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MANUFACTURED HOUSING RESOURCE GUIDE

# Accessing Public Resources for Homes and Communities

## BACKGROUND

Each year millions of Americans realize the dream of home ownership with the purchase of a manufactured home. The low cost and good quality of today's manufactured homes lowers barriers to ownership for many consumers who cannot afford site-built homes. For these reasons, manufactured housing is now a significant source of unsubsidized affordable housing in the nation. The homes are an especially important source of housing in rural areas where distance and other logistical challenges make it expensive to build new homes.

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### Financing Challenges Facing Manufactured Housing

Despite the popularity of manufactured homes, consumers struggle to find fair and affordable financing. A limited pool of lenders offers loans on manufactured homes. Given the nature of manufactured homes, most offer personal property loans with comparatively higher interest rates, shorter loan terms and fewer consumer protections than the conventional mortgage loans offered on site-built homes. Conventional financing, if available, is often limited to those who install their homes on permanent foundations on land they own. Moreover, consumers who place their home in land-lease communities, even those who own the land cooperatively, are at a distinct disadvantage to traditional homebuyers when seeking financing.

Similarly, affordable housing developers must struggle to find financing when planning manufactured housing projects. These developers are using manufactured homes in affordable subdivisions, planned unit developments, condominiums and multifamily housing developments. Manufactured homes can be instrumental in revitalizing blighted neighborhoods and properties. Nonprofit developers should look for programs which allow manufactured housing, lowering the cost of development (or rehabilitation) and correspondingly the cost of homeownership for their customers.

Policymakers, nonprofit organizations and advocates alike are now recognizing the benefits of manufactured homes as a source of affordable housing and its potential to serve as a catalyst for wealth creation for homeowners.

Manufactured housing has specifically been recognized as unsubsidized affordable housing in key government programs and initiatives, including the HOME Investment Partnership Program, the FHA's signature insured loan programs and the first-time homebuyer's tax credit in the American Recovery and Reinvestment Act of 2009 (PL 111-5).

A manufactured home buyer's financing options are determined by the home's title, which represents ownership of a manufactured home. There are two different ways that manufactured homes may be titled. Some are titled as personal property (also known as chattel) – like motor vehicles. Others are titled as real property (or real estate) – like site-built homes. How a home is titled largely depends on the state it is located in because titling is dictated by state law. The key disadvantages to chattel financing for homes compared with conventional real estate financing include shorter loan terms, higher interest rates, fewer rights when in default and a more limited pool of lenders.[1]

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However, the requirements to obtain financing for the homes under some government programs remain more burdensome than for site-built homes. More needs to be done to ensure that the public resources used to support the conventional financing of homes be made equally available for manufactured homes.

### About This Resource Guide

This purpose of this guide is to help you access public sources of financing for the purchase, rehabilitation or refinancing of manufactured homes. It is intended as a resource for consumers, nonprofit practitioners and advocates interested in leveraging public funding streams in support of affordable housing and asset-building strategies using manufactured housing. In addition to discussing programs that fund the purchase and rehabilitation of manufactured homes, this guide suggests federal, state and local resources available when residents want to purchase their manufactured home communities. This guide:

- Lists public resources available to fund the purchase and rehabilitation of manufactured homes;
- Lists public resources available to help homeowners purchase their manufactured home communities;
- Describes program parameters to help advocates understand the best way to access various public programs; and
- Recommends programmatic tweaks that could improve the functioning of public programs for which manufactured housing is an eligible use.

The first section discusses federal programs, and is followed by a section on state and local resources. The section that follows focuses on resources that may be available to manufactured home communities. The appendices give examples of specific state programs that advocates may use if they are seeking to expand resources for their manufactured housing work.

While this guide provides a general overview of existing programs, new programs, some that do not specifically list manufactured homes as a permissible use, spring up on a regular basis. These programs are typically developed to address a particular need or respond to an event, such as an economic crisis or natural disaster. Advocates are advised to keep abreast of program developments, especially on the local level.

In addition, many existing programs provide housing assistance funds even when the program's main focus is not housing-related. Though too numerous to highlight in this guide, advocates working with special populations, such as the elderly or disabled, should consider whether programs aimed at the general welfare of these populations may have funds available to purchase or repair manufactured homes.

## FEDERAL RESOURCES FOR MANUFACTURED HOUSING

The federal government provides the largest source of public funding for the purchase, rehabilitation or refinancing of manufactured homes and communities. Federal funds for manufactured and other types of affordable housing are distributed to states, local governments, community-based organizations, businesses and individuals through a wide variety of grants, programs and benefits. Each of the following federal funding sources is discussed in this section.

- **Formula or Block Grants.** The largest sources of funding are formula or block grants, which provide a fixed sum of money to state and local grantees to address a broad range of needs including housing and community development.
- **Project Based Grants.** These grants target specific issues such as housing, asset or workforce development among low-income individuals.
- **Loans and Loan Guarantees.** The development of affordable housing is also spurred through federal loan programs that guarantee or insure loans made by private lenders.

There are few efforts to develop affordable housing that do not depend in whole or in part on federal government participation. Advocates seeking to access federal funds for manufactured home communities or to help individuals purchase or rehabilitate manufactured homes can go further faster with a strong understanding of these programs. A few tips for advocates:

- Obtain information early on potential funding sources, the application process and program requirements by contacting the staff of the federal agency managing the program.
- Review descriptions of funded projects available on an agency's website, along with information on how much money is available in the current funding cycle or was allocated in prior years.
- Request copies of successful grant applications from the agency that sponsors the program or reach out to current or former grantees.

- Reach out to organizations that provide technical assistance under a particular program. They are an invaluable source of advice and assistance when applying for funding.

## Federal Formula or Block Grants

Two of the largest federal block grants relevant to manufactured housing are the Community Development Block Grant (CDBG) Program and the HOME Investment Partnership Program (HOME), both administered by the U.S. Department of Housing and Urban Development (HUD). Here we discuss these two programs, and suggest that manufactured housing advocates get involved in the planning process which precedes allocation of block grant funds.

***1. Overview***

Formula or block grants allocate funds to states to tackle a broad range of community development needs, including housing, economic development and poverty reduction. Funding is based on a formula that takes into account the state's poverty rate and need for housing and community development resources. Communities are given flexibility to design and implement programs that meet the objectives of the grant. Though states are the primary recipients of the grants, the majority of program funds are allocated by local governments who distribute the money to community-based organizations, private businesses and individuals.

***2. Community Development Block Grants***

CDBG is an important source of potential funding for manufactured home community infrastructure development.

### How CDBG Works

Community Development Block Grants (CDBG) provide funding to cities and urban communities to renovate housing; construct or improve public facilities, such as water, sewer, streets and neighborhood centers; purchase real property; and assist private businesses in economic development activities. While the goals of the program are broad, at least 70% of CDBG funds must be used for activities that benefit low- to moderate-income individuals.

CDBG funds are distributed on a formula basis to states and local governments. Local governments, referred to as "entitlement communities," are cities with populations of 50,000 or more and urban counties whose populations exceed 200,000. Grants to entitlement communities primarily focus on infrastructure improvements, economic development, housing and job creation/ retention activities. States, through the State Administered CDBG program, solicit applications from smaller non-entitlement communities and have the discretion to determine which projects are funded. Annually, each state develops funding priorities and criteria for selecting projects.

Other portions of the CDBG program fund neighborhood stabilization for communities hit hardest by the foreclosure crisis; disaster recovery; colonias; Hawaii and insular areas (American Samoa, Guam, Northern Mariana Islands and Virgin Islands); and so-called empowerment zones or renewal communities. The CDBG Section 108 Program, discussed below, guarantees loans made to communities for large-scale projects.

Communities use CDBG funds directly or contract with non- or for-profit organizations to carry out eligible projects. Other CDBG funds are passed on directly to homeowners, landowners and others in the form of subsidized loans or grants.

### CDBG For Affordable Housing

In general, CDBG funds can be used to finance the following housing-related activities, either singly or in combination with other grants, loans or loan guarantee programs:[2]

- **Purchase property.** This includes financing the cost of acquiring property occupied by a renter at terms needed to make the purchase affordable. Property may also be acquired for rehabilitation and eventual use or resale as a residential property.
- **Rehabilitation and Reconstruction.** To support the preservation of affordable housing, funds may be used to rehabilitate publicly and privately owned buildings for residential purposes, including manufactured housing that is part of the community's permanent housing stock. Funds may also be used to provide loans to refinance an existing debt secured by a property being rehabilitated with CDBG funds; to improve energy efficiency; and to connect residences to water distribution lines or local sewer collection lines. Predevelopment work associated with the rehabilitation, such as an energy audit, preparation of a work specification, and inspections, are also eligible.
- **Homeownership Assistance.** Direct homeownership assistance to low- and moderate-income households in the form of loan subsidies, closing cost or downpayment assistance.

For manufactured housing advocates, it's useful to know that nearly sixty percent of CDBG funds are spent on housing-related activities and public facilities improvement. Entitlement communities focus a substantial portion of their resources on housing, typically the repair, rehabilitation or reconstruction of owner-occupied single-family residences, including manufactured homes.[3] The program gives entitlement communities and other grantees the flexibility of using CDBG money to provide grants, loans, loan guarantee programs, interest subsidies and other forms of assistance to existing homeowners. Funds may also be used to establish special programs to improve a home's energy efficiency, handicap accessibility or habitability. **Importantly, under the program's reconstruction guidelines funds can be used to replace existing substandard manufactured homes with new units.**[4]

State grantees primarily use CDBG money for public improvements, the largest of which are water and sewer improvements. Funds may be used to pay the cost of connecting existing manufactured housing to water or sewer lines, install or replace well-water systems, or upgrade roads. In addition, a refinancing can be combined with rehabilitation so residents who own a manufactured home community can refinance to lower carrying costs. **Program funds may be used to upgrade the infrastructure in manufactured home communities where at least 51% of the residents are low- or moderate-income.** In New Hampshire communities have made extensive use of State CDBG funds to upgrade the infrastructure of manufactured home communities, as well as to cover predevelopment costs, such as the cost of a feasibility study to evaluate the need for infrastructure improvements.

Communities have also used these funds to develop new manufactured housing. For example, one community in Montana used CDBG money to demolish structures on the land, install permanent foundations and add 10 new manufactured homes. This community also funded a nonprofit housing organization to provide downpayment and closing cost assistance, education and affordable mortgages to potential homeowners.

***3. The HOME Investment Partnership Program***

The HOME Investment Partnership Program[5] is the largest federal block grant to state and local governments to create affordable housing for low-income households and specifically includes manufactured housing in its definition of affordable housing.

## Additional Notes on HOME for Manufactured Housing

Every dollar of HOME funding is reported to generate over three dollars in additional public and private investment. To create affordable housing, HOME funds can be combined with private financing, public subsidies and foundation funding. CDBG funds can be used with HOME funds to pay for preparation of work specifications, loan processing, energy audits and other services to assist owners, contractors or other organizations participating in housing-related projects.

