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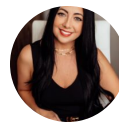
Financing a Manufactured Home in Michigan

Whether a manufactured home can carry a regular mortgage usually comes down to two questions: who owns the land under it, and whether the home is legally part of that land. Samantha starts there.

INSIDE THIS GUIDE

- ✓ Is it a fit?
- ✓ How it works
- ✓ What to have ready
- ✓ Tradeoffs to understand
- ✓ Questions people ask

For anyone buying, building on or refinancing a manufactured home in Michigan.



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A manufactured home can carry a regular mortgage when the home and the land are both real property: the land is owned, not rented, the home sits on a permanent foundation, and state law treats it as part of the real estate. Conventional, FHA, VA and USDA loans can all reach a home like that, each with its own property rules. A home on a rented lot, or still titled like a vehicle, is personal property, and the usual route there is a chattel loan. Find out which one you have before you compare anything else.

Is it a fit?

WHO IT FITS

- ☐ **Buyers purchasing a manufactured home together with the land it sits on, or placing a new home on land they own.**
- ☐ **Homes built on or after June 15, 1976 to the federal HUD Code, with the HUD data plate and a HUD certification label on each section.**
- ☐ **Homes that are, or will be, attached to a permanent foundation, with the wheels, towing hitch and running gear removed.**
- ☐ **Owners refinancing a manufactured home that is already part of the real property.**

WHO IT MAY NOT FIT

- ☐ **A mobile home built before June 15, 1976** Fannie Mae and FHA require a home built to the HUD Code, and Freddie Mac calls homes built before that date ineligible. (Fannie Mae B2-3-02; 24 CFR 203.43f; Freddie Mac)
- ☐ **A home on a rented lot** Fannie Mae accepts a manufactured home on leased land only inside a condo or PUD project it has approved. Most homes in land-lease communities are financed with chattel loans instead. (Fannie Mae B5-2-02)
- ☐ **A home moved from another site** Fannie Mae and USDA exclude a unit that was installed or occupied somewhere else first. (Fannie Mae B2-3-02; 7 CFR 3555.208)
- ☐ **An investment property** Fannie Mae and Freddie Mac do not buy loans on manufactured homes held as investments. (Fannie Mae B5-2-02; Freddie Mac)
- ☐ **A single-wide second home** Fannie Mae and Freddie Mac accept a manufactured second home only when it is a multi-width home. (Fannie Mae B5-2-02; Freddie Mac)

How it works

Step 1: Know what kind of home it is

Three words get used as if they mean the same thing. To a lender they are three different properties.

	MOBILE HOME	MANUFACTURED HOME	MODULAR HOME
Built to	No federal code; built before June 15, 1976	The federal HUD Code, 24 CFR Part 3280	State and local building codes
Chassis	Yes	A permanent chassis is part of HUD's definition	No permanent chassis
Proof of the code	Usually a state title only	A paper HUD data plate inside, a metal HUD certification label on each section outside	A state insignia on each module
How it is financed	Agency mortgage programs do not cover it	A mortgage if the home and land are real property, a chattel loan if not	Like a site-built house (Fannie Mae B5-2-01)

If the house you are looking at is modular, the rules on this page do not apply to it. Our guide to the benefits of modular homes covers how those are financed.

Step 2: Real property or personal property

A manufactured home starts out titled as personal property. In Michigan, the Department of State issues a Certificate of Manufactured Home Ownership, which looks like a vehicle title and works the same way.

Every mortgage route below needs the home and the land to be real property:

- ☐ **Fannie Mae: the loan must be secured by the home and the borrower's interest in the land, and both must be legally classified as real property under state law. (B5-2-02)**
- ☐ **FHA: the mortgage must cover the home and the site, and the property must be classified and taxed as real estate. (24 CFR 203.43f)**
- ☐ **VA: the home, once permanently affixed to the lot, must be considered real property under the law of the state where the lot is. (38 U.S.C. 3710(f)(2))**

Owning the land is the first piece. A permanent foundation is the second. The legal conversion is the third, and in Michigan it has its own filing, covered below.

Step 3: Match the home to a loan route

These are each agency's rules as it publishes them, not Align's terms. Lenders can add requirements of their own.

