United States Government Accountability Office

Report to the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, Committee on Appropriations, House of Representatives

September 2023

MANUFACTURED HOUSING

Further HUD Action Is Needed to Increase Available Loan Products

Accessible Version

GAO-23-105615

GAO Highlights

Highlights of GAO-23-105615, a report to the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies, Committee on Appropriations, House of Representatives

September 2023

MANUFACTURED HOUSING

Further HUD Action Is Needed to Increase Available Loan Products

Why GAO Did This Study

The U.S. has a shortage of affordable housing, particularly for low- and medium-income households. Manufactured housing is a source of affordable housing. However, some stakeholders have raised questions about the limited options for financing manufactured housing.

GAO was asked to review the federal role in supporting the financing of manufactured housing. Among its objectives, this report examines (1) trends in the use of federal financing for manufactured housing and (2) federal efforts to assess and improve financing options.

GAO examined federal housing data, reviewed regulations, analyzed information on federal financing products, conducted a literature review, and interviewed federal entity officials and lenders, industry groups, and other stakeholders.

What GAO Recommends

GAO is making two recommendations—one each to the Federal Housing Administration and Ginnie Mae (entities in HUD)—to implement planned changes to increase financing options for manufactured homes, including identifying options for greater securitization of mortgage and personal property loans, and establish time frames and milestones for actions. FHA and Ginnie Mae agreed with these recommendations.

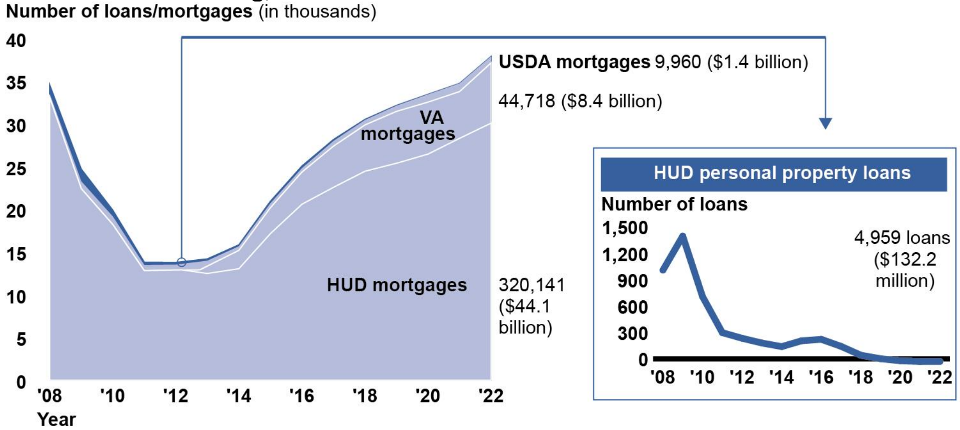
View GAO-23-105615. For more information, contact Alicia Puente Cackley at (202) 512-8678 or cackleya@gao.gov.

What GAO Found

Manufactured housing, prefabricated factory-built homes, can be financed with personal property or mortgage loans. The Departments of Housing and Urban Development (HUD), Veterans Affairs, and Agriculture administer loan guarantee programs for manufactured housing. Federal entities also participate in the secondary market to provide housing finance options. Ginnie Mae guarantees securities backed by federally insured mortgages, and Fannie Mae and Freddie Mac (enterprises) purchase mortgages that are not federally guaranteed and securitize them (package them into securities and sell them to investors).

Federal agency financing of manufactured homes increased for mortgages but not for personal property loans in recent years (see figure). Few personal property loans were made because these loans are capped at an amount lower than the average purchase price of a manufactured home. The limited secondary market for personal property loans also may deter lenders from making them.

Federally Guaranteed Mortgage Loans and Personal Property Loans for Manufactured Housing, Fiscal Years 2008–2022



Source: GAO analysis of Department of Housing and Urban Development (HUD), Department of Veterans Affairs (VA), and Department of Agriculture (USDA) data. | GAO-23-105615

Data for Federally Guaranteed Mortgage Loans and Personal Property Loans for Manufactured Housing, Fiscal Years 2008–2022

Year	Number of HUD Personal property loans	Number of HUD mortgages	Number of VA mortgages	Number of USDA Section 502 Guarantee mortgages
2008	1041	33067	no data	435
2009	1429	22431	no data	854
2010	740	18231	no data	934
2011	329	12831	no data	653
2012	265	12924	no data	606

Year	Number of HUD Personal property loans	Number of HUD mortgages	Number of VA mortgages	Number of USDA Section 502 Guarantee mortgages
2013	211	12501	865	625
2014	170	13057	2,151	472
2015	236	17167	3,029	511
2016	253	20603	3,767	447
2017	173	22580	4,818	594
2018	72	24467	5,416	571
2019	32	25398	6,073	660
2020	8	26474	6,079	900
2021	0	28314	5,474	948
2022	0	30096	7,046	750

Source: GAO analysis of Department of Housing and Urban Development (HUD), Department of Veterans Affairs (VA), and Department of Agriculture (USDA) data. | GAO-23-105615

Notes: Based on available agency data. HUD provided calendar year data for personal property loans and fiscal year data for mortgage loans. VA and USDA provided fiscal year data. VA did not track loans for manufactured housing before 2013.

Several federal entities have supported increasing financing options for manufactured housing. For instance, VA and USDA developed new or modified existing loan programs to assist borrowers. The enterprises expanded eligibility requirements and increased purchase targets to help increase the availability of financing. HUD also has taken some steps to address long-standing requirements to improve the financing and securitization of manufactured housing, but has not fully implemented several proposed changes. Implementing these changes and establishing time frames and milestones for its actions would better assure that HUD could promote the availability and affordability of manufactured homes.

Contents

Figures

Abbreviations

ACS	American Community Survey
AHS	American Housing Survey
CFPB	Consumer Financial Protection Bureau
CY	calendar year
enterprises	government-sponsored enterprises
FHA	Federal Housing Administration
FHFA	Federal Housing Finance Agency
FY	fiscal year
HIFLD	Homeland Infrastructure Foundation-Level Data
HMDA	Home Mortgage Disclosure Act
HOEPA	Home Ownership and Equity Protection Act
HUD	Department of Housing and Urban Development
MHS	Manufactured Housing Survey
RESPA	Real Estate Settlement Procedures Act
TILA	Truth in Lending Act
USDA	Department of Agriculture
VA	Department of Veterans Affairs

U.S. GOVERNMENT ACCOUNTABILITY OFFICE

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September 26, 2023

The Honorable Tom Cole
Chairman
The Honorable Mike Quigley
Ranking Member
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
Committee on Appropriations
House of Representatives

The U.S. housing market has been experiencing a shortage of affordable housing and rental units, particularly for low- and medium-income households. From 2020 to 2023, home prices rose 38 percent and rents rose 24 percent.[1] Some reasons for the shortage include limited supply, an influx of borrowers, and a shift to investor ownership. To address this shortage, policymakers have proposed potential ways to help increase the availability of affordable housing, including manufactured housing.

Manufactured housing is prefabricated housing that is assembled in factories and then transported to sites of use.[2] This type of housing accounted for a small portion of the housing stock (an estimated 6 percent nationally) according to American Community Survey (ACS) data.[3] The availability of federal financing options and increased number of investors purchasing manufactured home communities may affect the accessibility and affordability of these types of homes.

You asked us to review manufactured homes as a source of affordable housing and the federal role in financing these types of homes. This report examines (1) characteristics of manufactured housing and

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[1]Specifically, prices rose from the first quarter of 2020 to the first quarter of 2023. Data for rent increases are for professionally managed apartments. Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing 2023* (Cambridge, Mass.: June 21, 2023).

[2]To be considered a manufactured home, a home must meet federal manufactured home construction and safety standards established by the Department of Housing and Urban Development (HUD) and commonly known as the HUD Code. Initially established in 1976, the HUD Code is a set of rules that all manufactured home builders must meet.

[3]Percentage based on 5-year estimates for 2017–2021. ACS is an ongoing survey administered by the Census Bureau of around 3.5 million U.S. households.

manufactured housing communities, including location and ownership; (2) consumer protections related to manufactured housing purchases, loans, residents, and communities; (3) trends in the use of federal financing for manufactured homes and manufactured housing communities; and (4) efforts to assess and improve federal financing options for manufactured housing.

For the first objective, we analyzed available data from the American Housing Survey (AHS) for 2021, Manufactured Housing Survey (MHS) for 2021, ACS 5-year estimates for 2017–2021, Home Mortgage Disclosure Act (HMDA) for 2021, and manufactured housing community data from the Homeland Infrastructure Foundation-Level Data (HIFLD) Open database for 2022.[4] For the second objective, we reviewed relevant federal and state laws and regulations. For the third objective, we obtained and analyzed data from federal entities—Department of Housing and Urban Development (HUD), Department of Agriculture (USDA), Department of Veterans Affairs (VA), Fannie Mae, Freddie Mac, and

[4]For more information on these data sources, see appendix I. ACS, which is administered by the Census Bureau, uses a series of monthly samples to produce annually updated estimates for households across the United States. AHS is a biennial survey administered by the Census Bureau that collects housing information, including the size and composition of the U.S. housing inventory, physical condition of housing units, and characteristics of occupants. MHS is a monthly survey sponsored by the Department of Housing and Urban Development and administered by the Census Bureau, which produces detailed tables annually. We reviewed technical information and determined these data were sufficiently reliable for reporting community characteristics and population sizes on the county or national level—ACS, for reporting at the county level on manufactured home prevalence, median county income, and poverty rates; AHS, for reporting at the national level on some demographic characteristics and housing costs; and MHS for reporting at the national and regional levels on manufactured home placements. HMDA requires financial institutions, including mortgage lenders, to maintain, report, and publicly disclose loan-level information about mortgages. The Consumer Financial Protection Bureau is responsible for implementing HMDA. To assess the reliability of HMDA data, we reviewed documentation, performed electronic testing on the data to check for missing values and obvious errors, and corroborated the data with other available sources. We determined HMDA data were sufficiently reliable for reporting at the national, regional, and state level on characteristics of manufactured home borrowers and loans in 2021.The 2021 AHS, MHS, and HMDA data were the latest available at the time of our analysis. HIFLD Open is a database with publicly available critical infrastructure data overseen by the Department of Homeland Security. To assess the reliability of HIFLD data, we reviewed documentation, performed electronic testing on the data to check for missing values and obvious errors, and interviewed HIFLD researchers about interpreting the data and our research approach. We determined the data were sufficiently reliable for reporting at the national, regional, and county levels to describe the location of manufactured housing communities in 2022.

Ginnie Mae—on their manufactured housing financing in 2008–2022.[5] For the fourth objective, we reviewed documentation from these federal entities and interviewed federal entity officials. We evaluated federal entity actions against statutory requirements, agency strategic plans, and mission statements.

To address all the objectives, we conducted a literature review and interviewed federal officials, representatives of advocacy groups and industry groups, selected lenders and investors, and officials from eight states (California, Florida, Georgia, Iowa, Montana, North Carolina, Pennsylvania, and Texas).[6] We selected a nongeneralizable sample of states to reflect diversity in geographic location and characteristics such as proportion of manufactured housing, consumer protections, and type of financing. Appendix I provides more detailed information on our scope and methodology.

We conducted this performance audit from December 2021 to September 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[5]We selected this period because we last reported on federal financing program changes in 2007. To assess the reliability of data from HUD, VA, USDA, and from Fannie Mae and Freddie Mac (which are government-sponsored enterprises), we reviewed related documentation, interviewed knowledgeable officials about the systems and methods used to compile the data, and reviewed the data collected for obvious errors or inaccuracies. We determined the data were sufficiently reliable for reporting on the number and dollar amount of agency and enterprise financing of manufactured housing, nationally and in selected states.

[6]We selected these groups due to their role in the manufactured housing industry as identified in the results of our literature review and in interviews with agency officials, lenders, and investors. We selected lenders to interview to reflect a diversity of lender sizes, types of loans offered (federal or conventional), loan products offered (real property or personal property), loan portfolio (whether specializing in manufactured housing loans, site-built loans, or both), and role in the secondary market (involvement with Fannie Mae, Freddie Mac, or Ginnie Mae). We selected investors to interview to include a mix of investor types (institutional, private, public, or owner-operators of manufactured housing), number of communities owned, and number of states in which the investors operated.

Background

Differences between Manufactured and Site-Built Housing

Manufactured housing differs from site-built housing in its construction and its financing and location options.

Construction. Unlike site-built homes, which are constructed at their permanent locations, manufactured homes are constructed in factories. They have a permanent chassis that allows them to be moved to retailers or consumers. Manufactured homes can be single-section (single-wide) or multisectional units (double-wide or larger). They can be placed on temporary or permanent foundations.

Property classification and financing. Site-built homes are considered real property and are usually financed through a mortgage loan.[7] Manufactured homes may be considered either personal or real property and are financed with a personal property loan or a mortgage. When a homebuyer purchases a manufactured home without tying the purchase to the land, the home is generally considered personal property—that is, a movable personal possession. Such homes may qualify only for personal property loans (also known as home-only or chattel loans). In contrast, homebuyers who want to finance a manufactured home purchase with a mortgage must first attach the home to real property—land the resident owns or leases through a long-term lease—so the home and the land have a single real estate title under state law. These homes then can be financed through a mortgage (real property or home-and-land loans).

Location options. A manufactured home can be placed on private property, such as land owned by the homeowner, or in a manufactured housing community. In a community, manufactured homeowners typically pay rent to the community owner for the lot on which the home is placed.

[7]For this report, we refer to real property home loans and mortgage loans as mortgages. A mortgage or mortgage loan refers to both a promissory note and a security interest. A promissory note evidences the debt and a borrower's agreement to make principal and interest payments to the lender for a period of time. To secure the debt, lenders obtain a lien or security interest in the underlying property as collateral against borrower default. We use terms such as property classification to refer to how a property is titled.

Thus, individuals who own their homes continue to act as tenants and may experience rent increases or community closures.[8]

Federal Role in Manufactured Housing

Three agencies—HUD, VA, and USDA—administer single-family loan programs for manufactured housing (see fig. 1). These agencies have guarantee programs that assume some of the risks of certain mortgages or personal property loans from lenders. HUD's Title I Manufactured Home Loan Program insures loans for the purchase or refinancing of a manufactured home, land for a manufactured home, or both.[9] Its Title II program insures mortgages that finance the purchase and refinancing of single-family homes that are real property, which can include manufactured homes taxed and classified as real estate. USDA also issues mortgages directly. Additionally, HUD and USDA have mortgage loan guarantees available for the purchase of manufactured housing communities. HUD's Federal Housing Administration (FHA) administers its Title I and Title II loan programs.[10] USDA's Rural Housing Service administers its loan programs.

[8]Manufactured homeowners may have limited options if a community closes. For example, it can be challenging or infeasible to move a manufactured home due to the associated costs, its condition, or a lack of other available lots.

[9]While the Title I Manufactured Home Loan Program also can guarantee real property loans, in practice the majority of Title I loans are personal property loans, based on our review of data provided by HUD.

[10]For this report, we refer to the Title I and Title II programs as HUD programs.

Figure 1: Agency Financing Programs for Manufactured Homes

Single-family

Agency	Program	Type of loan/ loan support: Guarantee	Type of loan/ loan support: Direct	Type of property: Personal	Type of property: Real	Eligibility	Available use for manufactured housing
HUD	Title I Manufactured Home Loan Program	●		●		■	Purchase or refinance a manufactured home, land for a manufactured home, or both.
	Title II	●			●	⬡	Purchase or refinance a manufactured home.
USDA	Section 502 Direct Loan Program		●		●	◉	Purchase (for manufactured homes generally only applicable to new homes), build, repair, renovate, or relocate a home. Or purchase and prepare a home site.
	Section 502 Guaranteed Loan Program	●			●	◉	Purchase (for manufactured homes generally only applicable to new homes), build, repair, renovate, relocate, or refinance a home in limited circumstances, or prepare a home site.
	Section 502 Pilot for Existing Manufactured Housing	●	●		●	☆	Section 502 financing for existing manufactured homes, constructed no earlier than 2006 in select states.
	Section 502 Pilot for Energy-Efficient Homes in Nonprofit-owned Manufactured Housing Communities	●	●		●	☆	Section 502 financing for manufactured homes constructed to meet certain energy-efficiency standards in select states.
VA	Home Loan Program	●			●	★	Purchase, build, or repair a manufactured home on land owned by the veteran.

Multifamily

Agency	Program	Guarantee	Direct	Type of property	Eligibility	Available use for manufactured housing
HUD	Section 207 Program	●		Manufactured housing community	☆	Build or renovate manufactured housing communities with at least five lots.
USDA	Section 538 Program	●		Manufactured housing community	☆	Build or renovate manufactured housing communities with at least five rental units in eligible rural areas. Unit rents must not exceed an amount equal to 30 percent of 115 percent of area median income adjusted for family size.

■ The home must be the principal residence of the borrower

⬡ Qualified buyers who meet Federal Housing Administration general eligibility criteria, such as buyers who may not otherwise qualify for conventional loans or who live in underserved areas

◉ Qualified low- to moderate-income borrowers located in eligible rural areas (buyer must not currently own adequate housing for Section 502 direct program)

☆ Qualified borrowers (in selected states for Section 502 pilot programs; for those with intentions to provide and maintain rental housing for the Section 538 Program)

★ Qualified veterans

Source: GAO analysis of Department of Housing and Urban Development (HUD), Department of Agriculture (USDA), and Department of Veterans Affairs (VA) documentation. | GAO-23-105615

Text for Figure 1: Agency Financing Programs for Manufactured Homes

	Agency	Program	Type of loan/loan support	Type of property	Eligibility	Available use for manufactured housing
Single-family	HUD	Title I Manufactured Home Loan Program	Guarantee	Personal	The home must be the principal residence of the borrower	Purchase or refinance a manufactured home, land for a manufactured home, or both.
		Title II	Guarantee	Real	Qualified buyers who meet Federal Housing Administration general eligibility criteria, such as buyers who may not otherwise qualify for conventional loans or who live in underserved areas	Purchase or refinance a manufactured home.