Home funds may also be used to provide downpayment assistance. The American Dream Downpayment Initiative (ADDI), administered as part of the HOME program, assists low-income first-time homebuyers in purchasing single-family homes, including manufactured homes, by providing funds for downpayment, closing costs and rehabilitation carried out in conjunction with the home's purchase. The amount of ADDI assistance provided may not exceed $10,000 or six percent of the purchase price of the home, whichever is greater. Unlike regular HOME funds, there is no match requirement. While a useful program, Congress has not funded the ADDI program in recent years.

Some states target HOME funds to help manufactured home owners. New York's Manufactured Home Replacement Initiative, for example, makes millions of dollars in HOME funds available to rehabilitate or replace manufactured homes (including pre HUD-code homes) in dilapidated condition with new HUD certified ENERGY STAR qualified manufactured homes. The initiative, which targets individuals or families who own the land upon which the home will be placed, will provide zero interest deferred payment loans. It will also provide relocation assistance to the individual or family whose home is being replaced. While use of HOME program funds is capped at $50,000 per unit, the state anticipates that grantees will leverage additional funding.[7]

**How HOME Works**

Eligible entities, called "participating jurisdictions," include states, local governments or, in some cases, a consortium of local governments. States receive 40% of total HOME funding, and local governments and consortia receive 60% based on a formula determining need.[6] Communities use HOME funds – often in partnership with local nonprofit groups – to finance a broad range of programs and activities, including new construction, home purchase or rehabilitation, downpayment assistance and rental assistance. HOME funds may only be used to assist families earning 80% or less of the area median income. The income guidelines are more restrictive regarding the use of funds for rental housing.

Participating jurisdictions are required to match 25 cents of every dollar in program funds with state, local or private funds. In addition, 15% of HOME funding must be set aside to support Community Housing Development Organizations (CHDOs), which are special nonprofit housing organizations that use the funding to develop, sponsor or own affordable housing. The jurisdictions must ensure that the HOME-funded housing units remain affordable in the long term (5-15 years for owned housing, depending on the amount of HOME subsidy). To ensure affordability, the owner may be required to repay all or a portion of the HOME subsidy or resell the home to another low-income person.[8]

**HOME and Manufactured Housing**
Manufactured housing and lots are specifically included in the definition of housing under the program's regulations, and HOME funds can be used to assist buyers and homeowners in a variety of ways. Program funds may be used to:

- Purchase or rehabilitate a manufactured home;
- Purchase the land upon which the home is located;[9]
- Replace a substandard manufactured home with a new or standard manufactured home;
- Provide rental assistance to rent a manufactured home or the lot on which the home sits;
- Assist low-income homebuyers through direct loans, loan guarantees, or downpayment or closing cost assistance;
- Demolish a dilapidated home to make way for HOME-assisted development;
- Pay relocation expenses; or
- Other reasonable and necessary expenses related to the development of non-luxury housing, including site improvement.[10]

## Tips for Advocates

**Prepare.** Before engaging in the public process, advocates should review the state's consolidated plan and then meet with program administrators in the local agencies that administer the CDBG and HOME programs.

**Partner.** As with any lobbying effort, it may be useful to create or join a coalition of concerned citizens to press your concerns about manufactured housing with policymakers. The goal is to educate policymakers about the importance of manufactured homes as an affordable housing resource, and the needs of homeowners in their community.

**Inform.** It is particularly valuable to provide administrators with data regarding the nature and type of manufactured housing in their community, as this information can be used to make the argument in the action plan that more resources should be devoted to manufactured housing or that a community should be preserved.

The HOME regulations require the manufactured home to be located on land that is owned by the owner of the manufactured home or on land that is leased for a period at least equal to the applicable period of affordability. New manufactured homes must be placed on permanent foundations, except if placed on leased land.[11] Except for existing owner-occupied manufactured homes that are rehabilitated with HOME funds, the manufactured home must be connected to permanent utility hook-ups.

Construction of all manufactured homes must meet the Manufactured Home Construction and Safety Standards established in 24 C.F.R. Part 3280 (the HUD code). Participating jurisdictions providing HOME assistance to install manufactured housing units must comply with applicable state and local laws or codes.[12] A manufactured home that is rehabilitated using HOME funds must meet all applicable local codes, rehabilitation standards and ordinances, including zoning ordinances, at the time of completion.[13]

***4. Accessing HOME & CDBG funds for Manufactured Housing***
Federal HOME and CDBG funds flow to states and local communities and are distributed to targeted populations based on a planning process. It is essential that manufactured housing advocates get involved in this process early on.

To access federal block grant funds, states must engage in a comprehensive planning process, and develop a "consolidated plan" which outlines how the funds will be used. The consolidated plan includes an assessment of the community's housing needs; an analysis of the housing market; a strategic plan that deals with affordable housing and other issues; an action plan for the upcoming year; and certifications regarding fair housing and other issues. While the consolidated plan is developed once every five years, grantees are required to update it annually through an "action plan" which describes the activities for the upcoming year. HUD's Office of Community Planning & Development oversees the process and uses the consolidated plan to evaluate grantees' performance or compliance with the goals outlined in their plans.

Every plan must encourage citizen participation in the consolidated planning process, particularly individuals in low- to moderate-income neighborhoods. **This requirement provides an opportunity for citizens or advocates to push for the inclusion of manufactured housing in the affordable housing goals established by each jurisdiction.** Citizens can press for:

- The preservation and improvement of manufactured home communities (including infrastructure improvement);
- The use of manufactured homes in housing development or infill;

- The specific inclusion of manufactured homes in programs designed to help individuals finance single-family housing; and
- The creation of a loan fund to help manufactured home owners, especially those in land-lease communities, replace or repair their home.

Including such goals in a state's consolidated plan will make it easier to obtain federal block grant money on the local level to help manufactured home owners, especially residents of manufactured housing communities who have fewer funding options.[14] A list of agencies that oversee the grant is available on HUD's website at http://www.hud.gov/offices/cpd/. For a discussion of the consolidation planning process and the role advocates can play in influencing that process see *Manufactured Housing Resource Guide: Advocating at the Local Level.*

## Federal Project-Based Grants

Project-based grants target a particular issue or initiative and offer funding to organizations to work on that effort. Federal agencies offer over a thousand grants annually on a wide range of initiatives from housing to training and workforce development. Through a competitive bidding process, government agencies, community-based organizations, and community groups apply directly to the federal agency that sponsors the project to gain access to funds.

### *1. Overview*

HUD and the U.S. Department of Agriculture (USDA), through Rural Development, provide a substantial portion of the housing related grants. Both HUD and Rural Development fund organizations to work with and provide technical assistance to other organizations that are doing housing and community development work. The aim of such capacity-building grants is to develop the ability of less experienced organizations to better plan and implement housing related and community development goals. Though HUD and Rural Development's programs are highlighted below, other technical assistance grants (including those set aside for CHDOs in the CDBG program discussed above) are available through both agencies and other agencies.[15]

### *2. Rural Development's Housing Preservation Program (HPG)*

The HPG Program provides public agencies and nonprofit organizations with funding to rehabilitate homes in rural communities. Repairs to manufactured homes are eligible provided the recipient owns the home and the site and has occupied that home on that site for least one year prior to receiving assistance and the home is on a permanent foundation or will be put on a permanent foundation with HPG funds. Priority for funding is determined in part by the percentage of very low-income individuals who will be assisted with the funds. Cooperative housing owned or occupied by low- and very low-income persons are targeted for assistance under this program and the funds can be used to repair water and sewer systems.

### *3. HUD's Rural Housing and Economic Program (RHED)*

The RHED Program provides funding for capacity building at the state and local level for rural housing and economic development. Rural nonprofits, community development corporations, federally recognized Indian tribes, state housing finance agencies and state community and/or economic development agencies can apply for the grants which are awarded annually on a competitive basis through HUD's NOFA process. Aside from technical assistance, the grants can be used to provide financial assistance and counseling to borrowers as well as to establish loan funds. (**Note:** The FY2010 HUD Appropriation bill approved the Obama administration's budget request for a new program, the Rural Innovation Fund, to update RHED. As of July 2010, HUD was still in the process of designing the innovation fund's program parameters.)

### *4. Rural Community Development Initiative (RCDI) program*

The RCDI program provides funds to qualified intermediary organizations to provide technical assistance to other organizations with the aim of increasing their capacity to undertake housing, community facilities and economic development projects in rural areas. RCDI grant funds are subject to a dollar for dollar matching fund requirement.[16] Qualified organizations can be public or private organizations (including tribal organizations) that have been legally organized for at least three years and have experience working with recipients eligible for the program. Organizations receiving technical assistance from the intermediary can be nonprofit organizations, low-income communities or federally recognized tribes.

Technical assistance is particularly vital for homeowners in manufactured home communities who wish to purchase the land under their home. Opportunities Credit Union in Vermont used RCDI funds to provide technical assistance and organizational support to homeowners. The credit union organized and trained homeowners on converting their communities into cooperatively owned communities.

Technical assistance grants like these can help nonprofit developers and other agencies effectively use manufactured homes in affordable housing development. California Coalition for Rural Housing used RCDI funding to provide free technical assistance, training and capacity development assistance to federally recognized Indian tribes to enable them to better plan and implement housing projects and programs.

One recipient of such assistance established a manufactured housing program for its eight member tribes to improve the quality of the housing stock on tribal lands. Recipients also used the project's assistance to secure their own funding for housing development from private funders, federal agencies and foundations. Northern Circle Indian Housing Authority established a CHDO and secured new grants under the federal HOME program. Other organizations successfully applied for HUD's RHED funding for housing development.

***5. Accessing Project-Based Grants***
Applicants seeking grant funding must demonstrate that their proposed project fully addresses the need identified by the federal agency. An organization seeking a technical assistance grant must demonstrate that it has the capacity and expertise to work with the targeted population. If the federal agency is not one that traditionally funds housing, a portion of the application should be devoted to educating the funder as to the importance of manufactured housing as an affordable housing tool, including highlighting its high-quality, lower cost and faster construction methods.

In addition, the federal agency may require or organizations may desire to partner with other organizations to secure funding. This collaboration strengthens an application by expanding the resources available to complete a project and may enable the organizations to apply for a wider range of grants. Notices of funding availability are published in the *Federal Register*, and websites, such as grants.gov, allow applicants to monitor the availability of funding.

## Loan and Loan Guarantee Programs

Individuals, state and local governments, community-based organizations and businesses can obtain direct loans from the federal government or, more commonly, obtain government-guaranteed or insured loans from private lenders to purchase, develop or replace manufactured homes.

