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Ask Ishbel

Q. I understand NMHOA worked with the Federal Uniform Law Commission to create a model law for states to title manufactured homes as real estate. If my state adopted such a law, what would be the pros and cons for homeowners like me?

A. As you may know, the vast majority of manufactured homes are purchased with personal or chattel loans. Partly this is because purchasers are not aware that a real property mortgage may be available to them, and partly it is because indeed only a chattel loan is available to them. Certainly, homes titled as real property ought to be eligible for mortgages. This was one of the reasons behind the Uniform Law Commission's vote in favor of titling manufactured homes as real property. Additionally, while chattel loans have lower origination costs and quick closing timelines, they also have significantly fewer consumer protections than mortgage loans. For example, only mortgage borrowers are protected by provisions of the Real Estate Settlement Procedures Act that give borrowers the right to certain disclosures when applying for and closing on a loan. In addition to a longer loan period (usually 30 years on average instead of 10-15 years), mortgage interest rates are a lot lower than chattel loans. The Uniform Law Commission's model law did not distinguish between manufactured homes placed on leased land versus your own private property and since the title does not run with the land, there is no need to obtain the landlord's permission to title your home as real property.

One possible negative of titling the home as real property would be the requirement to pay property tax on the home. It may be, that if you own an older manufactured home, all you are currently paying is the annual registration fee. So you may need to see how the benefits balance out this possible additional cost.

Currently very few states currently allow the titling of manufactured homes as real property, and to date no state has adopted the ULC model law since it was adopted in 2012. To read the model law go to:

<http://www.uniformlawcommission.com/ActSummary.aspx?title=Manufactured%20Housing%20Act>

If you think your state legislature is ready to enact such a statute please contact me at: ishbel@nmhoa.org for further information and a list of additional resources.