for manufactured housing than for site-built housing.

Table 4: Construction costs per square foot

Type	Cost per square foot
Manufactured home	$40.13
Site-built home	$91.99

Source: Manufactured Housing Survey, Supplemental Data, 2006

The monthly housing costs for manufactured home dwellers are much lower than costs for other kinds of housing. While some of the difference in cost could be due to the fact that manufactured housing is more likely to be in a rural area, overall the trends are

[c] A family earning 50% of the median family income of $66,809 in Minnesota (American Community Survey, 2006) can afford a home that costs approximately $100,000. (This is based on an interest rate of about 6.8%, a 10% down payment, and a 30-year fixed mortgage while paying no more than 28% of income on housing.) With a total of 222,000 homes in Minnesota valued at less than $100,000 according to the 2006 American Community Survey, manufactured homes comprise about a quarter of homes in this price range. Nearly all of the 59,000 owner-occupied manufactured homes in Minnesota are considered affordable.

[d] This includes installation costs, when these costs are included in the dealer's sales price. Even when installation costs are not included in the sales price, such costs are likely to range about $1.25 to $5.00 per square foot. (According to the Manufactured Housing Survey of the Census Bureau, the average size of a new manufactured home in 2006 was 1600 sq. ft. Transport, installation, and utility hookups usually run $2000 to $8000 per home.) Manufactured homes remain far less expensive than site-built homes in either circumstance.

clear. According to the 2005 American Housing Survey, nationwide median monthly housing costs[e] for manufactured home owners are 48% less than median costs for all homeowner. Median rental costs for manufactured housing are about 26% less than median rental costs for all units.[21] An analysis of monthly housing costs in the Midwest reveals similar numbers. Minnesota data is not available.

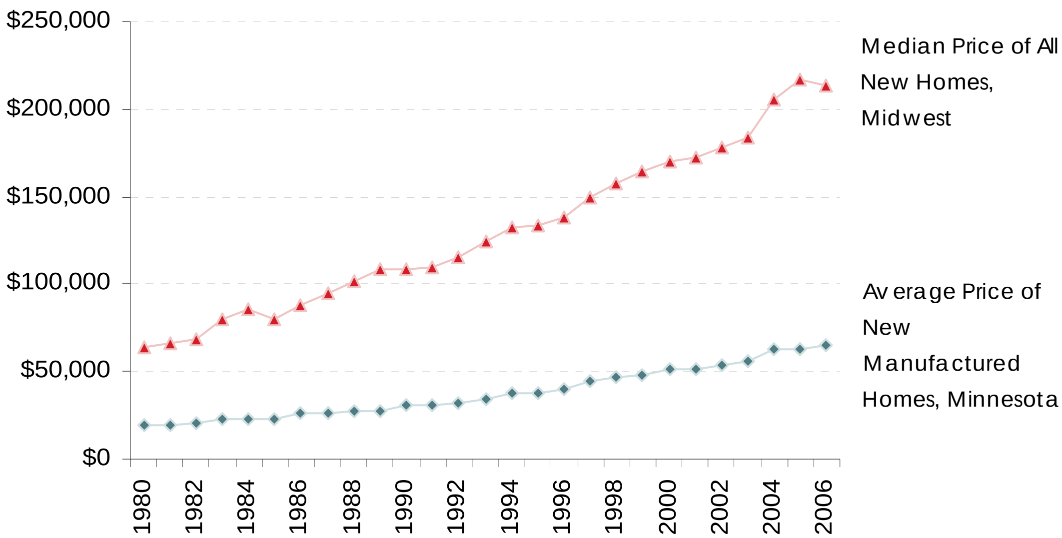
Table 5: Median Monthly Housing Costs, Including Lot Rent

Type of Housing	Amount
Owner-occupied: all units	$809
Owner-occupied: manufactured housing	$417
Renter-occupied: all units	$694
Renter-occupied: manufactured housing	$513

Source: American Housing Survey, 2005

Figure 1:

Sales Prices of New Homes, 1980-2006



Source: Manufactured Housing Survey, U.S. Census Bureau; HUD U.S. Housing Market Conditions, 3rd Quarter 2007

Manufactured home prices are far lower than prices for all homes. However, readers are urged to use caution in comparing new manufactured home sales prices to median home prices because the land cost is factored into the price for site-built homes, which comprise the vast majority of all new homes. In addition, median home price for manufactured homes is compared to average home price for all homes due to limited availability of data. Because the range of home prices is much smaller for manufactured homes, using an average is reasonable. Due to lack of availability of state-level data, Midwest home sale prices are used for site-built homes.

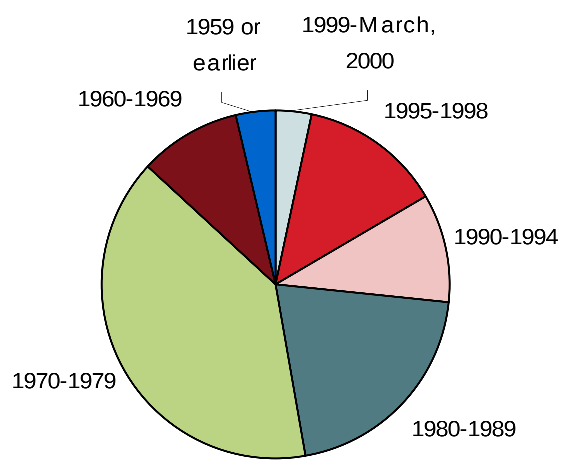
[e] Includes, where applicable, rent, mortgages and fees, utilities, taxes, insurance, and condominium/ homeowner's association fees. Excludes maintenance costs for owners.

B. Physical comparison

Age and size
Modern day manufactured homes, like their traditional site-built counterparts, come in a variety of shapes and sizes. Manufactured homes tend to be newer and smaller both in terms of square footage and number of rooms. Analysis of 2002 nationwide American Housing Survey data indicates that 90% of manufactured homes in the United States were built after 1970, and only half of all site-built homes were built after this time.[22] Similarly, according to the 2000 U.S. Census, in Minnesota 87% of all manufactured homes were built after 1970, but only 45% of single family site-built homes were built after 1970.

Figure 2:

Manufactured Housing by Year Built, Minnesota, 2000



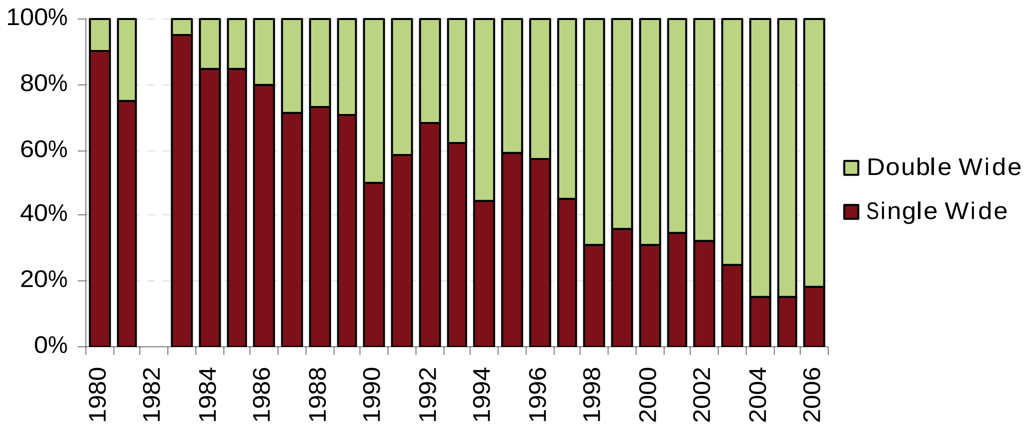
Source: U.S. Census, 2000

The average size of a new manufactured home built in 2006 in the U.S. was 1,600 square feet, with an average of 1,100 square feet for a single-wide unit and 1,750 square feet for a double-wide unit. This is substantially smaller than the average size of a new site-built home, which was 2,456 square feet in 2006.[23,24] Yet, modern manufactured homes are similar in size to site-built homes developed between the 1950's and 1980's.

Manufactured homes also tend to have fewer bedrooms and total rooms. The median number of rooms is 4.3 for manufactured homes, compared to 4.8 rooms for all housing units. Manufactured homes tend to have more than one bedroom but less than four bedrooms. Almost half have either two or three bedrooms.[25] Manufactured homes continue to increase in size and number of amenities. Since the mid-1980's the number of units with three or more bedrooms and units with air conditioning has increased steadily.[26]

Figure 3:

Proportion of Manufactured Homes Placed in Minnesota by Type, 1980-2006



Source: Manufactured Housing Survey, U.S. Census Bureau

Larger, double-wide homes are increasingly the norm among new manufactured homes in Minnesota.

<u>*Quality and safety*</u>
Prior to the 1970's, a strong case could be made that mobile homes lacked the quality and performance of traditional, stick-built homes. Fire-related deaths, the inability to withstand severe weather, and complaints resulting from the use of low-quality materials plagued the mobile home industry.[27] In 1976, Congress passed the Manufactured Home Construction and Safety Standards Act, known as the HUD Code, to put in place standards for safety and durability. The HUD Code is defined as a national, preemptive building code that regulates the homes' design and construction, strength and durability, transportability, fire resistance, energy efficiency, and quality control.[28] Homes built after the implementation of the HUD Code are generally considered to be of higher quality, safer, and more durable than pre-HUD Code mobile homes.[29] In 1990, the HUD Code was revised to improve energy efficiency, ventilation systems and wind resistance.

From Figure 2 in *Age and Size*, it appears likely that as of 2000, half or more of the manufactured homes in Minnesota were built after the HUD Code. However, it is not possible to get breakdowns between 1970 and 1979 from the census data. It is also not known if the manufactured homes in Minnesota are more likely than manufactured housing in the rest of the country to be built pre-HUD Code.