***1. Overview***
Individuals are eligible for government-insured housing loans offered by:

- The Federal Housing Authority (FHA);
- The Veterans Administration (VA); and
- The Rural Housing Services (RHS).

**The Title I and Title II programs of the FHA are by far the best known public programs for financing manufactured homes.** These loan guarantee programs enable qualified individuals to purchase manufactured homes, lots or a combination of a home and lot. Money for individuals to refinance or rehabilitate a manufactured home is more limited, but still available under some federal programs.

States and other CDBG grantees have access to publicly insured loans through the CDBG Section 108 Loan Guarantee Program, which supports financing for economic development, housing rehabilitation and large-scale physical development projects. Section 108 and other loan guarantee programs targeted at communities, nonprofits and other entities are discussed later in this guide.

Below is a summary of the main programs aimed primarily at individual borrowers and homeowners. Nonprofit developers have also used these programs to provide borrowers with ready financing for the sale of the affordable homes they developed.[17]

***2. FHA Title I Manufactured Home Loan Program***
**Under the Title I Manufactured Home Loan Program, FHA-approved lenders make loans to eligible borrowers to finance or refinance a manufactured home, a lot on which to place the home or a home and lot in combination.**[18] The new or existing home may be located in a land-lease community; Title I does not require that the home be affixed permanently to the land. In fact, homeowners in land-lease communities who are seeking to purchase their community cooperatively have used Title I loans to refinance their home and finance the share price.

**Program Highlights**
To qualify under program guidelines, the home must comply with HUD's Manufactured Home Installation Standards and all applicable state and local requirements governing the installation and construction of the foundation. Homes may be placed on a lot owned or leased by the borrower or in a community that meets FHA guidelines. Those guidelines generally require that the site complies with local zoning ordinances and regulations; have adequate vehicular access; and adequate water and sewer facilities.

The term of these fixed-rate loans vary from 20 years for a home or a single-section manufactured home and lot; 15 years for a manufactured home lot loan; and 25 years for a loan on a multi-section manufactured home and lot. To obtain the loan the borrower pays an upfront insurance premium, along with an annual premium based on the declining balance of the loan.[19] Owners of HUD-code homes or a home and lot may refinance under the program. Owners of a lot may only refinance the lot loan in connection with the purchase of a home.

Title I loans can also be used to finance home improvement, either large or small alterations, repairs and site improvement. Homeowners can obtain loans to improve accessibility for a person with disabilities, or conserve energy. Homes classified as personal property are at a disadvantage in this portion of the program, as the maximum loan amount is less and the term of the loan is shorter than for homes classified as real property.[20]

**Policy Update**

Although the FHA has been insuring loans on manufactured homes under Title I since 1969, the program has been relatively underused in this decade, with fewer than 2,000 loans made per year from 2003 to 2006, down from a high of 30,000 loans per year in the early 1990s. Structural barriers, including low loan limits, an outdated insurance structure, a circumscribed secondary market for the insured loans and limited lender participation, among other factors, were cited by industry officials for the program's atrophy.

After passage of the FHA Manufactured Housing Loan Modernization Act of 2008, HUD amended some of the program's guidelines to address these barriers.[21] Among the key changes were an increase in the program's loan limits; annual indexing of the loan limits to adjust in the future as costs increase; changes in the mortgage insurance premium; and the imposition of loan-by-loan insurance.[22] For those purchasing a home to be placed in a manufactured home community, the program requires that the lease contain certain provisions. The term of the lease should be at least three years; and the lease should be renewable upon the expiration of the original three-year term by successive one-year terms. In addition, the landowner should provide homeowners with a written notice of termination not less than 180 days prior to the expiration of the lease term in the event the homeowner is required to move due to the closing of the manufactured home community. Failure to provide such notice to the homeowner in a timely manner will cause the lease term, at its expiration, to automatically renew for an additional one-year term.

### *3. FHA Title II Manufactured Home Loan Program*

In the 2008 Act, policy changes regarding manufactured homes were made to another key FHA loan program.[23] **Title II insures mortgages made on qualifying manufactured homes sold with land.** The program is limited to low- to moderate-income buyers who occupy manufactured homes classified as real property. Formerly the program required that the home be classified and taxed as real estate. This requirement made the program useless for borrowers in states where the home was taxed as personal property, even though placed on owned land. A share in a cooperative association that owns and operates a manufactured home community can be financed under the program.[24] The law now allows homes in condominium projects to be eligible for Title II insured loans.

In general, to receive a Title II insured loan the home must be placed on a permanent foundation built to FHA criteria, have a grade elevation above the 100-year flood level, and the space beneath the home must be properly enclosed.[25] Existing homes qualify under the program so long as they have not been moved from their original location. The loans have a 30-year term and the maximum loan amount will vary by county. Refinancing is available for homes that have been permanently erected on site for more than one year prior to the date of application.

### *4. RHS Section 502: Loans and Guarantees for Purchase*

Americans living in rural areas occupy more than half of the nation's manufactured housing stock. The Rural Housing Service (RHS) offers programs that help individuals purchase or repair manufactured homes.[26] Under its Section 502 program, the agency provides direct loans (made and serviced by USDA staff) and guarantees loans made by private lenders. Following are some of the program's key characteristics:

- Section 502 guaranteed loans are primarily used to help low-income borrowers purchase modest homes in rural areas.[27]
- The 30-year fixed-rate loans must be must be secured by both the manufactured home and the lot.
- Loans may also cover leased lots with an unexpired term (term plus option to renew) of at least 40 years.
- Homes must be purchased through RHS-approved dealer-contractors and proceeds may cover the cost of transportation, set up, and site development work on the lot.
- New homes must be permanently installed and meet other standards.[28]
- Purchase of existing manufactured homes may not be financed under this program unless the home in question was financed previously with a Section 502 direct or guaranteed loan or is being sold out of the lender's inventory or by RHS. Section 502 guaranteed loans may not be used to refinance existing mortgages.

Section 502 direct loans are made by the agency and make funds available for low- and very low-income households to purchase their homes in rural areas. Eligible borrowers may receive a payment assistance subsidy to make the loan more affordable. The 30-year loan covers both the home and the lot, and proceeds may be used for transportation, set up and site development. As with guaranteed loans, homes purchased with direct loans must be permanently installed and purchased from a dealer-contractor approved by RHS. Nonprofit organizations have assisted borrowers in using Section 502 direct loans to finance the purchase of new ENERGY STAR rated homes, with the interest rate reduced to 1% to make the loan affordable.

***5. RHS Section 504: Loans for Repair and Rehabilitation***
To obtain funds to repair a manufactured home, borrowers can access the RHS's Section 504 Repair & Rehabilitation Loan or Grant. Very low-income homeowners can obtain loans to repair their homes including upgrading the electrical, plumbing or heating system.[29] For homeowners 62 years of age or older who cannot repay a loan, grant funds are available to remove health or safety hazards or to make the home accessible for household members with disabilities. Loans of up to $20,000 are available at a 1% interest rate for a 20-year term. Grants of up to $7,500 are available and are subject to recapture if the property is sold in less than three years. To qualify for this program, a manufactured home must be on a permanent foundation or will be put on a permanent foundation with Section 504 funds. In addition, the applicant must own the home and site. Homeowners in cooperatively-owned communities have successfully accessed funds under this program to repair their homes. Section 504 loans and grants are available through the agency.

### Federal Home Loan Banks: A Private Sector Resource for Affordable Housing

Most large scale investments in affordable housing, including manufactured housing, combine public and private sources of funding. The Federal Home Loan Banks (FHLBs) are the largest source of private sector grants for housing and community development. Congress created the twelve regional FHLBs during the Depression. Although started with government capital, the FHLBs are wholly owned by their member institutions. Their Affordable Housing Program funds can generally be used to finance the purchase, construction or rehabilitation of owner-occupied housing by or for very low-, low- and moderate-income households, or rental housing in which at least 20% of the units are occupied by and affordable for very low-income households. The funds can be combined with tax credits and community development block grants, and other sources of public financing. Each FHLB also operates a Community Investment Program that offers below-market-rate loans to lender members for long-term financing for housing and economic development that benefits low- and moderate-income families and neighborhoods. Lenders have used this program to fund owner-occupied and rental housing, repair or build infrastructure and provide small business loans.

***6. Department of Veterans Affairs Programs***
The VA guarantees loans made by private lenders to eligible veterans to purchase a new or used manufactured home or to purchase or improve a lot for placement of a manufactured home.[30]

Specifically, VA-guaranteed loans may be used to purchase a manufactured home alone or in combination with the lot; purchase and improve a lot on which to place a home; refinance a loan in order to buy a lot; or refinance an existing VA manufactured home loan to reduce the interest rate. The home may be located on leased land, including a manufactured home community that is acceptable to the VA.[31] The maximum term is between 15 and 25 years, depending on the type of home. The loan amount may not exceed 95% of the purchase price of the property securing the loan.[32]

## STATE RESOURCES FOR MANUFACTURED HOUSING

### A. Overview

When working at the state level, recognize that every state will have a different approach to manufactured housing. For the most part states provide flexible sources of funding for individuals seeking to purchase or repair their manufactured home, and nonprofit organizations or local governments looking to use manufactured homes in the development of affordable housing.

Federal money flows to state and local governments to address the housing and economic needs in their community. Working within the parameters established by these federal funding sources, states have developed a wide array of programs aimed at affordable housing. Using their own funds, states have established trust funds, issued bonds or simply made funds available through the appropriations process. Money is distributed to individuals and eligible organizations through grants, loans, forgivable or deferred loans, guaranteed loans, lines of credit, rental assistance or tax benefits.

A few states have developed programs that directly address the needs of manufactured home owners. These programs are usually limited to low- to moderate-income borrowers, or specifically target communities with the greatest needs.

### B. Highlights and Innovations

Individual borrowers, through programs typically established by State Housing Finance Agencies (HFAs),[33] can obtain loans to purchase or repair their homes, or to refinance existing loans, often in conjunction with repairing the home. Programs may require that the unit receiving state funds remain affordable for a set period of time or the state may require recapture of the subsidy if the home is sold shortly after it receives funding. Many state programs require that manufactured homes be installed on permanent foundations. A list of state programs that finance the purchase or repair of manufactured homes is listed in Appendix A.

Recognizing the dearth of affordable financing available for homes placed in communities or on leased land, some states have developed programs specifically targeted to this population. The Type II Manufactured Home Program developed by the Alaska Housing Finance Corporation, for example, finances the purchase of a new or used manufactured home located in a community or on leased land (and not on a permanent foundation). Connecticut's Mobile Manufactured Home Loan Program provides financing for 70% of the purchase price or appraised value for homes located in one of the state's licensed communities.

