

# **Manufactured Home Titling and Financing**

## **Vermont House General and Housing Committee**

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[Pewtrusts.org/manufacturedhousing](http://Pewtrusts.org/manufacturedhousing)

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# Manufactured Housing Roadmap

- What manufactured homes are and how mobile homes differ
  - Current use and shipments in Vermont
- Home titling – personal property vs. real estate
- How titling impacts access to mortgages
  - Personal property titled financing options
    - Personal property “chattel” loans, rent-to-own, contract for deed
    - Ramifications for borrowers
- Vermont and other state approaches to titling policy and modernization
- Federal mortgage programs for non-landowners (USDA, Fannie, Freddie)

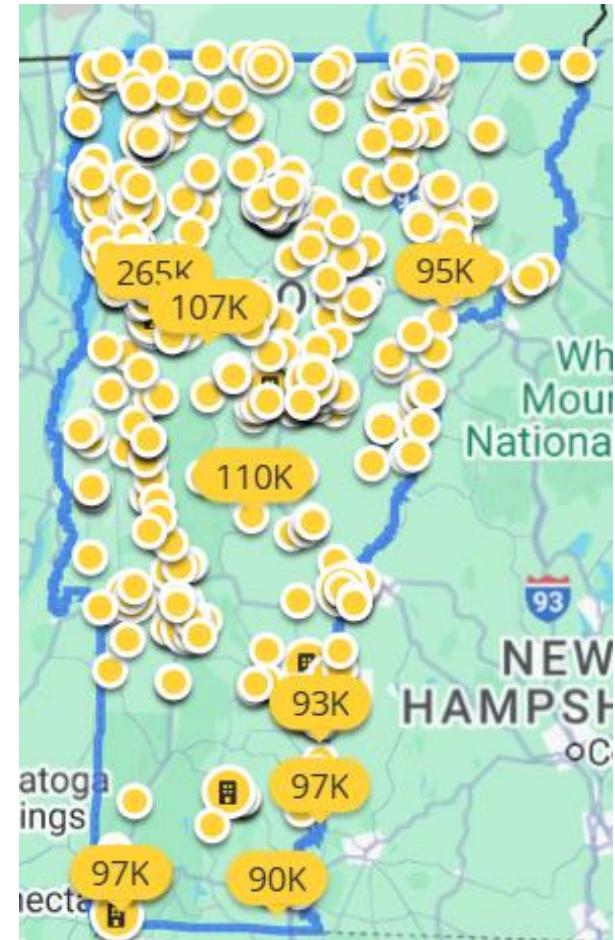


Photo source: Zillow.com manufactured homes sold in the last 24 months in the state of Vermont

# Factory Built: Mobile Home Compared with Manufactured Home

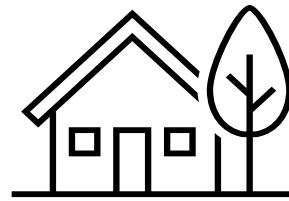


- Mobile home
  - Pre- 1976 before federal HUD Code was put in place
- Manufactured home
  - 1976 and after, conforms to HUD Code of the year made.
  - Significant updates in 1990s led to much higher quality minimum standards



Source: Zillow.com example of 1968 mobile home in Colchester, VT compared with a 2008 manufactured home in Burlington, VT

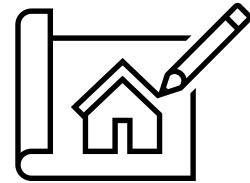
# Manufactured Housing: Important, Misunderstood Housing Supply



## What it is

**Homes built in a factory to federal housing standard**

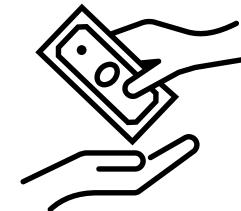
U.S. Department of Housing and Urban Development (HUD) code



## Why it is important

**Housing supply shortage**

Lack of smaller, and more affordable homes (both existing and new). Developers are starting to adopt as a lower-cost approach



## Challenges

**Financing and zoning**

Difficulty with mortgage access, large minimum lot sizes, and exclusionary zoning undermine affordability and availability of manufactured homes.

