

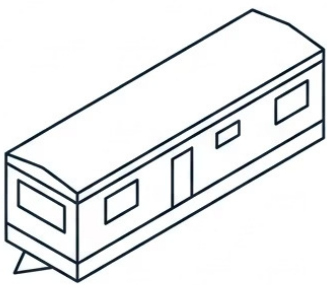
How to Buy and Finance a Mobile Home

A simple guide to costs, financing, land decisions, and what every buyer should know before signing anything.



Mobile Home vs. Manufactured Home

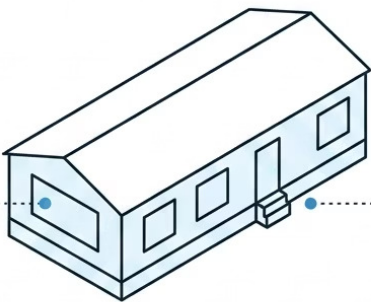
The terms are often used interchangeably — but there's an important legal and structural difference.



MOBILE HOME

Pre-June 15, 1976

- **Factory-built, older standards**
- Often single-wide**



MANUFACTURED HOME

Post-June 15, 1976

- **Built to HUD federal standards**
- **Single-wide or double-wide**
- Delivered to site**

The 1976 Cutoff

"Mobile home" typically refers to factory-built homes constructed **before June 15, 1976**, when federal HUD standards did not yet apply.

Manufactured = Modern

"Manufactured home" describes homes built **after HUD standards** took effect — safer, better regulated, and more financeable.

Single-Wide or Double-Wide

Both types come in single-wide or double-wide configurations, built off-site and delivered to the property.



Why Buyers Consider Mobile Homes



Lower Entry Price

A fraction of the cost of most traditional single-family homes — making homeownership more accessible.



Flexible for Many Buyers

A practical choice for first-time buyers, downsizers, retirees, and rural buyers seeking affordable housing.



Customizable Options

New manufactured homes offer floor plan choices, finishes, and upgrades to fit your lifestyle and budget.



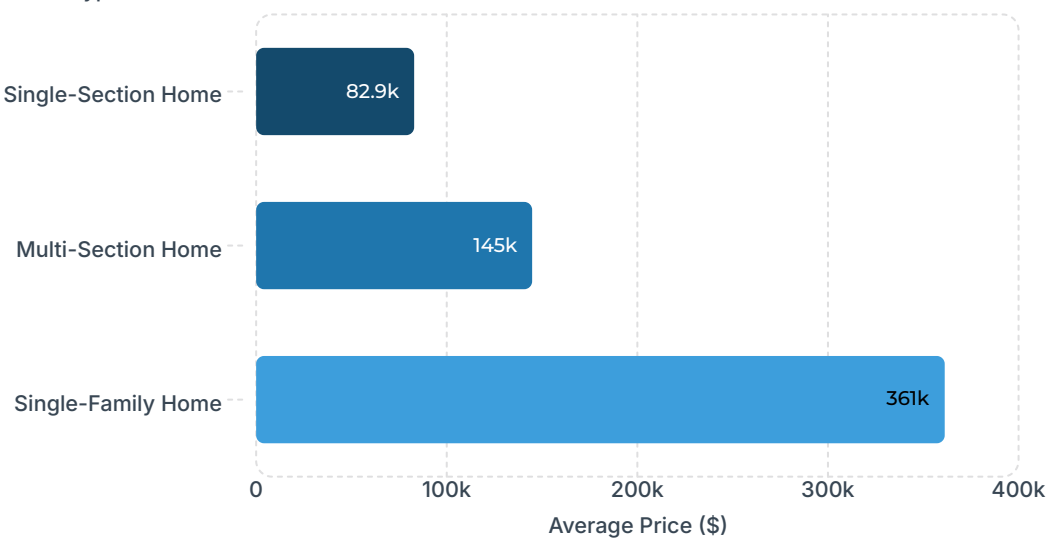
Can Be Relocated

In some setups, the home can be moved — offering flexibility that traditional homes simply can't match.