State funding is especially needed to fund the repair (or replacement) of manufactured homes, as most programs focus on purchasing new or existing homes. One exception, Maine, developed an innovative program to replace pre-HUD code mobile homes with new ENERGY STAR rated homes. Homes on leased land do not qualify under this pilot program. However, nonprofit organizations are creatively using other sources of funding to accomplish the same goal. Frontier Housing in Kentucky is aggressively pursuing a strategy of helping homeowners replace pre-HUD code homes with funding from federal sources including RHS Section 502, FHA and VA loans, a regional economic community development agency, and private and foundation funding.[34]

### C. Tips for Working at the State Level

Nonprofit organizations typically rely on a mix of state subsidies, private funding and foundation funding to finance projects. Organizations have access to funds from a range of state agencies, including HFAs, housing trust funds, redevelopment authorities, and housing and community development agencies. To access state resources for manufactured housing, you may need to first address the concerns of public officials about the quality or durability of the homes, especially if the locality contains a large stock of older or deteriorated homes, or a previously funded project did not meet expectations. Organizations will need to provide detailed information on the quality of the homes used and plans for development, as well as potential cost savings involved.

Though states have long-established programs aimed at financing home purchase and housing development, new programs are being developed to address the evolving needs of low- and moderate-income borrowers. Maine's Mobile Home Replacement program, cited above, is an example of a program that was created to address the health and safety risk to low-income families living in deteriorating pre-HUD code mobile homes. Advocacy for the creation of such targeted financing programs should not only highlight the needs of the population, which are often severe, but also how the private market has not responded by providing the type of low-cost, affordable financing borrowers need.

Advocates should work closely with the agencies that have the authority to create such programs (e.g., state HFAs or agencies that oversee large federal block grants) or petition lawmakers to directly fund such programs. More broadly, advocates may want to champion the specific inclusion of manufactured homes in all state programs focused on housing and community development. Borrowers seeking financing for manufactured homes should be treated equitably and have access to state resources on the same basis as buyers of site-built homes. This will involve educating not only policymakers, but the larger community of citizens who may object to manufactured homes based on stereotypes of the quality of the housing and its occupants.

A source of frustration for many homeowners and advocates may be the defunding of these programs. In this tight fiscal environment, many states are cutting funding for vital programs. With the fresh infusion of federal dollars as part of the 2008 stimulus package, however, many states are looking to restore programs or create new ones, thus creating an opportunity for manufactured housing advocates to push for additional funding.

## PUBLIC RESOURCES FOR MANUFACTURED HOME COMMUNITIES

More than one-third of manufactured homes are placed in communities, also called "parks" or land-lease communities, rather than on privately owned land. The communities make housing affordable for low- to moderate-income borrowers who cannot afford to purchase both the home and land, especially in the suburban areas where most manufactured housing communities are located. In recent years, rising land values, zoning restrictions and developmental pressures have endangered these communities. Communities were sold to make way for commercial and real estate development, displacing thousands of homeowners. The pace of sale and community closure has slowed due to upheaval in the credit market and the difficulty of obtaining financing for commercial real estate development.

This section will primarily focus on public funds available to aid homeowners or nonprofits in purchasing a community.

## ROC USA™: Supporting Resident Ownership

New Hampshire homeowners benefit from the strong leadership of the New Hampshire Community Loan Fund and ROC USA™, LLC, a nonprofit organization which helps residents buy their manufactured home communities from private owners. ROC USA™ trains and certifies other local and regional nonprofits to provide extensive technical assistance to homeowner associations through the purchase process. ROC USA™ also developed a specialized source of financing to provide homeowner corporations with a ready source of capital. The availability of technical support and financing removes the most common barriers homeowner groups face when buying or improving their communities. ROC USA™ has 11 certified technical assistance providers serving 33 states. Since their launch in 2008, ROC USA™ has helped convert 16 communities to resident ownership – preserving nearly 1,100 homes in eight states.[36] For more information, visit www.rocusa.org.

### A. The Value of Ownership in Manufactured Home Communities

Increasingly homeowners are seeking to purchase their communities from the small investors or corporations that own them. Homeowners seek greater security and control over the land and its management. Ownership gives homeowners the ability to maintain and upgrade their community's infrastructure, stabilize rent increases, and protects against abuses that occur in the landlord/tenant relationship. Another important advantage is that homeowners in cooperatively owned communities may qualify for better financing to repair or refinance their home under some program guidelines.[35] The arguments for resident ownership, and policies to promote it, are discussed in detail in *Manufactured Home Resource Guide: Promoting Resident Ownership of Communities*.

Policymakers are beginning to recognize the value of these communities as a source of affordable housing and are implementing policies to preserve and protect communities from closure, and encourage sale to residents, nonprofits or local public agencies. A handful of states provide owners with a tax incentive to sell communities to homeowners or nonprofits. In the past decade, homeowners have successfully taken advantage of these policies and other opportunities to purchase their communities. For example, homeowners in New Hampshire now own 20 percent of all manufactured home communities in that state. As of July 2010, nearly 100 communities have been acquired by the roughly 5,000 homeowners who live in them.

### B. Where to Begin

Public financing to purchase and preserve existing communities and upgrade their infrastructure comes from a variety of sources. Local governments may provide loans or grants to fund predevelopment costs such as site surveys, appraisal, engineering analysis and environmental reports. Funds may be available to provide homeowners or nonprofits with the technical, legal and financial advisors they need to evaluate the transaction. Some programs help homeowners finance their individual interest in a cooperative community or purchase their lot in a subdivision.

To successfully acquire or own a community, critical public health and environmental improvements need to be addressed. According to one report, many communities require substantial rehabilitation that may include environmental clean-up projects, repairing the sewage system, replacing old and leaking water lines, installing fire protection, improving drainage, removing old underground tanks, and replacing dangerous electrical service.[37] Communities often suffer from years of disinvestment, and the new owner needs financing to make significant improvements.

Recognizing the need for this type of funding, a few states and localities have developed programs specifically aimed at manufactured home communities. Moreover, the federal programs discussed above can either be used directly or indirectly to support community preservation. Federal funds can be used to upgrade a community's sewer and water systems; finance a share in a cooperative; fund a nonprofit organization to provide critical hands-on support to homeowners during the conversion process; or establish a loan fund to provide needed capital. Homeowners are encouraged to work with a certified technical assistance provider who can walk them through the process. The ROC USA™ network, described above, is a good resource.

### C. Federal Resources

A few of the relevant federal programs are discussed below.

***1. FHA's Section 207: Mortgage Insurance for Manufactured Home Parks Program***

The federal government has a long-standing program aimed at developing and rehabilitating manufactured home communities. The FHA's Section 207 Mortgage Insurance for Manufactured Home Parks program is administered by HUD's Office of

Multi-family Housing Development. It insures mortgage loans to construct or substantially rehabilitate manufactured home communities. The stated purpose of the program is to increase the availability of affordable financing and mortgages for these communities.[38] Despite its goals, the program is not widely used; HUD did not insure any mortgages under the program in fiscal years 2007, 2008 or 2009.[39]

Communities containing five or more spaces are eligible for the FHA-insured, fixed-rate loans for up to 90% of the value of the property. When performing a substantial rehabilitation of the community, part of the loan proceeds can be used to purchase the land or structures involved or pay off an existing mortgage. Loans are up to 40 years and assumable with consent of HUD. Borrowers have up to three years to complete the project.

Obtaining a Section 207 loan has been described as complex and time consuming. This is due, in part, to HUD officials' limited experience with the program. Moreover, the application process, which is divided into three processing stages, can take months to complete. Borrowers wishing to access this source of funding should consult individuals or organizations that are familiar with the program, as well as program guidelines. However cumbersome, the program provides a source of financing for resident owners who need funds to rehabilitate a community, whether as part of a purchase or refinance.[40] Other FHA programs may be available to fund the rehabilitation of manufactured home communities, but their scope is limited.[41]

***2. Using CDBG and HOME Funds to Preserve or Improve Manufactured Home Communities***

As discussed above, decisions regarding the use of CDBG and HOME funds are made at the local level. The attitudes of local governments toward manufactured housing communities vary widely. In some communities they are viewed as an asset and source of affordable housing. In other communities they are viewed less charitably, as a barrier to economic development. However, advocates can educate lawmakers about the ways CDBG or HOME funds can be used to preserve manufactured housing communities, an important source of affordable housing.

**Using CDBG**

The Section 108 Guarantee Program is the loan guarantee component of the CDBG program. Entitlement grantees, and states in partnership with non-entitlement local governments, can apply for loan guarantees to finance economic development, housing rehabilitation and large-scale physical development projects. Some grantees must pledge their current and future CDBG funds as security for the loan guarantee and will be required to identify additional security, as necessary. The additional security requirements will be determined on a case-by-case basis, but could include assets financed by the guaranteed loan. Guaranteed loan funds may, subject to limitation, be used for the purchase of property, site preparation, improvements of public facilities (public streets, sidewalks and other site improvements), and public utilities.

Generally, the Section 108 loan guarantee is pursued where the financial demands of the project exceed available local government resources, including funds available through CDBG. Other HUD funding may be added to make the project economically feasible. For example, Brownfields Economic Development Initiative funds may be approved in conjunction with the Section 108 loan financing for development projects that need to clean up contaminated land. Cities have used Section 108 loan guarantees mainly for economic and community development. However, a fair portion of the funds have been used for large-scale housing development, whether for development expenses or to create loan funds to finance affordable housing development or infrastructure improvements. Loans can also be made available to individual homeowners to rehabilitate owner-occupied properties, including for energy conservation, to meet housing code standards or to make the property handicap accessible.

This portion of the CDBG program has been successfully used for manufactured housing related projects. The City of Woodland, California used $1,000,000 of Section 108 loan guarantee assistance to rehabilitate two communities. The City loaned the Section 108 funds to the nonprofit owner of the two communities. That nonprofit used the funds to rehabilitate the communities, including adding new water and sewer services for each home and a community center.

As with other portions of the CDBG program, advocates have an opportunity to formally or informally influence the Section 108 proposal that is submitted to HUD. Many communities use Section 108 funds to redevelop blighted areas by acquiring dilapidated properties, transferring them to nonprofit developers (and sometimes displacing residents in the process) to be rehabilitated and sold to low- and moderate-income individuals. A plan to significantly upgrade the infrastructure of a community or replace substandard homes fits within the traditional use of this loan guarantee program. Upgrading a community that already contains your target population of low-income residents may be significantly less costly than displacing those residents and developing the land. Moreover, advocates can cite the advantages of simply replacing the manufactured homes, including better energy efficiency and conservation of resources.

