



COMPLIANCE GUIDELINES

Manufactured Housing

What is manufactured housing?

Manufactured housing (erroneously called mobile homes) are homes built after 1976 under the HUD codes that established federal standards for the building of manufactured housing.

Is a manufactured home personal or real property in Texas?

It can be either personal property or real property. The default is personal property but it can be converted to real property if certain conditions are met.

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Sec. 2.001. MANUFACTURED HOUSING. (a) Except as provided by Subsection (b), a manufactured home is personal property.

(b) A manufactured home is real property if:

- (1) the statement of ownership and location for the home issued under Section [1201.207](#), Occupations Code, reflects that the owner has elected to treat the home as real property; and
- (2) a certified copy of the statement of ownership and location has been filed in the real property records in the county in which the home is located.

Source: <http://www.statutes.legis.state.tx.us/Docs/PR/htm/PR.2.htm#2.001>

Does Texas have specific rules for loans secured by manufactured homes?

Yes. [Chapter 347](#) of the Texas Finance Code addresses the retail purchase of a manufactured home.

Does it matter if it is personal property or real property?

It does under Regulation Z – which applies to a loan made to a natural person for personal, family or household purposes. A loan to a natural person secured by a manufactured home for personal, family, or household purposes would qualify as ‘consumer credit’ under Regulation Z.

HPML

Could a loan secured by a manufactured home be a higher-priced mortgage loan (HPML)? Yes – again, a manufactured home is a ‘dwelling’ under the definitions in Regulation Z.

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§ 1026.35 Prohibited acts or practices in connection with higher-priced mortgage loans.

a. **Definitions.** For purposes of this section:

1. “Higher-priced mortgage loan” means a closed-end [consumer credit](#) transaction secured by the [consumer’s](#) principal [dwelling](#) with an annual percentage rate that exceeds the [average prime offer rate](#) for a comparable transaction as of the date the interest rate is set.

Source: https://www.consumerfinance.gov/eregulations/1026-35/2016-14782_20160627#1026-35

TRID

Would a loan secured by a manufactured home be subject to the TILA-RESPA Integrated Disclosure rule? Yes – but only if the manufactured home is part of real property.

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2.2 What transactions does the rule cover? (§ 1026.19(e) and (f)) The TILA-RESPA Rule applies to most closed-end consumer credit transactions secured by real property or a cooperative unit (regardless of whether state law classifies it as real property). Credit extended to certain trusts for tax or estate planning purposes is not exempt from the TILA-RESPA Rule.

Source: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201710_cfpb_KBYO-Small-Entity-Compliance-Guide_v5.pdf

QM / ATR

Since a manufactured home is a ‘dwelling’ under Regulation Z, it will fall under the scope of section §1026.43.

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§ 1026.43 Minimum standards for transactions secured by a dwelling.

- a. **Scope.** This section applies to any [consumer credit](#) transaction that is secured by a [dwelling](#), as defined in § [1026.2\(a\)\(19\)](#), including any real property attached to a [dwelling](#), other than:

Source: https://www.consumerfinance.gov/eregulations/1026-43/2016-14782_20160627#1026-43

Is a loan secured by a manufactured home subject to the right of rescission?

The right of rescission applies to a non-purchase security interest in a ‘dwelling’ as defined by Regulation Z. Since a manufactured home meets the definition of a ‘dwelling’ under Regulation Z, a non-purchase security interest in a manufactured home that serves as a consumer’s ‘principal dwelling’ would be subject to the right of rescission.

Is a loan secured by a manufactured home HMDA reportable?

Yes. HMDA applies to loans secured by a ‘dwelling’ as defined by §1003.2(f). In the case of HMDA reporting, it would not matter if the manufactured home was personal property or real property.

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- a. **Dwelling** means a residential structure, whether attached to real property. The term includes but is not limited to a detached home, an individual condominium or cooperative unit, a [manufactured home](#) or other factory-built home, or a multifamily residential structure or community.

Source: https://www.consumerfinance.gov/eregulations/1003-2/2017-18284_20180101#1003-2-f

Is a loan secured by manufactured housing subject to the Flood Disaster Protection Act?

Yes, a manufactured home located in a SFHA that secures a loan must be insured for flood damage.

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The FDPA requires federal financial regulatory agencies to adopt regulations prohibiting their regulated lending institutions from making, increasing, extending or renewing a loan secured by improved real estate or a mobile home located or to be located in an SFHA in a community participating in the NFIP unless the property securing the loan is covered by flood insurance. Flood insurance may be provided through the NFIP or through a private insurance carrier.

Source: <https://www.fdic.gov/regulations/compliance/manual/5/v-6.1.pdf>

In order to qualify for flood insurance under the NFIP, a manufactured home located in a SFHA must be anchored to a permanent foundation to resist flotation by providing over the top or frame ties to ground anchors.

Is a loan secured by manufactured housing subject to the Interagency Appraisal Guidelines?

Only if it is 'real property' – in other words, it must be attached to real estate. Any appraisal report must identify the structure as 'manufactured housing.'

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II. Background

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA² requires each Agency to prescribe appropriate standards for the performance of real estate appraisals in connection with "federally related transactions,"³ which are defined as those real estate-related financial transactions that an Agency engages in, contracts for, or regulates and that require the services of an appraiser.⁴ The Agencies' appraisal regulations must require, at a minimum, that real estate appraisals be performed in accordance with generally accepted uniform appraisal standards as evidenced by the appraisal standards promulgated by the Appraisal Standards Board, and that such appraisals be in writing.⁵ An Agency may require compliance with additional appraisal standards if it makes a determination that such additional standards are required to properly carry out its statutory responsibilities.⁶ Each of the Agencies has adopted additional appraisal standards.⁷

Source: <https://www.fdic.gov/regulations/laws/rules/5000-4800.html>

If it is not real property subject to an appraisal, how is the value determined?

There are a number of resources for valuing manufactured housing including NADA Guides and Kelley Blue Books.

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