Manufactured homes built after the HUD Code have good fire safety records, unlike some of the pre-HUD Code homes. One study found that manufactured housing built post-HUD Code had a lower fire rate than site-built homes, with eight per 1,000 manufactured homes, compared to 17 per 1,000 site-built homes.[30]

Storm safety in manufactured home is more complicated, because HUD Code standards vary based on HUD wind zones. Most manufactured homes in the U.S. (including those in Minnesota) are in Wind Zone I. In this zone, standards require homes to withstand gusts of 70 mph. By contrast, in Minnesota, Chapter 1309 of the State Building Code requires site-built homes to be able to withstand 90 mph winds. As a response to Hurricane Andrew in 1992 the HUD Code was revised in 1994, but only for hurricane-prone areas along the East Coast. In those areas, manufactured homes must be built to withstand winds of 100 mph or 110 mph. These changes in the HUD Code have been effective for hurricane areas.[31]

Tornados do present problems in non-hurricane areas. While no homes, manufactured or otherwise, are built to withstand a direct hit from a powerful tornado, manufactured homes are more susceptible to tornado and storm damage. According to a Consumers' Union report, despite the fact that manufactured homes comprise a small portion of all homes, half of tornado-related deaths since 1998 have been of people in manufactured homes.[32] Overall, residents of manufactured homes are 20 times more likely to die in a tornado than residents of site-built homes.[33] There is evidence, however, that double-wide homes on permanent foundations perform comparably to site-built homes in high winds, and that multi-section homes perform better than single-wides. Finally, frequently the strapping that anchors manufactured homes can loosen or become faulty over time, and regular checks are important to maintain safety. While manufactured home buyers in tornado-prone areas are free to purchase the more wind-resistant homes, the cost is $1500-$4500 higher, and most consumers do not opt for them.[34] Under Minnesota statute 327.20, manufactured home parks are required to provide for the safety of residents in storms through either storm shelters or evacuation plans for residents. While this law is important for protecting residents, it will not help protect investments in the homes themselves.[f]

A report by the Consumers Union found that, despite the existence of the national HUD Code, there is great variability in other quality aspects of manufactured homes. The report also found that homes are often purchased based on floor plans and visual appeal rather than quality and durability.[35] While this may be the case, this situation is not limited to manufactured housing. In 2004, Consumer Reports, which is put out by the Consumers Union, published an investigation of the home building industry.[36] The report found that an estimated 15% of new site-built homes have serious structural problems, such as faulty foundations, moisture problems and poor quality framing.

A 2004 study by Abt Associates found little difference between owned-manufactured housing, owned- conventional site-built housing and rental housing in terms of quality.[37] Using American Housing Survey (AHS) data, the study evaluated housing quality by combining unit data on plumbing and kitchen facilities, heating and electrical systems, structural deficiencies and the presence of rodents to develop a single measure of housing adequacy. The study found only a small percentage (2.6%) of owned-manufactured housing units to be moderately or severely inadequate over the period of the study. This is slightly higher than owned-conventional housing (1.7%) and slightly lower than rental housing (3.6%). This finding was particularly relevant, given that the cost of manufactured home ownership was found to be much lower than either ownership of conventional homes or renting. The study also found that owners of manufactured housing have the same concerns about structural quality as owners of traditional homes.

[f] If a park has fewer than ten units, the park must have either a city-approved storm shelter or an evacuation plan. A park with ten or more units licensed before March 1, 1988 has the same requirements, except that the city may choose to require a storm shelter. Parks with ten or more units licensed after March, 1988 are required to have a storm shelter that meets the standards specified by the state Commissioner of Administration. Shelters are considered better protection from storms than evacuation plans.

Construction and maintenance
While manufactured and traditional site-built homes may have similar levels of housing adequacy, there are differences in the types of materials used to build the homes. When the structural components of a site-built home are in need of repair or replacement, the homeowner has ready access to supplies and contractors. The materials used in manufactured homes are often different and less readily available. For example, sheetrock used in manufactured housing has a vinyl covering, which is not found in site-built housing. Gas hot water heaters installed in manufactured homes are required to have fresh-air intake, whereas similar hot water heaters in site-built homes can usually draw air from within the home. Typically, consumers need to buy manufactured home supplies from a specialty supplier. However, some of the larger home-improvement stores like Menards and Home Depot are beginning to carry supplies for manufactured homes.

Additionally, not all contractors are familiar with manufactured home construction, which may make it more difficult for manufactured home owners to find a contractor to repair their home.[38] Acknowledging that there are differences in materials and construction methods, Minnesota Statue 326.83 requires licensing of contractors making alterations and home repairs on manufactured homes, with the exception of mechanical, electrical, and plumbing repair. This licensing ensures that contractors working on manufactured homes are familiar with the HUD Code and understand manufactured home construction. Licensing is administered by the Department of Labor and Industry and requires a separate license, bond, and examination requirement in addition to adherence to residential building contractor and remodeler licensing law. Contractors working on mechanical equipment, plumbing and electrical systems do not need a separate license.

VI. Land Ownership

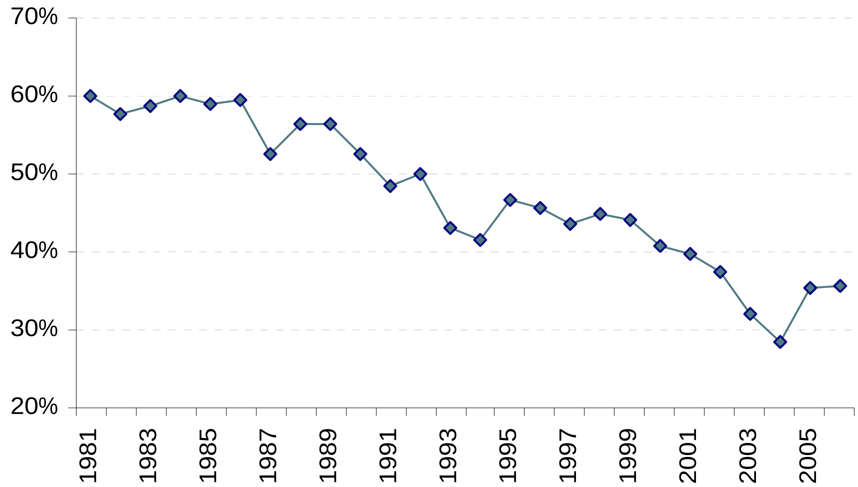
A. Land-lease communities: a vulnerable sector

One of the most important differences between site-built and manufactured home ownership is the issue of land tenure. Unlike nearly all owners of site-built homes, owners of manufactured housing often do not own the land beneath their homes. Overall, in 2001, 54% of manufactured homeowners in the Midwest (and 42% nationally) did not own the land where their home was sited.[39] (Minnesota figures are not available.) Minnesota has an estimated 950 manufactured home parks that contain approximately 50,000 lots. The occupancy rate of the lots is not available.[40]

There is a trend towards placement of new manufactured homes outside of manufactured home park communities. Of *new* manufactured homes placed in Midwest in 2006, 36% were placed in manufactured home parks or subdivisions (compared to 60% in 1981).[41] However, overall sales of manufactured homes have fallen in recent years, and the majority of existing manufactured housing in Minnesota remains on leased land.

Figure 4:

Percent of New Manufactured Homes Placed in Manufactured Home Communities, Midwest Region, 1981-2006



Source: Manufactured Housing Survey, U.S. Census Bureau

The frequent lack of land ownership places owners of manufactured homes in a position of great vulnerability and reduces the chance of long-term security afforded homeowners who own their land. One of the greatest risks for these home owners is the loss of rental land due to park closures. In Minnesota, there were 17 park closures affecting over 425 units between 2000 and 2006, with several additional parks slated to close.[42] This lack of control over the land poses an ongoing threat to a significant number of affordable, unsubsidized housing units in the state.

B. Potential for asset-building

There is a commonly held notion that manufactured housing depreciates over time. In the 2003 study conducted by the Consumer's Union, consumers repeatedly commented that "everybody knows" that manufactured homes depreciate like cars.[43] Similar comments were echoed by people interviewed for the preparation of this report. However, the appreciation of a home, whether site-built or manufactured, has more to do with land ownership than the house itself. A report by the Neighborhood Reinvestment Corporation and Harvard Joint Center for Housing Studies concluded that "In virtually all cases it is, in fact, land ownership that drives what is commonly thought of as 'housing price appreciation'".[44] Using data from Freddie Mac and the National Association of Home Builders, the researchers conducted a comparison of equity built through land versus housing structure. Their analysis suggests that it is indeed the land rather than the housing unit that appreciates in a site-built home. The authors conclude "there is little wonder that manufactured homes – by themselves – do not appreciate".[45]

If it is land ownership that drives appreciation, it would be expected that manufactured housing coupled with land ownership would have the potential for appreciation. Studies of the price appreciation of manufactured homes on owned land confirm this hypothesis. In an analysis of relative appreciation rates among site-built and manufactured housing, a study conducted by the Consumer's Union found that there was not a statistically significant difference between the appreciation of site-built homes and manufactured homes, when the land was also owned by the homeowner.[46] From an analysis of American Housing Survey data, Abt Associates concluded similarly that while manufactured housing without land ownership is not considered a particularly good investment, ownership of land in conjunction with a manufactured home unit generally provides a positive return.[47] Finally, a study conducted by the Carsey Institute found that manufactured homes in resident owned communities had higher average home sale prices and faster homes sales than homes placed on leased land.[48]

Inset 3: Owning the Land: National Models to Protect Manufactured Home Parks

In recent years, communities in several states have developed strategies to reduce the vulnerability faced by manufactured home owners living on leased land.[i] Each of these strategies involves some form of resident or community ownership, though the management and ownership models vary.

- *In New Hampshire, 87 manufactured home parks have been converted to resident-owned cooperatives. Cooperative ownership gives homeowners more control over their community, stabilizes lot rents and enables profits to be funneled back into the community for improvements.[ii]*

- *In Georgia, residents formed a non-profit organization, purchased land and formed a land trust after the manufactured home park they lived in was put up for sale.[iii] The land, streets, community center and amenities are now owned and managed by a resident-controlled non-profit community land trust, which can provide benefits similar to the cooperative model.*

- *Finally, the State of Vermont has 38 non-profit owned parks which were secured through the assistance of the Vermont Housing Finance Agency. The Agency owns 17 of these manufactured home communities and provided financing products to help the remaining communities acquire and develop the land. The Vermont Housing Finance Agency also provides financing for new manufactured housing units through mortgage revenue bonds.*

Each of these strategies has helped to secure the land in manufactured home parks, ensuring permanent residency and affordability for their manufactured home owners.

[i] In 2007, the state of Minnesota established the Minnesota Manufactured Home Relocation Trust Fund to provide manufactured and mobile home owners with reasonable relocation compensation to in the event that all or part of their park closes. In New Hampshire, state law protects park residents by giving them the chance to buy the park (right of first refusal). Similar legislation has been proposed in Minnesota.
[ii] Apgar, William., Calder, Allegra, Collins, Michael and Mark Duda, 2002, " An Examination of Manufactured Housing as a Community and Asset-building Strategy", Neighborhood Reinvestment Corporation and the Joint Center for Housing Studies of Harvard University
[iii] Stipemas, Skipper, 2005, Housing Facts & Findings, Vol. 7, No. 4, Fannie Mae Foundation.

C. Necessity for better financing

In the cases where manufactured homeowners wish to obtain a lower-cost real estate loan (mortgage) for a manufactured home, land ownership and permanent affixing of the home to the land is almost always a requirement. This issue is discussed in greater detail in *Chapter IX: Financing*.