	Agency	Program	Type of loan/loan support	Type of property	Eligibility	Available use for manufactured housing
	USDA	Section 502 Direct Loan Program	Direct	Real	Qualified low- to moderate-income borrowers located in eligible rural areas (buyer must not currently own adequate housing for Section 502 direct program)	Purchase (for manufactured homes generally only applicable to new homes), build, repair, renovate, or relocate a home. Or purchase and prepare a home site.
		Section 502 Guaranteed Loan Program	Guarantee	Real	Qualified low- to moderate-income borrowers located in eligible rural areas (buyer must not currently own adequate housing for Section 502 direct program)	Purchase (for manufactured homes generally only applicable to new homes), build, repair, renovate, relocate, or refinance a home in limited circumstances, or prepare a home site.
		Section 502 Pilot for Existing Manufactured Housing	Guarantee, Direct	Real	Qualified borrowers (in selected states for Section 502 pilot programs; for those with intentions to provide and maintain rental housing for the Section 538 Program)	Section 502 financing for existing manufactured homes, constructed no earlier than 2006 in select states.
		Section 502 Pilot for Energy-Efficient Homes in Nonprofit-owned Manufactured Housing Communities	Guarantee, Direct	Real	Qualified borrowers (in selected states for Section 502 pilot programs; for those with intentions to provide and maintain rental housing for the Section 538 Program)	Section 502 financing for manufactured homes constructed to meet certain energy-efficiency standards in select states.
	VA	Home Loan Program	Guarantee	Real	Qualified veterans	Purchase, build, or repair a manufactured home on land owned by the veteran.
Multifamily	**HUD**	Section 207 Program	Guarantee	Manufactured housing community	Qualified borrowers (in selected states for Section 502 pilot programs; for those with intentions to provide and maintain rental housing for the Section 538 Program)	Build or renovate manufactured housing communities with at least five lots.
	USDA	Section 538 Program	Guarantee		Qualified borrowers (in selected states for Section 502 pilot programs; for those with intentions to provide and maintain rental housing for the Section 538 Program)	Build or renovate manufactured housing communities with at least five rental units in eligible rural areas. Unit rents must not exceed an amount equal to 30 percent of 115 percent of area median income adjusted for family size.

Source: GAO analysis of Department of Housing and Urban Development (HUD), Department of Agriculture (USDA), and Department of Veterans Affairs (VA) documentation. | GAO-23-105615

Notes: HUD's Title I Manufactured Home Loan Program also can guarantee real property loans, but in practice the majority of Title I loans are personal property loans, based on our review of data provided by HUD. USDA's Section 538 Program has not been used for manufactured housing since at least 2008, according to USDA officials. USDA's Section 515 Rural Rental Housing program provided direct loans to support development or preservation of affordable rental housing for low-income, elderly, or disabled people in rural areas (including manufactured housing communities). USDA's Section 538 and Section 515 programs are eligible to be used for manufactured housing, but have not been widely used, according to USDA officials. They said USDA does not track whether new construction is manufactured housing or traditionally built. The Section 515 program has not been used for new construction since 2012; thus, we did not include it in the figure.

The government-sponsored enterprises Fannie Mae and Freddie Mac (to which we refer as the enterprises) have programs to purchase manufactured housing loans and loans to finance the purchases of manufactured housing communities (see fig. 2). The enterprises generally purchase mortgage loans from lenders that meet certain criteria and pool them as collateral for mortgage-backed securities sold to investors.[11] In exchange for a fee paid by the borrower, the enterprises guarantee the timely payment of interest and principal on mortgage-backed securities they issue.

[11]The housing finance system includes a primary market, in which lenders make loans to borrowers, and a secondary market in which loans are purchased from the lender and then packaged into securities and sold to investors. The federal government participates in both the primary and secondary markets.

Figure 2: Fannie Mae and Freddie Mac Financing Programs for Manufactured Homes

Single-family (secondary purchase loans)

Enterprise	Program	Type of property: Real	Type of property: Manufactured housing community	Eligibility	Available use for manufactured housing
Fannie Mae	Standard financing	●		★	Purchase or refinance a manufactured home that serves as a primary or secondary residence.
	MH Advantage	●		□	Purchase or refinance an eligible manufactured home that serves as a primary residence.
	HomeReady	●		⬢	Purchase or refinance an eligible manufactured home that serves as a primary residence.
	HomeStyle Renovation and HomeStyle Energy	●		★	Finance repairs and renovations to an existing manufactured home including, but not limited to, energy-efficiency improvements.
	HFA Preferred	●		⬡	Purchase or limited cash-out refinance of an eligible manufactured home that serves as a primary residence, through participating state and local housing finance agencies.
Freddie Mac	Standard financing	●		★	Purchase or refinance an eligible manufactured home that serves as a primary or secondary residence.
	CHOICEHome	●		□	Purchase or no cash-out refinance an eligible manufactured home with site-built features. Potential for low down payment options if combined with other Freddie Mac programs.
	Home Possible	●		⬢	Purchase or no cash-out refinance for eligible manufactured home that serves as a primary residence.
	GreenCHOICE	●		★	Purchase or no cash-out refinance to repair an existing manufactured home to make energy- or water-efficiency improvements.
	CHOICERenovation	●		★	Purchase or no cash-out refinance to repair an existing home, including a manufactured home, up to $50,000 or 50 percent of the as-completed appraised value.
	HFA Advantage	●		⬡	Purchase or no cash-out refinance of an eligible manufactured home that serves as a primary residence, through participating state and local housing finance agencies.

Multifamily (secondary purchase loans)

Enterprise	Program	Type of property: Real	Type of property: Manufactured housing community	Eligibility	Available use for manufactured housing
Fannie Mae	Standard financing		●	◆	Purchase or refinance an existing, professionally managed manufactured housing community with at least 50 lots. Pricing incentives available for nontraditional types of manufactured housing community ownership (e.g., resident-owned).
Freddie Mac	Standard financing		●	◆	Purchase or refinance an existing manufactured housing community with at least five lots. Lower minimum loan amounts and longer payback terms available for nontraditional types of manufactured housing community ownership (e.g., resident-owned).

□ Specially designated manufactured homes that feature site-built characteristics
⬡ Low- to moderate-income borrowers
⬢ Borrowers with 80 percent or less of area median income
★ Qualified borrowers
◆ Borrowers with experience operating a manufactured housing community

Source: GAO analysis of Fannie Mae and Freddie Mac documentation. | GAO-23-105615

Text for Figure 2: Fannie Mae and Freddie Mac Financing Programs for Manufactured Homes

	Enterprise	Program	Type of property	Eligibility	Available use for manufactured housing
Single-family (secondary purchase loans)	Fannie Mae	Standard financing	Real	Qualified borrowers	Purchase or refinance a manufactured home that serves as a primary or secondary residence.
		MH Advantage	Real	Specially designated manufactured homes that feature site-built characteristics	Purchase or refinance an eligible manufactured home that serves as a primary residence.

	Enterprise	Program	Type of property	Eligibility	Available use for manufactured housing
		HomeReady	Real	Borrowers with 80 percent or less of area median income	Purchase or refinance an eligible manufactured home that serves as a primary residence.
		HomeStyle Renovation and HomeStyle Energy	Real	Qualified borrowers	Finance repairs and renovations to an existing manufactured home including, but not limited to, energy-efficiency improvements.
		HFA Preferred	Real	Low- to moderate-income borrowers	Purchase or limited cash-out refinance of an eligible manufactured home that serves as a primary residence, through participating state and local housing finance agencies.
	Freddie Mac	Standard financing	Real	Qualified borrowers	Purchase or refinance an eligible manufactured home that serves as a primary or secondary residence.
		CHOICEHome	Real	Specially designated manufactured homes that feature site-built characteristics	Purchase or no cash-out refinance an eligible manufactured home with site-built features. Potential for low down payment options if combined with other Freddie Mac programs.
		Home Possible	Real	Borrowers with 80 percent or less of area median income	Purchase or no cash-out refinance for eligible manufactured home that serves as a primary residence.
		GreenCHOICE	Real	Qualified borrowers	Purchase or no cash-out refinance to repair an existing home, including a manufactured home, up to $50,000 or 50 percent of the as-completed appraised value.
		CHOICERenovation	Real	Qualified borrowers	Purchase or no cash-out refinance to repair an existing manufactured home to make energy- or water-efficiency improvements.
		HFA Advantage	Real	Low- to moderate-income borrowers	Purchase or no cash-out refinance of an eligible manufactured home that serves as a primary residence, through participating state and local housing finance agencies.
Multifamily (secondary purchase loans)	**Fannie Mae**	Standard financing	Manufactured housing community	Borrowers with experience operating a manufactured housing community	Purchase or refinance an existing, professionally managed manufactured housing community with at least 50 lots. Pricing incentives available for nontraditional types of manufactured housing community ownership (e.g., resident-owned).

Enterprise	Program	Type of property	Eligibility	Available use for manufactured housing
Freddie Mac	Standard financing	Manufactured housing community	Borrowers with experience operating a manufactured housing community	Purchase or refinance an existing manufactured housing community with at least five lots. Lower minimum loan amounts and longer payback terms available for nontraditional types of manufactured housing community ownership (e.g., resident-owned).

Source: GAO analysis of Fannie Mae and Freddie Mac documentation. | GAO-23-105615

Ginnie Mae is a government corporation within HUD. Its mission is to link the U.S. housing market to the global capital markets, thus providing low-cost financing for federal housing programs. Unlike the enterprises, Ginnie Mae does not purchase mortgages, but guarantees the timely payment of interest and principal of mortgage-backed securities that consist entirely of federally insured or guaranteed mortgages, such as those of FHA, VA, and USDA.[12] By providing a full-faith-and-credit guarantee on these securities, Ginnie Mae lessens the risk for investors and broadens the market for the securities.

Manufactured Housing loans that are considered personal property are eligible for inclusion in mortgage-backed securities pools formed under the Ginnie Mae Manufactured Housing Program. Manufactured housing loans that are insured by FHA under Title I of the National Housing Act may be included in Ginnie Mae's Manufactured Housing Program.[13]

[12]Ginnie Mae does not issue mortgage-backed securities or originate the underlying mortgages. Rather, it relies on approved financial institutions to pool or securitize the eligible mortgages and issue Ginnie Mae-guaranteed mortgage-backed securities.

[13]Ginnie Mae's current Manufactured Housing Program was launched in 2010 following enactment of the FHA Manufactured Housing Loan Modernization Act of 2008. Title I Manufactured Home Loan Program loans are only eligible for pooling in Ginnie Mae's Manufactured Housing Program. Manufactured housing loans that are titled as real property and insured by HUD's Title II program are eligible to be pooled under the Ginnie Mae Single-Family Program.

Characteristics of Manufactured Homes, Communities, and Borrowers and Cost Implications of Financing Types

Our analysis of available data found that estimated shares of manufactured homes (as a percentage of housing stock) were highest on average across counties in the South and the West. Manufactured housing communities were located throughout the country with the majority of counties having more than two communities (2,263 out of 3,146 counties).[14] Manufactured homes are primarily occupied by homeowners rather than renters and manufactured housing communities have multiple ownership models. Low-income borrowers were more likely than borrowers with other income levels to use personal property loans when purchasing manufactured homes. Housing costs for manufactured home residents are lower than for site-built homes, but financing type influences costs.

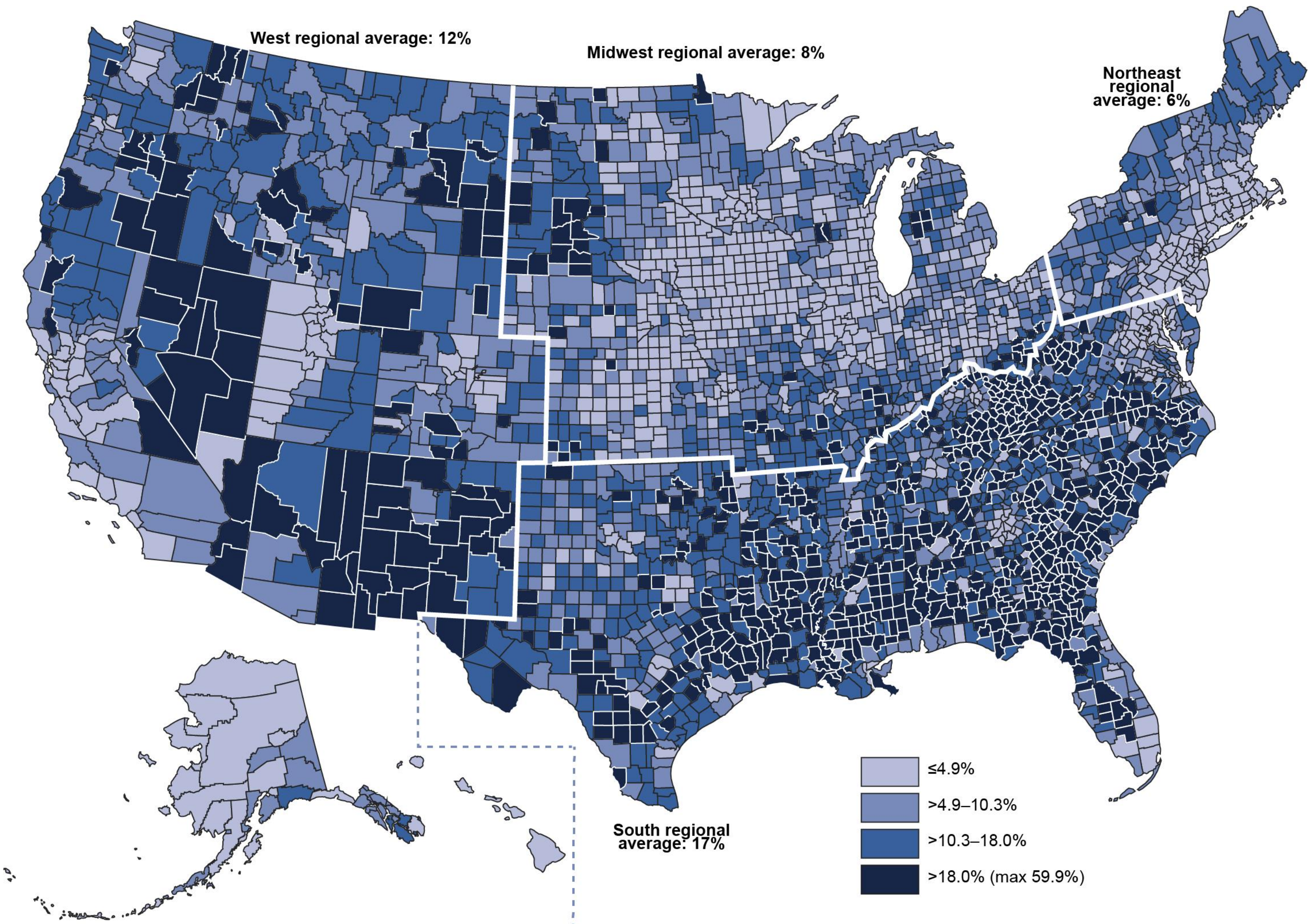
Location of Manufactured Homes and Communities

Manufactured Homes

The average share of manufactured homes as an estimated percentage of existing housing was highest in counties in the South (approximately 17 percent) and the West (approximately 12 percent). This was double the estimated county-level average in the Midwest (approximately 8 percent) and Northeast (approximately 6 percent), as shown in figure 3.

[14]We analyzed ACS and HIFLD data, see appendix I for more information.

Figure 3: Manufactured Homes as a Percentage of Housing Stock, by County and by Regional Average, 2017–2021



Source: GAO analysis of American Community Survey data. | GAO-23-105615

Note: Estimates for 2017–2021 were the most recently available. We used American Community Survey 5-year estimates because these have smaller margins of error than 1-year estimates and increased statistical reliability for smaller geographic areas and small population groups, according to the Census Bureau.

Manufactured housing represented a greater share of the housing stock, on average, in rural counties and counties with low median incomes and high poverty rates, according to our analysis of ACS estimates for 2017–2021.[15]

- Manufactured housing represented an estimated 14 percent share of housing stock, on average, in rural counties, compared with an estimated 10 percent, on average, in urban counties.[16]
- Manufactured housing represented an estimated 12 percent of the housing units, on average, on tribal land.[17]
- Manufactured housing represented an estimated 21 percent of the housing stock, on average, in counties with the lowest median incomes, compared with an estimated 6 percent, on average, in counties with the highest median incomes.
- Manufactured housing represented an estimated 20 percent of the housing stock, on average, in the highest-poverty counties, compared with an estimated 6 percent, on average, in the lowest-poverty counties.

Manufactured Housing Communities

Manufactured housing communities were located throughout the country, with 756 counties (out of 3,146 total counties) having more than 18 communities and the majority of counties having more than two

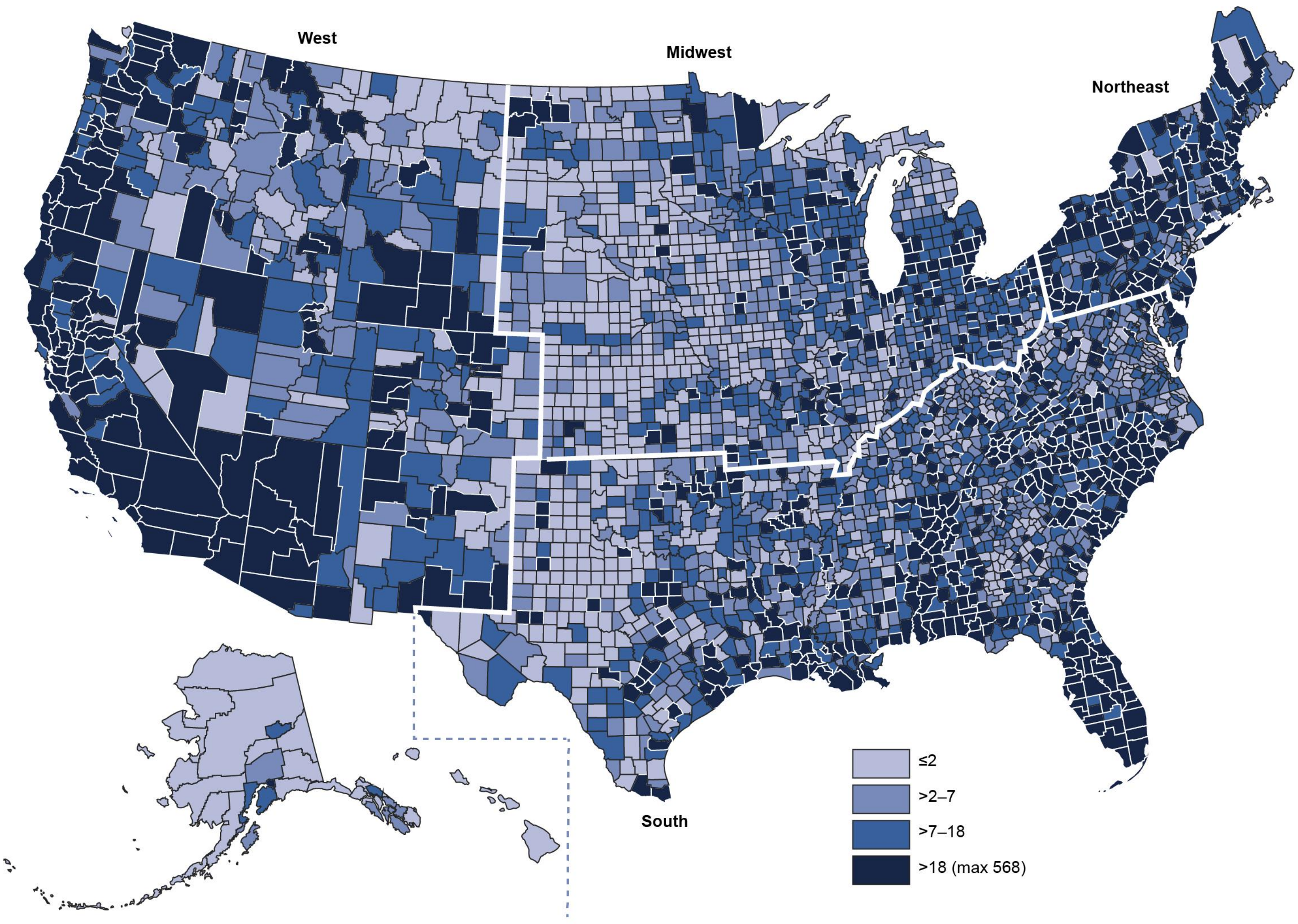
[15]We used 2017–2021 ACS data because they were the latest data available for our reporting purposes. For this report, rural counties are nonmetropolitan counties and urban counties are metropolitan counties, as designated by USDA in 2017. USDA's Economic Research Service designated metropolitan areas to include all counties with urban areas containing 50,000 people or more. Metropolitan areas also include outlying counties that are economically tied to the central counties, as measured by the share of workers commuting on a daily basis to the central counties. Nonmetropolitan counties are outside the boundaries of metropolitan areas and have no cities with 50,000 residents or more. Group differences were statistically significant at the 95 percent confidence level.