- ☐ **Fannie Mae, standard manufactured housing** The home must be built to the HUD Code, carry its data plate or certification labels, be at least 12 feet wide with at least 400 square feet of finished area above grade, sit on a permanent foundation that meets the manufacturer's requirements and local codes, and be permanently connected to utilities. Principal residences can be single- or multi-width; second homes must be multi-width. (B2-3-02, B5-2-02)
- ☐ **Fannie Mae MH Advantage** For manufactured homes built to construction, design and energy standards closer to a site-built house, such as a higher-pitched roof with eaves, a masonry or poured concrete perimeter foundation, and a covered porch. The manufacturer applies an MH Advantage sticker near the data plate at the factory, and the lender also checks site features such as the foundation. (B2-3-02)
- ☐ **Freddie Mac, standard and CHOICEHome** Freddie Mac buys mortgages on HUD Code homes titled as real property and permanently affixed to a foundation. A multi-wide home can be a primary residence or second home; a single-wide must be a primary residence. CHOICEHome covers homes with features comparable to site-built homes, an engineered foundation certified by an architect or engineer with a masonry or poured concrete perimeter wall, and a CHOICEHome notice near the data plate. Its appraisal compares the home with CHOICEHome or site-built sales. (Freddie Mac Guide 5703.2, 5703.3, 5703.12)
- ☐ **FHA Title II** The regular FHA mortgage. The home needs at least 400 square feet of floor space, a HUD certification label, and a mortgage that covers the home and the site as real estate. A home that has not been on its site for more than a year needs a site-built permanent foundation that meets HUD's Minimum Property Standards, the hitch and running gear removed, and a finished grade at or above the 100-year flood elevation. (24 CFR 203.43f) See our FHA loans page.
- ☐ **FHA Title I** A separate HUD program that insures loans for a manufactured home, a lot, or both together. Its maximum terms are set by regulation and are shorter than a typical mortgage, and HUD updates its loan limits by notice. (24 CFR 201.10, 201.11)
- ☐ **VA** VA's home loan program can be used to buy a manufactured home that will be permanently affixed to a lot the veteran owns, or a home and lot together, when state law treats the affixed home as real property. (38 U.S.C. 3710(a)(9) and (f)(2)) See our VA loans page.
- ☐ **USDA** When one real estate mortgage covers both the home and the site, a USDA loan can pay for a new home, its transport, permanent foundation and installation, and the site if you do not already own it. An existing home generally needs its HUD label and data plate, a certified permanent foundation, no previous installation elsewhere, and a build date on or after one USDA sets. (7 CFR 3555.208) See our USDA loans page.

- ☐ **Chattel loans** A loan secured by the home alone, as personal property. It is the common route for a home on a rented lot. The CFPB found that chattel borrowers face higher denial rates, pay higher interest rates than manufactured home mortgage borrowers, and are less likely to refinance. If the home can become real property, compare that path first, and ask Samantha which of these routes fits your home before you choose.

In Michigan

- ☐ **Affixing the home to the land** When a home is affixed to land its owner holds, Michigan law requires the owner to deliver an affidavit of affixture to the state, with the title and a fee, and to record the affidavit with the county register of deeds. "Affixed" means the wheels, towing hitches and running gear are removed and the home is attached to a foundation or other support system. "Holds" means owning the land, or a ground lease that runs at least 20 years after the affidavit is recorded. Once the state receives the affidavit, it cancels the home's title, the home is part of the real property, and it can be sold only together with the land. (MCL 125.2330i; Michigan's statute calls these homes "mobile homes")
- ☐ **Homes in licensed communities** A home in a licensed park carries a specific tax of \$3.00 a month, collected by the park, in place of property tax on the home itself. (MCL 125.1041)
- ☐ **Property taxes after you buy** Once the home is part of the real property, plan the taxes as you would for any Michigan home purchase. The year after a Michigan home sells, its taxable value resets to half of the assessor's market value, so the seller's tax bill is not your tax bill. A rough rule for planning: after uncapping, the annual tax runs about half the purchase price times the millage, divided by 1,000. The Michigan property tax calculator uses the published millage for an address, and our taxable value guide explains the reset.

What to have ready

- ☐ **Photos of the HUD data plate and the HUD certification label on each section** The data plate is a paper sheet inside the home, usually near the main electrical panel; the label is a small metal plate on the outside of each section. If either is missing, the Institute for Building Technology and Safety (IBTS) can issue a label verification letter or a duplicate data plate. (24 CFR 3280.5, 3280.11; Fannie Mae B2-3-02)
- ☐ **The serial number for each section, from the data plate or the Michigan title.**
- ☐ **The Michigan title or the recorded affidavit of affixture, whichever applies, and any lien payoff on the home.**
- ☐ **Proof of land ownership** the deed, or the purchase agreement for the land. For a home on leased land, the lease and the community rules.

- ☐ **A foundation certification, if the lender asks for one** FHA, CHOICEHome and MH Advantage look for a permanent foundation that meets HUD's foundation standards, usually certified by a licensed engineer.
- ☐ **For a new home** the manufacturer's invoice, the dealer purchase agreement, and the site preparation, foundation and installation contracts and permits.
- ☐ **Your own paperwork** pay stubs and W-2s, or tax returns if you are self-employed, and recent asset statements.