VII. Sales Process: Buying and Selling a Manufactured Home

A. Manufactured vs. site-built home sales

In many ways, shopping for a manufactured home differs little from shopping for an existing site-built home. The owners of a local manufactured home retailer interviewed for this study said consumers are looking for the same things that most people look at when buying a home. They compare homes by features, quality and location. Manufactured home buyers, like site-built home buyers, often choose homes based on school districts. Mark Brunner, President of the Minnesota Manufactured Housing Association, adds that the association encourages consumers to ask the same questions as they would in shopping for site-built homes. Consumers purchasing a new home are able to choose among floor plans, amenities and finishes, much like consumers buying a new site-built home.

However, there are some distinct differences between the sales process for manufactured and site-built homes. This is due both to the historical roots of manufactured housing in the travel trailer industry and the fact that manufactured homes are constructed offsite. Site-built homes are typically sold through a real estate agent or salesperson and governed by a number of consumer protection regulations. In Minnesota, people who sell real estate professionally must be licensed as a salesperson or a broker.[49] Minnesota law requires that real estate agents provide a consumer with an "agency disclosure" form when first working with a potential client. The agency disclosure provides a description of the different types of agency relationships in real estate transactions such as buyer's agent, seller's agent and dual agency.[50] The federal Real Estate Settlement Procedures Act (RESPA) helps ensure that lenders, realtors, and title insurance companies do not provide kickbacks to one another which could be undisclosed to homebuyers. Such kickbacks can increase costs to homebuyers. This consumer protection statute, enforced by HUD, only covers loans secured with a mortgage placed on one-to-four family residential properties.

By contrast, manufactured homes are usually sold through dealerships or through private parties (especially for resale). Both kinds of sales have much in common with sales of vehicles. Sales are vertically integrated; dealerships usually offer an array of linked services, including home sales, installation, and financing. Dealerships often have several models of homes on display but offer many more models and floor plans to customers through custom orders. In some ways, however, dealership-based sales of manufactured homes are even less transparent than sales of cars, because for most homes, dealerships are not required to display a sticker price for each home. This leaves open the potential for deceptive pricing and terms for consumers.[51] Resale of manufactured housing is often managed within a manufactured home park either through a retailer or through a sales office within the park. Manufactured home retailers operating in Minnesota must be licensed (MN Statute 327B.04). In addition to selling the homes, retailers usually arrange financing when homes are titled as personal property (the vast majority of cases), which offers less consumer protection for buyers. While it is difficult to identify the extent and value of the kickbacks to retailers of manufactured homes, a review of lender websites confirms that incentive programs exist. For example, the "Universal Lender-Retailer Agreement" for Triad Financial Services stipulates that a retailer using Triad as a loan source for a customer will receive a disbursement from the loan proceeds.[52] There is little specific data available about sales through private individuals.

Financing arrangements for the types of sales discussed above are not subject to the Real Estate Settlement Procedures Act (RESPA) or to Minnesota real estate protections. Manufactured homes titled as real estate in Minnesota may be bought and sold through a real estate agent as with other types of real estate.

In addition, the well-developed system offering counseling to buyers of site-built homes is largely absent for buyers of manufactured homes. Apgar, et. al. point out that consumers have few guides to help them understand the process of buying a manufactured home. Homebuyer educators and counselors report that by the time a buyer reaches a counselor, contracts and terms have usually already been negotiated. In addition, counselors themselves have few resources to use in educating buyers. Those that do exist are often less-objective industry publications. This is of particular concern, because manufactured home buyers are often first-time homebuyers.[53]

Figure 5:

Source of New Manufactured Homes, US, 2005

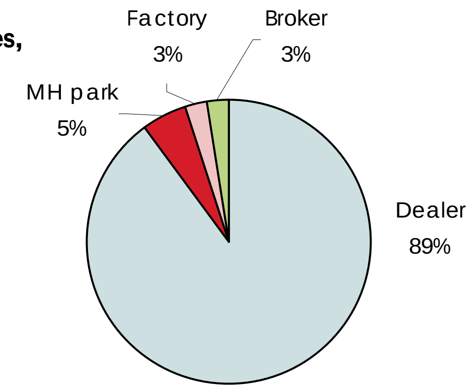
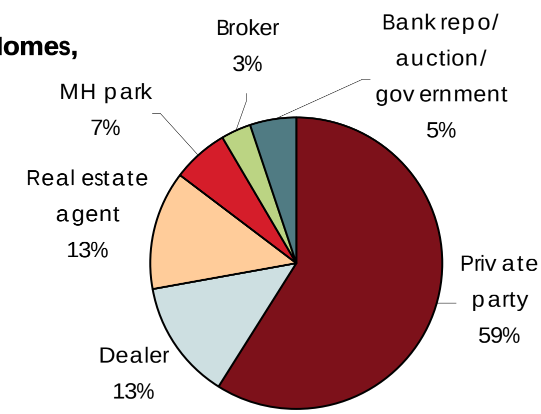


Figure 6:

Source of Used Manufactured Homes, US, 2005



Source for Figures 5 & 6: Foremost Insurance Group, "The Market Facts", 2005

B. Appraisal and pricing

The lack of a standardized appraisal and pricing system provides an added barrier to manufactured housing sales and financing. Used manufactured homes have traditionally been assigned a value using price guides published by the National Automobile Dealers Association (NADA). This system of determining a home's value is the same system used to determine the value of used cars. Because this system is not independent of the dealers, transparency is lacking. In addition, for both new and used manufactured homes, sellers sometimes obscure sales prices which prevents consumers from being able to do effective comparison shopping.[54,55] The lack of an accurate and reliable appraisal and pricing system limits the free flow of market information, which is detrimental both to buyers and lenders. Consumers are at an unfair disadvantage in negotiating sales prices. Lenders, too, cannot make well-informed decisions about financing, which can lead to issuance of inappropriate loans and, later, foreclosure or repossession.

There is hope that changes in the appraisal system are forthcoming. The Manufactured Housing Institute and The Appraisal Institute are co-sponsoring courses on appraising manufactured housing. At the same time, in 2003, Datacomp, a company that appraises and inspects manufactured homes, instituted a national database of manufactured home sales at www.mhvillage.com. This database is similar to the Multiple Listing Service (MLS) used to sell site-built homes and to identify comparable listings and sales prices. While only about 19,000 manufactured homes (including about 350 in Minnesota) are currently listed through Datacomp, the database has been growing 50-60% annually.[56]

VIII. Property Classification: Real vs. Personal Property

One of the key differences between ownership of manufactured and site-built homes is the way in which the property is titled. A title is a legal document that establishes the right of ownership. Property is titled either as real or personal property. Real property is land and any improvements which are intended to be permanent, such as a house or other buildings. Ownership of real property is conveyed through a *deed*. Personal property usually includes property that is more easily moved, such as cars, boats, or jewelry. Some kinds of personal property (including manufactured homes) are assigned a *certificate of title*. Despite the evolution of the manufactured housing industry from recreational vehicles to permanent housing, manufactured homes are usually considered moveable and are therefore titled as personal property. Only 28% of new manufactured homes in the Midwest are titled as real estate.[57] However, this figure reflects an ongoing trend towards an increasing proportion of new homes being titled as real estate. Minnesota-specific data is unavailable.

The fact that most manufactured homes are personal property rather than real property has important consequences for the owners of manufactured housing. Manufactured homes sold as real property are treated differently in terms of financing, consumer protections, resale, and to a lesser extent, taxation.

Inset 7: Personal Property Designation:
An Impediment to Affordable Housing Developments

A real property designation is important for replacement of owned units of manufactured housing through HUD's Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) funds. When CDBG or HOME funds are used in housing development, the Department of Housing and Urban Development (HUD) requires one-for-one replacement of owner-occupied manufactured homes lost through projects, when they would rent at or below the Fair Market Rent (FMR), but only if the units are considered real property under local law. One-for-one replacement is not required of owner-occupied homes classified as personal property. Rental units must be replaced regardless of property designation if they rent for at or below the FMR.

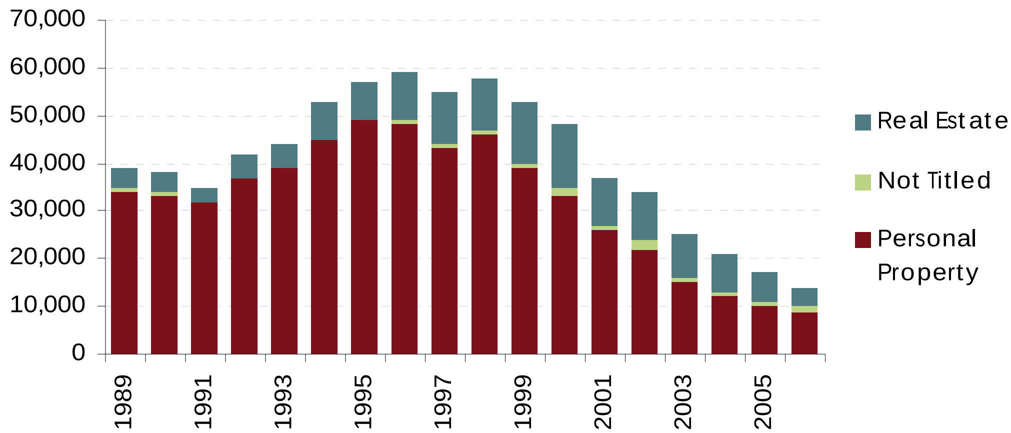
Table 6: New Manufactured Homes and Property Title Type, 2006

	U.S.		Midwest	
Title Type	*total*	*percent*	*total*	*percent*
Personal Property	71,000	64%	9,000	64%
Real Property	31,000	28%	4,000	29%
Not titled	9,000	8%	1,000	7%
Total	111,000	100%	14,000	100%

Source: Manufactured Home Survey, U.S. Census, 2006

Figure 7:

New Manufactured Home Sales by Title Type, Midwest Region, 1989-2006



Source: Manufactured Housing Survey, U.S. Census

In most states, the titling of manufactured housing takes place within the same governmental department responsible for titling automobiles. In these states, the default for titling of manufactured housing is as personal property. This is the case in Minnesota, where manufactured housing is initially titled as a motor vehicle through the Driver and Vehicle Services, a division of the Minnesota Department of Public Safety, and owners are given a certificate of title. By contrast, in Minnesota deeds for real property are filed with the County Recorder. In many states, only under certain conditions can manufactured housing be titled initially as real estate.[58] In Minnesota, manufactured homes may be treated as real property without first obtaining a certificate of title only if the criteria under Minnesota Statute 168A.141 are met. This statute stipulates that manufactured homes be:

- affixed to real property by a permanent foundation, in accordance with the Manufactured Home Building Code or like other real property in the area
- financed through a mortgage as real property

Manufactured housing initially titled as personal property can also be converted to real property when a home is permanently affixed to real property. This process of conversion, which requires the cancellation of the certificate of title, is considered a "good" law by consumer protection advocates. Van Alst, of the National Consumer Law Center, states that "Allowing two title documents—the certificate of title and the deed – to coexist would enable an unscrupulous owner to sell the manufactured home twice, assigning the certificate of title to one buyer and conveying a deed to the other".[59] The cancellation of the title upon conversion to real property prevents this from happening.