[16]The concentration of manufactured homes in rural counties may be due in part to zoning restrictions in some localities. For example, see Fannie Mae, *Multifamily Market Commentary: Manufactured Housing Landscape 2020* (Washington, D.C.: May 2020).

[17]For our analysis, we calculated the average percent of housing units that were manufactured homes on tribal land that contained housing units. We identified 556 unique land entities that met our definition of tribal land. Of the 556 unique land entities, 163 did not contain any manufactured homes. In addition, 37 land entities did not contain any housing units. For more information on our methodology, see appendix I.

communities (2,263 counties), according to our county-level analysis of 2022 HIFLD data (see fig. 4).[18]

Figure 4: Number of Manufactured Housing Communities, by County, as of 2022



Source: GAO analysis of Homeland Infrastructure Foundation-Level Data Open data. | GAO-23-105615

Research and data provide some information on the location characteristics of manufactured housing communities. Studies of Houston, Texas, and Los Angeles County, California, included in our

[18]Specifically, 787 counties had from seven to 18 manufactured housing communities, 720 counties had from two to seven communities, and 883 counties had less than two.

literature review found manufactured housing communities were commonly located in neighborhoods with lower population density and in urban areas or close to urban areas.[19]

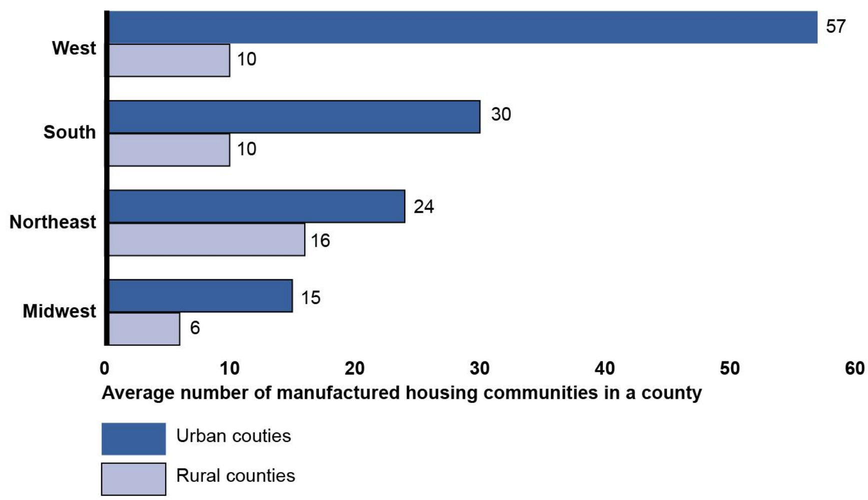
According to our national analysis of 2022 HIFLD data and 5-year ACS estimates, counties with the highest average number of manufactured housing communities tended to be urban, high-income, and had poverty rates at the 50th percentile (median) of county-level poverty rates across the nation.

- Urban counties had an average of 29 manufactured housing communities and rural counties an average of nine. Regionally, this trend was most pronounced in the West, where urban counties had an average of 57 manufactured housing communities and rural counties had an average of 10 (see fig. 5).
- The highest median-income counties had an average of 22 manufactured housing communities and the lowest median-income counties an average of 10.[20]
- Counties with poverty rates at the median had the highest average number of communities, while counties at the high and low ends had the lowest.

[19]Esther Sullivan, Carrie Makarewicz, and Andrew Rumbach, "Affordable but Marginalized," *Journal of the American Planning Association*, vol. 88, no. 2 (2022): 232-244; and Gregory Pierce, C. J. Gabbe, and Silvia R. Gonzalez, "Improperly-zoned, spatially-marginalized, and poorly-served? An analysis of mobile home parks in Los Angeles County," *Land Use Policy*, vol. 76 (2018): 178-185. Due to a lack of comprehensive data on manufactured housing communities, the authors of the 2018 study used a list of communities last updated in 2013 as the basis for their analysis.

[20]To conduct this analysis, we divided counties into quintiles based on median income data from ACS. We then calculated the average number of manufactured housing communities in counties in each income category.

Figure 5: Average Number of Manufactured Housing Communities in a County, by Census Region, as of 2022



Sources: GAO analysis of Homeland Infrastructure Foundation-Level Data Open data. | GAO-23-105615

Data for Figure 5: Average Number of Manufactured Housing Communities in a County, by Census Region, as of 2022

	Region	Average number of manufactured housing communities
Urban counties	West	57
	Midwest	15
	Northeast	24
	South	30
Rural counties	West	10
	Midwest	6
	Northeast	16
	South	10

Source: GAO analysis of Homeland Infrastructure Foundation-Level Data Open data. | GAO-23-105615

Note: County size varies by census region. Our analysis does not account for difference in county land size in the statistics reported.

According to our analysis of MHS data, an estimated 51 percent of new manufactured homes sold in 2021 were placed in manufactured housing communities. The remainder were placed in subdivisions or on other private property.[21] In terms of the size of the manufactured home, in 2021, about half of the new manufactured homes placed in these communities were single-wide, and about half were double-wide or larger. Regionally, the Midwest had the greatest share of new single-wide homes placed in communities (approximately 65 percent), and the West had the smallest (approximately 31 percent). The South and Northeast had similar estimated proportions of new single-wide and double-wide or larger units placed in communities.

Ownership of Manufactured Homes and Communities

Manufactured Homes

Like site-built homes, manufactured homes are primarily occupied by homeowners rather than renters, according to our analysis of 2021 AHS data.[22] Specifically, an estimated 77 percent of households owned their manufactured homes, compared with an estimated 23 percent who rented them. This is a slightly smaller share than for site-built homes—an estimated 84 percent of site-built home households owned their homes, and an estimated 16 percent rented.[23] Slightly more manufactured

[21]The 2021 MHS used the terms manufactured housing communities and private property to describe final placement of the home. Specifically, the survey asked manufactured home dealers if manufactured homes were placed at their final destination, and if so, if the home was placed in a land-lease community or manufactured home community, on private property in a subdivision or planned-unit development, or on other private property. HUD and Census changed the way MHS measures placement of manufactured homes in manufactured housing communities in 2021 to include homes that were placed but not yet sold to a homeowner. Previously, only homes placed in manufactured housing communities and sold were counted. Subgroup differences are statistically significant at the 95 percent confidence interval.

[22]All of the reported findings using AHS are statistically significant at the 95 percent confidence level, unless otherwise noted.

[23]For our AHS analysis, we defined site-built homes as including both attached and detached single-family houses.

homeowners were first-time homebuyers (approximately 47 percent) than site-built homeowners (approximately 44 percent).[24]

Manufactured Housing Communities

Owners of manufactured housing communities include private companies, cooperatives (including resident-owned entities), and nonprofits. Available information suggests an increase in the number of investors, such as private investors or real estate investment trusts, purchasing manufactured housing communities in recent years.[25] For instance, sales of manufactured housing communities grew above prior-year levels in 2020 and 2021. These sales were estimated to range from $8 billion to $9.4 billion in 2021, the highest volume recorded in the previous 5 years, according to Fannie Mae.[26] By comparison, investor activity in the multifamily sector initially slowed in 2020 during the pandemic but increased substantially in 2021, according to an industry report.[27] Investors spent $335 billion on multifamily real estate in 2021, significantly above the previous record of $193.1 billion in 2019, according to a real estate appraisal services company.[28]

Determining the extent of purchases of manufactured housing communities by investors is difficult because information is limited on who or what company owns manufactured housing communities, according to our research and interviews with agency officials and an industry data firm. Appendix II discusses available sources of information that we and others have explored to describe manufactured housing community ownership.

[24]The unit of observation in the AHS is a housing unit. For this report, we refer to "manufactured housing owners" as households that responded to the survey and indicated that they owned their manufactured housing unit and "manufactured housing renters" as households that responded to the survey and indicated that they rented their manufactured housing unit.

[25]For more information on our literature review, see appendix I.

[26]Fannie Mae, *Multifamily Economic and Market Commentary: A Slight Increase in the Supply of New Manufactured Housing Communities* (Washington, D.C.: Sept. 21, 2022); accessed at https://www.fanniemae.com/media/44616/display.

[27]Marcus & Millichap, "2022 Multifamily National Investment Forecast."

[28]CBRE, "U.S. Multifamily Cap Rate Report - Q4 2021."

Multiple factors potentially contribute to manufactured home communities being considered attractive investments, including income from rent increases, the ability to package purchased communities into portfolios that can be sold to real estate investment trusts, steady demand and a limited supply of new communities, and stability of cash flow because homeowners cannot easily move their homes. More specifically,

- Investors viewed manufactured housing communities as a good investment because few new communities were under construction and demand for home sites in communities was high, according to three industry participants and industry reports we reviewed.[29]
- Additionally, most owners do not relocate their homes once placed in a community because moving a manufactured home may be cost-prohibitive and result in damage to the home, according to our literature review.
- Furthermore, manufactured housing communities tend to have low vacancy rates, which contributes to a steady stream of revenue. According to one industry report, occupancy rates in manufactured housing communities remained steadily at or above 90 percent from 2009 through 2021, reaching 95 percent on average in 2021.[30]

Borrower Characteristics by Financing Type

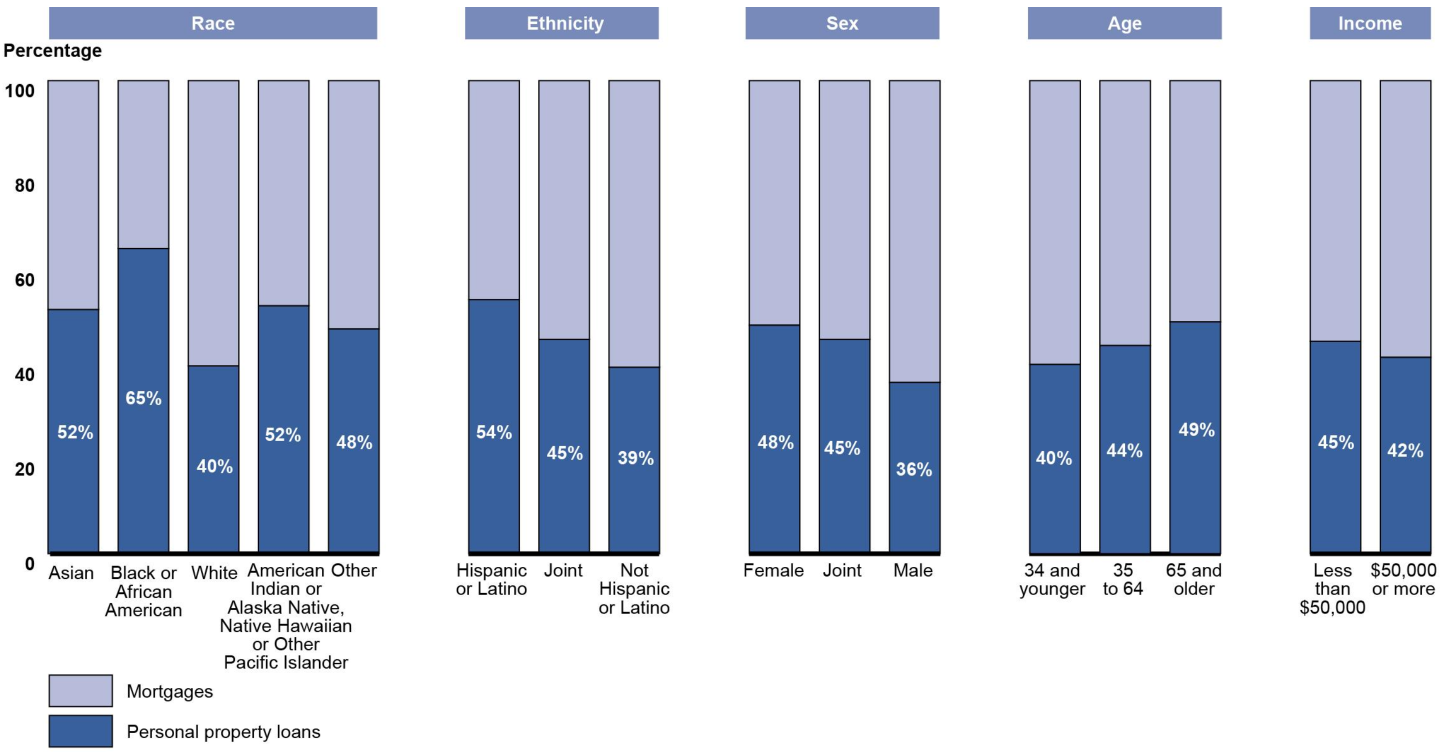
The share of borrowers obtaining a mortgage versus a personal property loan to purchase a manufactured home varied geographically and by demographic factors. The Midwest had the highest share of borrowers who obtained a personal property loan for such purchases (52 percent), followed by the Northeast and the South (47 percent each), according to HMDA data. Higher shares of Black, Hispanic, older, and lower-income borrowers obtained personal property loans for manufactured home purchases than other groups in 2021 (see fig. 6). A higher share of

[29]Industry reports we reviewed indicated demand for lower-cost housing options is a contributing factor to the high occupancy rates in manufactured housing communities. See Marcus & Millichap, *National Report: Manufactured Home Communities* (2022); and JLL, *Manufactured Housing Communities: Market Trends and Valuation Index Report* (Fall 2021).

[30]One research firm estimated its dataset included $14.9 billion, or 6.4 percent of the total estimated market capitalization of the $233.4 billion market for manufactured housing communities. See *Manufactured Housing Communities: Market Trends and Valuation Index Report* (Fall 2021).

female borrowers took out a personal property loan than male borrowers or joint borrowers (a male and a female borrower).[31]

Figure 6: Characteristics of Manufactured Home Borrowers with Personal Property Loans and Mortgage Loans, 2021



Source: GAO analysis of Home Mortgage Disclosure Act (HMDA) data. | GAO-23-105615

Data for Figure 6: Characteristics of Manufactured Home Borrowers with Personal Property Loans and Mortgage Loans, 2021

Category	Demographic Variable	MH Personal Property	MH Mortgage
Race	Asian	51.6%	48.4%
	Black	64.5%	35.5%
	White	39.7%	60.3%
	American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander	52.4%	47.6%
	Other	47.5%	52.5%
Ethnicity	Hispanic or Latino	53.7%	46.3%
	Joint	45.3%	54.7%

[31]"Joint" borrowers are an applicant and co-applicant who are not the same sex or an applicant and co-applicant who are both male or both female. An applicant may select male, female, or both. For more information on our methodology, see appendix I.

Category	Demographic Variable	MH Personal Property	MH Mortgage
	Not Hispanic or Latino	39.4%	60.6%
Sex	Female	48.3%	51.7%
	Joint male and female	45.3%	54.7%
	Male	36.2%	63.8%
Age	34 and younger	40%	60%
	35 to 64	44%	56%
	65 and older	49%	51%
Income	Income under $50,000	44.9%	55.1%
	Income Over $50,000	41.5%	58.5%

Source: GAO analysis of Home Mortgage Disclosure Act (HMDA) data. | GAO-23-105615

Note: We used HMDA-derived fields for race, ethnicity, and sex, which are aggregated from the source data following a methodology developed by the Consumer Financial Protection Bureau for analysis and privacy protection. For race characteristics, the “Other” category generally included joint borrowers or no response. Responses with no race information accounted for 85 percent of the borrowers in the “Other” category. Joint categories generally included responses that indicated that the co-borrowers were of different race, ethnicity, or sex.

Some borrowers who obtained a personal property loan to buy a manufactured home may have applied for a mortgage. Specifically, according to our analysis of HMDA data, 26 percent of borrowers who obtained a personal property loan in 2021 also owned the land under their home, meaning the home could have been classified as real property and might have been eligible for a mortgage. A 2021 study by the Consumer Financial Protection Bureau (CFPB) similarly found these borrowers might have qualified for a mortgage (which offer more favorable terms, such as interest rate or loan terms).[32] The CFPB study found that such borrowers had similar or better credit attributes than landowners who obtained a mortgage for a manufactured home.

The shares of borrowers who might have applied for a mortgage but instead obtained a personal property loan varied geographically. Thirty-six percent of borrowers in the South who owned the land but obtained a personal property loan might have applied for a mortgage, a higher rate than for other regions. Among our eight selected states, Georgia had the highest share of personal property borrowers obtaining a loan for a

[32]Consumer Financial Protection Bureau, *Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data* (Washington, D.C.: May 2021). CFPB found borrowers who owned the land under their manufactured homes but obtained personal property loans had similar median credit scores and incomes and better loan-to-value and debt-to-income ratios than borrowers who obtained mortgages for manufactured homes. Lenders examine the credit and financial circumstances of borrowers to determine their eligibility for loans. Credit scores and loan-to-value and debt-to-income ratios are used as key predictors of creditworthiness and thus the likelihood of default.

manufactured home on land they owned (43 percent), and California the lowest (2 percent). Geographical differences in home prices or other factors could help explain these differences. See appendix III for more information.

According to our literature review, reasons these borrowers took out personal property loans could include the difficulty of obtaining a mortgage for a small loan amount, a desire not to encumber their land, or a desire to lower their property taxes. In addition, state laws for classifying manufactured homes generally automatically default to personal property, according to legal analysis we reviewed.[33] Therefore, the borrower would need to take steps to change the classification to real property to apply for a mortgage.