# Array of Manufactured Home Types and Styles

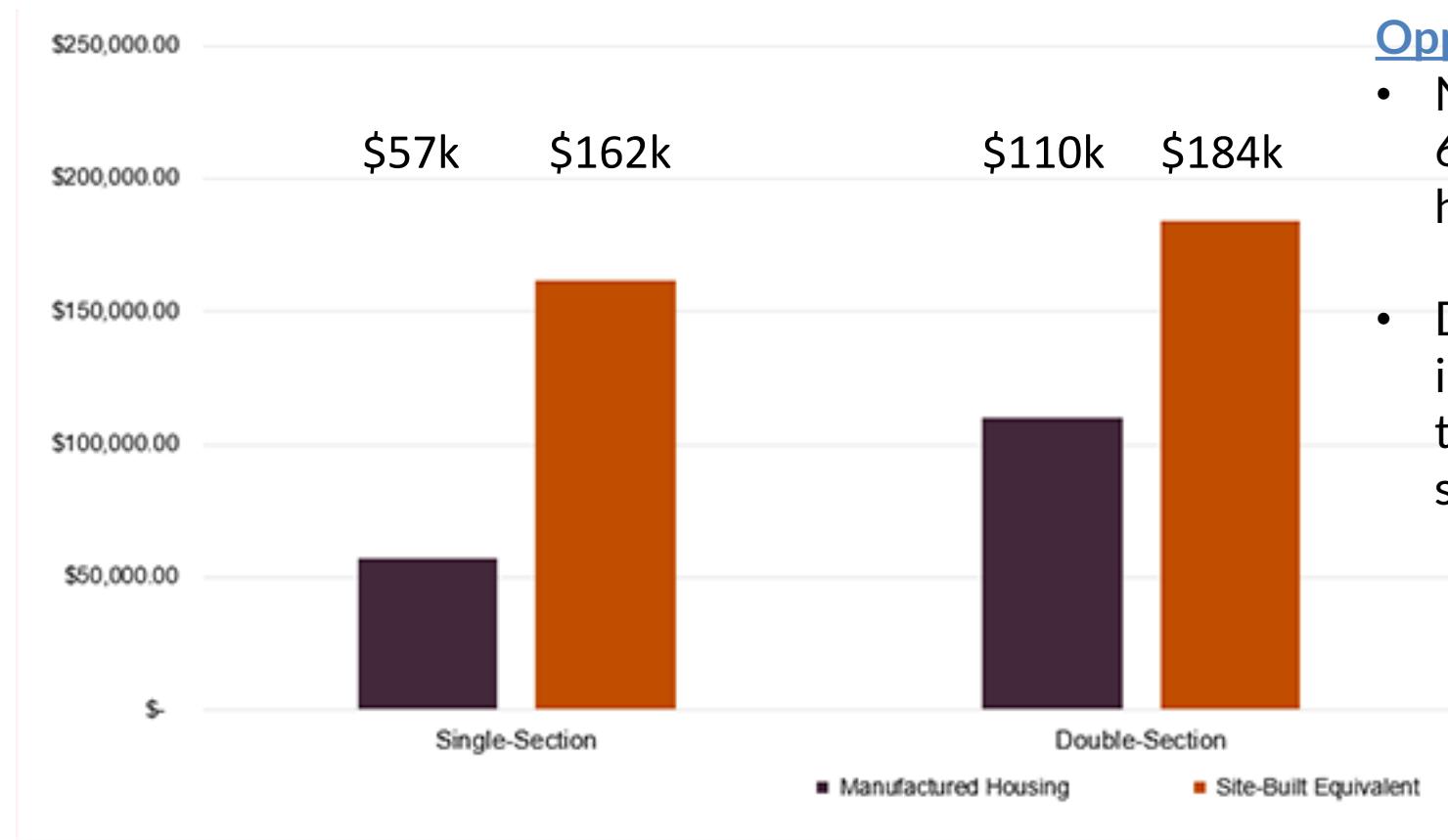
- Basic HUD Code
- EnergyStar or Net-Zero
- Single-section, multi-section
  - Multi-story (especially if chassis is no longer required)
- CrossMod
- Duplex or larger multi-unit



Source: Zillow.com for Vermont State, Clayton Homes

# Manufactured Housing Costs Less Than Similar-Quality Site-Built Housing

Cost figures from 2020, for home excluding land



## Opportunity:

- New manufactured homes can save up to 63% compared with new site-built homes.
- Developers across the country are increasingly using manufactured homes to fill vacant lots and build new “fee simple” neighborhoods.
  - Work with landbanks, non-profit, and for-profit developers.