Inset 8: State Approaches to Titling of Manufactured Homes

In most states, manufactured housing is titled by default as personal property. Only under certain circumstances is this housing titled as real property, which can offer better financing and consumer protections. Not all states approach titling the same way, however.

- *New Hampshire has the least restrictive process of titling manufactured housing as real property. In New Hampshire, manufactured housing is classified as real property when it is put on site and hooked up to utilities. A "manufactured housing deed" is then recorded. This titling process allows manufactured homes to be treated as real property and provides a deed which is important to lenders. In New Hampshire, manufactured housing is treated as real property for all purposes.*

The titling of manufactured housing in most states takes place within the same governmental unit responsible for titling automobiles. This system perpetuates the car-like legal, sales, and financing treatment of manufactured housing. A few states, such as California and Texas, however, manage the titling and regulation of manufactured housing within the states' departments of housing.

- *In California, registration and titling occurs within the Department of Housing and Community Development. The registration and titling program was transferred from the Department of Motor Vehicles to the Department of Community Development in 1981. This restructuring occurred as part of an effort to elevate the legal status of manufactured homes so that such housing could be better utilized as a source of affordable housing.[i] The Department of Community Development also oversees the licensing of manufactured housing sales and dealerships and serves as an ombudsman for consumers.*

- *The Manufactured Housing Division of the Texas Department of Housing and Community Affairs has a similar set of responsibilities as the California department. While this governmental structure does not appear to change the circumstances under which manufactured homes are treated as real property, there is some evidence that it has improved consumer protections.*

[i] California Department of Housing and Community Development website, http://www.hcd.ca.gov/

IX. Financing

With the lower price of manufactured homes, manufactured housing is more likely than site-built homes to be purchased without financing. According to a 2005 nationwide Foremost Insurance Group survey, 33% of manufactured homeowners did not finance when they purchased their current manufactured home.[60] The 2001 Residential Finance Survey also found that of the manufactured homes in the Midwest region that were purchased, 30% were bought with cash and involved no financing. By comparison, less than 12% of single-family homes in the Midwest were not financed.[61] It is not possible to separate purchase of new versus used manufactured homes from the available financing data. However, loans for manufactured housing are financed in ways that are generally less advantageous for consumers than those available for site-built homes.

A. Overview: Personal property loans vs. Real estate mortgage loans

For manufactured homes that are financed, financing generally occurs through one of two types of loans – personal property loans and real estate mortgages. Personal property loans, also called chattel loans, are usually the only option for buyers financing a home without owning land, as is the case with land-lease communities.[g] For consumers, the application process for personal property loans is relatively easy and the loans usually require smaller down-payments than for traditional mortgages. However, this convenience is accompanied by higher interest rates and fewer consumer protections. For example, the RESPA protections discussed in *Section VII: Sales Process* apply only to real estate sales, and not to the sale of personal property.[h] Additionally, financing options for re-sale of manufactured homes on leased land are few, and such financing is usually available only through the seller.[62]

When a buyer is placing a home on land that he or she already owns or is intending to buy, real estate mortgages are sometimes available as a source of financing. Real estate mortgages for manufactured homes are similar to mortgages for site-built homes. However, they tend to have more restrictive underwriting and higher fees and rates, including passage through the more conservative, automated underwriting system.

B. Loan Type Frequency

Of the two types of financing, personal property loans are most commonly used by manufactured home owners. The 2001 Residential Finance Survey suggests that the vast majority of manufactured home owners who finance their homes use personal property loans. In the Midwest, the sample results showed 86% of purchased (as opposed to inherited or gifted) manufactured homes that have debt were financed with installment debt (personal property loans). Only 27% of manufactured homes with debt carried mortgages. Some properties had both types of loans simultaneously, for example, a personal property loan for the home and a mortgage for the land.[63]

This predominance of personal property loans within the manufactured housing sector is likely due to a combination of factors, including restricted access to mortgage financing, the role of retailers in arranging financing, and the limited conditions under which a home can be titled as real estate, which is a definitional requirement for a mortgage loan. While ownership of land makes it more likely that a property will be titled as real estate, it is no guarantee that a home will be financed with a mortgage. According to the 2001 Residential Finance Survey, 65% of manufactured homes on owned land with debt in the Midwest carried a personal property loan. (Overall, however, only 29% of manufactured homes on owned land had a personal property loan in the Midwest.[64])

---

[g] In some states, a manufactured home on leased land can be financed with a mortgage, but only if it is placed on land with a long-term lease (usually at least 10 or 20 years) and is permanently attached to the land. Other exceptions include manufactured homes owned through land trusts or cooperatives. Such arrangements tend to be rare.

[h] In New Hampshire, a state that classifies manufactured homes as real property regardless of land ownership, financing for homes is not covered by RESPA if it is a new home purchased from a manufactured home dealer. According to Paul Bradley of the New Hampshire Cooperative Loan Fund, this is because the home is not titled as real estate until it is placed on land. At the time of first sale at a dealership, the home remains titled as personal property.

C. Interest Rates

Interest rates for manufactured home loans are generally higher than interest rates for site-built homes. The primary reason for this is the fact that most manufactured homes have personal property loans. Donald Brewster of Origen Financial, a manufactured home lender, says that the company's average interest rate on a personal property loan is about 9.2%, with a range from 7.5% to 14%. Triad Financial, another manufactured housing lender, offers consumers a similar range of interest rates, with 20% to 25% of consumers receiving loans with lower-end interest rates.[65] These rates are far higher than the average rate for real estate loans, which was about 6.4% for all housing types in 2007.[66] However, even mortgages for manufactured homes have interest rates that are higher than mortgages for site-built counterparts. The reasons for this are discussed in *Section E: Financing barriers*.

The American Housing Survey also provides additional evidence that, on average, financing for manufactured homes typically involves a higher interest rate than financing for all owner-occupied units. The "current interest rate" data combines the interest rates of the first two loans held on a property. In 2005, the mean interest rate for a manufactured home (and land where owned) was 7.3%, as compared to 6.0% for all homes. However, far higher rates were common only for manufactured homes. Only 3% of all units had loans with rates of 10% or higher, but 18% of manufactured homes had financing at this rate.[67]

Table 7: Current Interest Rate on Units with Loans, Owner-Occupied Housing, U.S., 2005

	All Units	Manufactured Homes (including land loans)[i]
Less than 6 percent	49%	24%
6 to 7.9 percent	41%	40%
8 to 9.9 percent	7%	18%
10 to 11.9 percent	2%	10%
12 to 13.9 percent	1%	5%
14 to 15.9 percent	0%	1%
16 to 17.9 percent	0%	1%
18 to 19.9 percent	0%	0%
20 percent or more	0%	1%
Total	*100%*	*100%*
Median Interest Rate	**6.0%**	**7.3%**

Source: American Housing Survey, 2005

[i] When a manufactured home is placed on owned land, there may be two or more loans: one for the home, one for the land, plus any additional liens and home equity loans. Land loans are generally mortgages, and loans for the home itself may be either a mortgage or a personal property loan. The American Housing Survey current interest rate data includes up to two loans in the interest rate calculation. Loans may include mortgages, personal property loans, and/or home equity loans, though the survey asks only for "mortgages" and "home equity loans". Survey interviewers have discretion in fitting manufactured home owners' actual loans (frequently personal property loans) into the existing loan categories. Mortgage interest rates enter the calculation of current interest rate first. For example, if a house has two mortgages and two home equity loans, only the interest rates from the two mortgages are used to calculate the current interest rate. If there is one mortgage and one home equity loan, both are used to calculate the interest rate. If there are no mortgages, the home equity loans are used to calculate the rate. The current interest rate is weighted by the total outstanding principal on each loan. Because some manufactured home owners finance land through a mortgage, but do not finance the manufactured home placed on the land, the interest rates for manufactured homes in Table 7 may underestimate actual interest rates for the homes.

D. Protections: Truth in Lending Act (TILA)

The federal Truth in Lending Act (TILA) applies to the sale of manufactured homes, whether they are sold as real or personal property. TILA was designed to provide consumers with "*meaningful disclosure* of consumer credit and lease terms, including those in advertisements, so that consumers can easily compare terms and shop wisely for credit."[68] TILA is usually limited to financing beyond $25,000, but an exception is made for the sale of manufactured homes. That is, there is a provision that covers financing transactions if the loan is used for the consumer's principal dwelling. Under TILA, the identity of the creditor, the amount financed, the annual percentage rate, finance charges, payment totals, schedule, pre- and late-payment penalties, deposits and insurance required must all be made clear to the borrower. Violations of TILA result in statutory damages, actual damages, and attorneys fees. If the sale of a manufactured home and land are structured as two different transactions, there may be TILA claims for violations in each transaction.[69] Finally, for refinancing, TILA provides for a three-day "cooling-off" period during which the borrower may terminate the loan. However, homes titled as personal property rarely qualify for refinancing.[70]

E. Financing barriers

During the 1990's, the manufactured housing finance industry was marked by relaxed underwriting standards, making it possible for nearly anyone to get a loan. Much like the current mortgage foreclosure crisis, the poor performance of manufactured home loans on a mass scale led to an industry meltdown in 2000. In the aftermath of this crisis, the manufactured home financing industry was left with a drastically reduced supply of lenders, stricter lending guidelines, and a flood of excess homes recaptured through repossession. Today, the manufactured housing finance industry is dominated by fewer than ten companies, most of which offer both real estate and personal property loans.

<u>Loan criteria</u>

For consumers, the post-crisis finance industry means a more limited pool of funds with stricter lending requirements. Brewster, of Origen Financial, says that most of the key players in manufactured housing finance have gone out of the market.[71] Aside from Origen Financial, those that remain have been unable to tap into capital markets. These changes mean there is less money available for financing. Recovering from a crisis triggered by loose underwriting standards, the industry now requires that consumers have higher credit scores to get financing. According to Brewster, there is no financing product available for people with a credit score below 650. This observation is consistent with comments from a local manufactured housing retailer that financing is limited, particularly for people with credit scores in the low 600's.

The requirement of a solid credit score suggests that most people receiving personal property loans would likely qualify for a lower-interest, conventional mortgage loan. However, the underwriting for mortgage loans is typically so restrictive that it limits the financing of any manufactured housing that is visibly different from site-built housing.

United States Department of Agriculture's Rural Development, Fannie Mae, Freddie Mac, FHA, the Veteran's Administration, and Minnesota Housing all have particular requirements for issuance of mortgages, which can be referenced in *Table 8*. In general, there is an expectation that homes will be sited on land owned by the homeowner, and that homes will be permanently attached to a foundation or permanently anchored to an appropriate slab. In general, requirements that homes be titled, classified, and/or taxed as real estate are requirements that must be met *once the home is placed*. Except for Rural Development and VA loans, only double-wide homes will qualify for financing, unless they are a component of a condo or planned unit development (PUD).