Housing-related Costs and Cost Implications of Financing Types

Average Housing-related Costs

As shown in figure 7, average housing-related costs for manufactured homes were lower than for site-built homes, which benefits the often low- or lower-income residents of these homes. Monthly housing-related costs include mortgage or rent payments, utilities, maintenance costs, and other taxes or fees. Manufactured homeowners paid significantly less in estimated monthly housing-related costs than site-built homeowners in 2021, according to our analysis of AHS data.[34] Manufactured home renters also had lower estimated monthly costs on average than renters overall.[35]

According to AHS estimates, households living in manufactured housing tended to have lower incomes and higher rates of poverty than

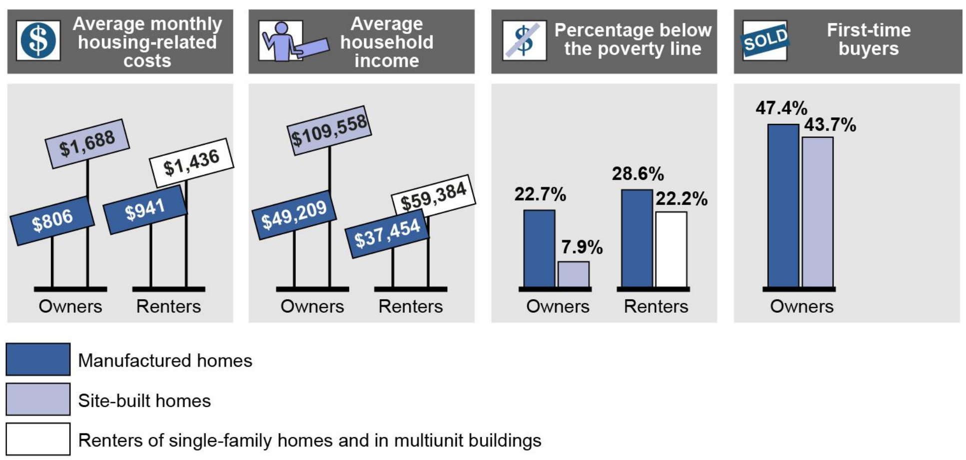
[33]Thomson Reuters, Practical Law Real Estate, *Manufactured Homes (Financing): State Comparison Chart* (Eagan, Minn.: Westlaw, Aug. 18, 2021).

[34]We analyzed AHS data at the national level because we determined estimates for smaller geographies had high margins of error due to low numbers of respondents in manufactured homes and were therefore not sufficiently reliable to include in our report.

[35]We compared renters of manufactured homes to renters of single-family homes and of units in multiunit buildings. Renters of manufactured homes were not included, so we could compare manufactured housing households separately from these household types. We did not analyze the proportion of a resident’s income that was dedicated to paying housing costs (e.g., to determine whether households were housing cost-burdened).

households in other types of housing.[36] In 2021, manufactured homeowners' average annual income was approximately half that of site-built homeowners. Manufactured home renters also had lower estimated incomes on average than renters of single-family homes or in multiunit buildings. A higher share (about 23 percent) of manufactured homeowners had incomes below the poverty line in 2021 than site-built homeowners (about 8 percent).[37]

Figure 7: Selected Financial Characteristics of Manufactured Homeowners, Site-built Homeowners, and Renters, 2021



Source: GAO analysis of American Housing Survey data. | GAO-23-105615

Data for Figure 7: Selected Financial Characteristics of Manufactured Homeowners, Site-built Homeowners, and Renters, 2021

Data Category	Home owners		Renters	
	Manufactured Homes	Site-built Homes	Manufactured Homes	All home types
Average household income	$49,209	$109,558	$37,454	$59,384

[36]Residents in other types of housing include owners of site-built homes, renters of site-built homes, and renters of either single-family homes or in multiunit buildings. The category for renters does not include manufactured homes so that we could compare manufactured housing separately from these housing types.

[37]Because manufactured housing is more prevalent in rural areas, differences in income by property classification may partly reflect differences in income by rural or urban area status, according to research we reviewed. For example, see Sarah Riley, Allison Freeman, and Jess Dorrance, *Alternatives to Mortgage Financing for Manufactured Housing* (Chapel Hill, N.C.: University of North Carolina at Chapel Hill, Center for Community Capital, August 2021).

Data Category	Home owners		Renters	
	Manufactured Homes	Site-built Homes	Manufactured Homes	All home types
Average monthly housing-related costs	$806	$1,688	$941	$1,436
Percent below poverty line	22.7%	7.9%	28.6%	22.2%
First-time home buyer	47.4%	43.7%	no data	no data

Source: GAO analysis of American Housing Survey data. | GAO-23-105615

Notes: The category for renters does not include manufactured homes so that we could compare manufactured housing separately from these housing types. Monthly housing-related costs include mortgage or rent payments, utilities, maintenance costs, and other taxes or fees. All values displayed are estimates from a survey and have corresponding margins of error. Differences between estimates we report are significant at the 95 percent confidence level, unless otherwise noted.

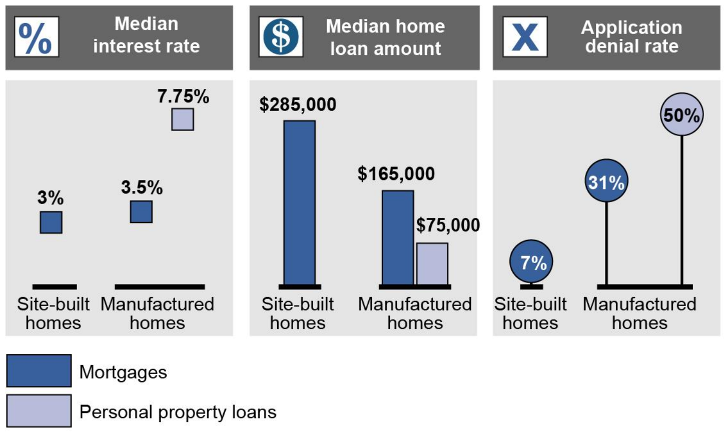
Type of Financing and Cost Implications

Borrowers may finance a manufactured home purchase with either a personal property loan or mortgage, which has implications for loan size and financing costs and thus housing affordability (see fig. 8). Fifty-seven percent of borrowers who obtained financing to purchase a manufactured home in 2021 obtained a mortgage, and 43 percent obtained a personal property loan, according to our analysis of HMDA data.[38] Personal property loans had higher interest rates and shorter payment terms than mortgages—attributes that can increase the overall cost of financing.[39] However, in practice, monthly payments for personal property loans may be lower and thus more affordable because loan amounts were smaller on average than for mortgages, partly because these payments do not include the cost of land.

[38]Our analysis included loans originated and did not include applications that were denied, withdrawn, or incomplete. We could not determine the loan type for 4,938 loans (4 percent) of the 133,541 manufactured home loans in HMDA data in 2021.

[39]Manufactured home and site-built mortgages generally had 30-year payment terms. Terms for personal property loans ranged from 20 to 23 years, according to our analysis of 2021 HMDA data.

Figure 8: Characteristics of Personal Property Loans and Mortgage Loans, for Manufactured and Site-built Homes, 2021



Source: GAO analysis of Home Mortgage Disclosure Act data. | GAO-23-105615

Data for Figure 8: Characteristics of Personal Property Loans and Mortgage Loans, for Manufactured and Site-built Homes, 2021

Characteristic	Manufactured Home Personal Property Loan	Manufactured Home Mortgage	Site-built homes
Application denial rate	50%	31%	7%
Median interest rate	7.75	3.5	3
Loan term	20 – 23 years	30 years	30 years
Median home loan amount	$75,000	$165,000	$285,000

Source: GAO analysis of Home Mortgage Disclosure Act data. | GAO-23-105615

Personal property loans also had higher denial rates than manufactured home mortgages, or mortgages for site-built homes. In 2021, lenders denied 50 percent of personal property loan applications, according to our analysis of HMDA data, compared with 31 percent of manufactured home mortgages and 7 percent of site-built home mortgages. Lenders cited the applicant's credit history as the reason for denial more frequently for manufactured home loans than for site-built home loans, according to our literature review. Also, manufactured home borrowers who applied for conventional loans rather than federally financed mortgages had a greater share of denials.[40] Borrowers also may have submitted more than one application.

Moreover, a 2022 Urban Institute report found that some racial and ethnic groups had higher denial rates of applications than others. For example, the study found 76 percent of applications by Black borrowers for manufactured home mortgages and personal property loans were denied in 2020, compared with 51 percent of applications by White borrowers.[41]

Type of Financing and Location of Manufactured Homes Determine Which Consumer Protections Are Applicable

Manufactured home borrowers with personal property loans generally have fewer federal consumer protections than those with mortgages (real property loans). Certain federal loan programs offer manufactured home borrowers home warranties and consumer education. Classification as personal or real property may affect the type of taxes to which a property is subject, how it is appraised, and what options are available if the loan defaults. States vary in the extent to which they offer protections relating to rental agreements, eviction procedures, and community sales and closures to residents of manufactured housing communities.

[40]Sarah Riley, Allison Freeman, and Jess Dorrance, "Is Manufactured Home Financing Hard to Get? An Exploratory Analysis of Home Purchase Loan Applications" (Chapel Hill, N.C.: University of North Carolina at Chapel Hill, Center for Community Capital, August 2021).

[41]Jung Hyun Choi and Peter J. Mattingly, "What Different Denial Rates Can Tell Us About Racial Disparities in the Mortgage Market" (Washington, D.C.: Urban Institute, Jan. 13, 2022); accessed May 24, 2023, https://www.urban.org/urban-wire/what-different-denial-rates-can-tell-us-about-racial-disparities-mortgage-market. According to the Pew Charitable Trusts, manufactured homebuyers who are denied a personal property loan may purchase a home with cash or may not purchase a home. See Linlin Liang, Rachel Siegel, and Adam Staveski, "Data Shows Lack of Manufactured Home Financing Shuts Out Many Prospective Buyers" (Washington, D.C.: Pew Charitable Trusts, Dec. 7, 2022); accessed January 24, 2023, https://www.pewtrusts.org/en/research-and-analysis/articles/2022/12/07/data-shows-lack-of-manufactured-home-financing-shuts-out-many-prospective-buyers. A study of Texas manufactured home title records found that a higher local denial rate for manufactured housing loans was associated with a higher likelihood of cash purchases among manufactured homebuyers who titled their homes as personal property. See *Alternatives to Mortgage Financing for Manufactured Housing* (2021).

Personal Property Loans Have Fewer Consumer Protections Than Mortgages

Manufactured home borrowers with personal property loans that are not secured by land generally have fewer consumer protections under federal law than those with mortgages.

Federal laws applicable to both mortgages and personal property loans include the following:

- **Truth in Lending Act (TILA),** which is intended to provide consumers with more information about the costs of credit. For instance, creditors generally are required to provide the amount financed; finance charge and the finance charge expressed as an annual percentage rate; number, amount, and due dates or periods of payments; and the provisions for new payment, late payment, or prepayment. The disclosures are intended to make borrowers aware of the cost of the loan and policies for paying the loan, so that lenders cannot charge arbitrary rates or implement policies that are not disclosed to the borrower.[42]
- **Housing and Economic Recovery Act of 2008,** which aimed to strengthen and modernize the regulation of Fannie Mae and Freddie Mac and the Federal Home Loan Banks and expanded the housing mission of these enterprises. The law also has several provisions related to manufactured housing (some of which we discuss later in the report).
- **Secure and Fair Enforcement for Mortgage Licensing Act of 2008,** which is intended to enhance consumer protection and reduce fraud by encouraging states to establish minimum standards for the licensing and reporting requirements of state-licensed mortgage loan originators.[43]

[42]12 C.F.R. §§ 1026.19(e) and (f). There is some difference in the type of disclosures to which manufactured home borrowers are entitled to under the Truth in Lending Act and its implementing Regulation Z due to loan type. See also *Integrated Mortgage Disclosures Under the Real Estate Settlement Procedures Act (Regulation X) and the Truth in Lending Act (Regulation Z)*, 78 Fed. Reg. 79730 (Dec. 31, 2013).

[43]Pub. L. No. 110-289, § 1502, 122 Stat. 2654, 2810 (codified at 12 U.S.C. § 5101).

Two laws do not always apply or fully apply to personal property loans that are not secured by land.

- **Real Estate Settlement Procedures Act (RESPA)** gives borrowers with mortgages protections intended to ensure that they receive information on the nature and costs of the real estate settlement process and are protected from unnecessarily high settlement charges caused by certain abusive practices.[44] These protections are not available for borrowers with personal property loans.
- **The Home Ownership and Equity Protection Act (HOEPA)** prohibits a number of abusive lending terms.[45] However, personal property loans may be less likely to be subject to HOEPA than mortgages.[46] HOEPA covers only "high-cost mortgages," as defined by the statute, which are more common among mortgages.[47]

[44]12 U.S.C. § 2601(a). At settlement, RESPA requires a uniform settlement statement that shows all charges in connection with the settlement before and at the time of the settlement. RESPA also requires an initial escrow statement that itemizes the estimated taxes, insurance premiums, and other charges expected to be paid from the escrow account in the first year. RESPA generally prohibits kickbacks and unearned fees for settlement services and charges for the preparation of certain documents. Additional disclosure requirements—an annual escrow statement that summarizes deposits and payments and a servicing transfer statement if the loan is transferred to a different servicer—apply after the loan is settled.

[45]HOEPA was enacted in 1994 as an amendment to TILA to address abusive practices in refinances and closed-end home equity loans with high interest rates or high fees. Since HOEPA's enactment, refinances or home equity mortgage loans meeting any of HOEPA's high-cost coverage tests have been subject to special disclosure requirements and restrictions on loan terms, and consumers with high-cost mortgages have had enhanced remedies for violations of the law. In 2010, the Dodd-Frank Act amended TILA by expanding the scope of HOEPA coverage to include purchase-money mortgages and open-end credit plans (home equity lines of credit or HELOCs) and amended HOEPA's coverage tests.

[46]National Consumer Law Center, Manufactured Housing Resource Guide, *Titling Homes as Real Property* (Boston, Mass.: October 2014).

[47]For this report, we refer to real property home loans and mortgage loans as mortgages. High-cost mortgages are generally defined under HOEPA as loans for which, subject to periodic adjustments as applicable: (1) the annual percentage rate is more than 650 basis points above the average prime offer rate for first liens, or more than 850 basis points above the average prime offer rate for subordinate liens as well as first-lien personal property loans for less than $50,000; or (2) the loan's points and fees are more than 5 percent of the total loan amount for loans of $20,000 or more, with different thresholds for loans under $20,000. There is also a test based on the presence and nature of prepayment penalties. See 12 C.F.R. § 1026.32.

Certain Programs Offer Borrowers Additional Consumer Protections

Individual manufactured home borrowers with federally guaranteed or direct loans from certain programs also benefit from consumer protections, such as home warranties and consumer education (see table 1). For example, HUD's Title I Manufactured Home Loan Program, USDA's Section 502 Direct Loan Program, and VA's Home Loan Program require manufacturer warranties for new manufactured home purchases. These warranties assure borrowers that their homes are built to the HUD Code and obligate manufacturers to address any construction deficiencies during the warranty period.[48]

Table 1: Examples of Consumer Protections Available under Certain Loan Programs

Program	Lease term requirements	Warranty requirements	Consumer education requirements
HUD Title I Manufactured Home Loan Program	3-year term for initial lease Lease must be renewable for 1 year or more upon expiration of initial term 180-day advance notice of lease termination[a]	1-year manufacturer warranty for new manufactured homes	N/A
USDA Section 502 Guaranteed Loan Program	N/A	1-year or 10-year manufacturer warranty for new manufactured homes	Encouraged, as consumer education is an allowable expense
USDA Section 502 Direct Loan Program	N/A	1-year or 10-year manufacturer warranty for new manufactured homes[b]	Required for first-time homebuyers
VA Home Loan Program	N/A	Manufacturer warranty and 1-year installer warranty for new manufactured homes	N/A

Legend: HUD = Department of Housing and Urban Development; N/A = not applicable; USDA = Department of Agriculture; VA = Department of Veterans Affairs

Source: GAO analysis of selected loan programs. | GAO-23-105615

[a]Specifically, HUD requires that Title I borrowers or tenants residing in manufactured housing communities receive a 180-day advance notice of termination of the lease in the event of a community sale or closure. If community owners fail to provide this notice in a timely manner, HUD requires that, upon expiration of the lease, it automatically renews for an additional one-year term.

[b]For the Section 502 Direct Loan Program, USDA also uses a formal process for handling and resolving borrowers' complaints related to the construction, installation, and set-up of manufactured homes.

[48]The HUD Code is a set of rules all manufactured home builders must meet, is applied nationwide, and preempts state and local building codes.

Additionally, some federal financing programs require or encourage consumer education to help borrowers understand and evaluate loan product options. Such education programs cover a range of homeownership topics, such as the home-buying process, obtaining a loan, finding a home, and closing a loan. For example, the enterprises require consumer education for first-time homebuyers in some secondary purchase programs.[49]

Classification of Manufactured Homes as Personal or Real Property Can Affect Taxes, Appraisals, and Loan Defaults

Whether a manufactured home is classified as real or personal property has other implications for homeowners, according to our review of state laws.[50] Specifically, classification as personal or real property may affect the type of taxes to which a property is subject, how it is appraised, and options available if the borrower defaults on the loan.

- **Taxes.** Owners of manufactured homes may be subject to different state taxes and tax benefits, depending on how the home is classified. For example, in certain states, manufactured homeowners are only eligible for the homestead tax exemption if the home is considered real property and the homeowner owns the underlying land.[51] The homestead exemption may be a way to minimize property taxes for homeowners. In some states, if a home is considered personal property, it may be subject to taxes imposed by state or local

[49]Fannie Mae requires consumer education if all borrowers of a loan are first-time homebuyers for HomeReady purchase transactions, HFA Preferred purchase transactions, and MH Advantage when the loan-to-value ratio is greater than 95 percent (that is, when the loan amount represents 95 percent or more of the home's appraised value). Freddie Mac requires consumer education in its Home Possible program when all occupying borrowers are first-time homebuyers.

[50]State-level statutes determine the process for changing the title of a manufactured home from personal property to real property, or vice versa (which is uncommon). In the majority of states, the default classification for manufactured homes is personal property. In the eight states we selected, the steps to re-title a manufactured home from personal property to real property varied. Steps typically included permanently attaching the home to real property—on land the resident owns or leases through a long-term lease—and canceling or surrendering the manufactured home's certificate of origin or title.

[51]Thomson Reuters, Practical Law Real Estate, *Manufactured Homes (Ownership): State Comparison Chart* (Eagan, Minn.: Westlaw, Aug. 26, 2021).

governments on certain assets that can be touched and moved. Such a tax can be a percentage of the estimated value.

- **Appraisal process.** The property classification of a manufactured home can affect its appraised value. Manufactured homes considered as real property are appraised using a method similar to that used for site-built homes, which factors a home's location and site value, among other things, into a valuation. In contrast, manufactured homes considered as personal property typically are appraised under a process that assumes the home depreciates over time, similar to a car. These differences can affect an owner's ability to build wealth over time, the home's resale value, or both.
- **Loan default process.** The property classification of a manufactured home determines which process a lender must use in the event that a borrower defaults on their loan. As we previously reported, if the manufactured home is considered real property, the borrower is subject to the foreclosure process, which may have longer notice periods and offer loan modification or remediation options.[52] In contrast, borrowers with manufactured homes considered as personal property are subject to repossession, which may provide borrowers with fewer protections than foreclosure, such as the amount of notice a borrower has when their property is repossessed.[53]

[52]See GAO, *Federal Housing Administration: Agency Should Assess the Effects of Proposed Changes to the Manufactured Home Loan Program*, GAO-07-879 (Washington, D.C.: Aug. 24, 2007). Depending on state law and the mortgage contract, the two most common methods of foreclosure are judicial foreclosure and nonjudicial foreclosure by power of sale. Judicial foreclosures are processed through court actions, but nonjudicial power of sale foreclosures are processed without court involvement, based on the lender's exercise of the power of sale in the mortgage or deed of trust.