Source: Graph - Joint Center for Housing Studies at Harvard, Comparison of the Cost of Manufactured and Site-Built Housing, 2023

# Ways To Improve Manufactured Home Availability And Affordability

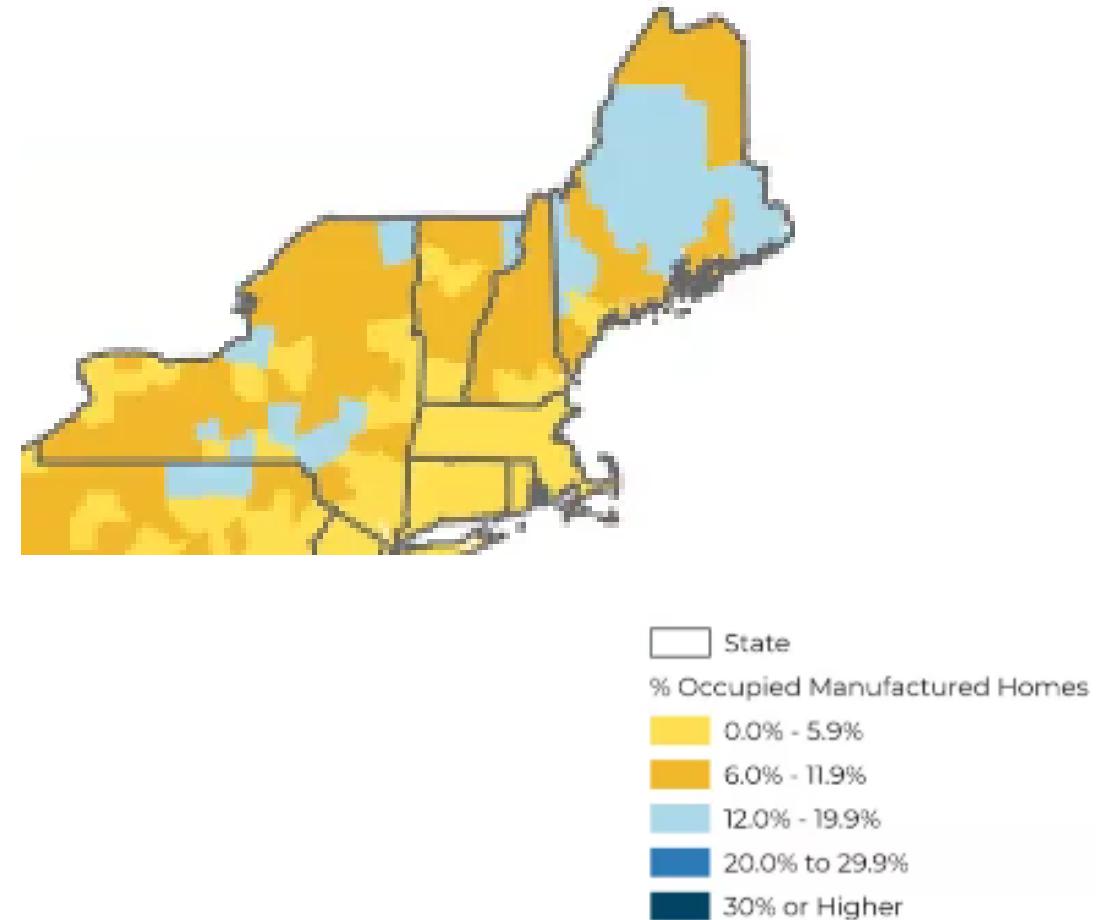
1. Financing - Expand eligibility (reduce frictions for real estate titling) for mortgage financing to reduce monthly loan payments and improve consumer protections.
2. Reduce minimum lot size - for all housing types (including manufactured housing) eliminate or reduce minimum lot sizes greatly improves affordability of home and land ownership.
3. Zoning - Enable manufactured homes to be used where single-family homes are allowed.