Rural Development finances only manufactured homes purchased through approved dealers through Section 502 loans. The dealer/contractor must act as the general contractor and is responsible for completion of all work under the contract agreement. Fannie Mae does have a "Select" loan product with better loan terms, but strict physical appearance guidelines must be met so that such homes physically resemble site-built homes. For Minnesota Housing, mortgage loan programs, including those for manufactured homes, are designed to meet the guidelines of the secondary mortgage market, mortgage insurers, and the IRS Code for mortgage revenue bonds.[72] The cumulative effect of layering of requirements results in an even more restrictive list of guidelines for manufactured home loans.

Loan costs

In addition to physical and siting requirements, mortgage loans for manufactured homes usually require a larger down payment, and have a higher interest rate, or a higher fee than mortgages for site-built homes. For example, Fannie Mae and Freddie Mac add a penalty to manufactured home mortgages in the form of a higher interest rate, regardless of borrower characteristics.[73] The amount of this penalty is referred to as a loan level pricing adjustment (LLPA), and is typically 0.5%.[j] Recently, Freddie Mac announced plans to double its LLPA for manufactured housing to 1.0%, and to add a 0.5% charge for all A- rated approvals or lower, which includes almost all manufactured housing loans. This effectively results in an LLPA for Freddie Mac manufactured home loans of 1.5%. Rural Development manufactured home loans carry a lower 0.25% LLPA, which results in an interest rate increase of 0.125%. Alternately, rather than increasing the interest rate, lenders can hold the rate steady and charge the consumer discount points (a discount point is typically 1% of the loan amount) in addition to the origination fee for the loan. However, when given the choice, cash-short homebuyers will usually opt for a higher interest rate on a first mortgage.[74]

Further research may be required to determine the best strategies for improving the lending environment for manufactured home buyers. Such strategies would have to enable manufactured home lenders to take borrower characteristics and risk of default into account in crafting loan products. However, the rates on both personal property loans and mortgages for manufactured homes are frequently so high that they evoke a comparison to the subprime mortgage lending practices of the 2000s. In the site-built real estate realm, consumer advocates have recently brought the issue of high subprime and alt-A loan rates to the public eye. Yet, for manufactured homes, the issue remains largely unexamined.

---

[j] LLPAs can be applied to a mortgage either in the form of a higher interest rate or a larger fee paid to the lender. An LLPA of 50 basis points (0.50%) means either a fee of .50% of the amount of the loan, or an interest rate increase. Usually the rate increase is 1/4 to 1/2 the LLPA. That is, a 0.50% LLPA would result in an interest rate increase of 0.125% to 0.25% for the borrower.

Table 8a: Manufactured Home Mortgage Requirements by Program

Requirements	USDA Rural Development (Section 502 & Guaranteed Rural Housing)	Fannie Mae (Standard Manufactured Housing and MH "Select" loan products)	Freddie Mac mortgages
New or previously owned homes	New only, unless previously financed or owned by RD	New or previously-owned	New or previously-owned
Titled or legally classified as real estate	Not required	Required. Deed or mortgage must identify the property as including the home and land.	Required. Except for condos, home must be placed on fee-simple land.
Taxed or assessed as real estate at loan close	Required, if permitted by state or local taxing authority	Not required	Required, if permitted by state or local taxing authority
Minimum Size	400 sq. ft.; 12 ft. wide for a single-wide; 20 ft. wide for a double-wide	None (for standard loan product)	600 sq. ft and 12 ft. wide
HUD Code-compliant	Required	Required	Required
Chassis and related requirements	Permanent chassis required; towing equipment removed	Permanent chassis required; hitch, wheels and axels removed	Permanent chassis required; hitch, wheels and axels removed
Permanent foundation	Permanent foundation required	Permanent foundation required	Permanent foundation required
Notes	Home and land must be financed together, unless land already owned by applicant. Homes must be sold/ serviced by a Rural Development-approved dealer/contractor. Manufactured homes are also eligible for Section 504 rehab loans if all requirements for that program are met.	Homeowner must also own or purchase the land. Multi-wides may be located on individual lots or in Fannie Mae-approved co-op, condo, or Planned Unit Developments (PUD) projects. Single-wides must be located in Fannie Mae-approved co-op, condo, or PUD projects. For "Select" loan product, home must resemble site-built home and be a min. of 1,200 sq. ft.	Home and land must be financed together, unless land is already owned by applicant. Multi-wides may be located on individual lots, in subdivisions, or in PUD or condo projects. Single-wides must be located in PUD or condo projects. Permanent connection to sewage or septic tank and other utilities required.

Sources: Rural Development: http://www.rurdev.usda.gov/regs/handbook/hb-1-3550/hb-1-3550.pdf; Fannie Mae: https://www.efanniemae.com/sf/guides/ssg/annltrs/pdf/2007/0706.pdf; http://www.greab.state.ga.us/articles/fanniemae.html, https://www.efanniemae.com/sf/guides/ssg/relatedsellinginfo/manufachousing/pdf/mhmhselectfacts.pdf, Freddie Mac: http://www.freddiemac.com/sell/factsheets/pdf/mhle.pdf;

Table 8b: Manufactured Home Mortgage Requirements by Program

Requirements	**Federal Housing Administration (FHA) mortgages**	**Veterans' Administration (VA)-Guaranteed Manufactured Home Loan & Regular Home Loan programs**	**Minnesota Housing Finance Agency mortgages**
New or previously owned homes	New only	New or previously-owned	New or previously-owned
Titled or legally classified as real estate	Required	For MH program: Not required. May be used for home on owned or rented land For regular program: required	Not required
Taxed or assessed as real estate at loan close	Required	For MH program: Not required For regular program: required	Required
Minimum Size	Double-wide and 400 sq. ft.	For MH program: 400 sq. ft. and 10 ft. wide for a single-wide; 700 sq. ft. and 20 ft. wide for a double-wide For regular program: must meet lenders' requirements	Double-wide only
HUD Code-compliant	Required	Not required unless required by lender	Required
Chassis and related requirements	Permanent chassis required; wheels removed	Permanent frame required	Hitch, wheels and axels removed
Permanent foundation	Affixed to permanent slab	For MH program: Not required For regular program: affixed to permanent foundation	Permanently attached/ anchored to basement, slab, or footings to frost line
Notes	Home and land must be financed together.	For MH program: Program not currently in use because lenders will not issue loans that meet security requirements of the VA. However, if they become available, loans may be used to buy a home and/or lot, to buy a lot for a home which is already owned, or to refinance a loan to buy a lot. For regular program: Generally used for financing of land and home together, but other options available if they are standard for the region where home will be placed (e.g. land trusts in MN are acceptable)	Must meet the requirements of the underlying loan product and the applicable insurer/guarantor.

Sources: FHA: http://www.myfha.net/FHAguidelines/eligible.html; Veterans' Administration: http://www.homeloans.va.gov/VAP26-71-1.htm and Donald Monro, St. Paul Regional Office
MHFA: http://www.mnhousing.gov/idc/groups/homes/documents/webcontent/mhfa_003055.pdf

Loan volume and other barriers

For many of the major affordable housing lenders, the volume of loans that they actually make for manufactured homes tends to be very small. For example, in 2000, Rural Development made only 853 loans for manufactured homes nationwide in its Section 502 and Guaranteed Rural Housing programs combined.[75] The Veterans' Administration (VA) made almost no loans nationwide through their manufactured home loan guaranty program nationwide. This program, for which homes could be placed on rented or owned land, was popular in the 1970s. Since financing that meets the VA's security requirements is no longer available for homes on rented land, the program now sits unused.[k] Similarly, Minnesota Housing made only 22 loans for the purchase of manufactured homes from January, 2006 to May 2008. Overall in 2005, only about 7% of existing manufactured homes mortgages were FHA, Rural Development (RD), or VA-backed loans. This compares to 15% of all owned units, in spite of the fact that manufactured home owners have a far lower income on average.[76]

In addition, a multiplicity of other restrictions is imposed on mortgage financing of manufactured homes, which creates additional barriers to affordable financing. Differential treatment is evident with respect to a host of financing situations. Fannie Mae will refinance manufactured homes, but requires that the owner own both the land and the home for at least twelve months. There is no similar time restriction for site-built housing. Fannie Mae will also finance homes in community land trusts if they are site-built, but not if they are manufactured. Finally, Fannie Mae will be rolling out a national pilot in early 2008 that will provide traditional, conforming mortgages for manufactured home owners who own their land. According to Michael O'Brien of the Manufactured Housing Institute, the key criteria for this program will be that the homes are aesthetically the same as site-built homes.[77]

F. Concerns over predatory lending practices

Rent-to-own

According to Donald Brewster of Origen Financial, there is an increasing use of largely unregulated, rent-to-own, park-owner financing, which is cause for concern.[78] These potentially predatory lending practices are filling the financing void for consumers with low credit scores and low incomes who are purchasing low-end homes. Cheryl Sessions, of Resident Owned Communities (ROC) USA, a New Hampshire-based organization dedicated to promoting resident ownership in manufactured housing communities, also identified this financing practice as a "very risky situation for buyers".[79] The legal treatment of these arrangements in Minnesota is likely to fall under the regulations for contract-for-deed. However, because the homes are classified as personal property rather than real property, which is the classification of typical contract-for-deed

---

[k] According to Don Monro with the St. Paul regional VA office, if a lender would issue such loans, the VA would resume use of the manufactured home loan guaranty program. The VA does back some manufactured home loans through its standard first mortgage home loan program. Such loans are available for homes affixed to a permanent foundation and treated as real estate. The actual figure for usage of the standard program for manufactured homes is unavailable. The specific requirements for manufactured home loans through this program are minimal, so as to be flexible and to ensure access by veterans. For example, homes need not be new, nor even built after the 1976 HUD Code. However, a mortgage lender must agree to finance the home. Thus, the lenders' stricter standards largely determine whether or not the VA will guarantee a mortgage for a manufactured home through its regular home loan program.

properties, the application of the law covering contracts for deed for real estate may differ in its application to manufactured housing. Clarifying and strengthening legal regulations of rent-to-own arrangements for manufactured housing could help protect residents.[80]

Personal property loans

During the 2008 Minnesota legislative session, legislation was proposed to prohibit certain predatory lending practices for manufactured home personal property loans. If passed, this legislation would outlaw practices such as deception or misleading of borrowers, offering loans with less favorable terms or rates when the borrower would qualify for more favorable terms or rates, negative amortization loans, and failure to document income or ability to repay loans. This is a positive step, but it does not apply to the rent-to-own arrangements discussed in the previous paragraph, and consumer protections for personal property loans and resale for manufactured homes still lag far behind those for mortgage loans.