[53]If a manufactured home is personal property, and not affixed to real property, the rights of the creditor and homeowner are governed by the Uniform Commercial Code (a model code adopted by some states) or other state law pertaining to repossession. The Code authorizes a creditor upon default to take possession of the home without judicial process if this could be done without breaching the peace.

Tenant Protections Offered to Residents of Manufactured Housing Communities Vary by State and Financing Type

State Protections

State laws vary in the extent to which they offer residents (homeowners and tenants) of manufactured housing communities protections relating to rental agreements, eviction procedures, and community sales and closures.[54] For example, the National Consumer Law Center reported in 2021 that 18 states adopted policies that encourage community owners to give manufactured housing residents the opportunity to purchase the land on which their homes sit.[55] A 2021 law review article found that less than half of the 50 states require community owners to provide notice when the property is sold.[56] According to the National Consumer Law Center and other stakeholders, providing notice to residents and providing residents opportunities to purchase can serve as protections when there are community closures due to redevelopment.

Tenant protections for residents of manufactured housing communities varied across our eight selected states due to differences in state laws, such as for rental agreements and rental payments, eviction procedures, community sales and closures, and some other types of protections.[57]

Rental agreements. All eight states we selected require the inclusion or exclusion of certain provisions in rental lease agreements for residents of manufactured housing communities (see fig. 9). For example, California requires lease agreements to include provisions related to management responsibilities of the community owners, utilities and services included,

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[54]Generally, tenant protections for manufactured housing residents are designed and implemented at the state level.

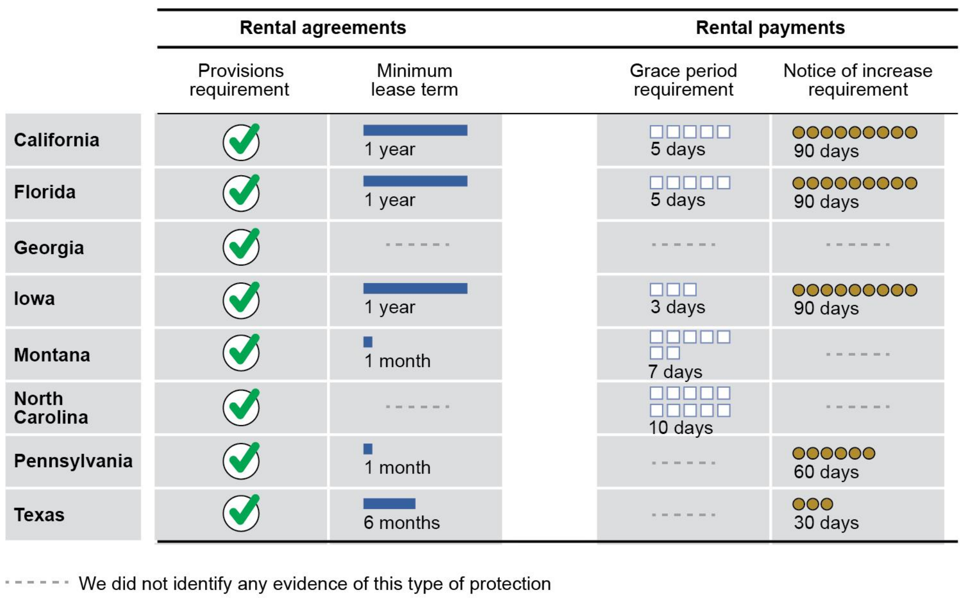
[55]The National Consumer Law Center found that these states varied in their adoption of other types of policies that are supportive of resident-owned communities, such as when notice of a community sale is required. Some states require community owners to provide a notice to residents if they intend to sell the community, while other states require resident notification only when the community is being sold for a change in use. National Consumer Law Center, *Manufactured Housing Resource Guide: Promoting Resident Ownership of Communities* (Boston, Mass.: January 2021).

[56]Thomson Reuters, Practical Law Real Estate, *Manufactured Homes (Leasing): State Comparison Chart* (Eagan, Minn.: Westlaw, Sept. 9, 2021).

[57]See appendix III for more information on the selected states.

and information about fees and charges. California also prohibits the inclusion of a provision that waives a manufactured housing community resident’s rights. Texas prohibits the inclusion of provisions that are illegal and requires rent or fee increases during the lease term to be initialed by the tenant or the provision is void. Texas also prohibits a community owner or resident from waiving rights or providing an exemption in a lease to a community owner and resident from a responsibility or liability as required by the Texas Manufactured Homes Tenancy laws.

Figure 9: Tenant Protections Related to Manufactured Housing Community Resident Rental Agreements and Payments in Selected States, as of May 2023



Source: GAO analysis of selected state statutes on landlord/tenant law. | GAO-23-105615

Data for Figure 9: Tenant Protections Related to Manufactured Housing Community Resident Rental Agreements and Payments in Selected States, as of May 2023

	Rental agreements		Rental payments	
	Provisions requirement	**Minimum lease term**	**Grace period requirement**	**Notice of increase requirement**
California	yes	1 year	5 days	90 days
Florida	yes	1 year	5 days	90 days
Georgia	yes	We did not identify any evidence of this type of protection	We did not identify any evidence of this type of protection	We did not identify any evidence of this type of protection
Iowa	yes	1 year	3 days	90 days

	Rental agreements		Rental payments	
	Provisions requirement	Minimum lease term	Grace period requirement	Notice of increase requirement
Montana	yes	1 month	7 days	We did not identify any evidence of this type of protection
North Carolina	yes	We did not identify any evidence of this type of protection	10 days	We did not identify any evidence of this type of protection
Pennsylvania	yes	1 month	We did not identify any evidence of this type of protection	60 days
Texas	yes	6 months	We did not identify any evidence of this type of protection	30 days

Source: GAO analysis of selected state statutes on landlord/tenant law. | GAO-23-105615

Note: The figure depicts the general parameters related to rental agreements and payments and does not account for all variations allowed. For example, many states permit shorter and longer lease terms as agreed upon by the parties, and the length or the start of the grace period may differ. See appendix III for more information.

While six of the eight states have minimum lease terms, all these states allow community owners to offer lease agreements with a different length of time than their respective minimum lease terms. For example,

- In California, community owners may offer shorter lease terms if requested by a homeowner.
- In Florida, community owners are allowed to offer initial lease terms that are less than 12 months if doing so allows them to have all rental agreements begin concurrently.
- In Pennsylvania and California, community owners can offer lease agreements that are longer than the minimum lease term if mutually agreed upon by the community owner and homeowner.
- In Iowa, rental agreements must be for one year unless otherwise specified in the rental agreements.
- In Texas, community owners are required to offer a lease agreement with an initial term of 6 months. Community owners and tenants may agree to any length of time for the lease.

Rental payments. Five of the eight states (California, Florida, Iowa, North Carolina, and Montana) provide grace periods for rental payments for residents of manufactured housing communities and five of the eight (California, Florida, Iowa, Pennsylvania, and Texas) require community owners to provide residents advance notice of rent increases (see fig.

9).[58] Specifically, California, Florida, and Iowa require a 90-day notice of a rent increase, while Pennsylvania requires a 60-day notice. Texas also requires advance notice of a rent increase and tenants have 30 days to accept or reject the lease renewal offer.

Eviction procedures. Seven of the eight states require manufactured housing community owners to have grounds to terminate or a "good cause" for an eviction (see fig. 10). However, what constitutes a good cause for eviction differs by state. For example,

- In Texas, a community owner may terminate a lease agreement if a manufactured housing resident fails to pay rent or violates a provision in the lease agreement.
- In Pennsylvania, causes for eviction include nonpayment of rent, a second or subsequent violation of rules of the community in a 6-month period, a change in land use (such as redevelopment), and the closure of the manufactured housing community.

In addition, all eight states require community owners to provide residents advance notice of eviction in differing circumstances. In Florida, Iowa, Montana, and Pennsylvania, the time frame in which the community owner must notify tenants of their intention to terminate the lease agreement differs, based on the cause of the eviction. For example, these states require community owners to provide a notification period for evictions due to nonpayment of rent ranging from 3 to 30 days and provide a longer notification period for evictions resulting from a tenant's violation of community rules (except for violations that create an immediate threat to health and safety, in certain states), or rental agreement.

[58]We use the term grace period to mean any period following the date on which rent is due, specified by statute or regulation, during which a community owner may not terminate the lease or impose additional fees or charges for nonpayment of rent, and tenant is permitted to pay rent and continue occupancy. For Iowa, the effective date of the increase cannot be sooner than the expiration date of the original rental agreement or the renewal or extension.

Figure 10: Tenant Protections Related to Eviction Procedures for Residents of Manufactured Housing Communities in Selected States, as of May 2023

	Eviction procedures	
	Cause for eviction requirement	Notice requirement
California	✓	60 days
Florida	✓	Varies
Georgia	- - - - - -	60 days
Iowa	✓	Varies
Montana	✓	Varies
North Carolina	✓	60 days
Pennsylvania	✓	Varies
Texas	✓	10 days

- - - - - - We did not identify any evidence of this type of protection

Source: GAO analysis of selected state statutes on landlord/tenant law. | GAO-23-105615

Data for Figure 10: Tenant Protections Related to Eviction Procedures for Residents of Manufactured Housing Communities in Selected States, as of May 2023

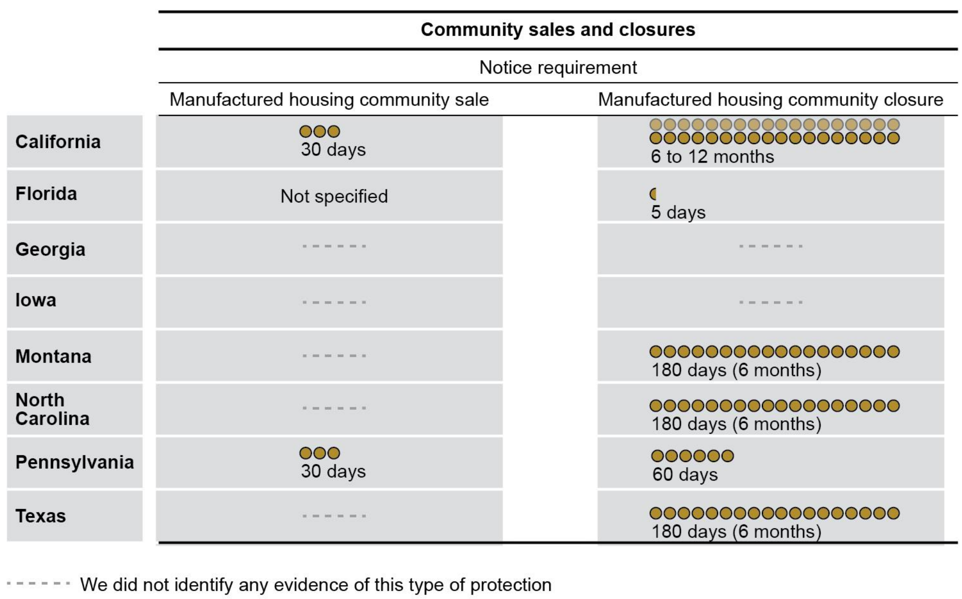
	Eviction procedures	
	Cause for eviction requirement	Minimum lease term
California	yes	60 days
Florida	yes	Varies
Georgia	We did not identify any evidence of this type of protection	60 days
Iowa	yes	Varies
Montana	yes	Varies
North Carolina	yes	60 days
Pennsylvania	yes	varies
Texas	yes	10 days

Source: GAO analysis of selected state statutes on landlord/tenant law. | GAO-23-105615

Note: The figure depicts the general parameters related to eviction procedures for residents of manufactured housing communities and does not account for all variations allowed. For example, some notice requirements are applicable to nonpayment evictions and others are based on different types of eviction. See appendix III for more information.

Community sales and closures. Two of the eight states (Pennsylvania and Florida) either encourage or require community owners to give residents the opportunity to purchase the land on which their home sits (see fig. 11). However, these states differ on the timing when residents are able to provide an offer to the community owner. Florida allows residents to make an offer to purchase the land when the community owner intends to sell the community, while Pennsylvania allows residents to provide an offer to the community owner when the community is closing. Additionally, notice requirements for a community closing range from 5 days to one year across six states and are not mentioned in the laws of two states (Georgia and Iowa).

Figure 11: Tenant Protections Related to Notification Requirements for Community Sales and Closures for Residents of Manufactured Housing Communities in Selected States, as of May 2023



Source: GAO analysis of selected state statutes on landlord/tenant law. | GAO-23-105615

Data for Figure 11: Tenant Protections Related to Notification Requirements for Community Sales and Closures for Residents of Manufactured Housing Communities in Selected States, as of May 2023

	Community sales and closures, notice requirement	
	Manufactured housing community sale	**Manufactured housing community closure**
California	30 days	6 to 12 months
Florida	Not specified	5 days
Georgia	We did not identify any evidence of this type of protection	We did not identify any evidence of this type of protection
Iowa	We did not identify any evidence of this type of protection	We did not identify any evidence of this type of protection
Montana	We did not identify any evidence of this type of protection	180 days (6 months)

	Community sales and closures, notice requirement	
	Manufactured housing community sale	Manufactured housing community closure
North Carolina	We did not identify any evidence of this type of protection	180 days (6 months)
Pennsylvania	30 days	60 days
Texas	We did not identify any evidence of this type of protection	180 days (6 months)

Source: GAO analysis of selected state statutes on landlord/tenant law. | GAO-23-105615

Note: The figure depicts the general parameters related to community sales and closures for residents of manufactured housing communities and does not account for all variations allowed. For example, some states require that community owners give residents notice if they plan to go before a local governmental body to request a change of land use, while others do not. See appendix III for more information.

Other types of tenant protections. In addition, some of the selected states provide protections related to a homeowner's ability to sell their manufactured homes and post a "for sale" sign. For example, six of the eight states allow homeowners to sell their home without having to relocate it outside of the community and two of the eight states (California and Florida) allow homeowners to post a for sale sign to advertise the sale of their manufactured home.

Enterprise Protections

Since late 2021, the enterprises (Fannie Mae and Freddie Mac) have directed lenders to require community owners to provide certain consumer protections to their community residents to obtain a multifamily loan to purchase or refinance a manufactured housing community (see table 2).[59] We refer to these requirements as Duty to Serve tenant protections.[60] Community owners implement these protections through community rules and regulations or rental lease agreements. Unlike

[59]Freddie Mac began requiring tenant protections for all manufactured housing community loans it purchased in September 2021, and Fannie Mae implemented a similar requirement in December 2021. In 2022, the enterprises expanded certain tenant protections to include both homeowners and also renters of homes owned by the community management in manufactured housing communities. These protections include the 30-day written notice of rent increase, 5-day grace period for rent payments, right to cure defaults on rent payments, and right to receive at least 60 days' advance notice of a planned sale or closure of a community.

[60]These protections are also known as tenant site lease protections. Under the Duty to Serve regulation, the enterprises may earn Duty to Serve credit from their regulator, the Federal Housing Finance Agency, by engaging in eligible activities for manufactured housing communities that adopt specific minimum tenant protections. The enterprises are also eligible to receive Duty to Serve credit for engaging in eligible activities for manufactured housing communities in states with laws that provide equal or greater tenant protections than specified in the Duty to Serve regulation.

varying state protections, Duty to Serve tenant protections function as uniform regulation for enterprise-backed financing for manufactured housing communities.

Table 2: Applicable Protections to Enterprise-backed Financing for Manufactured Housing Communities

1. One-year renewable lease term unless there is good cause for nonrenewal
2. Thirty-day written notice of rent increases
3. Five-day grace period for rent payments and the right to cure defaults on rent payments
4. Tenant has the right to sell the manufactured home without having to first relocate it out of the community
5. Tenant has the right to sublease or assign the pad lease for the unexpired term to the new buyer of the tenant's manufactured home without any unreasonable restraint
6. Tenant has the right to post "for sale" signs
7. Tenant has the right to sell the manufactured home in place within a reasonable time period after eviction by the manufactured housing community owner
8. Tenant has the right to receive at least 60 days advance notice of a planned sale or closure of the manufactured housing community

Source: Federal regulation (12 C.F.R. § 1282.33(c)(4)). | GAO-23-105615

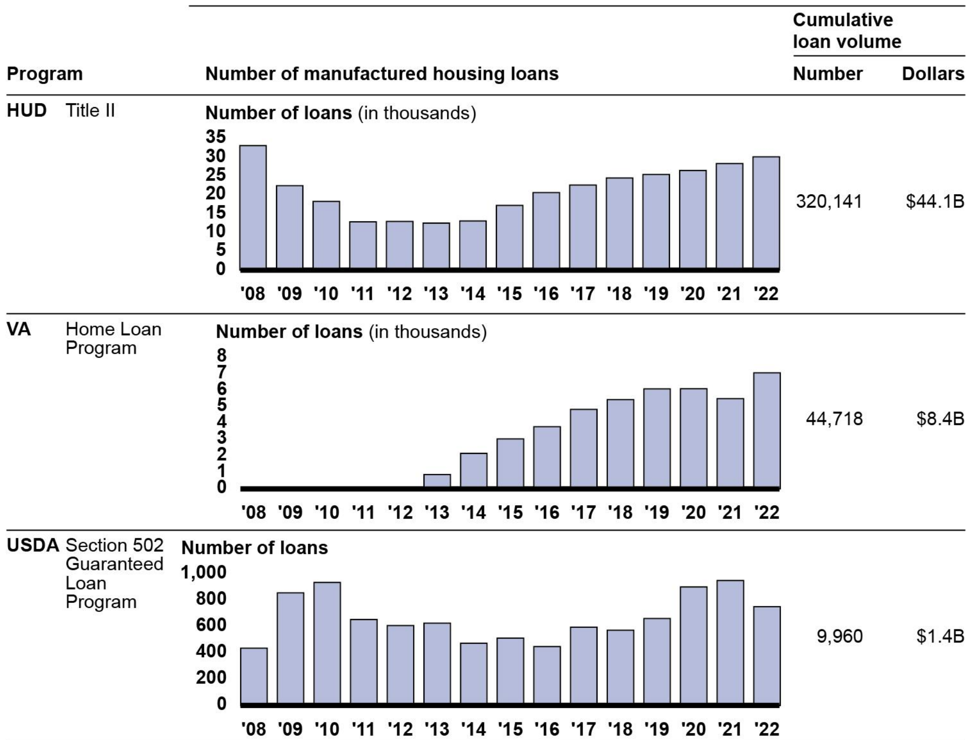
Regulatory Changes Have Increased Some Federal Financing of Manufactured Homes, but Not for Personal Property Loans

Federal Agency Financing of Manufactured Home Mortgages Increased Modestly in Recent Years

The overall number and volume of federally guaranteed mortgages varied by agency over our analysis period, 2008–2022 (see fig. 12). For example, HUD saw some decline in the number of guaranteed mortgages from 2008 to 2013, then relatively slow but steady growth in the number of guaranteed mortgages since 2013. USDA saw both increases and decreases in its guarantee program in the same period. Available data for VA showed an increase in the number of mortgages from 2013 to 2022.[61]

[61]We considered VA data reliable for understanding the agency's role in providing financing for manufactured homes. However, we noted limitations in its data because VA did not track loans for manufactured housing before 2013 and provided data from two systems: its standard assessor database (2013–2020), in which manufactured housing loans may be misreported due to coding errors, and its assessor database XML data (2021–2022), which has a higher level of accuracy, according to VA officials.