# Manufactured Housing is Used Across Vermont

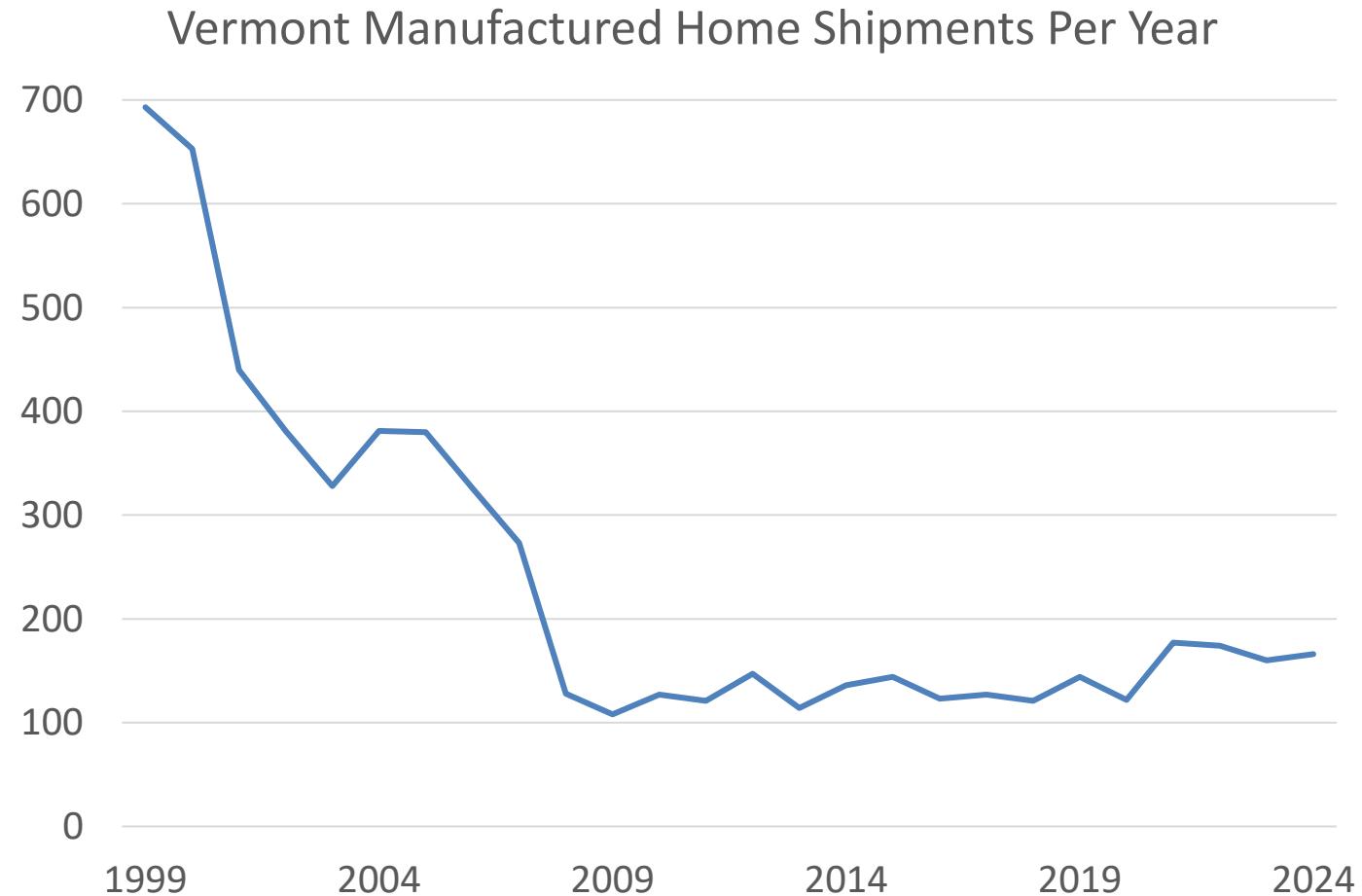
## Use:

- About 6% of housing stock in Vermont
- Between 12-19.9% of stock in some areas
- Vermont median home value according to Zillow about \$380,000.
  - Manufactured home values for homes on owned land between 2018-2024 were around \$175,000
  - For homes on rented land were about \$85,000



