Freddie Mac
Single-Family

Manufactured Housing Mythbusters

MYTH 01 *"They're the same as tiny homes, trailers, and mobile homes."*

FACT

The terms trailer and mobile home apply to dwellings on wheels, that can be pulled by a vehicle, built prior to June 15, 1976, that are typically titled as personal property and licensed by a State Department of Motor Vehicles (DMV).

Manufactured homes are not trailers. They're factory-built on a permanent, nonremovable steel chassis, must meet or exceed the Manufactured Home Construction and Safety Standards Act of 1974 (HUD Code) and can be titled as real or personal property.

Tiny homes are neither a manufactured or mobile home. Typically sized between 100-400 square feet, they must be built to the DMV/Recreational Vehicle code(s) and pass a licensing inspection. Tiny homes may be on wheels/mobile, but it's not a requirement.

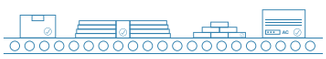
MYTH 02 *"They're unattractive and have limited design options."*

FACT

Manufactured homes are modern, energy efficient, high-qualty homes and with CHOICEHome® are comparable to site-built homes.

MYTH 03 *"They're poorly constructed and unsafe."*

FACT



Manufactured homes are built entirely in a factory throughout construction process. They are quality controlled and inspected per HUD's standards for design and construction, strength and durability, transportability, fire resistance, heating, plumbing, air-conditioning, thermal and electrical systems and overall home quality.

MYTH 04 *"They're more vulnerable to storm, hurricane and tornado damage."*

FACT

Having the HUD code seal of approval ensures that a manufactured home meets regional standards for roof load, wind resistance, thermal efficiency, safety and durability, including wind resistance in areas prone to hurricane-force winds.

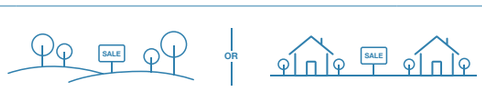
Reference: Manufactured Housing Institute

These standards were tested in Florida during hurricane season and have stood the test of time. Proper installation and anchoring of the home is a key element in how a manufactured home will perform in severe weather situations. In 2017, when Hurricane Irma hit Florida, a majority of manufactured homes were battered but left largely intact, just like the site-built homes.

Reference: New York Times, September 14, 2017

MYTH 05 *"You're confined to living in a trailer park."*

FACT



You can install your manufactured home on vacant land that you own or leased land or in a manufactured housing community (MHC). Many MHCs offer security, amenities and a sense of community. Cities are selecting manufactured homes for infill on vacant and blighted homesites.

MYTH 06 *"They're so much more affordable because they're made with lower-quality materials."*

FACT

Manufactured homes can be made with the same standard building materials as site-built homes. These homes are more affordable because of efficiencies in the factory-building process and not because of inferior materials. Like other assembly line operations, manufactured home builders can negotiate substantial savings by purchasing large quantities of the home's components and then, pass that savings on to the homebuyer.

MYTH 07 *"There is a lack of available financing options for manufactured homes."*

FACT

Mortgage option – Manufactured homes titled as real property

For Mortgages that are secured by manufactured Homes to be eligible for sale to Freddie Mac, the manufactured Home must be titled as real property and and the manufactured home must be permanently affixed to the property with the wheels, axle and hitch removed from the home. Like Mortgages secured by a site-built home, the home and the property are financed together.

MYTH 08 *"Manufactured homes do not appreciate as much as site-built homes."*

FACT

New research from FHFA Manufactured Housing Index shows manufactured homes appreciate as well as site-built homes.

- Calculated using repeat sales methodology, noting the change in prices between repeat sales of the same property.
- Constructed at the state level and weighted to roll up to the national index.
- Sample limited to Manufactured Housing Index loans titled as real property and GSE-guaranteed.

MYTH 09 *"Manufactured home buyers do not own the land on which their homes are sited."*

FACT

61% of manufactured homebuyers own the land.

- 65% of those landowners owned the land before buying the home.
- 32% of those landowners bought the land and home at the same time.

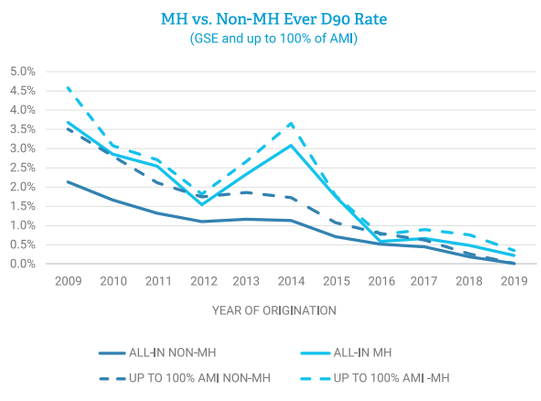
Source: Loan Shopping Experiences of Manufactured Homeowners

MYTH 10 *"Manufactured home loans do not perform as well as site-built home loans."*

FACT

While the delinquency rates on manufactured home loans tend to be higher than on site-built homes, recent trends are encouraging.

Figure 3. Ever 90-day delinquency rate of GSE loans by year of origination



Notes: Data source is the NMDB; GSE refers to conventional loans purchased by the government-sponsored enterprises Freddie Mac and Fannie Mae; this segment excludes government-insured loans for Duty to Serve purposes. The up to 100% of AMI sample includes a subset of all-in GSE loans for borrowers with application income up to 100% of AMI.

Source: Insights into Manufactured Housing Loan Performance: A Decade In Review

Visit the manufactured housing webpage for more information.