Tradeoffs to understand

- ☐ **The real property route asks more up front** Land, site work, a foundation that meets a lender's standard and a recorded conversion all come before the loan. The chattel route skips most of that, and the CFPB found chattel loans carry higher interest rates than manufactured home mortgages.
- ☐ **Fewer lenders, more rules** The CFPB found manufactured home lending concentrated among fewer lenders than site-built lending, and each lender can add rules of its own.
- ☐ **The appraisal can be harder** Lenders want comparable sales of similar homes nearby, and in some areas there are few. CHOICEHome is the exception that allows site-built comparisons.
- ☐ **Insurance is different** A home titled as personal property may need a specialty policy. Get a quote before you sign a purchase agreement.
- ☐ **Lot rent can change** On a rented lot you own the home, not the ground, and the rent is not fixed like a mortgage payment.
- ☐ **Converting is a commitment** Once a Michigan home is affixed, moving it off the land takes a recorded affidavit of detachment and a new title application. (MCL 125.2330i)

For the bigger picture, including cost per square foot and resale, read our guide to manufactured homes: pros and cons.

HOW SAMANTHA HELPS

"I'd rather say, 'Let's check,' than tell somebody something that doesn't apply to them." With a manufactured home, I check the house before the loan: when it was built, whether the labels are there, and who owns the ground under it. Then I compare how multiple wholesale lenders treat that specific home, because their rules on manufactured housing are not the same. You get one person on your file from the first call to the closing table.

Questions people ask

WHAT IS THE DIFFERENCE BETWEEN A MANUFACTURED HOME, A MODULAR HOME AND A MOBILE HOME?

A manufactured home is built in a factory on a permanent chassis to the federal HUD Code, in effect since June 15, 1976. A mobile home is the same kind of home built before that date, and agency mortgage programs do not cover it. A modular home is built in sections to state and local building codes and is financed like a site-built house. The label on the home, not the listing, tells you which one it is.

CAN I GET A MORTGAGE ON A MANUFACTURED HOME IN A LAND-LEASE COMMUNITY?

Usually not a standard one. Fannie Mae accepts a manufactured home on leased land only when it sits in a condo or PUD project Fannie Mae has approved. Outside that, homes on rented lots are personal property and are usually financed with chattel loans. If buying the lot is possible, ask about it, because owning the land is what opens the mortgage options.

WHAT IF THE HUD DATA PLATE OR CERTIFICATION LABEL IS MISSING?

Ask early, because some lenders cannot go forward without one or the other. For an existing home, Fannie Mae accepts a label verification letter or a duplicate data plate from the Institute for Building Technology and Safety in place of the original. A duplicate data plate may also be available from the manufacturer or the plant's inspection agency. Order it before the appraisal, since the appraiser photographs it.

DOES A MANUFACTURED HOME HAVE TO BE ON A PERMANENT FOUNDATION?

For a mortgage, yes. Fannie Mae, Freddie Mac, FHA, VA and USDA all expect a home permanently attached to a foundation and treated as real property. Each describes the foundation a little differently, and FHA, CHOICEHome and MH Advantage look for HUD's permanent foundation standards, usually with an engineer's certification. A chattel loan follows the lender's own rules instead.

HOW DOES A MANUFACTURED HOME BECOME REAL PROPERTY IN MICHIGAN?

Through an affidavit of affixture. Once the wheels, hitch and running gear are removed and the home is attached to a foundation or support system on land the owner holds, the owner delivers the affidavit to the state and records it with the county register of deeds. The state cancels the home's title, and from then on the home is sold only with the land. A title company can tell you whether one was already filed.

CAN I USE AN FHA, VA OR USDA LOAN ON A MANUFACTURED HOME?

Yes, each one can reach a manufactured home that is real property, and each sets its own property rules. FHA's regular mortgage needs at least 400 square feet, a HUD label and a qualifying foundation.

VA needs the home permanently affixed to the veteran's lot and treated as real property under state law. USDA needs one mortgage covering the home and the site.

Sources

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Michigan Mobile Home Commission Act, MCL 125.2330i, affidavit of affixture: <https://legislature.mi.gov/Laws/MCL?objectName=mcl-125-2330i>

Michigan Trailer Coach Parks Act, MCL 125.1041, specific tax: <https://legislature.mi.gov/Laws/MCL?objectName=mcl-125-1041>

Michigan Department of State, mobile home titles: <https://www.michigan.gov/sos/vehicle/mobile-homes>

NEXT STEP

Talk it through before you decide anything

The first conversation does not have to turn into anything. No application, no credit pull, and no obligation to go further.

Tell Samantha what you are trying to do and she will tell you what actually matters in your situation. If the answer is that you should wait, she will say that too.

[Open the Manufactured Home Loans page →](#)

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