Figure 12: Number and Volume of Federally Guaranteed Mortgage Loans for Manufactured Housing, Fiscal Years 2008–2022



B = billion

Source: GAO analysis of Department of Housing and Urban Development (HUD), Department of Veterans Affairs (VA), and Department of Agriculture (USDA) data. | GAO-23-105615

Data for Figure 12: Number and Volume of Federally Guaranteed Mortgage Loans for Manufactured Housing, Fiscal Years 2008–2022

	HUD	VA	USDA Section 502 Guaranteed
2008	33067	no data	435
2009	22431	no data	854
2010	18231	no data	934
2011	12831	no data	653
2012	12924	no data	606
2013	12501	865	625
2014	13057	2,151	472
2015	17167	3,029	511
2016	20603	3,767	447
2017	22580	4,818	594
2018	24467	5,416	571

	HUD	VA	USDA Section 502 Guaranteed
2019	25398	6,073	660
2020	26474	6,079	900
2021	28314	5,474	948
2022	30096	7,046	750

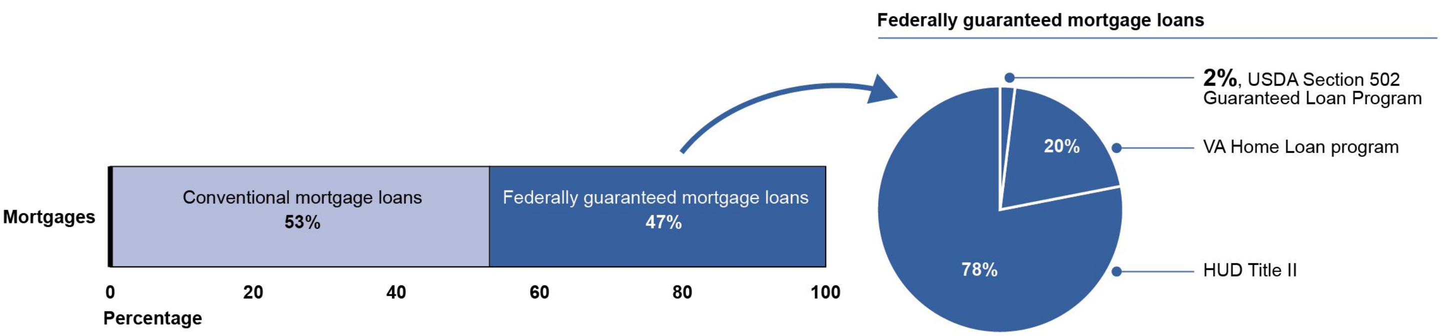
Source: GAO analysis of Department of Housing and Urban Development (HUD), Department of Veterans Affairs (VA), and Department of Agriculture (USDA) data. | GAO-23-105615

Note: Based on available agency data. VA did not track loans for manufactured housing before 2013. VA data are from its standard assessor database (2013–2020), in which manufactured housing loans may be misreported due to coding errors, and its assessor database XML data (2021–2022), which has a higher level of accuracy, according to VA officials. USDA data are for all Section 502 guaranteed loans, including for two pilot programs.

Federal Agencies Financed About Half of Manufactured Home Mortgages in 2021

Federal agencies financed a little less than half of all lending for manufactured home mortgages in 2021. According to our analysis of 2021 HMDA data, 47 percent of borrowers who took out such mortgages received a federally guaranteed loan and 53 percent obtained a conventional loan (see fig. 13).[62]

Figure 13: Mortgage Financing for Manufactured Homes, Share of Federally Guaranteed and Conventional Loans, 2021



Source: GAO analysis of Home Mortgage Disclosure Act data. | GAO-23-105615

[62]HMDA data on manufactured housing loans by USDA includes both Section 502 Guaranteed Loan Program loans and Farm Service Agency mortgage guarantees. Farm Service Agency loans were outside the scope of our analysis. Furthermore, the data do not include USDA Section 502 Direct Loan Program mortgage loans.

Data for Figure 13: Mortgage Financing for Manufactured Homes, Share of Federally Guaranteed and Conventional Loans, 2021

Agency	Proportion of federally guaranteed mortgage loans for manufactured housing
HUD Title II	78%
VA Section 3710	20%
USDA Section 502	2%

Source: GAO analysis of Home Mortgage Disclosure Act data. | GAO-23-105615

Agency market share of guarantees. In 2021, HUD's Title II program guaranteed 78 percent of federally guaranteed mortgages for the purchase of a manufactured home (26,960 loans), based on HMDA data. VA's Home Loan Program guaranteed 20 percent (6,930 loans) and USDA's Section 502 Guaranteed Loan Program guaranteed 2 percent (815 loans).

Mortgage guarantees for manufactured homes represent a small percentage of all single-family loan guarantees by these federal agencies. In 2022, guarantees for manufactured housing were 4 percent of all Title II loans, 2 percent of VA Home Loan Program loans, and 1 percent of USDA Section 502 Guaranteed Loan Program loans.[63]

Factors influencing use of mortgage products. Different factors may affect use of guaranteed and direct mortgage products, including the following:

- **Eligibility requirements for loans.** USDA and VA loans have specific eligibility requirements, and are limited to borrowers who meet certain loan-specific income, location, and veteran status requirements. For instance, USDA guarantees loans to low- and moderate-income borrowers in eligible rural areas, and provides direct loans to low- and very low-income borrowers in eligible rural areas who currently do not own adequate housing. VA guarantees loans for eligible veterans for homes on land owned by the veteran and classified as real property.
- **Agency priorities.** HUD has a general mission to create strong, sustainable, inclusive communities and provide quality affordable homes for all. Since 2018, it has identified manufactured housing

[63]Includes refinance loans. When excluding refinance loans, guarantees for manufactured housing also were 4 percent of Title II loans, 2 percent of VA Home Loan Program loans, and 1 percent of USDA Section 502 Guaranteed Loan Program loans.

among its strategic planning objectives. In its 2022–2026 strategic plan, manufactured housing is part of objectives to advance sustainable homeownership and increase the supply of housing.[64] VA guarantees mortgages to eligible veterans, including for manufactured housing. It does not have a strategic goal or objective related to manufactured housing specifically. USDA has a strategic objective to boost the financial security of rural and Tribal communities through access to affordable housing.

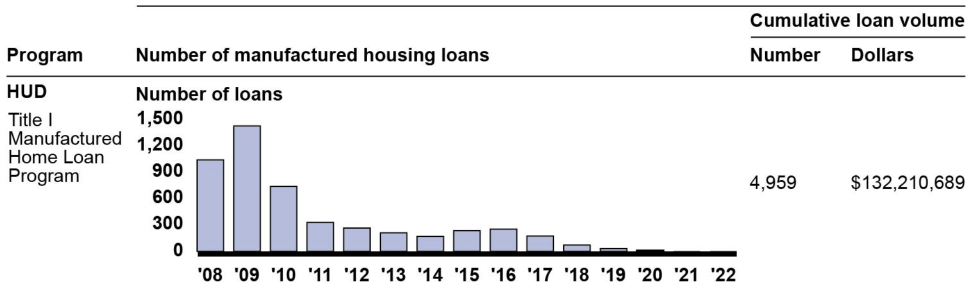
Federal Agencies Financed Few Personal Property Loans

Federal agencies played a small role in financing personal property loans for manufactured homes. Based on our review of 2021 HMDA data, 1 percent of manufactured homebuyers who took out a personal property loan obtained a federally guaranteed loan and 99 percent obtained a conventional loan.

In recent years, use of HUD's Title I Manufactured Home Loan Program—the only federal guarantee for personal property loans to purchase, repair, or refinance a manufactured home—declined significantly (see fig. 14). The number and dollar value of Title I originations decreased each year from 2017 to 2021 and was zero in 2021 and 2022, although manufactured housing production overall increased during the same period.

[64]Department of Housing and Urban Development, *Fiscal Year 2022–2026 Strategic Plan* (Washington, D.C.: Mar. 28, 2022). In HUD's 2018–2022 strategic plan, manufactured housing was part of an objective to support fair, sustainable homeownership and financial viability. See Department of Housing and Urban Development, *Strategic Plan 2018–2022* (Washington, D.C.: Mar. 29, 2018). Strategic planning serves a number of important management functions related to achieving an agency's mission. Strategic goals should reflect the broad, long-term outcomes an agency aspires to achieve by implementing its mission. They communicate an agency's efforts to address national problems, needs, challenges, and opportunities. Strategic objectives express more specifically the results or direction an agency will work to achieve to make progress on achieving its mission. Office of Management and Budget, *Circular No. A-11 Preparation, Submission, and Execution of the Budget* (Washington, D.C.: Aug. 15, 2022).

Figure 14: Number and Volume of Federally Guaranteed Personal Property Loans for Manufactured Housing, Calendar Years 2008–2022



Source: GAO analysis of Department of Housing and Urban Development (HUD) data. | GAO-23-105615

Data for Figure 14: Number and Volume of Federally Guaranteed Personal Property Loans for Manufactured Housing, Calendar Years 2008–2022

	HUD Personal property loans
2008	1041
2009	1429
2010	740
2011	329
2012	265
2013	211
2014	170
2015	236
2016	253
2017	173
2018	72
2019	32
2020	8
2021	0
2022	0

Source: GAO analysis of Department of Housing and Development (HUD) data. | GAO-23-105615

Notes: Based on available data from HUD. Refinance loans are not included. During this period, HUD also guaranteed 437 Title I mortgage loans for manufactured homes and lots, with a cumulative loan volume of approximately $21 million.

The main factors that have affected use of Title I personal property loans are low loan limits and a limited secondary market.

- **Low loan limits.** Title I loan limits typically have been lower than the purchase price of a manufactured home. Since 2008, the maximum allowable amount for a Title I manufactured home loan has been

$69,678 per unit. By comparison, the average sales price of a new manufactured home was $108,100 per unit ($72,600 for single-wide units and $132,000 for double-wide units), according to the most recent MHS estimates (2021). The Housing and Economic Recovery Act of 2008 requires FHA to index loan limits to allow them to adjust based on factors such as price data collected by the Census Bureau. FHA had not adjusted the loan limits as of June 2023 (15 years since enactment of the law), although it had started to determine methodologies on how to do so.[65] The average sales price for a new manufactured home increased 66 percent between 2014 and 2021, according to MHS estimates, from approximately $65,300 in 2014 to $108,100 in 2021.[66]

- **Limited secondary market.** The secondary market for Title I manufactured home loans—and personal property loans overall—continues to be limited. Approximately 27 percent of all personal property loans for manufactured housing were sold on the secondary market in 2021, including to banks and credit unions, according to our analysis of HMDA data.[67] Ginnie Mae manufactured housing mortgage-backed securities, which include Title I loans purchased each fiscal year, decreased overall, from 864 loans (totaling

[65]In October 2022, HUD proposed a rule to annually adjust Title I loan limits using an indexing methodology based on sales prices, unit sizes, and property data collected by the Census Bureau. Indexing Methodology for Title I Manufactured Home Loan Limits, 87 Fed. Reg. 63018 (Oct. 18, 2022). According to HUD, adjusting Title I loan limits to current market conditions will make the program a more useful source of affordable financing for manufactured homes. As of July 2023, the proposed rule had not been finalized. According to officials, HUD was planning to take additional steps to adjust Title I loan limits by the end of 2024.

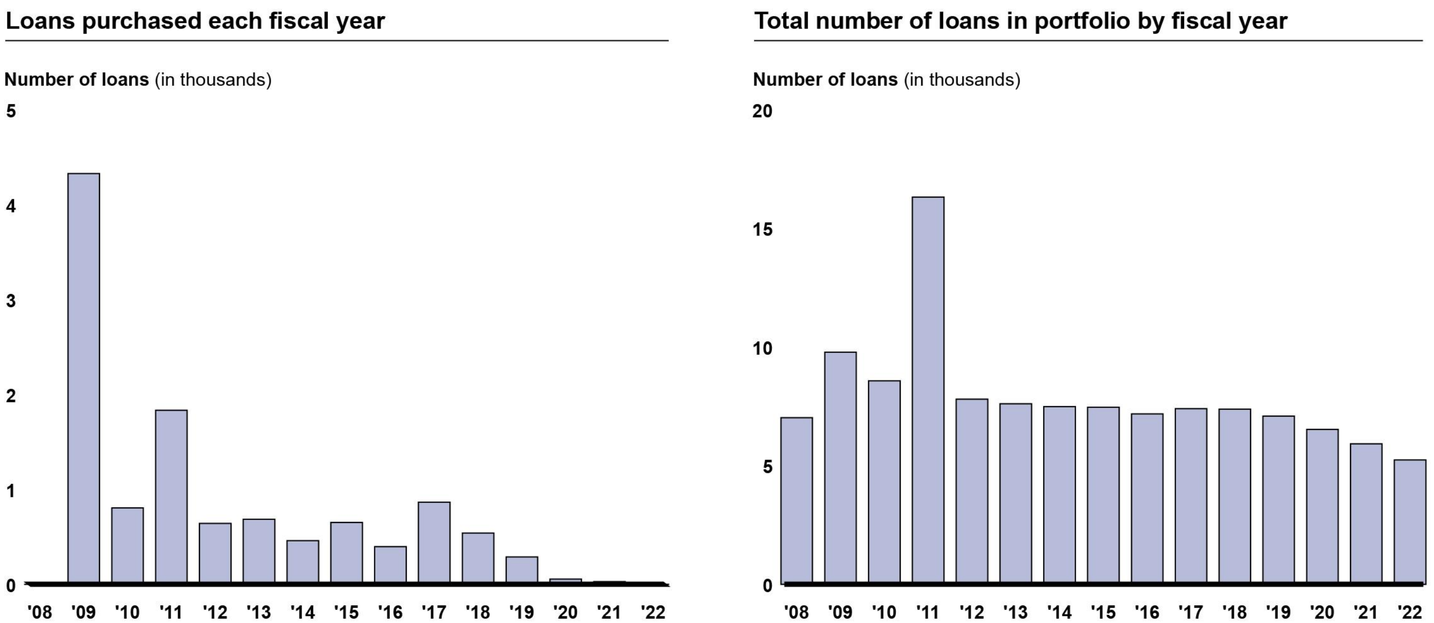
[66]The estimated number of manufactured housing units sold and placed in the United States increased from 65,300 new units in 2014 to 108,100 in 2021, based on our analysis of MHS data.

[67]According to a 2021 CFPB report, HMDA may overestimate the percent of loans not sold on the secondary market, because lenders report a loan as sold only if the sale occurs within the same year as origination. Consumer Financial Protection Bureau, *Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act Data* (Washington, D.C.: May 2021).

approximately $43 million) in fiscal year 2017 to zero loans in 2022, as use of Title I loans also declined (see fig. 15).[68]

The total number of Ginnie Mae's manufactured housing mortgage-backed securities in its portfolio each fiscal year also trended downward, from a cumulative 7,400 loans (totaling approximately $278 million) in fiscal year 2017 to 5,240 loans (totaling approximately $167 million) in 2022 (see fig. 15).

Figure 15: Ginnie Mae Manufactured Housing Mortgage-backed Securities, Loans Purchased and Loans in Portfolio, Fiscal Years 2008–2022



Source: GAO analysis of Ginnie Mae data. | GAO-23-105615

[68]Includes purchases of mortgage-backed securities consisting of loans guaranteed by HUD, VA, and USDA and personal property loans guaranteed by HUD. Manufactured housing loans that are personal property are eligible in mortgage-backed securities pools formed under the Ginnie Mae Manufactured Housing Program using a custom pool type. Only manufactured housing loans that are insured by FHA under Title I of the National Housing Act may be included in this pool type. Ginnie Mae's current Manufactured Housing Program was launched in 2010 following FHA's Manufactured Housing Loan Modernization Act of 2008. Manufactured housing loans that are titled as real property and insured by FHA's Title II program are eligible to be pooled under the Ginnie Mae Single-Family Program. Loans in Ginnie Mae's Single-Family Program include mortgages for site-built homes guaranteed by FHA, VA, USDA, and HUD's Office of Public and Indian Housing.

Data for Figure 15: Ginnie Mae Manufactured Housing Mortgage-backed Securities, Loans Purchased and Loans in Portfolio, Fiscal Years 2008–2022

Fiscal year	Loans purchased	Total loans in portfolio
2008	0	7019
2009	4326	9776
2010	805	8574
2011	1833	16309
2012	642	7800
2013	685	7602
2014	460	7483
2015	651	7456
2016	396	7175
2017	864	7400
2018	539	7379
2019	288	7086
2020	54	6528
2021	28	5917
2022	0	5240

Source: GAO analysis of Ginnie Mae data. | GAO-23-105615

Notes: Federal Housing Administration (FHA) Title I personal property loans for manufactured homes are eligible to be included mortgage-backed securities pools formed under the Ginnie Mae Manufactured Housing Program. The current program was launched in 2010 following FHA's Manufactured Housing Loan Modernization Act of 2008. Manufactured housing loans that are titled as real property and insured by FHA's Title II program are eligible to be pooled under the Ginnie Mae Single-Family Program.

Reasons for the decline in Ginnie Mae's manufactured housing mortgage-backed securities could include rising interest rates that caused a decline in mortgage applications and refinance activity.[69]

Additionally, the enterprises had not developed programs for purchasing or securitizing personal property loans for manufactured housing, although they have the authority to do so. As part of initial efforts to implement the Duty to Serve Rule of 2016, the Federal Housing Finance Agency (FHFA) and the enterprises considered securitizing personal

[69]Ginnie Mae, *2022 Annual Report.*

property loans, but initiatives in this area did not advance.[70] Both enterprises submitted requests to FHFA to exclude personal property pilot initiatives from consideration during FHFA's annual Duty to Serve performance evaluation for 2019.[71] An enterprise may submit such a request if underserved market conditions or other extenuating circumstances outside of its control substantially interfere with its accomplishment of an objective. FHFA approved the requests for exclusion in 2020. Freddie Mac's latest Duty to Serve plan proposes to develop requirements and a process to support personal property loan purchases in the secondary market and explore ways to manage risks in this market.[72]

Increased involvement by the enterprises in securitizing personal property loans could have several advantages, according to public comments and our literature review. It has the potential to increase borrower access to these loan products, offer more affordable financing options, and add additional consumer protections, according to these sources. However, some stakeholders have cautioned that increased securitization of personal property loans could have risks or disadvantages as well. For example, lenders may not be interested in securitizing these products and the enterprises may have insufficient information on loan performance to properly assess loan risks.