**Using HOME**

States distribute HOME funds. Nearly half of that funding goes to nonprofit organizations, including special nonprofit housing organizations, CHDOs, which receive a 15% set-aside of HOME funds. These organizations play an important role in supporting homeowners who wish to purchase their communities from private owners. Throughout this process, homeowners will need advice from individuals or organizations skilled in the conversion process. CHDOs, other nonprofit organizations or government agencies can provide technical assistance to guide residents through the purchasing process, including helping them form a resident association, if none exists, negotiating the sale, securing financing and planning capital improvements. They may also provide ongoing assistance in the first few years to help residents learn to successfully run the community. Given their importance to the process, advocates may want to develop organizations within their jurisdictions that have the skill and expertise to help homeowners, and can be certified as CHDOs to get this specialized funding. Under the HOME program, if a sufficient number of eligible organizations do not exist within a community, money may be set aside to build the capacity of organizations to carry out their housing goals.[42]

**Other Federal Programs That Focus on Facilities and Infrastructure Improvements**
Homeowner associations and other nonprofits may have access to additional federal programs, including some administered by the USDA, to repair or upgrade their community's infrastructure. Governments and nonprofit organizations may qualify for the USDA's Water and Environmental Programs which provide grants, loans and loan guarantees for drinking water, sewer, solid waste and storm drainage facilities in rural areas and cities and towns of 10,000 or less. The program also makes grants to nonprofit organizations to provide technical assistance and training to assist rural communities with their water, wastewater, and solid waste problems. The USDA also provide grants, loans and loan guarantees through its Community Programs to nonprofit corporations and governments to develop essential community facilities in rural areas and towns of up to 20,000 people. This program can be used to finance infrastructure repair.

### D. State Examples

A handful of states have developed programs specifically targeted at helping residents, nonprofits and local governments purchase or rehabilitate manufactured home communities. These programs may be administered by state HFAs, departments of community development, or similar state agencies. There is a greater diversity of funds and programs on the local level. Typical local funding sources include redevelopment funds and housing and community development funds (usually from federal sources). Not all of these funds will be specifically designated for preserving or upgrading communities. However, within the broad parameters of their program guidelines, purchase and rehabilitation of manufactured home communities, especially those that house low-income residents, qualify.

The New York State Housing Finance Authority runs the Manufactured Home Cooperative Fund Program, a revolving loan program which provides technical assistance and funding to residents wishing to purchase the land underlying their homes, make infrastructure improvements, and form cooperatives. Income restrictions apply and preference is given to applicants whose average incomes do not exceed the median income for the county in which the community is located. The 10-year loan is made at prevailing interest rates (or lower if necessary) and covers up to 95% of the project costs.[43] Applicants must be unable to afford or obtain financing through conventional or private sources. Funds may be combined with private financing or funds from other state, federal or local programs. One source of additional potential funding is run by the state to fund infrastructure development in rural areas. When the legislature funds this program, it is a source of money that can be combined with the loan funds to upgrade a community's infrastructure.

An example of a successful purchase using the Cooperative Loan Fund was the purchase of Champion Mobile Home Park, a 170-unit community in central New York. ROC USA™ Capital provided the first mortgage. The loan fund provided 68% of the total development cost ($3.9 million) through a second mortgage with a 10-year term at 2.5%.[44] Predevelopment financing was provided by a community development loan fund. In this particular transaction having a state fund available was crucial, as the transaction needed to close quickly. Homeowners did not have to expend time persuading a lender that investing in a manufactured home community is a good investment.

California provides financial aid and technical assistance to homeowners, nonprofits and local governments seeking to purchase communities through its Mobilehome Park Resident Ownership Program (MPROP). The program provides three forms of assistance; a conversion loan with a three-year term to cover interim costs such as legal and professional fees or rehabilitation expenses; a 30-year fixed rate mortgage at 3% to cover the cost of conversion; and a 30-year individual loan to enable low-income residents to purchase a lot or individual interest in the community. The Department of Housing and Community Development, which oversees the program, receives the most applications for the thirty-year loan to fund conversion costs. The level of funding is at the discretion of the Department but is generally between 50% to 90% of total development costs.[45] Funding is specifically tied to the number of low-income people in the community. This loan is often layered with other sources of public or private funding. For example, the Department approved a second mortgage; the first mortgage was a FHA-insured Section 207 loan provided by a conventional lender. In another transaction, financing was received from a community bank's affordable housing fund, a redevelopment agency and a program loan. A rehabilitation loan provided to another resident-owned community involved a first mortgage provided by the program, and a junior (deferred) mortgage provided by the county government.

Residents in New Hampshire work through the New Hampshire Community Loan Fund, which pioneered many of the financing structures used to purchase communities across the nation, and ROC USA™. The loan fund provides subordinate debt financing to cover the gap between the financing the conventional lender provides and what residents can raise. The loan fund's model of financing and developing manufactured home communities has been copied by state and local government, most notably New York. The fund has worked with the New Hampshire Housing Finance Authority to provide flexible sources of funding to residents in New Hampshire.

### E. Tax Benefits

Some states have used tax benefits to encourage the sale of manufactured home communities to homeowners, nonprofits or local governments. Typically these laws give the seller a credit or allow the seller to exclude a portion of the gain recognized from the sale of the community, if the owner sells the community to a resident association, nonprofit or municipality. Montana, for example, allows the seller to exclude from gross income 50% or 100% of the gain recognized from the sale or exchange of a community, if the community is sold to a resident association, or a nonprofit organization that purchases a community on behalf of such an association, or a county or municipal housing authority.[46]

### F. Policy Gaps

Though the tax benefits and subsidized loans available through a handful of states and the federal government are useful, more resources need to be developed to address the unique needs of homeowners in land-lease communities. In addition to affordable financing to purchase or repair individual units, homeowners need access to financing to purchase their community, including money to fund predevelopment costs, technical assistance and infrastructure upgrades. Advocates should educate policymakers about the benefits of resident-owned communities and how preserving and investing in infrastructure upgrades fits within the public's goal of preserving and expanding affordable housing. Such a campaign should include demographic information about who lives in manufactured home communities. The data is necessary to challenge outmoded perceptions of manufactured home communities that are shared by both policymakers and the general public. Misconception that the homes are easily moved, for example, can be dispelled with reliable data. Moreover personal appeals by homeowners themselves including stories of how homeowners have benefitted from owning their community and have been able to successfully run it will dispel other myths.

## CONCLUSION AND RECOMMENDATIONS

The overarching public policy goal is to recognize and expand the use of manufactured housing in programs designed to develop or sustain affordable housing. While many publicly-funded programs such as HOME and CDBG are open to manufactured housing, state and local governments sometimes construct barriers to the use of program dollars on manufactured housing-related activities. Inequities in the use of these dollars should be studied, and appropriate remedies devised to ensure that owners of manufactured homes are given an opportunity to benefit from these public funds on the same basis as other homeowners.

Though a variety of public financing programs exist for manufactured housing, many are not being utilized to their full potential. To increase the publicly funded options available for manufactured housing, the state and federal governments should improve and expand existing programs, and create new programs to address the needs of homeowners in manufactured housing communities. The following are a number of changes governments can make to facilitate broader use of manufactured housing as an affordable housing strategy:

**Remove regulatory barriers that keep the programs from being fully utilized.** Under some programs only a small number of loans, or sometimes no loans, are made each year. Many programs have requirements that make it difficult for consumers to fully access the program's benefits. For example, RHS's Section 502 guaranteed loans cannot be used to purchase existing manufactured homes unless the home was financed previously with a Section 502 guaranteed loan or is being sold by RHS or from the lender's inventory. Though such a requirement is meant to insure the quality of the homes under the program, it excludes many home that were set up in such a manner that meet or even exceed the program's guidelines. The quality of the home and its installation can be efficiently determined through inspection.

**Keep program limits up to date.** For example, a loan guarantee program may become out of date because its loan limits are too low. Programs should ensure that there is a procedure in place to update important program requirements.

**Streamline existing programs to make them more efficient.** Programs such as the FHA's Section 207 have requirements that may inhibit their use by interested parties. In the case of the FHA's Section 207 program, several sources noted that the application and approval process was very long and complicated. Unfortunately, a commercial real estate financing moves at a rapid clip and homeowner associations, nonprofit developers and others may not be able to utilize this resource because of the time and complexity involved.

**Allow borrowers the flexibility to buy a new or existing manufactured home, lot or a combination of home or lot.** Some programs limit manufactured homes to those newly bought and sited. Today's manufactured homes hold their value when properly built and installed. Programs should consider the condition of the home, rather than the type of the home, when determining funding. In addition, programs should be created to allow manufactured home owners to refinance existing debt, especially if part of the proceeds will be used to rehabilitate the home.

**Offer programs to replace substandard homes with new energy efficient homes.** Some pre-HUD code homes have deteriorated so badly they become a health and safety hazard to occupants. In most cases, it is simply more cost effective to replace the home than to attempt to repair it. Moreover the public money that is used to subsidize the heating and cooling costs of low income consumers could be saved. States should follow Maine and New York's example in piloting programs to replace substandard mobile homes with ENERGY STAR-rated homes.

For homeowners in land-lease communities, governments should:

**Offer competitive financing to borrowers who wish to purchase existing homes or place homes in manufactured home communities with land security.** The New Hampshire Housing Finance Authority, for example, offers below-market, fixed-rate 30-year loans with low downpayment requirements and cash assistance grants for purchase of manufactured homes on owned land or approved manufactured housing cooperatives.

**Remove the regulatory barriers that prevent homeowners in manufactured housing communities from taking full advantage of existing programs.** For example, RHS' Section 502 program requires a full foundation. This is not common in land-lease communities. Instead, the program should adopt HUD's Model Installation Standards which are now implemented nationwide.

**Offer tax or other incentives to encourage landowners to sell the community to homeowners, nonprofits or municipal governments.** Such a law may give the landowner a credit or allow the landowner to exclude a portion of the gain recognized from the sale of the community, if the owner sells the community to a homeowner association, nonprofit or municipality.

**Offer a program to help homeowners finance the purchase of their community.** This program should include financing to pay for predevelopment costs, technical assistance, and a land lot or the homeowner's individual share. New York's Manufactured Home Cooperative Fund Program lets eligible homeowner associations, nonprofits and municipalities apply for funding to purchase manufactured home park lands, make infrastructure improvements or form cooperatives.

**Offer a program to help homeowners who are purchasing or have purchased their community obtain money to repair and upgrade its infrastructure.** Infrastructure improvements are often critical for a successful sale of the community to homeowners. Programs, like New York's cited above, recognize the critical need to fund capital improvements.

**Encourage the formation of strong homeowner associations.** These can greatly improve homeowner's ability to purchase their community. States should also enact strong laws to protect homeowners from abusive landowner behavior including no-cause evictions and retaliatory and unjust rent increases.

## About I'M HOME

I'M HOME, or Innovations in Manufactured Homes, is an initiative of CFED, a national nonprofit organization dedicated to expanding economic opportunities for all Americans. The I'M HOME network includes nonprofit and for-profit, national and local partners who together work toward ensuring that all homeowners, regardless of whether their home is manufactured or site-built, enjoy the same rights and privileges of homeownership, including asset-building opportunities. For more information about I'M HOME, please visit www.cfed.org/go/imhome.