Understanding the Cost

Mobile and manufactured homes cost significantly less than traditional homes — but there are additional expenses buyers should plan for.

Home Type



Beyond the Sticker Price

The purchase price is just the beginning. Budget for these additional costs:

→ Land Purchase or Lot Rent

→ Site Prep & Delivery

→ Utility Hookups & Installation

→ Insurance & Property Taxes

The Land Question Changes Everything

One of the most consequential decisions a mobile home buyer makes is whether to **own** or **lease** the land beneath the home.



Own the Land

- Stronger long-term equity and resale value
- More financing options (FHA, VA, conventional)
- Full control over the property
- Confirm zoning before purchasing



A land-home package is typically the smarter long-term investment.



Lease the Land

- Placed in a mobile home park or community
- Lower upfront cost — no land purchase needed
- Monthly lot rent applies indefinitely
- Fewer mortgage options; chattel loans more common



Evaluate schools, stores, and transportation access — not just price.



Financing a Mobile Home



Conventional Loans

Available when the home is on a permanent foundation and the buyer owns the land.



FHA / VA / USDA

Government-backed loans with lower down payments, subject to eligibility and property requirements.



Chattel Loans

Cover the home only — not the land. Common for leased-lot situations, but carry higher interest rates.



Personal Loans

An option when other financing isn't available, though typically at higher rates and shorter terms.



Not all traditional mortgage lenders finance manufactured homes. The right loan depends on land ownership, foundation type, and borrower qualifications.

ZHL GUIDELINES TO FOLLOW:

HomeReady™ Program (Fannie Mae)

- Finances mobile homes with LTV not exceeding 95%
- Minimum down payment of 3%
- Minimum 620 credit score
- Borrowers must complete homeownership counseling

Home Possible Mortgage Program (Freddie Mac)

- Finances mobile homes for qualifying borrowers
- Income must be below 80% of the median income for the area
- Minimum 680 credit score
- Home may not exceed an LTV of 95%
- Minimum 5% down payment

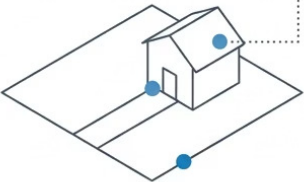
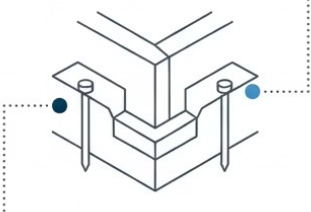
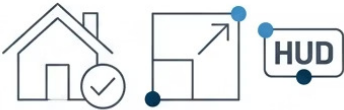
FHA / VA / USDA

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Conventional Loans

Available when the home is on a permanent foundation and the buyer owns the land.

What Lenders Usually Look For

Land Ownership  Home must be on owned land for most programs.	Foundation Type  Permanent foundation required FHA, VA, USDA loans.
Borrower Qualifications  Minimum credit score, down payment, income verification.	Property Standards  Minimum square footage, HUD label, primary occupancy required.

Key Eligibility Factors

Land Ownership Most government-backed programs require the home to be on owned, not leased, land.	Permanent Foundation FHA, VA, and USDA loans typically require the home to be affixed to a permanent foundation.
Credit & Down Payment Minimum scores and down payment requirements vary by loan program and lender.	Chattel = Home Only Chattel loans do not include land and often carry higher rates — but have more flexible eligibility.

The Overlooked Parts of the Purchase

Insurance, delivery, and setup are easy to forget — but they're essential to a smooth closing and move-in.



Mobile Home Insurance

Standard homeowners insurance doesn't apply. You'll need a specialized policy covering dwelling, personal property, and liability.



Delivery Timeline

Build and delivery can take **one to several months**. Plan accordingly — especially if you're in temporary housing.



