



MANUFACTURED HOUSING TITLE REFORM

HF 896 (Bernardy) / SF pending (Johnson)

Background

Manufactured homes in manufactured home communities are titled as chattel (personal) property, making them ineligible for mortgage financing. Personal property loans are much higher cost than mortgage loans with loan terms of 5 to 15 years and interest rates three to five percent higher than typical mortgage rates.

The low terms and high interest rates of personal property loans make new manufactured homes unaffordable to low- and moderate-income buyers. As a result, very few new manufactured homes are being purchased in Minnesota, which is a problem as older manufactured homes age-out and get removed or demolished, leaving communities with an increasing number of vacant lots. In the 7-County Metro alone, there are 1,500 vacant lots.

In the nine manufactured home communities that NCF serves, there are 100 empty lots that could be filled with affordable homes.

Proposal

Minnesota Statutes Section 168A.141 permits the owner of a manufactured home to file an affidavit with the Minnesota Registrar of Motor Vehicles that makes a manufactured home an improvement to real estate, and eligible for mortgage financing, but only if the homeowner also owns the land on which the home is located.

HF 896 amends 168A.141 to allow members of manufactured home cooperatives to title their homes as real property, making hundreds of homes eligible for lower-cost mortgage financing.

In the 2020 legislative session, the bill (HF2967/SF3251) was reviewed and amended in numerous committees and included in final Housing Policy Bills in both houses but was not enacted into law. The following organizations assisted in the drafting of the legislation:

- Manufactured & Modular Housing Association
- MN Land Title Association
- Bar Association - Real Property Division

Chattel vs. Mortgage Financing

Chattel Loan Example	
Home Value:	\$80,000
Amount Lender Will Finance:	80% of Home Value
Loan Amount:	\$64,000
Interest Rate:	6.00%
Term:	10 years
Monthly Payment:	\$711
Total Monthly Housing Cost:	\$1,211*
Affordable to Households with Annual Income of:	\$48,421
*(includes allowance for lot rent, taxes and insurance, and utilities)	
Mortgage Loan Example	
Home Value:	\$80,000
Amount That Lender Will Finance:	95% of Home Value
Loan Amount:	\$76,000
Interest Rate:	2.85%
Term:	30 years
Monthly Payment:	\$314
Total Monthly Housing Cost:	\$814*
Affordable to Households with Annual Income of:	\$32,572
*(includes allowance for lot rent, taxes and insurance, and utilities)	

**\$400 difference
between
monthly cost of
chattel loan to
mortgage loan**

2020 Minnesota HUD Income Limits for 2-person household		
Extremely Low-Income	Very Low Income	Low-Income
30% AMI	50% AMI	80% AMI
\$36,700	\$36,700	\$58,750