Enterprises Have Expanded Their Involvement in the Secondary Market for Manufactured Housing Mortgages

In 2021, 76 percent of manufactured home mortgages and 27 percent of manufactured home personal property loans were sold on the secondary

[70]FHFA's Final Duty to Serve Rule established a new regulatory activity for enterprise support of personal property loans, noting that FHFA had considered the potential for the enterprises to improve liquidity and access to credit in the manufactured housing market, generally, and for very low-, low-, and moderate-income households. It also noted that enterprise involvement could improve the personal property lending market through standardization, including of borrower protections, and required the enterprises to methodically assess ways to mitigate challenges and risks before beginning any personal property loan purchases, with FHFA review and assessment. Enterprise Duty to Serve Underserved Markets, 81 Fed. Reg. 96242 (Dec. 29, 2016) (codified at 12 C.F.R. pt. 1282).

[71]Federal Housing Finance Agency, Division of Housing Mission and Goals, *Annual Housing Report, January 1, 2019–December 31, 2019* (Washington, D.C.: Oct. 30, 2020).

[72]Freddie Mac planned to seek approval from FHFA to engage in loan purchase activity. Freddie Mac, *Duty to Serve Underserved Markets Plan 2022–2024* (McLean, Va.: Apr. 27, 2022).

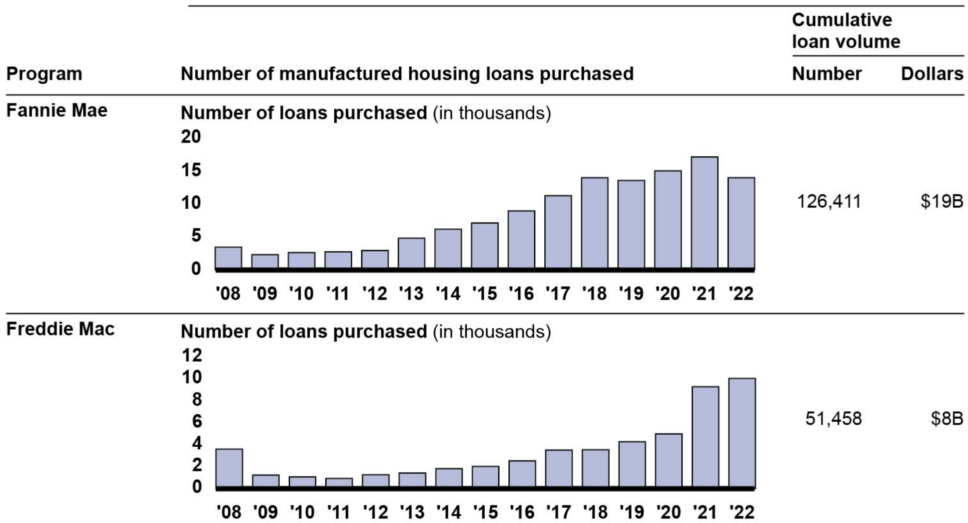
market, according to our analysis of HMDA data. This compares to 85 percent of site-built mortgages in that year. Mortgages for manufactured housing are commonly sold on secondary markets, but at lower numbers than loans for site-built homes.

Trends in Secondary Market

Since 2009, the enterprises have increased their purchases of manufactured housing loans more than six-fold, based on data provided by FHFA, Fannie Mae, and Freddie Mac (see fig. 16). In 2009, Fannie Mae purchased 2,330 mortgages for the purchase of manufactured homes (not refinances of loans). The aggregate unpaid principal balance (portion of loan not yet paid back to lender) was approximately $228 million. Freddie Mac purchased 1,222 such loans, with an unpaid principal balance of approximately $122 million.[73] In 2022, Fannie Mae purchased 14,014 mortgage loans for manufactured homes, with an unpaid principal balance of approximately $3 billion. Freddie Mac purchased 10,040 that year, with an unpaid principal balance of approximately $2.1 billion.

[73]Includes loans for the purchase of manufactured homes and does not include refinance loans. Unpaid principal balance is a metric used to gauge the level of credit risk the entity may have.

Figure 16: Number and Volume of Manufactured Housing Mortgage Loans That Fannie Mae and Freddie Mac Purchased, Fiscal Years 2008–2022



B = billion

Source: GAO analysis of data from the Federal Housing Finance Agency, Fannie Mae, and Freddie Mac. | GAO-23-105615

Data for Figure 16: Number and Volume of Manufactured Housing Mortgage Loans That Fannie Mae and Freddie Mac Purchased, Fiscal Years 2008–2022

	Fannie	Freddie
2008	3471	3589
2009	2330	1222
2010	2643	1066
2011	2759	924
2012	2963	1263
2013	4822	1412
2014	6198	1808
2015	7133	2024
2016	8968	2529
2017	11275	3514
2018	14007	3534
2019	13585	4271
2020	15067	4978
2021	17176	9284
2022	14014	10040

Source: GAO analysis of data from the Federal Housing Finance Agency, Fannie Mae, and Freddie Mac. | GAO-23-105615

In 2021, the enterprises purchased about 30 percent of manufactured home mortgages sold on the secondary market (Fannie Mae purchased approximately 19 percent and Freddie Mac purchased approximately 12 percent), according to our analysis of HMDA data.[74]

The majority of manufactured housing loans Fannie Mae and Freddie Mac purchased were standard financing loans, which are mortgages for the purchase or refinance of a manufactured home that is a borrower's primary or secondary residence. Some of these also were specialized loan products for first-time or low-income homebuyers, purchased through programs such as Fannie Mae's HomeReady and Freddie Mac's Home Possible. But, overall, relatively few of the mortgage loans that Fannie Mae and Freddie Mac purchased were specialized products with specific requirements.[75] Enterprise officials told us this is due in part to the nature of these programs and their newness.

In general, manufactured housing represents a small portion of the enterprises' overall loan portfolio. From 2008 through 2022, less than 1 percent of each enterprise's single-family loan purchases were for manufactured housing.[76]

Factors Influencing Enterprise Purchases

The increases in secondary market purchases were spurred by the Housing and Economic Recovery Act of 2008. The act established a duty for Fannie Mae and Freddie Mac to serve three underserved markets—manufactured housing, affordable housing preservation, and rural markets. In these markets, the enterprises were tasked with increasing the liquidity of mortgage investments and improving the distribution of investment capital available for mortgage financing for very low-, low-,

[74]As of June 2023, the enterprises were not involved in the secondary market for personal property loans.

[75]Other examples of specialized loan products can include Fannie Mae's MH Advantage and Freddie Mac's CHOICEHome programs for manufactured homes with site-built characteristics.

[76]Specifically, 0.8 percent of Fannie Mae's single-family loan purchases were for manufactured housing, as were 0.5 percent of Freddie Mac's. This analysis does not include refinance loans. It also covers multiple years before Duty to Serve was implemented. Thus, the percent of loans purchased in any given year may be greater in the years when the Duty to Serve rule was in place.

and moderate-income households.[77] In 2016, FHFA published the Duty to Serve Final Rule to facilitate a secondary market for mortgages related to manufactured homes classified as real property or personal property and blanket loans for certain categories of manufactured housing communities. The rule was effective in January 2017.

The enterprises issued their first Duty to Serve plans for 2018–2020, which were extended to include 2021 due to the COVID-19 pandemic. The plans outlined activities to support manufactured housing, including purchasing more real property loans used to finance manufactured homes. Subsequently, the enterprises developed several single-family loan products for manufactured housing, including for manufactured homes with site-built characteristics such as higher-pitched rooflines, low-profile foundations, garages or carports, and porches.

Enterprises Have Been the Main Source of Federal Financing of Manufactured Housing Communities

Since 2014, the enterprises have been the leading source of financing for the purchase of manufactured housing community loans in the secondary market, according to an industry report.[78] Private-sector lenders and investors (such as commercial mortgage-backed securities lenders, life insurance companies, banks, and debt funds) provide initial loans to

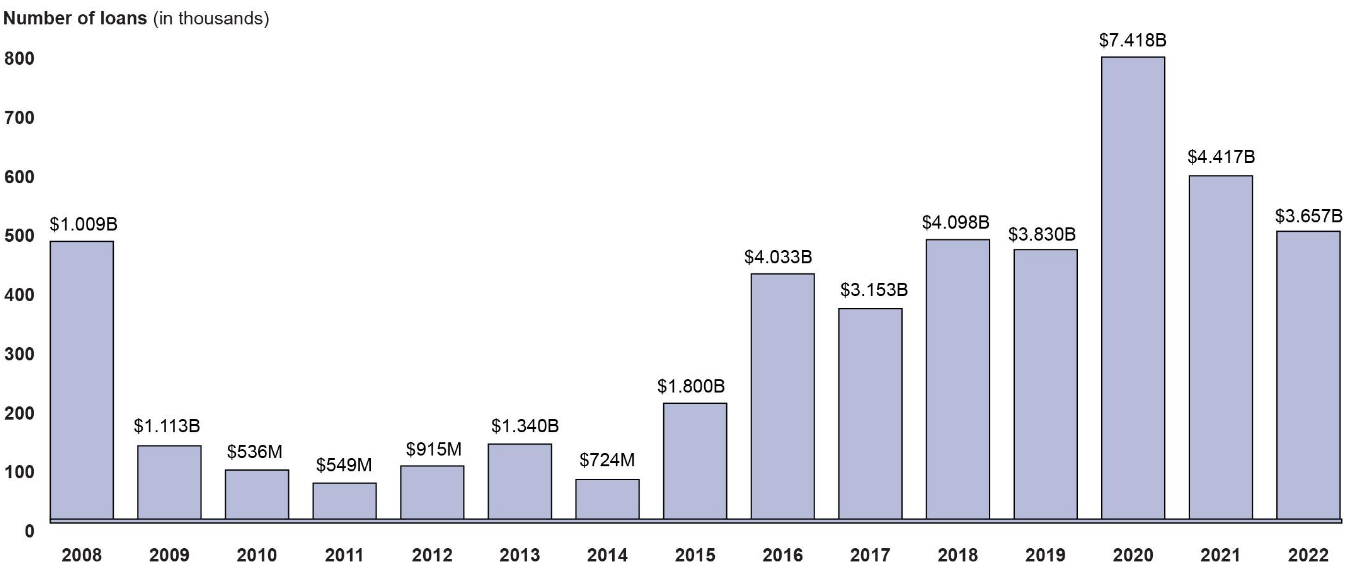
[77]In April 2023, FHFA issued a final rule amending the Enterprise Duty to Serve Underserved Markets regulation to add the definition of "colonia census tract" to serve as a census tract-based proxy for colonia. Colonias are generally unincorporated communities located along the U.S.-Mexico border in Arizona, California, New Mexico, and Texas. Colonias generally have high poverty rates and may lack basic infrastructure such as water and wastewater services, electricity, and paved roads. This definition, along with a few other changes in the final rule, make certain activities conducted by the enterprises in all colonia census tracts eligible for Duty to Serve credit and facilitates the enterprises' ability to operationalize their Duty to Serve activities in colonia census tracts and as such help increase liquidity in these underserved communities. Enterprise Duty to Serve Underserved Markets – Colonia Census Tract Amendments, 88 Fed. Reg. 23559 (Apr. 18, 2023).

[78]See Wells Fargo, *Commercial Real Estate: 2022 Manufactured Home Community Market Update and Financing Handbook* (Carlsbad, Calif.: 2022).

manufactured housing community investors.[79] The enterprises may then purchase the loans in the secondary market.

As shown in figure 17, the enterprises substantially increased the number of manufactured housing community loans they purchased in the secondary market from approximately $4 billion (418 loans) in 2016 to a peak of about $7.4 billion (785 loans) in 2020. They purchased approximately $3.7 billion in loans for manufactured housing communities in 2022 (490 loans).[80]

Figure 17: Number and Volume of Fannie Mae and Freddie Mac Purchases of Loans for Manufactured Housing Communities, Fiscal Years 2008–2022



M = million
B = billion

Source: GAO analysis of data from the Federal Housing Finance Agency, Fannie Mae, and Freddie Mac. | GAO-23-105615

[79] Commercial mortgage-backed securities are tradable securities whose interest payments to investors flow from the mortgage payments made by commercial real estate borrowers. Life insurance companies invest money in long-term, fixed-rate investments, which include commercial real estate loans. A debt fund is an investment pool composed of private equity in which core holdings are fixed-income investments as opposed to equity investments (stocks).

[80] This includes refinance loans.

Data for Figure 17: Number and Volume of Fannie Mae and Freddie Mac Purchases of Loans for Manufactured Housing Communities, Fiscal Years 2008–2022

	Fannie	Freddie	Total
2008	179	294	473
2009	127	0	127
2010	86	0	86
2011	64	0	64
2012	93	0	93
2013	130	0	130
2014	49	21	70
2015	91	108	199
2016	327	91	418
2017	263	96	359
2018	321	155	476
2019	308	151	459
2020	551	234	785
2021	392	192	584
2022	342	148	490

Note: This includes refinance loans. One of the enterprises did not include loan amounts for 2008 and its manufactured housing community loan program was not active in 2009–2013.

From fiscal years 2008 through 2022, the enterprises purchased 4,813 loans for manufactured housing communities. We estimated that approximately 9 percent of all manufactured housing community loans were purchased by the enterprises in that period. (The nation had approximately 51,000 manufactured housing communities in 2022).[81] In 2019–2022, 1,029 of loans for manufactured housing the enterprises purchased were subject to Duty to Serve tenant protections (44 percent).[82]

[81]We estimated the overall number of manufactured communities based on our analysis of 2022 HIFLD data. Of the 4,813 loans for manufactured housing communities the enterprises purchased in the secondary market in 2008–2022, 29 percent (1,397 loans) were for new purchases and 64 percent (3,085 loans) were refinance loans. Information on 6 percent of the loans (294) was not available, and the remaining 1 percent of loans were for other purposes (substitution or revolving funding).

[82]Fannie Mae and Freddie Mac started tracking manufactured housing community loans subject to Duty to Serve requirements for tenant protections in 2019. They began requiring the protections for all manufactured housing community loans as of September 1, 2021 (Freddie Mac) and December 31, 2021 (Fannie Mae).

HUD's multifamily loan guarantee program can be used to build or renovate manufactured housing communities, but it has guaranteed few such loans. Its Section 207 program guaranteed two loans to manufactured housing communities from 2008 through 2022. FHA has not encouraged use of the program because the program experienced relatively high losses, according to officials. HUD officials told us Section 207 loans default at a rate much higher than loans in other multifamily loan programs.

USDA officials told us they do not track the extent to which their multifamily programs are used for manufactured housing. However, officials said they did not recall their programs being used for any manufactured housing communities from 2008 through 2022.[83] VA is not involved in multifamily lending.

Several Federal Entities Made Changes to Increase Manufactured Housing Financing Options, but HUD Has Not Fully Implemented Planned Changes

Several Federal Entities Sought to Increase the Availability of Manufactured Housing Financing

Several federal entities have made recent efforts to implement previous statutory changes to federal financing products for manufactured housing. These changes were intended to address availability and affordability of manufactured housing. For example, the Housing and Economic Recovery Act of 2008 requires changes to HUD's Title I Manufactured

[83]USDA's Section 538 Multi-family Housing Loan Guarantee program guarantees loans for developing or rehabilitating multifamily rental housing (including manufactured housing communities) for low- and moderate-income tenants in rural areas. However, it has not been used for manufactured housing since at least 2008, according to USDA officials. USDA's Section 515 Rural Rental Housing program provided direct loans to support the development or preservation of affordable rental housing for low-income, elderly, or disabled people in rural areas (including manufactured housing communities). According to USDA officials, the program had not been used for manufactured housing, and the overall program has not been used for new construction since 2012.

Home Loan Program and establishes a Duty to Serve requirement for Fannie Mae and Freddie Mac.[84]

VA

VA has made changes and identified planned actions to its mortgage guarantee program that may affect the availability of financing for manufactured homes and oversight of its manufactured home loan portfolio. VA has made minor updates to its mortgage guarantee program on an ongoing basis through the legislative approval process. For example, in 2020, VA implemented several changes to fees and loan limits as a result of federal legislation.[85] In addition, as of June 2023, VA was developing a climate risk model to help manage its mortgage guarantee program portfolio. The model could be used to identify manufactured home loans in VA's portfolio and potential financial risks to borrowers.[86] As part of its strategic planning effort, as of July 2023, VA officials said they also were planning a training and information-sharing effort to educate industry participants on its Home Loan Program (which

[84]The purposes of the Manufactured Housing Improvement Act of 2000 include facilitating the availability of affordable manufactured homes and increasing homeownership, including by encouraging secondary market involvement and changing FHA loan programs to promote manufactured housing affordability. The act directs HUD to review FHA programs for manufactured home loans, develop changes to promote the affordability of manufactured homes, and encourage the enterprises to develop and implement securitization programs for these loans. The FHA Manufactured Housing Loan Modernization Act of 2008 within the Housing and Economic Recovery Act has three purposes related to manufactured housing: (1) provide adequate funding for FHA-insured manufactured housing loans for low- and moderate-income homebuyers; (2) modernize the FHA Title I program for manufactured housing loans to enhance participation by Ginnie Mae and private lending markets; and (3) adjust the low loan limits in the Title I program to reflect cost increases since the limits were last increased in 1992 and to index the limits to inflation.

[85]Congress authorized several changes to the VA Home Loan Program as part of the Blue Water Navy Vietnam Veterans Act of 2019, which became effective January 1, 2020. These changes included removal of loan limits for certain veterans living in higher-cost markets and for Native American veterans building or purchasing a home on federal trust land, temporary changes to fee amounts paid by some veterans, and fee waivers for active duty service members who earned a Purple Heart.

[86]VA's 2021 Climate Action Plan outlined VA's response to projected impacts of climate change, with the goal of ensuring sustained operations to support the uninterrupted delivery of benefits and services and emergency preparedness. VA developed the plan in response to a January 2021 Executive Order. White House, *Executive Order on Tackling the Climate Crisis at Home and Abroad*, Executive Order 14008 (Washington, D.C.: Jan. 27, 2021).

can be used for the purchase of manufactured homes). Participants were to include lenders, loan servicers, appraisers, and mortgage brokers.

USDA

USDA took steps to extend and expand its pilot programs for manufactured housing. In November 2022, USDA extended its Section 502 pilot programs for direct and guaranteed mortgages until November 2024 and waived some requirements to make it easier for very low- to moderate-income borrowers to purchase a manufactured home. USDA officials told us they planned to make the pilot programs permanent and available to all borrowers nationally.[87] In addition, USDA officials told us that they planned to promote manufactured housing when marketing USDA loan products to Tribal communities and community development financial institutions to help boost the financial security of rural and Tribal communities through access to affordable housing.[88] They noted that manufactured housing is the fastest type of new construction available and that the homes are energy-efficient.

FHFA

As part of its oversight of Duty to Serve, in 2021, FHFA began identifying additional data sources to better understand the enterprises' share of the single-family manufactured housing market, according to FHFA officials. In addition, FHFA's 2022–2026 strategic plan has an objective to facilitate greater availability of affordable housing (and affordable rental housing),

[87]According to USDA officials, they began the federal rulemaking process in mid-2023. Once completed, the final rule will adjust some other program requirements. As of November 2022, 23 states participated in the Section 502 Pilot for Existing Manufactured Housing (Colorado, Iowa, Louisiana, Michigan, Mississippi, Montana, Nevada, New Hampshire, New York, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming), and eight in the Section 502 Pilot for Energy Efficient Homes in Nonprofit-owned Manufactured Housing Communities (California, Michigan, Minnesota, New Hampshire, Oregon, Pennsylvania, Vermont, and Wisconsin).