Flood & Earthquake Coverage

Depending on your region, additional riders or separate policies may be required for flood or seismic risk.



Installation & Setup

Once delivered, physical installation typically takes **one to two days** — followed by utility connections and inspections.

Pros, Cons & Smart Buyer Takeaways

✓ Pros

- Significantly more affordable than most traditional homes
- New models are customizable with modern finishes
- Flexible option across many buyer profiles and regions

⚠ Cons

- Resale can be harder, especially without land ownership
- Older homes may be difficult or costly to insure
- Financing options are more limited than traditional mortgages

The Smart Buyer's Focus

Before touring homes or picking floor plans, get clear on these three fundamentals:

- ① The best manufactured home purchase starts with a clear financial plan — not a floor plan.

💰 Budget

Know your total all-in cost — home, land, setup, and insurance.

🏠 Land Ownership

Owning the land opens more financing and builds real equity.

🏦 Financing Eligibility

Check your credit, foundation options, and loan programs early.

Title Process for a Financed Mobile Home Deal

When a mobile home is financed through an MLS transaction, the first thing sorted out is how the home is legally titled — as real property or personal property/chattel. For mortgage-style financing, lenders require the manufactured home to be legally tied to the land, with the certificate of title properly surrendered or retired per state law. Fannie Mae and Freddie Mac both require that home and land ownership match and that title status is properly handled before the lien is finalized.

1. Contract Signed & Escrow Opened

Lender and title company gather prior deed, tax records, title info on the home, and any recorded documents. They verify whether a separate certificate of title exists for the home.

2. Title Company Confirms Real Property vs. Personal Property

Closer checks whether the manufactured home's title has been retired/surrendered and is legally part of the real estate, or still separately titled. If still separately titled, this must be corrected before closing for standard mortgage financing.

3. Land & Home Ownership Are Matched

Lenders require the seller of the land to also be the legal owner of the manufactured home on the certificate of title. Freddie Mac specifically requires verification that ownership on the certificate of title and the deed are identical.

4. HUD Labels & Home Identification Verified

Lender confirms it's a qualifying manufactured home via HUD certification labels, data plate, or IBTS verification if originals are missing. Legal description and loan documents must include correct home identifiers.

5. Title Search Completed

Title company checks for mortgages, judgments, unpaid taxes, HOA issues, prior liens — and any lien recorded against the home's separate title if one exists.

6. Certificate of Title Surrendered/Retired (if needed)

If state law requires title elimination, closing instructions direct the closing agent to retire the certificate of title and retain documentary evidence. Fannie Mae requires the closing agent to perform these procedures and provide evidence to the lender.

7. Title Commitment Issued

Title company issues a commitment showing ownership, liens to be paid off, and requirements before final title insurance. In manufactured home files, this includes title retirement requirements, home identification language, and payoff of any title liens.

8. Lender Prepares Closing Instructions & Mortgage Documents

For real property financing, the mortgage/deed of trust must describe the land AND the manufactured home (make, model, VIN/serial number) with language stating it is permanently affixed and part of the real property.

9. Closing & Lien Payoff

Seller's mortgage is paid off, title defects are cleared, buyer signs new loan documents. Title retirement paperwork is handled at or immediately after closing.

10. Recording & Post-Closing Finalization

Deed and mortgage are recorded in county records. Title surrender/elimination documents are filed with the proper state/county office. Final owner's and lender's title policies are issued.

⚠ The key difference from a standard home purchase: the title company and lender must confirm there is no separate untied certificate of title. If one exists and hasn't been properly retired, it can delay closing — the lender may not treat the home as part of the collateral until corrected.

Test Your Knowledge

Mobile Home Transactions for Agents

Mobile vs. Manufactured Home · Financing · Title · MLS Mastery



Q1 of 15

What is the key difference between a home that still has a certificate of title and one that does not?