G. Rights upon default

Manufactured homeowners' rights upon default of a loan depend upon whether the loan is a mortgage (real property loan) or a personal property loan. In general, the owners of manufactured homes with personal property loans have fewer defenses and opportunities to stop repossession than owners with a mortgage, who have access to the foreclosure process. When classified as personal property, manufactured homes are governed at a minimum by the Uniform Commercial Code (UCC) that applies to all U.S. states. The UCC allows personal property to be repossessed by the lender when the borrower defaults on the loan. In Minnesota, for manufactured homes with personal property loans, the Manufactured Home Repossession Security Act includes a "right to cure" law that gives consumers 30 days from the time notice is sent to bring their loan current. If successful, they will avoid repossession. During the 2008 Minnesota legislative session, a new law was introduced to allow for a 30-day reinstatement period after the 30-day right to cure period, so that borrowers in default would have a total of 60 days in which to come current on the loans before repossession. It also requires that the number of notices of default sent to the borrower be increased from one to two. While right to cure and reinstatement period laws offer consumers some protections, by comparison to the foreclosure process for real property mortgages, consumers have a much shorter timeframe to make good on a loan.[81]

Homes titled as real property with mortgages are covered under Minnesota's foreclosure laws, which differ markedly from the right to cure and repossession laws. Under Minnesota's foreclosure laws, 30 days after default, homeowners are able to reinstate, or bring their loan current, up to the time of the Sheriff's sale. This stage of the foreclosure process typically takes six or seven months. Once the Sheriff's sale has occurred, the homeowner enters a six month redemption period. During this redemption period, the homeowner retains the right to occupy the house and to pay off the entire mortgage.[82] (See *Chapter XI: Other Consumer Issues* for information about the rights of manufactured park residents upon non-payment of rent.)

The number of repossessions of manufactured homes is not available for Minnesota, and national data is spotty. Between 1997 and 2001, the default rate on personal property loans for manufactured housing was typically above 15%.[83] Likely due to tightened lending standards, recent default rates are lower. [84]

X. Taxation

A. Sales tax

Regardless of their property classification as real property or personal property, manufactured homes are subject to state sales tax in Minnesota the first time they are sold in the state. A sales tax is levied on manufactured homes when they are sold new or when they are resold from another state to a buyer in Minnesota. The sales tax applies to 65% of the dealer's cost on the home. This formula is based on the notion that 65% of the price of a new site-built home is in the materials, which are subject to sales tax during construction.[85] Unlike with site-built homes, manufactured homeowners may in reality be subject to double sales taxation on their homes. This is because there is a sales tax first paid by the manufacturer on the *materials* used to build the manufactured home before sale to the dealer (a cost which is likely passed on indirectly to the buyer through the price of their home) and then again on 65% of the home price at the time of sale. Relative to site-built homes, consumers are therefore realizing greater sales tax costs. The sales tax on manufactured homes generated $3.157 million to the Minnesota general fund in 2006.[86]

For manufactured housing, there are differences in who is responsible for paying the sales tax for real versus personal property. For homes that are being installed as real property, the sales tax is the responsibility of the dealer or contractor installing the home. For homes being purchased as personal property, the consumer pays the sales tax. By contrast, for site-built homes, the contractor pays a sales tax on materials to build the home, which is passed on to the buyer in the sales price for the home.[87] The buyer also pays a deed tax when the deed is issued (see *Deed transfer and mortgage registry tax*).

Note that as for site-built homes, there is no sales tax levied on personal property sales of manufactured homes at the time of *resale* within Minnesota unless it is sold from another state.

B. Deed transfer and mortgage registry tax

In Minnesota, owners of real property must pay a tax when the deed to the property is transferred. The state tax rate for this deed transfer tax is 0.0033 times the net consideration, which is the total purchase price less the value of any liens or debts on the property that are not removed as a result of the sale.[88] The deed tax is only applied to the transfer of real property, therefore manufactured housing classified as personal property would not be subject to the deed transfer tax.

Real property financed through a mortgage is subject to the mortgage registry tax in Minnesota. This tax is paid by the borrower upon the recording of the mortgage. However, the tax is typically collected by the lender, who then pays the tax on behalf of the borrower. The state mortgage registry tax rate is 0.0023 times the debt secured by the mortgage.[89] Only manufactured homes financed as real property can get a mortgage and be subject to the mortgage registry tax.

For manufactured homes titled as personal property, there are no equivalent taxes on registration or transfer of certificate of title. This is one of the few places in which owners of manufactured homes titled as personal property have an advantage over those with homes titled as real estate.

C. Property taxes

The Minnesota laws regarding the tax treatment of mobile/manufactured homes were changed in 1972, bringing the payment of property taxes more in line with that of site-built homes. Prior to 1972, mobile homes were required to be licensed as a motor vehicle in lieu of paying a property tax.[90] This process resulted in some homes avoiding payment of either taxes or license fees and a differential treatment of manufactured and site-built homeowners. The changes to the property tax system moved the taxation of manufactured housing from the realm of transportation into that of the property tax system. From that point, manufactured housing began to be valued and taxed in the same way as other homes.[91]

The payment of property taxes on manufactured housing is similar, regardless of the real or personal property classification. That is, the same property tax rates, market value tax rates, refunds, and deductions apply to manufactured homes titled as real or personal property. There are some important differences, however.

Inclusion of land value
When manufactured home owners own the land on which their home is placed, they are required to pay property taxes on both the home and the land, regardless of titling of the home. When a home is placed on leased land, property tax is paid only on the value of the home. The exception is when the home is placed on land with a long-term lease, such as through a land trust. In this case, the homeowner must pay property taxes on both the home and the land.[92]

Timeline
The timing of property taxes differs for manufactured housing depending, in general, on land ownership. Manufactured homes in which taxes are issued against the land and home, like site-built homes, pay property taxes on a two year cycle. The homes are assessed in the current year pay taxes on that value in the following year. Owners have a substantial timeline to come up with payment and have a potential lag-time for taxation on property improvements. When they carry a mortgage with tax escrow services, taxes are usually paid on an ongoing monthly basis, rather than in a lump sum.

Manufactured housing which is personal property and for which the land is not owned, has a much shorter timeline for payment of taxes. Such homes are assessed and taxed as personal property in the same year. The assessment of value is made in January, the bill is sent in July, and half of the bill is due in August. If the bill is less than $50, the whole amount is due in August. Anecdotally, owners of manufactured homes assessed as personal property are more frequently delinquent on their taxes.[93] This higher rate of delinquency may be attributed to this short timeline, the lack of tax escrow, and lower incomes of manufactured homeowners. Collecting delinquent taxes is complicated by the lack of a deed and a different property transfer process from real property.[94]

Property tax rate and refund for homesteaded properties
Regardless of land ownership and real vs. personal property classification, manufactured home owners can homestead their properties. The homestead classification 1) qualifies owners for the residential homestead tax rate, which is lower than the residential non-homestead tax rate and 2) allows homeowners to access a state property tax refund (also known as the circuit breaker) if income and other qualifications are met.

Property tax refund for renters: renter's credit
Manufactured home owners living on leased land are also eligible for a tax credit– commonly known as the renter's credit– for the portion of rent paid for the land. In general, if income qualifications are met and 19% of the rent paid exceeds a certain percentage of income, the renter is eligible for a tax refund.[95] Manufactured homeowners who lease land and are eligible for both the property tax refund and the renter's credit receive a combination refund of property tax/rent paid. Renters of manufactured homes, regardless of titling or land ownership, can also claim the renter's credit for rent paid.

D. Income tax deductions

Manufactured home owners, like site-built home owners, are eligible to deduct interest payments for home loans on federal and state income tax returns, regardless of the type of financing.

XI. Other Consumer Issues

A. Rights upon non-payment of rent for leased land

As discussed in *Chapter IX: Financing*, borrowers with personal property loans have poorer protections upon default than those with real property loans in the case of default. Personal property home owners who live in parks are also subject to eviction under several conditions, including the nonpayment of rent. For delinquency in rental payments, park residents have a right to redemption, meaning a resident evicted for nonpayment of rent may remain in the park if he or she pays the money owed to the park and any applicable attorneys' fees.[96] If a resident is unable to come current on rent and fees and is ultimately evicted, he or she has only seven days to arrange to remove the home from the lot under a Writ of Restitution, and 60 days under a Conditional Writ to allow for an in-park sale of the home (Minnesota Statute 327C.11). In either case, the resident is allowed to reside in the home for only up to seven days, a period of time likely to cause serious hardship. Obviously, land-lease rights do not apply when manufactured home owners also own the land beneath their homes.

B. Property division upon divorce

Minnesota law is considered an "equitable distribution" state in the case of divorce. This means that the court will go through a process to divide marital assets and debts in cases where the two parties are unable to reach an agreement during a divorce.[97] Part of this process includes declaring property as marital or non-marital. Non-marital property includes property acquired before the marriage or acquired as a gift or inheritance specifically to one spouse and not the other. In the case of home ownership, if a home is acquired before a marriage, but the mortgage was paid down during the marriage, then some portion of the property would be considered marital property.

Minnesota law does not distinguish between real and personal property in divorce cases. Therefore the treatment of a manufactured home and a site-built home should be similar. However, given the low cost of existing manufactured homes, it seems more likely that individuals might enter a marriage owning their manufactured home free of debt. In this case, the home would not be considered marital property and would be excluded from the allocation of assets.

C. Homeowner's insurance

Like many aspects of manufactured housing, homeowners' insurance was first modeled after auto insurance. In the past, manufactured homeowners' insurance policies included coverage for collisions and other automobile-related risks.[98] These policies also included depreciating value coverage. However, homeowners' policies for manufactured housing are now comparable to policies for owners of site-built homes. Typical policies cover the home, including replacement cost, personal possessions, and personal liability. While there are several companies that specialize in insuring manufactured homes, insurance policies can be purchased through most major insurance companies.

Homeowners' insurance is one area in which manufactured homeowners in parks have an advantage. According to an article in *National Underwriter*, insurers identified older customers, newer units and those placed in manufactured housing parks as having lower insurance premiums and fewer losses.[99] An insurance representative interviewed in the article identified closer proximity to fire departments, evidence of security from theft and vandalism, and a strong sense of community as the factors contributing to better insurance outcomes for in-park manufactured home owners.