## About the National Consumer Law Center

The National Consumer Law Center (NCLC) is the nation's consumer law expert, helping consumers, their advocates and public policymakers use powerful and complex consumer laws on behalf of low-income and vulnerable Americans seeking economic justice. NCLC is the leading consumer legal advocate promoting legal protections for owners of manufactured homes. For more information about NCLC please visit www.consumerlaw.org.

## Endnotes

**1** For more information, please see the Resource Guide on Conventional Financing for Manufactured Housing available at http://cfed.org/programs/manufactured_housing_initiative/manufactured_housing_advocacy_center.

**2** Eligible CDBG-assisted activities are specified in Title I of the Housing and Community Development Act (HCDA) of 1974, as amended. 42 U.S.C §5301 et seq. Section 5305 of the HCDA describes eligible CDBG activities. The statutory language regarding eligibility is implemented in 24 CFR Part 570.

**3** See Department of Housing and Urban Development, Use of CDBG Funds by All Grantees As of 9/30/2008, available at http://www.hud.gov/offices/cpd/communitydevelopment/budget/disbursementreports/

**4** Basically CDBG, HUD Office of Block Grant Assistance, Chapter 4 (Nov. 2007) available at http://nhl.gov/offices/cpd/communitydevelopment/training/basicallycdbgmanual/chapter4.pdf

**5** HOME is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, 42 U.S.C. §12701, et seq. Program regulations are at 24 C.F.R. Part 92. More information about the HOME program can be found on HUD's website, http://www.hud.gov/offices/cpd/affordablehousing/programs/home.

**6** Program funds are allocated to states and local governments based on a formula that considers the relative inadequacy of each jurisdiction's housing supply, its incidence of poverty, its fiscal distress, and other factors.

**7** In fact the New York State Community Development Block Grant Program (CDBG) will also adopt a preference under its Housing Rehabilitation program for funding proposals from organizations that seek to replace dilapidated homes with ENERGY STAR qualified manufactured homes.

**8** 24 C.F.R. §92.254(a)(5).

**9** This includes shares in a resident owned cooperative.

**10** See 24 C.F.R. 9§2.205(a)(4); 24 C.F.R. §92.2 (definition of reconstruction); U.S. Department of Housing and Urban Development, Community Planning and Development, Notice: CPD 03-05 (March 11, 2003).

**11** The requirements for a "permanent foundation" are outlined in HUD Handbook, Permanent Foundations Guide for Manufactured Housing. The creation of a foundation or improvement of a foundation are both eligible.

**12** The HUD code governs the construction and safety of manufactured homes. States oversee the installation of manufactured homes. States that do not have installation standards (or standards that meet federal guidelines) must abide by HUD's Manufactured Home Installation Program guidelines.

**13** 24 C.F.R. §92.251(a)(1).

**14** When more federal money becomes available, as it was in early 2009 through the American Recovery and Reinvestment Act (ARRA), states can file a substantial amendment to their action plan. The City of Santa Monica, California amended its 2008 Action Plan to include a Mobile Home Improvement to its City-owned community. The plan calls for replacing substandard units with "green" energy efficient units. Interestingly, the city developed this initiative despite the fact that no public comments were received during the public comment period encouraging this development. See City of Santa Monica Substantial Amendment to the Program Year 2008 Action Plan available at http://www01.smgov.net/hsd/Admin/Documents/CDBG-R%20Substantial%20Amendment%20final.pdf.

**15** For example, technical assistance for cooperatives may be available through Rural Cooperative Development grants which are made to improve the economic condition of rural areas through the development of new cooperatives and improving operations of existing cooperatives.

**16** Matching funds must be in the form of cash or confirmed funding commitments and be at least equal to the grant amount. In-kind contributions cannot be used as matching funds.

**17** See, e.g, California Coalition for Rural Housing, Affordable Manufactured Housing, Best Practices: Opportunities for California Affordable Housing Developers (February 2010) (Developer used Section 502 Direct Loan to assist buyers of new homes.)

**18** Title I is the nation's oldest federal housing loan insurance program, enacted in 1934 as part of the National Housing Act to permit the FHA to insure home improvement loans. In 1969 Congress expanded Title I to cover loans on manufactured housing. The program is authorized under 12 U.S.C. 1703; regulations are in 24 C.F.R. Part 201. Where the loan involves a manufactured home lot, ownership of the lot must be in fee simple, except where the lot consists of a share in a cooperative association which owns and operates a manufactured home community.

**19** Borrowers may be charged an up-front premium of up to 2.25% of the principal and an annual premium of up to 1% of the remaining principal balance.

**20** The maximum amount for a home improvement loan on a manufactured home classified as real property is $17,500 and the maximum term is 15 years; whereas with a home classified as personal property, the maximum loan amount is $7,500 and the maximum term is 12 years.

**21** The FHA Manufactured Housing Loan Modernization Act of 2008, §§ 2141-2150 of the Housing and Economic Recovery Act of 2008, amended various provisions in Title I of the National Housing Act relating to the program.

**22** The new loans limits are: $69,678 to purchase or refinance a manufactured home; $23,226 to purchase and develop the lot on which the home is placed; and $92,904, to purchase or refinance a home and lot. These amounts will be indexed and adjusted annually, and may increase in higher-cost areas.

**23** Housing and Economic Recovery Act, Public Law No. 110-289 (July 30, 2008). For other changes to Title II under HERA see U.S. Department of Housing and Urban Development, Mortgage Letter 2009-16 (May 21, 2009).

**24** HUD Handbook 4150.2, CHG-1, Chapter 8: Manufactured Homes.

**25** Other requirements are outlined in the mortgagee letter. See U.S. Department of Housing and Urban Development, Mortgage Letter 2009-16 (May 21, 2009).

**26** The Rural Housing Service is a part of Rural Development in the U.S. Department of Agriculture (USDA). It administers a broad range of programs, including those that were formerly administered by the Farmers Home Administration, to support affordable housing and community development in rural areas. A rural area is defined as an open country that is not part of or associated with an urban area; or any town, village, city or place that is not part of or associated with an urban are, and that is rural in character with a population of less than 10,000 or is not contained within a Metropolitan Statistical Area (MSA) and has a serious lack of mortgage credit with a population between 10,000 and 20,000. HUD Handbook HB-1-3550 at 5-5.

**27** The Section 502 guaranteed loan program's regulations are located at 7 C.F.R. Part 1980.

**28** Among the standards for the Section 502 guaranteed and direct loans are that the home meet thermal requirements for the county in which the home is located; have direct access from a street, road or driveway, and have an adequate water and waste disposal system. See 7 C.F.R. 1980.313; HUD Handbook HB-1-3550 at 9-16.

**29** The homeowner must be unable to obtain affordable credit elsewhere and have very low-income, defined as below 50% of the area median income. Section 504 loans and grants are discussed in Chapter 12 of HUD Handbook HB-1-3550.

**30** See 38 U.S.C. §3712

**31** Factors to be considered include whether the lot is served by water and sanitary facilities which are approved by a local public authority.

**32** Information about the financing of manufactured homes with the VA's assistance can be obtained from their Regional Loan Centers (addresses available at http://www.homeloans.va.gov/rlcweb.htm).

**33** HOME funds, for example, are usually administered by these agencies. According to the National Council of State Housing Agencies, a trade organization that represents state housing finance agencies, HOME funds are one of the biggest sources of agency funding. See http://www.ncsha.org/section.cfm/2.

**34** For further discussion see Manufactured Housing Resource Guide: Weatherization and Replacement.

**35** See, e.g., New Hampshire Community Loan Fund, Manufactured Housing Park Program, Cooperative Home Loan Program, available at http://www.nhclf.org/programs/housing/mhpp/chlp.html.

**36** For more information on ROC USA™ please visit www.rocusa.org.

**37** Paul Bradley, Manufactured Housing Park Cooperatives in New Hampshire: AN Enterprising Solution to the Complex Problems of Owning a Home on Rented Land, Cooperative Housing Journal (2000).

**38** U.S. Department of Housing and Urban Development, Mortgage Insurance Manufactured Home Parks: Section 207, http://nhl.gov/offices/hsg/mfh/progdesc/homepark207.cfm (last visited Aug. 6, 2009). The program is authorized under Section 207 of the National Housing Act, 12 U.S.C. 1713. Program regulations are in 24 C.F.R. Part 207.1 et seq. The basic program instructions are in HUD Handbook 4545.1, Mobile Home Park Program.

**39** Id; see also HUD housing handbook regarding Section 207, available at: http://nhl.gov/offices/adm/hudclips/handbooks/hsgh/4545.1/index.cfm

**40** Substantial rehabilitation means that the rehabilitation must be of such an extensive nature as to materially affect the livability, marketability, and competitive position of the community and that, otherwise, the community is incapable of producing sufficient income to meet operating expenses and mortgage debt obligations. HUD Handbook 4545.1 Rev (October 12, 1976).

**41** For example, section 221(d)(4) may be used to provide insured financing to develop or rehabilitate manufactured home communities in which the units as well as the spaces are rented. The program is not available for owner-occupied homes. U.S. Department of Housing and Urban Development, Mortgage Insurance for Rental and Cooperative Housing: Section 221(d)(3) and Section 221(d)(4), http://www.hud.gov/offices/hsg/mfh/progdesc/rentcoophsg221d3n4.cfm (last visited Aug. 7, 2009).

**42** Participating jurisdictions are required to make reasonable efforts to identify CHDOs that are reasonably capable of carrying out the CHDO set-aside activities. If, within the first 24 months of participation in the HOME program, they cannot identify a sufficient number of capable CHDOs, they can commit some HOME funds for capacity-building assistance. A maximum of 20% of the minimum 15% set-aside may be used, up to a cap of $150,000 during the 24 month period.

**43** The money for the Loan Fund is appropriated from the state; no federal funds are involved.

**44** The loan amortized over 30 years. Although the loan fund is limited to making loans with 10-year terms, the loans can be renewed up to two times at the end of the 10-year period.

**45** Though available, not many applications are received for the three-year conversion loan or the individual loan. A conversation with an official at the Department of Housing and Community Development reveals that although $8,000,000 has been allocated to the program, applications for only $3,000,000 in funding were received before the June 2009 deadline. The Department had to extend its deadline for applications.

**46** See Mont. Code Ann. §§ 15-31-163; 15-30-2110 (2009). Depending on the size of the community, 50% or 100% of the gain recognized from the sale or exchange of a community is excluded from adjusted gross income or gross income for state tax purposes. North Carolina, N.C. Gen. Stat. §§ 105-130.5 (2009) provides a tax incentive when a community owner transfers the land comprising a manufactured home community in a single purchase to a group composed of a majority of the manufactured home community leaseholders or to a nonprofit organization that represents such a group. To be eligible for this deduction, the community owner must give notice of the sale to the North Carolina Housing Finance Agency under N.C. Gen. Stat. § 42-14.3, which governs closure notices. In Washington, a qualified sale of a manufactured home community is exempt from excise taxes on real estate. This provision expires on December 31, 2018. Wash. Rev. Code § 82.45.010 (2009).