A. Size of the home

B. Age of the home

C. Property
classification 

D. Type of loan used

 Correct Answer: C – Property Classification

A certificate of title means the home is still treated as personal property (like a vehicle). Without one (surrendered/retired), it's classified as real property — which affects financing options, lien rights, and how the transaction is handled.

Q2 of 15

What does "surrendering" a manufactured home's certificate of title mean?

A. Transferring it to the new buyer

B. Canceling it and converting the home to real property 

C. Paying the property taxes on it

D. Moving the home to a new location

Correct Answer: B – Cancel + Convert to Real Property

Surrendering (or retiring) the title means the certificate is permanently canceled with the state. The home is then legally merged with the land and treated as real estate — a required step for most conventional mortgage financing.

Q3 of 15

In a manufactured home MLS transaction, who is typically responsible for verifying and clearing the certificate of title?

A. The HOA

B. The DMV / state
motor vehicle office 

C. The lender

D. The appraiser

 Correct Answer: B – The DMV / State Motor Vehicle Office

In most states, manufactured home titles are held and processed through the DMV or a similar state agency (not the county recorder). The title company coordinates with that office to confirm, surrender, or transfer the certificate of title.

Q4 of 15

What must typically happen before a manufactured home's certificate of title can be surrendered?

A. A home inspection must be completed

B. An appraisal must be ordered

C. Any existing lien on the title must be paid off 

D. A property survey must be filed

Correct Answer: C – Pay Off Any Existing Lien

Just like a car title, you can't surrender a manufactured home's certificate of title if there's an outstanding lien recorded against it. The lienholder must release their interest first — which usually means paying off any chattel loan tied to the home.

Q5 of 15

What is generally required for a manufactured home to qualify for conventional financing?

A. The home must be under a certain age

B. The home must be in a specific location

C. The home must be permanently affixed and classified as real property 

D. The home must include all original furniture

Correct Answer: C – Permanently Affixed + Real Property

Fannie Mae and Freddie Mac both require that the manufactured home be permanently attached to a foundation, that the title be properly retired, and that the home be legally classified as real property — not personal property — before a conventional mortgage can be used.

Q6 of 15

In real estate, "fee simple" ownership means the owner holds title to:

A. The home structure only

B. The land only

C. The land and all improvements on it 

D. A leasehold interest in the land

 Correct Answer: C – Land + All Improvements

Fee simple is the highest form of property ownership. The owner holds full rights to the land and everything permanently attached to it — including a manufactured home, once it's been properly affixed and its title retired. This is what most lenders require for conventional financing.

Q7 of 15

If a buyer purchases a manufactured home but leases the land it sits on, can they typically get conventional (Fannie Mae/Freddie Mac) financing?

A. Yes, it qualifies as fee simple

B. No — conventional financing generally requires owned land 

C. Yes, through an FHA lease-land program

D. Yes, if it's in a condo community

 **Correct Answer: B – No, Conventional Financing Generally Requires Owned Land**

Fannie Mae and Freddie Mac typically require the borrower to own both the home and the land. When the land is leased (as in a mobile home park), the deal usually falls outside conventional guidelines and may require a chattel loan or other alternative financing instead.

Q8 of 15

What is the title company's primary role in a manufactured home MLS transaction?

A. Originate the loan

B. Verify ownership, clear liens, and coordinate title retirement ✓

C. Conduct the home inspection

D. Market the property

Correct Answer: B – Verify Ownership, Clear Liens & Coordinate Title Retirement

The title company searches for existing liens on both the land and the home's certificate of title, confirms ownership matches on both, coordinates payoff of any outstanding title liens, and — if required — handles the surrender/retirement of the certificate of title before or at closing.