# Shipments Haven't Recovered After Great Recession

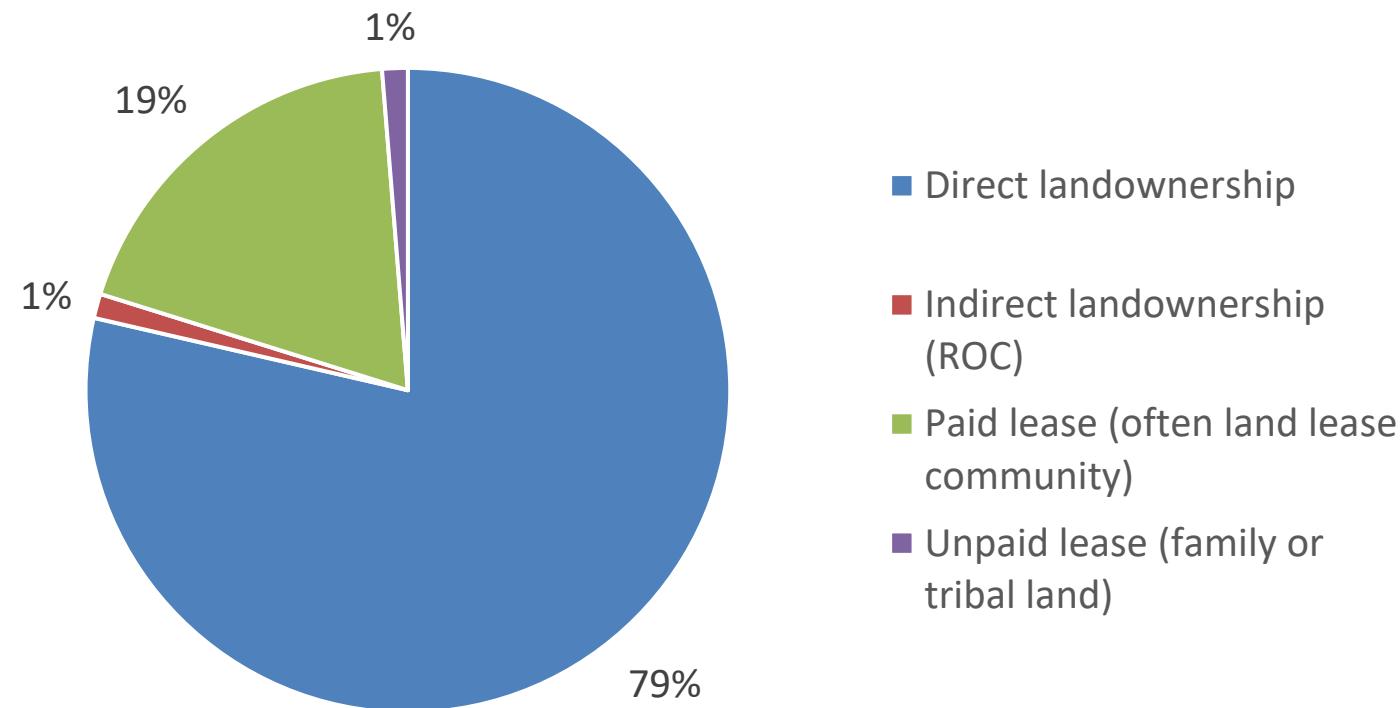
- Shipments plummeted from high of nearly 700 per year to well under 200 following Great Recession
- United States production is down by about a third
- Slowdown in production and shipments is likely due to challenges with access to financing and zoning restrictions.



Source: US Census – “Manufactured Housing Units Annual Shipments to States”

# Borrowers In Vermont Most Often Own Land

*Share of mortgage or home-only personal property loan borrowers by state and landownership*



Source: The Pew Charitable Trusts analysis of Home Mortgage Disclosure Act data from 2018-2024, primary residence, originated loans, residential use, 1<sup>st</sup> lien. These data show the land ownership or lease status but are not specific to whether the land was included as collateral in the loan.

# *Titling and Financing*

Pew

# Manufactured Home Titling: Real Estate vs. Personal Property

## Real estate titling (like any other home)

### Required for mortgage eligibility

- Except for manufactured homes all other housing is automatically owned as real estate.
- In most states (including Vermont) manufactured homes need to be converted to real estate.