# Appendix A

## SELECTED STATE PROGRAMS TO FINANCE THE PURCHASE OR REHABILITATION OF MANUFACTURED HOMES OR COMMUNITIES

| Alaska | |
|---|---|
| **Program Name** | Manufactured Home Program |
| **Program Type** | Loan |
| **Overseeing Agency** | Alaska Housing Finance Corporation |
| **Eligible Activities** | AHFC will loan up to $100,000 for the purchase of manufactured homes in mobile home parks or up to $175,000 for manufactured homes on fixed land, with a 15% downpayment guaranteed by VA. Singlewide units can be financed for up to 10 years, doublewide units up to 14 years. |
| **Eligible Applicants** | Loans require 15% downpayment |
| **Available Funding** | Through participating lenders |

http://www.ahfc.state.ak.us/loans/mobile_home.cfm

| Arizona | |
|---|---|
| **Program Name** | Homes for Arizonans Initiative |
| **Program Type** | Grant |
| **Overseeing Agency** | Arizona Department of Housing |
| **Eligible Activities** | Purchase of first home, including manufactured homes permanently affixed to a foundation and on land owned by the family. Not available in Maricopa or Pima counties. |
| **Eligible Applicants** | Families, including single people who are first time homebuyers, whose yearly income does not exceed 80% of the area median income where the housing unit will be purchased. Applicants must contribute at least 3% of the purchase price or at least $1,000. |
| **Available Funding** | No funding currently available |

http://new.azhousing.gov/ShowPage.aspx?ID=25

| California | |
|---|---|
| **Program Name** | Affordable Housing Partnership Program (AHPP) |
| **Program Type** | Loan |
| **Overseeing Agency** | California Housing Finance Authority |
| **Eligible Activities** | Loans available for manufactured housing that meets CalHFA eligibility requirements and is VA or FHA approved. Income limits based on county in which the borrower is purchasing. |
| **Eligible Applicants** | First time homebuyers, including those who have not owned or occupied a home in the last three years. |
| **Available Funding** | Through participating lenders |

http://www.calhfa.ca.gov/homebuyer/programs/ahpp.htm

| Colorado | |
|---|---|
| **Program Name** | CHFA HomeStretch |
| **Program Type** | 40-year fixed interest conventional loan |
| **Overseeing Agency** | Colorado Housing Finance Agency |
| **Eligible Activities** | Manufactured housing is eligible as long as the LTV/CLTV does not exceed requirements of the applicable insurer. |
| **Eligible Applicants** | Borrowers must be eligible for Fannie Mae's MyCommunity Mortgage 97% or Freddie Mac Home Possible, must be current on payments, and must take a CHFA Homebuyer Education class. |
| **Available Funding** | Through participating lenders |

http://www.chfainfo.com/lender/Single_family_lending_partners_and_realtors/Programs/CHFA_HomeStretch.icm

| Connecticut | |
|---|---|
| **Program Name** | Mobile Manufactured Home Loan Program |
| **Program Type** | Loan |
| **Overseeing Agency** | Connecticut Housing Finance Authority |
| **Eligible Activities** | CHFA will loan up to 70% of the appraised value or purchase price (whichever is less) for the purchase of a single or double wide manufactured home, provided that the home is affixed to a permanent foundation within a state-licensed mobile home park for the duration of either a 15 or 30 year loan. |
| **Eligible Applicants** | First time homebuyers or prior homeowners who have not owned a home in the past three years, and who meet the criteria established under CHFA's Homebuyer Mortgage Programs. |
| **Available Funding** | $2 million |

http://www.chfa.org/FirstHome/MobileManufacturedHomeProgram.htm

| Delaware | |
|---|---|
| **Program Name** | Single Family Mortgage Revenue Bond Program (SFMRB) |
| **Program Type** | Loan |
| **Overseeing Agency** | Delaware State Housing Agency |
| **Eligible Activities** | Low interest mortgages available for manufactured homes affixed to a permanent foundation, which meet requirements of lenders and insurers. |
| **Eligible Applicants** | First time low- and moderate-income homebuyers or prior homeowners who have not owned a home in the past three years. Borrowers in targeted areas do not have to be first-time homebuyers. |
| **Available Funding** | Through participating lenders |

http://www.destatehousing.com/services/hb_sfmrb.shtml

| Delaware | |
|---|---|
| **Program Name** | Resident Homeownership Program (RHP) |
| **Program Type** | Grant through Public Housing Program or Section 8 Choice Home Voucher Program |
| **Overseeing Agency** | Delaware State Housing Agency |
| **Eligible Activities** | Purchase of a manufactured home on a permanent foundation, with ownership of lot included in purchase |
| **Eligible Applicants** | Participants must be enrolled in DSHA's Public Housing or Section 8 Home Choice Voucher program, and can use the amount of their monthly payment towards mortgage payments. Head of household or spouse must be employed at least 30 hours per week, family income must exceed $18,000 and participants must be first time homebuyers. Elderly and disabled participants are excluded from these requirements. |
| **Available Funding** | Varies |

http://www.destatehousing.com/services/hb_sfmrb.shtml

| Idaho | |
|---|---|
| **Program Name** | IdaMortgage First Loan Program |
| **Program Type** | Loan |
| **Overseeing Agency** | Idaho Housing and Finance Association |
| **Eligible Activities** | 30-year loans for the purchase of a home, including double-wide manufactured homes built after 1976 and affixed to a concrete foundation. |
| **Eligible Applicants** | Borrower must be a resident of Idaho and must use the home as his/her primary residence. Sales price limits, income limits and rules regarding previous homeownership vary by county. |
| **Available Funding** | Through participating lenders |

http://www.ihfa.org/idamortgage/looking-for-a-home-loan.aspx

| Illinois | |
|---|---|
| **Program Name** | Rural Guarantee Housing Initiative Program |
| **Program Type** | Loan |
| **Overseeing Agency** | Illinois Housing Development Authority, USDA RD |
| **Eligible Activities** | Purchase of a single family home, including new, permanently affixed manufactured homes purchased through approved dealer/contractors |
| **Eligible Applicants** | First time homebuyers or homebuyers who have not owned a home in the past three years, whose income is less that 65% of county median income, and who are in rural counties or cities with populations under 20,000. Homebuyers must attend homebuyer counseling and verify income. |
| **Available Funding** | Through IHDA/USDA RD approved lenders |

http://www.ihda.org/ViewPage.aspx?PageID=83

| Illinois | |
|---|---|
| **Program Name** | Homebuyer Assistance/Rehabilitation Program |
| **Program Type** | Loan |
| **Overseeing Agency** | Local governments and Community Housing Development Organizations |
| **Eligible Activities** | Downpayment and closing costs, or rehabilitation costs for purchase of one-unit properties, including manufactured homes valued at no more than HUD's area limits. |
| **Eligible Applicants** | Low-income homebuyers, who must attend homeownership counseling. |
| **Available Funding** | Varies, through Community Housing Development Organizations |

http://www.ihda.org/ViewPage.aspx?PageID=109

| Kansas | |
|---|---|
| **Program Name** | First Time Homebuyers Program |
| **Program Type** | Loan |
| **Overseeing Agency** | Kansas Department of Commerce and Housing |
| **Eligible Activities** | Income eligible first-time homebuyers can borrow up to 20% of purchase price for downpayment, closing costs and legal fees towards the purchase of a principal residence, which can include permanently affixed manufactured homes. |
| **Eligible Applicants** | First time homebuyers able to contribute at least $500 or 2% of sales price and whose income is at or below 80% of average median income. |
| **Available Funding** | Through participating lenders |

http://www.kshousingcorp.org/programs/fthb.shtml

| Kentucky | |
|---|---|
| **Program Name** | KHC Loan Programs |
| **Program Type** | Loan |
| **Overseeing Agency** | Kentucky Housing Corporation |
| **Eligible Activities** | Purchase of a sole and principal residence, including new or previously occupied manufactured housing, single or double wide, affixed to a permanent foundation and taxed as real estate. Manufactured homes are not eligible for secondary market programs. |
| **Eligible Applicants** | First time or previous homeowners with an acceptable credit history, whose income falls within income eligibility guidelines, which vary by county and family size. Applicants must also be able to provide a downpayment or qualify for downpayment assistance. |
| **Available Funding** | |

http://kyhousing.org/page.aspx?id=299

| Lousiana | |
|---|---|
| **Program Name** | First-Time Homebuyer Program |
| **Program Type** | 30-Year Fixed Rate Mortgages |
| **Overseeing Agency** | Louisiana Housing Finance Corporation |
| **Eligible Activities** | Purchase of a home, including manufactured homes. Property requirements vary by program. |
| **Eligible Applicants** | First time homebuyers or buyer in some parishes. Applicants must plan to use the home as their principal residence. |
| **Available Funding** | Varies with bond issue |

http://www.lhfa.state.la.us/programs/homeownership/addpi.php

| Maryland | |
|---|---|
| **Program Name** | Maryland Mortgage Program |
| **Program Type** | 30-year fixed Mortgage |
| **Overseeing Agency** | Community Development Administration |
| **Eligible Activities** | Purchase of a first home, including manufactured homes with state seal of approval for code compliance. |
| **Eligible Applicants** | A first time homebuyer or buyer in a targeted area who plans to use the home as their principal residence and whose total household income does not exceed income limits. |
| **Available Funding** | |

http://www.mmprogram.com/LoanProducts.aspx

| Massachusetts | |
|---|---|
| **Program Name** | MassHousing's Homeownership Program |
| **Program Type** | Loan |
| **Overseeing Agency** | MassHousing |
| **Eligible Activities** | Purchase of a first home, including a mobile home or other manufactured housing permanently affixed to real property. |
| **Eligible Applicants** | Low- and moderate-income people or families who are first-time homebuyers |
| **Available Funding** | Through participating lenders |

https://www.masshousing.com/portal/server.pt/gateway/PTARGS_0_2_3684_0_0_18/first_mortgage_manual.pdf

| Mississippi | |
|---|---|
| **Program Name** | Mortgage Revenue Bond |
| **Program Type** | 30-Year Fixed Mortgage |
| **Overseeing Agency** | Mississippi Home Corporation |
| **Eligible Activities** | Purchase of a first home, including permanently affixed manufactured homes that meet Fannie Mae, FHA, VA or RD requirements. |
| **Eligible Applicants** | First-time homebuyers or buyers in target areas, who are within the income guidelines for the county in which they purchase a home. |
| **Available Funding** | Through participating lenders |