D. Warranty protection

Under the HUD Code, there is no requirement that manufacturers provide warranty protection.[100] However, under Minnesota statute 327B, sales of new manufactured homes in the state are covered by warranty for a year after delivery of the home. This requires the manufacturer and dealer to service or repair homes on-site in the case of a breach of the warranty. However, consumers frequently report challenges in getting warranties honored by manufacturers and dealers, who can sometimes try to push off blame on to the other party. Re-sold homes typically are not covered by a warranty except in the rare cases when they are offered by a dealership. Warranties do not cover transport or installation of the home, though movers and installers must be bonded and can be held liable for their work.[101]

E. Bankruptcy

Prior to the enactment of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA), manufactured homes classified as personal property were eligible for a "cramdown" under Bankruptcy Code 1322. A cramdown is a modification of secured claim, such as a change in a payment amount or deferred payments, in the case of declaration of bankruptcy. This provision allowed manufactured home owners to keep their property, yet reduce their monthly payments through bankruptcy. Real property was not eligible for such modifications.[102]

The revisions included in the BAPCPA include clarification of Bankruptcy Code 1322 so that manufactured homes classified as personal property, like their real property counterparts, are now ineligible for modifications. Under BAPCPA, the "debtor's principal residence" is now defined as "a residential structure, including incidental property, without regard to whether that structure is attached to real property; and includes an individual condominium or cooperative unit, a mobile or manufactured home, or trailer."[103] However, some ambiguity remains for manufactured homes classified as personal property under the BAPCPA, as the terms surrounding a debtor's principal residence and property are not consistently applied in the Act.[104]

Inset 9: New Hampshire Community Loan Fund: A model of manufactured home ownership and financing

The New Hampshire Community Loan Fund (NHCLF) has become the most widely recognized model for innovative manufactured housing finance and resident ownership. Over the past 24 years, NHCLF has grown from granting its first loan of $43,000 to help 13 families purchase a manufactured home park from elderly owners, to a fully developed financing system for manufactured housing that operates like the site-built mortgage market.

The NHCLF model is driven by two tenets: 1) homeowners need to control the land under their home and 2) homeowners need access to conventional residential mortgage loan products.[i] NHCLF has made these tenets a reality for manufactured homeowners by forging relationships with institutional partners to create an infrastructure that supports both resident ownership and the financing model. Key partners include the New Hampshire Finance Authority, USDA Rural Development, HUD's Community Block Grant Program, the Federal Home Loan Bank of Boston, and several private banks, as well as a statewide advocacy group and the state manufactured housing tenants' association.

NHCLF has three programs that support the long-term viability of manufactured home ownership. The Manufactured Housing Park Program assists residents of manufactured housing parks in buying their parks through cooperative ownership. The Cooperative Home Loan Program provides financing to residents in cooperative parks. This program makes mortgage loans for new home acquisition, purchase of existing homes, refinancing, and repair to borrowers at 8 to 9% (as of 2006) for up to 25 years. Fifty percent of the borrowers participating in this program are classified as having low or very low incomes. The third program is the New Production program, which supports new affordable housing production needs through the development of new manufactured home communities.

The NHCLF built its whole market using the key strategy of partnering with community development financial institutions to provide subordinated debt to back up the first mortgage. Over time, conventional lenders became more comfortable with the loan product and the subordinated debt became smaller and smaller. The NHCLF has been successful in selling mortgages to Community Reinvestment Act (CRA)-motivated lenders. NHCLF is currently developing a pilot project with Fannie Mae to provide financing for manufactured home owners living in resident-owned communities.

Paul Bradley, the Vice President of the New Hampshire Community Loan Fund, identifies four key benefits to New Hampshire's cooperative model.

- *Manufactured home owners in resident-owned communities have greater cost stability and, over time, lower monthly land fees.*
- *Homeowners see their assets appreciating because of lower monthly fees and improved financing options, which leads to a general trend toward greater value placed on the homes.*
- *Homeowners are safe from park closure and change-of-use evictions.*
- *Homeowners are able to maintain and improve their water, septic, and road systems because revenues are retained in the community rather than exported as profits.*

[i] Bradley, Paul, 2007, "Promoting Economic Security for Manufactured Homeowners in Parks: New Hampshire's Pioneering Cooperative Model", Fannie Mae Foundation

XII. Conclusion

Manufactured housing serves as an important source of largely unsubsidized and under-recognized affordable housing in Minnesota. The purpose of this study was to develop a better understanding both of the demographics of manufactured home residents and of how manufactured housing compares to site-built housing. The study was meant to emphasize the differences between the two in property classification and financing. The results suggest that manufactured home residents tend to have lower incomes, and are less likely to be urban dwellers. There are few differences between site-built and post HUD Code manufactured housing in terms of their quality and function as primary dwellings. Manufactured homes do tend to be newer and smaller than site-built homes and, may be less stable in severe weather. The findings support the notion that manufactured housing provides a significant source of affordable and largely unsubsidized housing.

The substantial disparities between the two forms of housing lie in legal classifications and business practices. In many ways, the sales, financing, and titling used within the manufactured housing sector have more in common with the automotive industry than the housing industry. A strong coupling of retail sales, financing, and in some cases, repair services characterizes the industry. This, along with the display of homes on lots, provides a process and experience that resembles the purchase of a car. Additionally, the history of manufactured housing as mobile property has resulted in a model in which people often do not own the land beneath their homes. The lack of land ownership leaves owners of manufactured homes vulnerable and makes long-term asset-building elusive. Like automobiles, manufactured homes are subject to sales tax at purchase and are usually titled and financed as personal property. The personal property designation is associated with both higher loan costs and a weaker set of consumer protections than is typical for site-built homes. Even mortgages for manufactured homes titled as real property have poorer terms than mortgages for site-built homes.

This research also attempted to evaluate to what extent designating all manufactured homes as real property would address the weak protections, legal treatment, and financing of manufactured housing titled as personal property. While it is true that such a change would have a beneficial effect in certain realms, it should not be considered a silver bullet solution. For instance, a change in designation to real property would do little to improve protections for owners living on leased land at risk of park closure or eviction. Nor would it necessarily lead to a direct improvement in loan access and terms for borrowers. Additional research into the experience of New Hampshire, which now titles all manufactured homes as real estate with a “manufactured home deed,” is required to better understand the likely consequences of a similar policy in Minnesota.

The list of policy recommendations below can help to align manufactured home ownership more closely with that of site-built home ownership. We urge policy makers to consider such changes, in an effort to bolster manufactured housing as a viable affordable housing source in Minnesota.

POLICY RECOMMENDATIONS

+Denotes policy changes that would not be needed if all manufactured homes were titled as real estate by default.

Classify manufactured homes as real property.

- Institute policies that allow all manufactured homes to be sold and titled as real property, rather than personal property.
- Move the default location of titling of manufactured housing from the Driver and Vehicle Services department of the Department of Public Safety to a single state-level office to register manufactured homes.
- The state of New Hampshire titles all manufactured homes as real property and issues a "manufactured housing deed". This can serve as a model for titling of manufactured housing in Minnesota.
- While reclassifying as real property manufactured homes currently titled as personal property will not have an immediate impact on financing, the classification of homes as personal property often precludes favorable financing. As new loan products for manufactured housing are developed, including a current pilot program being tested by Fannie Mae, it is likely that they will require the real property designation.[105]

Define personal property loans on manufactured homes as mortgages.
States have the ability to define any loan backed by a manufactured home as a mortgage.[106] Defining these loans as mortgages in Minnesota would be likely to subject any loans on manufactured housing to the protections of the Real Estate Settlement and Procedures Act (RESPA). It could serve as a step towards more favorable financing and improve consumers' rights upon default through access to the foreclosure process. However, unintended negative consequences of this definitional change for existing financing options should be considered.

Innovate the financing of manufactured housing.
The lack of access to quality financing increases costs for consumers and limits the potential of manufactured housing as a source of affordable housing. Currently, Fannie Mae, Freddie Mac, FHA, the USDA Rural Development, and Minnesota Housing have loan requirements for manufactured housing that place manufactured home buyers at a disadvantage. Models like the New Hampshire Community Loan Fund show that viable, fairly priced financing systems are possible, and that innovation results in better financing for consumers.

- Ensure that finance products available for manufactured homes offer interest rates comparable to those for site-built home when buyers have comparable credit histories.
- Down payment and fee requirements should be made comparable to site-built housing requirements.
- Loan level pricing adjustment (LLPA) penalties, made simply because a home is manufactured, rather than site-built housing, should be removed.
- Remove land ownership as a requirement for mortgage financing of manufactured housing.
- Remove physical requirements that manufactured housing look physically like a site-built home and be attached to a foundation as criteria for mortgage financing.

- Remove any restrictions on financing manufactured housing in community land trusts that do not also apply to site-built homes.
- Remove refinancing restrictions that apply only to manufactured housing, such as the current Fannie Mae requirement that the land and home be owned for twelve months.

Improve valuation of manufactured homes and public access to sales prices.

- Institute an accurate, reliable system for determining the value of previously-owned manufactured homes. This innovation would facilitate the re-sale of manufactured housing in a manner that is fairer and more transparent to both buyers and sellers.
- +Require that sales prices for manufactured home sales and re-sales over $1,000 be recorded publicly to provide better consumer information. This would bring manufactured home sales practices more in line with real estate sales practices. California has instituted a system that requires all manufactured home sold by dealers to go through escrow, which has the benefit of a public record of sales price.

Separate retailing/sales from the lending/finance process and improve homebuyer education.

Currently, new manufactured homes are sold by dealers similar to automobile dealers. Retailing and sales are often handled by the same people arranging financing, especially when the homes are being sold as personal property. Because of this, consumers are not granted protections from kickbacks and special arrangements between retailers and lenders that protect buyers of real estate.

- +Require sales and financing to be handled by separate institutions.
- +Eliminate kickbacks between retailers and lenders.
- Improve counseling curriculum and outreach for buyers of manufactured homes.

Improve policies for manufactured homeowners living on leased land.

Many communities throughout the United States have developed strategies to reduce the vulnerability of manufactured home owners living on leased land. Such strategies should be implemented more widely in Minnesota. Some examples of these strategies include the development of resident-owned communities through cooperative and land-trust models.

- Institute policies that provide adequate notice and first right of refusal for homeowners living in manufactured home parks so that they can purchase park land in the event of a park sale.
- Implement policies that can pave the way for resident ownership of parks through cooperatives, and/or other forms of shared ownership with non-profits or public agencies as mechanisms to increase community control over parks. Both cooperatives and land trusts have been implemented successfully and can serve as models.

Refine tax policy for manufactured home dwellers.

- Eliminate the double taxation on manufactured homes for sales tax. Currently a sales tax is levied on 65% of the cost of the sale of a new manufactured home, which is designed to tax construction materials, even though construction materials are already taxed at the time of manufacture.
- +For homes titled as personal property, bring the timeline for property assessment and payment in line with that of real estate property taxation.

Institute better land-lease protections.

- Extend the deadline for vacating a home in the case of eviction beyond the current seven day deadline in Minnesota.
- Extend the deadline for arranging for removal of a home from a rented lot in the case of eviction beyond the current seven day deadline in Minnesota.
- Institute stronger legal protections for residents occupying manufactured homes in rent-to-own situations.

+Subject personal property manufactured home loans to the more lengthy and consumer-friendly foreclosure process rather than to the current repossession process.