Mortgages have lowest interest rates, longest term, and strongest consumer protections of home loans.

## Personal property titling (like a car)

### Home-only personal property “chattel” loans or contract financing:

- Vermont policy automatically titles manufactured homes as personal property regardless of landownership
- Conversion to real estate requires additional steps, and permanent foundation

Loan options have higher interest rates and fewer federal and state protections than mortgages

Source: Fannie Mae, Titling Requirements for Manufactured Homes, 2023

# Manufactured Home Financing

**Mortgages have the strongest consumer protections and lowest interest rates.**

**Home-only (aka “chattel” or “personal property”) loans are the next-best choice.**

- Fewer protections than mortgages and higher interest rates.

**Contract financing (lease-purchase or contract for deed) is often risky and costly.**

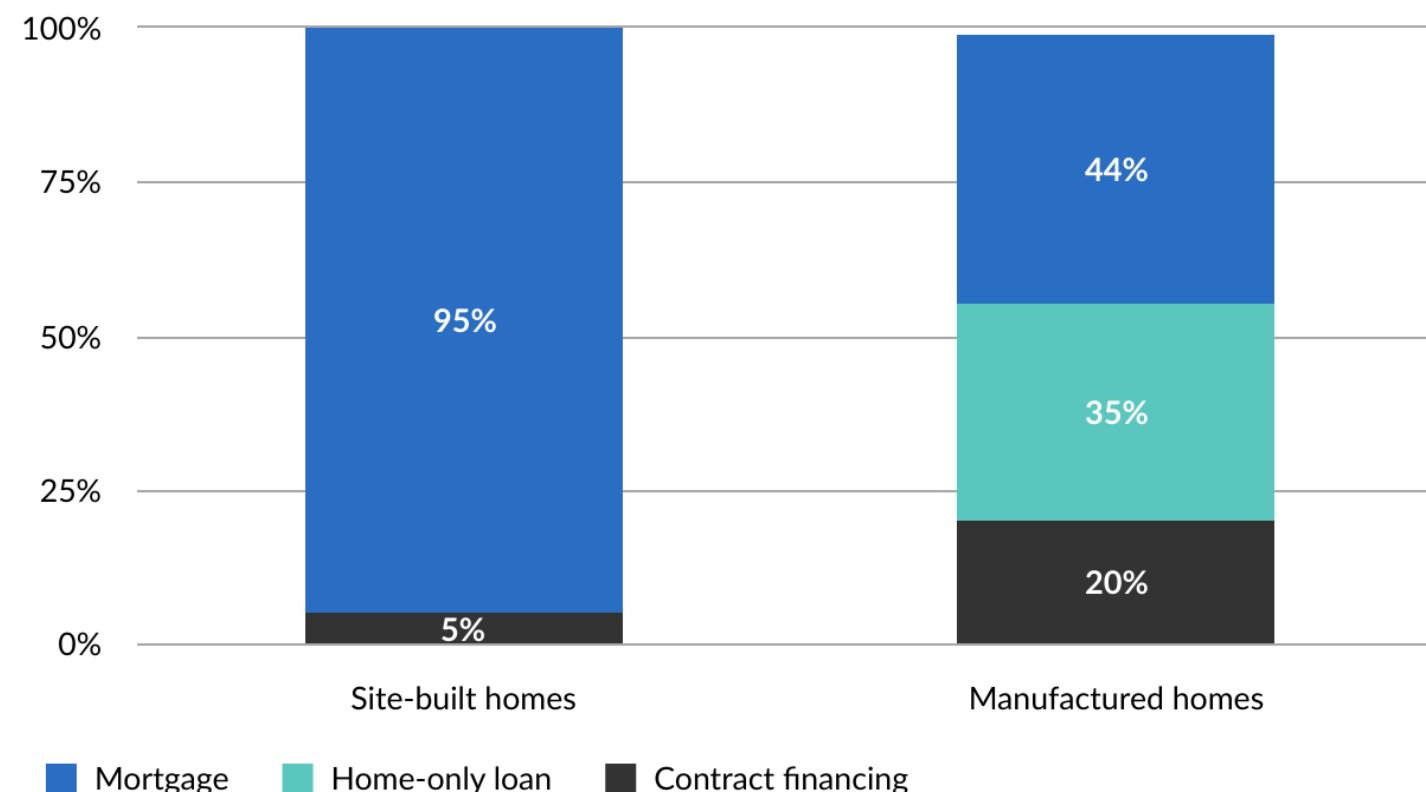
- Few state- and federal-level laws apply, especially if the home is not titled as real estate.
- Ownership of home does not transfer like mortgage or personal home-only personal property loan, increasing potential for fraud.