Q9 of 15

Once a manufactured home's certificate of title is properly surrendered, the home is legally treated as:

A. A vehicle that can be relocated

B. Exempt from property taxes

C. Real estate / real property ✓

D. Automatically loan-approved collateral

** Correct Answer: C – Real Estate / Real Property**

After the certificate of title is surrendered and the home is permanently affixed to the land, it becomes part of the real estate. It's then subject to real property taxes, can be included in a standard deed, and qualifies as collateral for a mortgage — rather than a chattel loan.

Q10 of 15

Which of the following is most likely to be a deal-breaker in a financed manufactured home MLS transaction?

A. The exterior paint color

B. An unresolved lien on the certificate of title 

C. The size of the yard

D. An HOA with low monthly dues

 Correct Answer: B – An Unresolved Lien on the Certificate of Title

If there's an outstanding lien on the manufactured home's certificate of title that isn't paid off and released, the title cannot be surrendered — and the lender cannot treat the home as part of the real property collateral. This can halt or kill the deal entirely until it's resolved.

Q11 of 15

What is the primary legal distinction between a "mobile home" and a "manufactured home"?

A. The size of the home

B. The age of the home

C. Whether it was built
before or after June 15,
1976 (HUD Code) 

D. There is no legal
difference

 **Correct Answer: C – Built Before or After June 15, 1976**

Homes built before June 15, 1976 are legally called "mobile homes." Homes built on or after that date are "manufactured homes" and must comply with the HUD Manufactured Home Construction and Safety Standards. This distinction matters for financing — many lenders won't finance pre-1976 homes at all.

Q12 of 15

Why does the June 15, 1976 HUD date matter so much in manufactured home financing?

A. It's when FHA was created

B. It's when HUD established mandatory construction and safety standards ✓

C. It's when MLS listings became required

D. It's when property tax rules changed

Correct Answer: B – HUD Established Mandatory Construction & Safety Standards

On June 15, 1976, HUD implemented the Manufactured Home Construction and Safety Standards — the first federal building code for factory-built homes. Homes built after this date carry HUD certification labels (red tags) that lenders use to verify compliance. Pre-1976 homes lack these labels and are generally ineligible for conventional, FHA, or VA financing.

Q13 of 15

What type of loan is typically used to finance a manufactured home that is still titled as personal property?

A. Conventional mortgage

B. FHA Title II loan

C. Chattel loan 

D. Commercial bridge loan

 Correct Answer: C – Chattel Loan

A chattel loan (also called a personal property loan) is used when the manufactured home hasn't been converted to real property — meaning it still has a separate certificate of title. These loans typically carry higher interest rates and shorter terms than traditional mortgages, and the home alone (not the land) serves as collateral.

Q14 of 15

What does a chattel loan use as collateral?

A. The land only

B. The manufactured home as personal property ✓

C. A government grant

D. The lease agreement for the lot

Correct Answer: B – The Manufactured Home as Personal Property

In a chattel loan, only the home itself serves as collateral — not the land. This is similar to how an auto loan works. Because the lender has less security (no land), chattel loans typically come with higher rates, shorter repayment terms, and stricter conditions than real property mortgages.

Q15 of 15

Why does a manufactured home often increase in appraised value after being converted from personal property to real property?

A. The home physically ages better after conversion

B. The furniture and fixtures are included in the appraisal

C. It becomes eligible for mortgage financing and can be compared to real estate comps 

D. The lot size automatically increases

Correct Answer: C – Eligible for Mortgage Financing + Real Estate Comps

Once converted to real property, the home can be financed with a conventional mortgage (lower rates, longer terms), which expands the buyer pool significantly. Appraisers can also use real estate comparable sales rather than personal property comps — both factors tend to support a higher appraised value.

Quiz Complete

Master This = More Wins at the Table



More Approvals

Know the financing options so you can guide buyers to the right loan from day one



Fewer Fallouts

Catch title issues early before they derail the deal at closing



Stronger Negotiations

Understanding real property vs. personal property gives you leverage and credibility

Agents who understand manufactured home transactions close deals others walk away from.