+Expand the unit replacement policy for use of CDBG or HOME funds so that manufactured housing titled as personal property is eligible for one-for-one replacement when units are lost.
Currently, when CDBG or HOME funds are used in housing development, the Department of Housing and Urban Development (HUD) requires one-for-one replacement of owner-occupied manufactured homes lost through development projects, when such homes would rent at or below the Fair Market Rent (FMR). However, this policy applies only if the units are considered real property under local law.

Improve data collection on manufactured housing titles and financing, as well as demographics of residents**.**

- Change data collection by the Census Bureau to include additional questions about manufactured homes and their dwellers.
- Conduct a Minnesota-specific survey of manufactured housing. This survey should include questions about whether homes are titled as real or personal property, whether they are used or new, what kind of financing is used, if any, and if the homes are sited on owned or rented land.
- Require the Minnesota Department of Revenue to report data on the existence and estimated sales price of manufactured homes by county.
- +Improve data collection of loan types and rates, as well as defaults and repossessions of manufactured homes.

References

[1] Wallis, Allan, 1991, *Wheel Estate: The Rise and Decline of Mobile Homes,* Oxford University Press
[2] Hart, John Fraser, Michelle J. Rhodes, & John T. Morgan, 2002 *The Unknown World of the Mobile Home*, The Johns Hopkins University Press
[3] Housing Assistance Council, 2005, "Moving Home: Manufactured Housing in Rural America"
[4] Bradley, Paul (August 23, 2005) "Market and Policy-Based Strategies for Improving the Performance of Manufactured Housing", KnowledgePlex presentation.
[5] Visit the U.S. Census Bureau website at http://www.census.gov/ for information about all three data sources.
[6] American Community Survey, 2006
[7] American Community Survey, 2006
[8] American Housing Survey, 2005
[9] Wallis, 1991
[10] Wallis, 1991
[11] American Community Survey, 2006, U.S. Census Bureau
[12] American Community Survey, 2006, U.S. Census Bureau
[13] Beamish, Julia O., Rosemary C. Goss, Jorge H. Atiles and Youngjoo Kim, 2001, "Not a Trailer Anymore: Perceptions of Manufactured Housing." *Housing Policy Debate* 12, 2: 373-392.
[14] All Parks Alliance for Change, 2007, "Park closing ordinances."
[15] Beamish et al., 2001
[16] Millenial Housing Commission, 2002, "Meeting Our Nation's Housing Challenges" Washington, DC
[17] American Community Survey, 2006, U.S. Census Bureau
[18] American Community Survey, 2006, U.S. Census Bureau
[19] Manufactured Housing Survey, 2006, U.S. Census
[20] Manufactured Housing Survey Supplemental Data, 2006, U.S. Census
[21] American Housing Survey, 2005
[22] U.S. Housing Market Conditions, 2002, "Manufactured Housing: An Adequate and Affordable Alternative", U.S. Department of Housing and Urban Development Office of Policy and Research
[23] U.S. Census Bureau, 2006, "Selected Characteristics of New Manufactured Homes"
[24] U.S. Census Bureau, 2006, "Characteristics of New Housing"
[25] U.S. Housing Market Conditions, 2002
[26] Apgar, William., Calder, Allegra, Collins, Michael and Mark Duda, 2002, " An Examination of Manufactured Housing as a Community and Asset-building Strategy", Neighborhood Reinvestment Corporation and the Joint Center for Housing Studies of Harvard University
[27] Wallis, 2002
[28] Manufactured Housing Institute website, 2007
[29] Apgar et al., 2002
[30] Foremost Insurance Group, 1986, "Fire Loss Study"
[31] "Manufactured Housing and Hurricanes", October, 2004, *Affordable Housing Issues*, Vol. XVI, No. 6, Shimberg Center for Affordable Housing, University of Florida.
[32] *Consumers Union, Southwest Regional Office,* November, 2002, "Paper Tiger, Missing Dragon"
[33] Brooks, Harold and Charles Doswell III, 2001, "A Brief History of Deaths from Tornados in the United States", *Weather and Forecasting*.
[34] *Consumers Union, Southwest Regional Office,* November, 2002, "Paper Tiger, Missing Dragon"
[35] Jewell, Kevin, 2003, "Raising the floor, raising the roof", *Consumers Union*
[36] *Consumer Reports*, January, 2004, "Housewrecked"
[37] Abt Associates, 2004, "Is Manufactured Housing a Good Alternative for Low-income Families? Prepared for the U.S. Department of Housing and Urban Development
[38] Jewell, 2003
[39] Residential Finance Survey, 2001, U.S. Census
[40] Nyquist, Daren, 2007, "The Risk of Manufactured Home Park Closings: An Analysis and Recommendations for Effective Park Closing Ordinances", Prepared for All Parks Alliance for Change.
[41] Manufactured Housing Survey, 2006, U.S. Census
[42] Nyquist, 2007

[43] Jewell, 2003
[44] Apgar et al., 2002
[45] Apgar et al., 2002
[46] Jewell, Kevin, 2003, "Manufactured Housing Appreciation: Stereotypes and Data" *Consumers Union*.
[47] Abt Associates, 2004
[48] Ward, Sally, Charlie French, and Kelly Giraud, 2006, "Building Value and Security for Homeowners in 'Mobile Home Parks'", Carsey Institute, University of New Hampshire.
[49] Minnesota Home Ownership Center, 2006, *Home Stretch Workshop Manual*
[50] Minnesota Department of Commerce, 2002, "Real Estate Red Flags"
[51] Jewell, Kevin, 2005, "What's it worth? Murky pricing hurts consumers in the manufactured housing industry", *Consumers Union, Southwest Regional Office.*
[52] Triad Financial Services, Inc. "Universal Lender-Retailer Agreement", http://www.triadfs.com/forms/JaxDealerPackage12408.pdf Accessed April 14, 2008.
[53] Apgar et al., 2002
[54] Jewell, Kevin, 2005
[55] Kaplan, Margaret, All Parks Alliance for Change, personal communication, April 10, 2008
[56] Rinzema, Dan, Datacomp, personal communication, April 29, 2008
[57] Manufactured Housing Survey, 2006, U.S. Census
[58] Fannie Mae, 2004, "Titling Manufactured Housing" available at https://www.efanniemae.com/sf/guides/ssg/relatedsellinginfo/manufachousing/pdf/mfminnesotatitling.pdf
[59] Van Alst, John, 2007, "A policy analysis of the treatment of manufactured homes as real property"(Draft), National Consumer Law Center.
[60] Foremost Insurance Group, 2005, "The Market Facts"
[61] Residential Finance Survey, 2001, U.S. Census
[62] Apgar et al., 2002
[63] Residential Finance Survey, 2001, U.S. Census, and Howard Savage, U.S. Census, personal communication with
[64] Residential Finance Survey, 2001, U.S. Census
[65] Brewster, Donald, Origen Financial, personal communication, January 10, 2008; Triad data from article by Sean West, 2006, "Manufactured Housing Finance and the Secondary Market", *Community Development Investment Review.*
[66] Federal Housing Finance Board, MIRS data
[67] American Housing Survey, 2005
[68] Federal Trade Commission website, http://www.ftc.gov/bcp/conline/pubs/buspubs/creditad.shtm#generalinfo
[69] National Consumer Law Center website, http://www.nclc.org/
[70] Van Alst, John, National Consumer Law Center, personal communication, May 12, 2008.
[71] Brewster, Donald, personal communication, November 9, 2007
[72] Stuart, Kim, Minnesota Housing, personal communication, October 29, 2007 and April 15, 2008
[73] Beers, Tom, Manufactured Housing Institute and Donald Brewster, Origen Financial, personal communication, January 4, 2008
[74] Stuart, Kim, Minnesota Housing, personal communication, January 4, 2008
[75] Genz, Richard, 2001, "Why advocates need to rethink manufactured housing. *Housing Policy Debate*, 12,2: p. 393-414.
[76] American Housing Survey, 2005
[77] O'Brien, Michael, Manufactured Housing Institute, Personal communication, October 8, 2007
[78] Brewster, Donald, personal communication, November 9, 2007
[79] Sessions, Cheryl, Resident Owned Communities (ROC) USA, personal communication
[80] Kaplan, Margaret, All Parks Alliance for Change, personal communication, April 17, 2008.
[81] Henry, Suzanne, 2005, "Manufactured Housing: A Home that the Law Still Treats Like a Car", *Consumers Union*; MN Statute 327.61 to 327.67
[82] Northside Residents Redevelopment Council, 2004, "Foreclosure Process in Minnesota"; Minnesota Office of the Attorney General's website.
[83] *General Accounting Office (GAO*), August 2007, "Federal Housing Administration: Agency Should Assess the Effects of Proposed Changes to the Manufactured Home Loan Program".

[84] Manufactured Housing Institute, 2008, "Building America Home by Home: MHI's National Policy Agenda.
[85] Baker, Karen, Minnesota House of Representatives Research Department, personal communication, October 4, 2007
[86] Minnesota Department of Revenue
[87] Minnesota Department of Revenue, "Manufactured Homes, Park Trailers and Prefabricated Homes", http://www.taxes.state.mn.us/taxes/sales/publications/fact_sheets_by_name/content/BAT_1100115.pdf accessed April 18, 2008
[88] Minnesota Department of Revenue, "Mortgage registry and deed tax" http://www.taxes.state.mn.us/taxes/special/mortgage_deed/index.shtml
[89] Minnesota Department of Revenue, " Mortgage registry and deed tax"
[90] Stearns County, "Understanding Your Assessment"; Baker, personal communication
[91] Baker, Karen, personal communication
[92] Baker, Karen, personal communication
[93] Baker, Karen, personal communication; Mike Sutherland, Anoka County Property Tax. Sutherland estimates that 1/3 of manufactured home owners were currently delinquent on their taxes. Personal communication, December 20, 2007.
[94] Sutherland, personal communication.
[95] Minnesota House of Representatives Research Department, "Renter's Property Tax Refund Program", http://www.house.leg.state.mn.us/hrd/issinfo/ssrptrp.htm
[96] Minnesota Office of the Attorney General, 2005, "The Manufactured Home Parks Handbook"
[97] Nelson, Eric, (2004) "Property and Debt Allocation in Minnesota Divorce", http://www.divorcenet.com/states/minnesota/property_and_debt_allocation
[98] Sclafane, Susanne, 2000, "Mobile Home Insurance Specialists Continue to Weather Storms", *National Underwriter*
[99] Sclafane, 2000
[100] Apgar et al., 2002
[101] Kaplan, Margaret, All Parks Alliance for Change, personal communication, May 12, 2008.
[102] Van Alst, 2007
[103] Lynn, D.A., 2007, "Defining a Debtor's Principal Residence" Tennessee Bar Association
[104] Lynn, 2007
[105] Van Alst, 2007
[106] Bucholz, David, 2005, "'Mobile' Homes No More: Policy Innovations in Manufactured Housing" Housing Facts & Findings, *Fannie Mae Foundation*