Photo Credit: Zillow.com, manufactured home for sale in Vermont

# Manufactured Home Borrowers More Likely To Use Contract Financing

*Percent of current borrowers by housing and loan type*



- Loans are challenging to get so many borrowers turn to contract financing
  - For example: lease-purchase, contract for deed which have far fewer consumer protections than other loan types.
- Among borrowers who own their home as personal property 28% reported using a form of contract financing.

Source: The Pew Charitable Trusts, Alternative Financing and Manufactured Home Surveys, 2022

# Expanding Mortgage Access Could Improve Affordability of Payments

- **New Hampshire** all manufactured homes are owned as real estate once connected to utilities.
- **Vermont** homes on permanent foundations can be converted
  - Homeowners who rent land or live in resident owned communities rarely convert and get a mortgage

## Vermont Borrowers Pay About 16% More Than In New Hampshire

*Monthly payment in VT vs. NH for \$100,000 loan with median interest rate and terms*

State	Loan amount	Interest rate	# of payments	Monthly payment
<b>Vermont</b> (home-only personal property loan)	\$100,000	6.88%	180	\$892
<b>New Hampshire</b> (home-only mortgage)	\$100,000	6.50%	240	\$746
<b>Savings in New Hampshire</b>	\$0	0.38%	-60	<b>\$146</b>
<b>Percentage savings in New Hampshire</b>				<b>16%</b>

# Approaches To Modernize State Titling Policy

## Manufactured Housing Act (2012), Uniform Law Commission

- [Model legislation](#) and approaches to modernize titling and expand eligibility among homeowners who don't own land

## Washington 2025 (previously limited to landowners)

- Passed [WA HB 1191](#) to expand real estate conversion for homeowners with 35 year or longer leasehold interest. Allows homes that will ultimately be real estate to skip personal property titling
- Coalition of stakeholders such as lenders, home title insurance, legal experts

## Maine 2025 (currently real estate only allowed for landowners, home on permanent foundation)

- [LD 1765](#) Governor's Office of Policy Innovation and the Future led working group (Maine lenders, Housing Finance Agency, national and state legal and non-profit experts) and submitted [report on findings](#).

## New York 2025 (currently no statute)

- [S7120](#) (in effect Dec. 2026) in place that allows conversion for landowners or with landowner permission if home is on a permanent foundation.

# Federal Policy Approaches To Expand Mortgage Access

## *Fannie Mae and Freddie Mac, Duty to Serve*

- Fannie pilot in NH and expanding to VT and OR to purchase mortgages for buyers and homeowners in **resident-owned communities**.
  - Considering expansion to **land-lease communities**
- Freddie working with buyers on **Tribal land**
- Fannie and Freddie both treat double section CrossMod (highest end energy efficient homes) like site-built in appraisal and mortgage rates.
  - Both expanded program to single-section CrossMod in 2025.

## **USDA**

- Older homes are now eligible
- New energy efficient homes on land with **long-term lease** are eligible

## Key Takeaways

1. States are updating zoning expand building with manufactured homes as a lower cost way to build new single-family homes.
  - Developers around the country are starting to use them to fill vacant lots and build new neighborhoods.
2. Titling policies and access to mortgages are key to retaining the affordability of manufactured housing
3. Vermont already has a manufactured home titling policy that allows homes to be converted to real estate regardless of landownership (better than most other states).
  - Most manufactured home landowners convert to real estate and use a mortgage.
  - However, many who don't own their land still struggle with conversion process and access to mortgages.
  - New Hampshire manufactured homes are automatically owned as real estate and home-only borrowers there save about 16% on their monthly payments compared with Vermonters for the same sized loan

Photo credit: Claytonhomes.com

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