http://www.mshomecorp.com/homebuyers/mortgage%20revenue%20bond.htm

| Missouri | |
|---|---|
| **Program Name** | First Place Loans |
| **Program Type** | Loan |
| **Overseeing Agency** | Missouri Housing Development Commission |
| **Eligible Activities** | Purchase of a first home, within established limits, including permanently affixed modular or manufactured housing, excluding mobile homes. |
| **Eligible Applicants** | First time homebuyers or qualified veterans whose total gross annual income falls within established limits. |
| **Available Funding** | Through participating lenders |

http://www.mhdc.com/homes/firstplaceloans/program_details_and_guidelines.htm

| Nebraska | |
|---|---|
| **Program Name** | Bar-None Housing |
| **Program Type** | Loan |
| **Overseeing Agency** | Nebraska Investment Finance Authority |
| **Eligible Activities** | Purchase of modular homes as primary residence, for placement on basement or crawlspace in designated areas. |
| **Eligible Applicants** | Low-Income applicants are eligible for targeted mortgage programs. Homes can also be financed with conventional loans. |
| **Available Funding** | Through lenders |

http://www.nifa.org/programs/index.html?topic=desc&ovr_ov=-over&search_var=prog&prog_name_sent=Bar-None+Housing

| New Hampshire | |
|---|---|
| **Program Name** | Single Family Mortgage Program |
| **Program Type** | Loan |
| **Overseeing Agency** | New Hampshire Housing Finance Authority |
| **Eligible Activities** | Below-market fixed rate 30-year loans with low downpayment requirements and cash assistance grants for purchase of manufactured homes on owned land or approved manufactured housing cooperatives. |
| **Eligible Applicants** | Low or moderate income home buyers who have not owned a home in the last three years or homeowners who are purchasing homes in state-designated target areas. |
| **Available Funding** | Through participating lenders. The NHHFA Home Advantage Program can also provide downpayment and closing cost assistance to some borrowers qualifying under the Single Family Mortgage Program. |

http://www.nhhfa.org/hb_sfmp.cfm

| New Hampshire | |
|---|---|
| **Program Name** | Affordable Housing Trust |
| **Program Type** | Loan and Grant |
| **Overseeing Agency** | New Hampshire Housing Finance Authority |
| **Eligible Activities** | Grants and below-market rate loans issued to low-income housing projects that cannot support debt, including rental housing, group homes and manufactured housing cooperatives. |
| **Eligible Applicants** | For-profit and not-for-profit sponsors of low-income housing projects, with at least 50% of units affordable to households at 80% or less of median area income. |
| **Available Funding** | $9,000,000 revolving capitalized fund |

http://www.nhhfa.org/bp_aht.cfm

| New York | |
|---|---|
| **Program Name** | Manufactured Home Cooperative Fund Program |
| **Program Type** | Loan |
| **Overseeing Agency** | State of New York Mortgage Agency |
| **Eligible Activities** | Purchasing manufactured home park lands, infrastructure improvements, forming cooperatives. |
| **Eligible Applicants** | Manufactured Home Resident's Associations, Manufactured Home Park Cooperatives, Municipalities, Housing Development Fund Companies, Not-For-Profit Companies, Charitable Organizations |
| **Available Funding** | Revolving loan fund |

http://www.nchfa.com/Homebuyers/HBhomebuyers.aspx

| Ohio | |
|---|---|
| **Program Name** | First-Time Homebuyer Program |
| **Program Type** | Loan |
| **Overseeing Agency** | Ohio Housing Finance Agency |
| **Eligible Activities** | Purchase of a home, including permanently affixed manufactured homes. |
| **Eligible Applicants** | Creditworthy first-time homebuyers or qualified military veterans. |
| **Available Funding** | Through Participating Lenders |

http://www.nhhfa.org/bp_aht.cfm

| Oregon | |
|---|---|
| **Program Name** | RateAdvantage Home Loans |
| **Program Type** | Mortgage Revenue Bond/Loan |
| **Overseeing Agency** | Oregon Housing and Community Services |
| **Eligible Activities** | Purchase of eligible housing, including manufactured housing which meets insurers' requirements, has a living area of at least 400 square feet and was manufactured after June 14, 1976. |
| **Eligible Applicants** | First time homebuyer or buyer in targeted area purchasing a primary residence. Applicants must not have been discharged from bankruptcy within the last two years, or had a real estate foreclosure within the last five years. |
| **Available Funding** | Varies |

http://www.ohcs.oregon.gov/OHCS/HD/SFF/brochures/SFF_First_Time_Homebuying_Program.pdf

| Vermont | |
|---|---|
| **Program Name** | Direct Program |
| **Program Type** | Loan |
| **Overseeing Agency** | Vermont Housing Finance Authority |
| **Eligible Activities** | Low-rate mortgages for properties including permanently affixed single or double wide manufactured homes on owned land or in an eligible park. |
| **Eligible Applicants** | Borrowers whose income does not exceed county-specific limits and who plan to occupy the home as their principal place of residence within 60 days of closing. |
| **Available Funding** | Through participating lenders |

http://www.vhfa.org/homeownership/buying.php#eligibility

| Vermont | |
|---|---|
| **Program Name** | Construction and Permanent Loans |
| **Program Type** | Loan |
| **Overseeing Agency** | Vermont Housing Finance Authority |
| **Eligible Activities** | The development and preservation of affordable rental housing, with at least 51% of units reserved for low- and moderate-income households. |
| **Eligible Applicants** | Limited- or nonprofit sponsors approved by the VHFA. |
| **Available Funding** | Varies |

http://www.vhfa.org/developers/loan_programs.php#construction

| Washington | |
|---|---|
| **Program Name** | House Key State Bond Loan Program |
| **Program Type** | Loan |
| **Overseeing Agency** | Washington State Housing Finance Commission |
| **Eligible Activities** | Purchase of a first home, including some manufactured homes. |
| **Eligible Applicants** | First-time homebuyers or buyers in targeted areas, who have attended homebuyer education classes and do not exceed income limits. |
| **Available Funding** | Through participating lenders |

http://www.wshfc.org/buyers/key.htm

| West Virginia | |
|---|---|
| **Program Name** | Mortgage Revenue Bond Program |
| **Program Type** | Mortgage Revenue Bond |
| **Overseeing Agency** | West Virginia Housing Development Fund |
| **Eligible Activities** | Purchase of a primary residence, including detached modular homes and new double wide manufactured homes. New or used single-wide and used double-wide properties are not eligible. |
| **Eligible Applicants** | Borrowers whose income does not exceed county income limits who have not owned a home in the last three years in 20 counties. |
| **Available Funding** | |

http://www.wvhdf.com/homebuyers/mrbp.cfm

# Appendix B

## ADDITIONAL HOUSING RESOURCES

Some state housing agencies offer home financing programs that are not clear as to whether, or under what conditions, manufactured housing could be funded. Individual agencies should be able to offer clarification and contact information for these offices is included below.

**Alabama Housing Finance Authority**
P.O. Box 242967
Montgomery, AL 36124-2967
http://www.ahfa.com
(800) 325-2432

**Arkansas Development Finance Authority**
900 West Capitol, Suite 310
Little Rock, AR 72201
http://www.arkansas.gov/
(501) 682-5900

**Florida Housing Finance Corporation**
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301-1329
www.floridahousing.org
(850) 488-4197

**Georgia Department of Community Affairs**
60 Executive Park South, NE
Atlanta, GA 30329
http://www.dca.state.ga.us/
(800) 359-4663

**Hawaii Housing Finance & Development Corp.**
677 Queen Street
Honolulu, HI 96813
http://hawaii.gov/dbedt/hhfdc
(808) 587-0597

**Indiana Housing Finance Authority**
30 South Meridian Street
Indianapolis, IN 46204-3510
http://www.state.in.us/ihfa/
(317) 232-7777

**Iowa Finance Authority**
2015 Grand Avenue
Des Moines, IA 50312
http://www.iowafinanceauthority.gov/
(800) 432-7230

**Michigan State Housing Development Authority**
735 E. Michigan Avenue
P.O. Box 30044
Lansing, MI 48909
http://www.michigan.gov/mshda/
(517) 373-8370

**Minnesota Housing Finance Agency**
400 Sibley Street, Suite #300
St. Paul, MN 55101
http://www.mnhousing.gov/
(800) 657-3769

**Montana Housing Division**
301 S. Park Avenue, Room 240
Helena MT 59601
http://housing.mt.gov/
(800) 761-6264

**Nebraska Investment Finance Authority**
200 Commerce Court
1230 'O' Street
Lincoln, NE 68508
http://www.nifa.org/
(800) 204-NIFA (6432)

**Nevada Housing Division**
7220 Bermuda Road, Suite B
Las Vegas, NV 89119
http://www.nvhousing.state.nv.us/
(888) 486-8775

**New Jersey Housing and Mortgage Finance Agency**
637 South Clinton Avenue
P.O. Box 18550
Trenton, NJ 08650
http://www.state.nj.us/dca/hmfa/
(609) 278-7400

**New Mexico Mortgage Finance Authority**
344 4th Street. SW
Albuquerque, NM 87102
http://www.housingnm.org/
(505) 843-6880

**North Dakota Housing Finance Agency**
2624 Vermont Avenue
P.O. Box 1535,
Bismarck, ND 58502-1535
http://www.ndhfa.state.nd.us/
(701) 328-8080

**Pennsylvania Housing Finance Agency**
P.O. Box 8029
Harrisburg, PA 17105-8029
http://www.phfa.org/
(717) 780-3800

**Rhode Island Housing**
44 Washington Street
Providence, RI 02903
http://www.rhodeislandhousing.org
(401) 457-1234

**South Carolina State Housing Finance and Development Authority**
300-C Outlet Pointe Blvd.
Columbia, SC 29210
http://www.schousing.com
(803) 896-9001

**South Dakota Housing Development Authority**
PO Box 1237
3060 E. Elizabeth Street
Pierre, SD 57501
http://www.sdhda.org/
(800) 540-4241

**Tennessee Housing Development Agency**
404 James Roberston Parkway, Suite 1200
Nashville, TN 37243-0900
http://www.thda.org
(615) 815-220

**Texas Department of Housing & Community Affairs**
P.O. Box 12489
Austin, TX 78711-2489
http://www.tdhca.state.tx.us/texans.htm
(800) 500-7074

**Utah Housing Corporation**
2479 S. Lake Park Boulevard
West Valley City, UT 84120
http://b2b.utahhousingcorp.org
(801) 902-8200

**Virginia Housing Development Authority**
601 S. Belvidere Street
Richmond, VA 23220
http://www.vhda.com
(804) 782-1986

**Wisconsin Housing and Economic Development Authority**
201 W. Washington Avenue, Suite 700
Madison, WI 53703
http://www.wheda.com
(608) 266-7884

**Wyoming Community Development Authority**
155 N. Beech
Casper, WY 82601
http://www.wyomingcda.com/
(307) 265-0603