[88]USDA's fiscal year 2022–2026 strategic plan includes a strategic goal to expand opportunities for economic development and improve quality of life in rural and Tribal communities. Among the goal's objectives is to boost the financial security of rural and Tribal communities through access to affordable housing. Department of Agriculture, *Strategic Plan: Fiscal Years 2022–2026* (Washington, D.C.: March 2022).

including by exploring opportunities to increase the number of manufactured housing units.[89]

FHFA also has started to evaluate the enterprises' role in the multifamily manufactured housing market. It developed a dashboard and a report that provide information on Fannie Mae and Freddie Mac's loans for manufactured housing communities.

Fannie Mae

Fannie Mae has taken several steps in recent years to increase single-family financing of manufactured housing, such as by expanding eligibility requirements and increasing purchase targets to help increase the availability of manufactured home financing. In 2020, Fannie Mae expanded its eligibility criteria to allow the sale of loans secured by single-wide manufactured homes that meet certain property eligibility requirements and manufactured homes as an accessory dwelling unit.[90] In December 2022, Fannie Mae aligned its age requirement for single-wide homes with that for other manufactured home products and the HUD Code (allowing manufactured home units manufactured on or after June 15, 1976). Fannie Mae also launched a pilot with several lenders to support financing for manufactured homes with an accessory dwelling unit. Fannie Mae's 2022–2024 Duty to Serve plan included objectives to increase purchases of manufactured housing mortgages, and to research and develop mortgage products for new and existing homes in certain types of manufactured housing communities.[91] Fannie Mae also said it would continue working with FHFA to understand safety and soundness considerations and the viability of a personal property loan pilot program.

[89]FHFA's previous strategic plan for 2021–2024 did not specifically address manufactured housing or rental housing.

[90]Fannie Mae expanded its eligibility criteria to allow for the sale of loans secured by single-wide manufactured homes that are legally classified as real property. The home cannot include an accessory dwelling unit and is to be located on an individual lot or in a Fannie Mae-approved project, have a manufacture date of 10 years or less (from the effective date of the appraisal), and be at least 12 feet wide and have a minimum of 400 square feet of gross living area. An accessory dwelling unit is an additional living area that is independent of the primary property and has basic bathroom, cooking, and sleeping facilities.

[91]Fannie Mae, *Duty to Serve Underserved Markets Plan 2022–2024* (Washington, D.C.: Apr. 27, 2022).

Fannie Mae also has actions underway with regard to multifamily financing of manufactured housing. It plans to purchase more loans for manufactured housing communities with rental properties and conduct credit-building outreach activities to manufactured housing community renters. In addition, Fannie Mae began requiring all manufactured housing community loans to be subject to Duty to Serve tenant protections as of December 31, 2021. Its 2022–2024 Duty to Serve plan increased its loan purchase targets for resident-owned, nonprofit-owned, and government-owned manufactured housing communities, and identified marketing activities to support these smaller sectors of the market. Additionally, it included plans to launch a pilot program to explore the collection of rent information from residents of manufactured housing communities for credit-building purposes.

Freddie Mac

Recent actions by Freddie Mac to help increase the availability of single-family financing of manufactured housing have included expanding eligibility requirements, exploring the purchase of personal property loans, and increasing purchase targets. In 2020, Freddie Mac expanded its manufactured housing criteria to permit a manufactured home as an accessory dwelling unit. Freddie Mac's 2022–2024 Duty to Serve plan noted it would develop requirements and a process to support personal property loan purchases in the secondary market and explore ways to manage risks in this market.[92] The plan also included objectives to increase purchases of manufactured housing mortgages, develop new mortgage products for Tribal Areas, and conduct research on mortgage forbearance and loan performance related to the COVID-19 pandemic. Freddie Mac planned to conduct outreach to industry participants to help facilitate the use of manufactured home mortgages. According to written comments provided by FHFA, Freddie Mac took several steps in 2022 to expand access to manufactured housing in support of its 2022–2024 Duty

[92]Freddie Mac, *Duty to Serve Underserved Markets Plan 2022–2024*. Freddie Mac also said it planned to seek approval from FHFA to engage in loan purchase activity. Freddie Mac officials said the enterprise began its assessment of personal property lending in early 2023 and planned to complete it by the end of the calendar year.

to Serve plan.[93] Further, in 2023, Freddie Mac updated its eligibility criteria to include single-wide manufactured homes located outside of manufactured housing communities without requiring written approval, and removed its age requirement for single-wide manufactured homes.[94]

For multifamily housing, Freddie Mac began requiring all manufactured housing community loans to be subject to Duty to Serve tenant protections as of September 13, 2021. Its 2022–2024 Duty to Serve plan also increased Freddie Mac's loan purchase targets for resident-owned, nonprofit-owned, and government-owned manufactured housing communities, and identified marketing activities to support these smaller sectors of the market.

Federal Interagency Task Force Has Focused on Enhancing Available Financing for Manufactured Housing

Until 2021, federal entity coordination relating to manufactured housing loan products generally was limited to sharing data on an ad hoc basis. In November 2021, the administration created the White House Task Force on Manufactured Housing. Its overall goal is to support and enhance the availability of safe, affordable, and energy-efficient manufactured housing as an affordable housing option and to support and enhance the availability and affordability of financing products and programs for this housing sector. According to task force representatives, the task force has aimed to identify opportunities for federal agencies to better collaborate to enhance available financing tools and work together to

[93]Specifically, FHFA noted that Freddie Mac made several allowances to expand access to manufactured housing, by allowing the delivery of mortgages for manufactured homes with site-built characteristics without prior approval, manufactured homes on leasehold properties, and use of housing finance agency loans for manufactured home purchases. Further, Freddie Mac clarified that manufactured homes are eligible for secondary financing options.

[94]This action updated a 2021 change to Freddie Mac's eligibility criteria that allowed single-wide manufactured homes located outside of manufactured housing communities, subject to written approval. This action also removed a requirement that Freddie Mac mortgage loans for single-wide manufactured homes be 10 years old or newer for loans with settlement dates on and after September 11, 2023.

address barriers to availability.[95] Representatives of HUD and the Department of Energy cochair the task force. It has met approximately bimonthly since November 2021, and White House representatives said they have conducted outreach with individual entities to coordinate efforts and monitor progress.

In April 2022, the task force held listening sessions with a variety of stakeholders to inform and obtain feedback on federal entities' efforts relating to financing products and consumer education for manufactured housing.[96] The sessions focused on personal property lending, state-level financing programs and policies, consumer education and protections, and community development financial institutions and alternative financing options. Some stakeholders noted that additional personal property loan products and increased lender involvement (including revisions to the Title I Manufactured Home Loan Program) could help reduce interest rates through increased competition in the market. They also noted that FHA and the enterprises could play an important role in providing liquidity to the personal property loan market. For example, enterprise and lender involvement in the market and sharing of related risks could help facilitate the development of new personal property loan products.

Federal entity officials described several positive outcomes associated with their involvement on the task force. For example, task force representatives stated that USDA worked with HUD to expand housing counseling for manufactured home borrowers. They also said FHFA shared insights with HUD on its experience implementing Duty to Serve tenant protections, which informed HUD's ongoing consideration of Title I Manufactured Home Loan Program requirements. FHFA and USDA officials said they became more informed about financing issues related to manufactured housing. In addition, VA officials told us they increased their communication with other agencies related to manufactured

[95]White House Task Force representatives said the task force has 11 participating entities: the White House Council on Environmental Quality, White House Domestic Climate Policy Office, Department of Energy, HUD, USDA, VA, CFPB, FHFA, Environmental Protection Agency, Department of Treasury's Community Development Financial Institutions Program, and Department of Homeland Security (which includes the Federal Emergency Management Agency).

[96]Listening session participants included trade groups, lenders, nonprofit organizations, manufactured housing finance experts, state energy and housing agency officials, and community development financial institutions.

housing, such as by sharing information about VA's appraisals database with other task force members.

In addition, in May 2022, the White House issued a Housing Supply Action Plan, which outlined administrative and legislative priorities for increasing the supply of housing, including affordable housing. The plan included action items for FHA, Ginnie Mae, and the enterprises, and proposals to deploy new financing mechanisms to build and preserve more affordable housing (including manufactured homes) and address financing gaps. The proposals included increasing FHA, Ginnie Mae, and Freddie Mac involvement in personal property financing to assist borrowers who choose that mechanism to finance their manufactured home.[97]

HUD Has Not Completed Its Proposed Changes to Increase the Availability of Manufactured Housing Loan Products

Although HUD has taken some steps to address long-standing statutory requirements to assess how financing might further promote the affordability of manufactured housing and identify the potential for better securitization of manufactured housing, several changes have been not fully implemented. The Manufactured Housing Improvement Act of 2000 directs HUD to review its programs for manufactured home loans, develop any changes that would promote the affordability of manufactured homes, and encourage the enterprises to develop and implement secondary market securitization programs for these loans.[98]

[97]According to several sources from our literature review, a secondary market for personal property loans could help lower costs for borrowers, but requires detailed risk assessment. Some industry participants, including the Manufactured Housing Institute, have called for the enterprises to purchase personal property loans on the secondary market, stating that a secondary market would improve liquidity in the overall manufactured housing market and help potential buyers to access affordable loans. Other industry participants have cautioned against enterprise involvement in this market due to risk concerns.

[98]Pub. L. No. 106-569, Title VI, 114 Stat. 2944, 2997. Ginnie Mae officials explained that the act also led to the modernization of Ginnie Mae's manufactured housing program. In 2014, we reported that HUD had done little to meet Manufactured Housing Improvement Act of 2000 requirements. We recommended that HUD develop a plan to assess how FHA financing might further promote the affordability of manufactured homes and identify the potential for better securitization of manufactured housing financing. HUD partially agreed with the recommendation. We closed this recommendation based on the steps that HUD had taken to review the roles of FHA and Ginnie Mae in manufactured housing financing.

The Housing and Economic Recovery Act of 2008 requires that FHA modernize the Title I Manufactured Home Loan Program to enhance participation by Ginnie Mae and private lending markets and index the loan limits to inflation.[99] In addition, providing affordable housing and financing options are aspects of HUD and Ginnie Mae's missions.

HUD already has changed some Title I procedures and made an organizational change that might promote the affordability of manufactured homes and increase the use of the Title I program, the only federal guarantee for personal property loans to purchase, repair, or refinance a manufactured home.

- In November 2021, HUD consolidated its Title I policy guidance into its single-family handbook to make it easier for lenders to understand and use the program and also expanded eligibility requirements to make them consistent with those for mortgage financing.
- HUD began the process of annually adjusting Title I loan limits to make the program a more useful source of affordable financing for manufactured homes, according to HUD officials. In October 2022, HUD issued a proposed rule to annually adjust Title I loan limits using an indexing methodology based on sale prices, number of sections of a manufactured home, and census property data, which the Housing and Economic Recovery Act of 2008 requires. The loan limits have not been adjusted since 2008.[100]
- HUD officials said they planned to implement changes intended to increase lender participation in the Title I program by the end of 2023. They also planned to finalize new regulatory requirements for the program by the end of 2024.
- In June 2023, HUD made an organizational change that elevated its manufactured housing program within the agency. HUD moved its Office of Manufactured Housing Programs to a new, independent office under the FHA Commissioner, stating this action acknowledged the important role of manufactured housing in meeting the nation's affordable housing needs.[101]

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[99]Pub. L. No. 110-289, 122 Stat. 2654, 2844 (2008). The act also established a Duty to Serve requirement for Fannie Mae and Freddie Mac.

[100]Pub. L. No. 110-289, § 2145(a)(2), 122 Stat. 2654, 2845 (2008).

[101]The reorganized Office of Manufactured Housing Programs reports directly to HUD's Assistant Secretary for Housing and FHA Commissioner. Previously, it was part of the Office of Housing's Office of Risk Management and Regulatory Affairs.

HUD also has undertaken some efforts to encourage Ginnie Mae to actively develop and implement manufactured housing mortgage-backed securities in the secondary market for Title I personal property loans and mortgages for manufactured homes, to promote the availability of affordable manufactured homes.

- In July 2022, FHA and Ginnie Mae issued a request for input on the Title I program and corresponding securitization requirements in Ginnie Mae's mortgage-backed securities guide to encourage increased lender participation and enhance the programs' effectiveness. According to Ginnie Mae officials, since the release of the HUD 2022–2026 Strategic Plan in March 2022, Ginnie Mae has coordinated with FHA to explore policy and program enhancements for manufactured housing with a focus on personal property loan lending. However, as discussed earlier, Ginnie Mae guarantees of mortgage-backed securities consisting of federally insured or guaranteed loans for manufactured housing, which include Title I loans, decreased overall, from 864 loans (totaling approximately $43 million) in 2017 to zero loans in 2022.

HUD also began other efforts related to manufactured housing.

- FHA has been developing a scorecard for Title I loan transactions similar to its Title II scorecard, which is a tool that lenders use to assist in the evaluation of borrower credit risks and help make underwriting decisions.
- In December 2022, HUD received $225 million in appropriations for a competitive grant program (the Preservation and Reinvestment Initiative for Community Enhancement) for preserving and revitalizing manufactured homes and communities.[102] As of June 2023, HUD was developing guidance for the program, according to HUD officials.
- As of June 2023, HUD officials also told us they were exploring options to add a new financing program for manufactured housing communities. The Office of Housing was evaluating the feasibility of a pilot program for financing existing manufactured housing communities, including evaluating required changes to underwriting

[102]Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, 136 Stat. 4459, 5156-5157 (2022). These competitive grants offer funding for states, local governments, resident-owned manufactured housing communities, cooperatives, nonprofit organizations, Indian Tribes, or other approved entities to preserve and revitalize manufactured housing and eligible manufactured housing communities. Grantees can use funds for infrastructure, planning, resident and community services, resiliency activities, and other assistance to residents or owners of manufactured homes.

standards and other programmatic requirements and gauging lender interest.

However, as of June 2023, FHA had not developed specific time frames or milestones to finalize some changes to the Title I Manufactured Home Loan Program, such as the scorecard and loan limits, and increasing lender participation. More specifically, FHA officials did not provide a time frame for completing the scorecard. And FHA had not documented timelines for completing adjustment of Title I loan limits. Although FHA officials stated they were planning to take additional steps and issue a final rule to adjust the limits by the end of 2024, FHA has not documented timelines or milestones for other efforts related to the program. When we asked about these efforts, FHA said they planned to implement changes intended to increase lender participation in the Title I program by the end of 2023 and planned to finalize new regulatory requirements for the program by the end of 2024.

In addition, FHA had not made programmatic changes or put into place plans (with specific time frames or milestones) for increasing secondary market opportunities for Title I personal property loans and manufactured housing mortgages in the larger Title II program. As of June 2023, discussions on securitization had not advanced beyond the exploratory phase. Personal property loans may be the only option for some manufactured housing borrowers, including residents of manufactured housing communities.

FHA and Ginnie Mae stated in July 2022 that they had not played a meaningful role in financing personal property loans for manufactured housing, especially at current production levels.[103] HUD officials also told us the agency had not prioritized making changes to the Title I Manufactured Home Loan Program because of its small size relative to the agency's other housing finance programs. Ginnie Mae officials stated the main challenge in increasing secondary market opportunities for Title I loans stems from program requirements for Title I and Ginnie Mae's Manufactured Housing Program not having been updated in over a decade.

[103]See Ginnie Mae, *Request for Input: FHA and Ginnie Mae Title I Manufactured Housing Programs* (Washington, D.C.: July 2022). As discussed earlier, FHA has financed almost no personal property loans as part of the Title I manufactured home loan program since 2018. As a result, Ginnie Mae's involvement in the secondary market for manufactured housing personal property loans also has declined.

By implementing and completing its efforts to address additional financing options, including securitization, of manufactured housing loans, FHA and Ginnie Mae would have better assurance that their loan and mortgage-backed securities programs appropriately promote the availability of affordable manufactured homes. Fully implementing their efforts and establishing time frames and milestones for these actions also would help FHA and Ginnie Mae achieve manufactured housing-related objectives in HUD's strategic plan.[104]

Conclusions

Manufactured housing could play a useful role in easing the nation's critical shortage of affordable housing. Several federal agencies and the enterprises have taken important steps in recent years to improve access to and affordability of financing for manufactured housing. At the same time, while HUD—including FHA and Ginnie Mae—has been considering options for financing and securitizing manufactured housing for several years (including personal property loans), it has yet to establish time frames and milestones and has not implemented or completed efforts vital to increasing the availability of financing options for this type of housing. By implementing HUD's changes, such as increasing loan limits that have not been updated for decades and creating a viable secondary market for federally insured loans, FHA and Ginnie Mae could help promote the availability and affordability of manufactured housing and achieve the long-standing purpose set out in the Manufactured Housing Improvement Act of 2000. In addition, implementing these changes can directly assist efforts to increase affordable housing, as identified in the administration's Housing Supply Action Plan, which highlights the role of the Title I program and securitization of Title I loans.

Recommendations for Executive Action

The Secretary of Housing and Urban Development should ensure that the Commissioner of FHA implement planned changes to provide additional financing options for manufactured homes, including identifying options for greater securitization of manufactured home mortgages and personal

[104]One of the strategic objectives in HUD's 2022–2026 strategic plan is to increase the supply of housing, which the plan says the agency will achieve in part by supporting the financing and production of manufactured homes. Department of Housing and Urban Development, *Fiscal Year 2022–2026 Strategic Plan*.

property loans and establishing time frames and milestones for the actions. (Recommendation 1)

The Secretary of Housing and Urban Development should ensure that the President of Ginnie Mae implement planned changes to provide additional financing options for manufactured homes, including identifying options for greater securitization of manufactured home mortgages and personal property loans and establishing time frames and milestones for the actions. (Recommendation 2)

Agency Comments

We provided a draft of this report to CFPB, FHFA, HUD, USDA, and VA for their review and comment. FHA and Ginnie Mae (entities in HUD) provided written comments that are reprinted in appendix IV. FHA and Ginnie Mae agreed with our recommendations. FHA stated that it was taking steps to update Title I Manufactured Home Loan Program loan limits and make the program more accessible to borrowers and lenders by aligning it with industry standards and practices. FHA also stated it would work with Ginnie Mae to determine what policy or program changes were needed to better support increased securitization of Title I manufactured home loans. Ginnie Mae stated that it was identifying potential updates to program eligibility requirements and engaging with stakeholders to formulate next steps. In addition, HUD, CFPB, FHFA, and USDA provided technical comments, which we incorporated, as appropriate.

We are sending copies of this report to the appropriate congressional committee, the Director of CFPB, Director of FHFA, Secretary of Housing and Urban Development, Secretary of Agriculture, Secretary of Veterans Affairs, and other interested parties. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-8678 or cackleya@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.

Alicia Puente Cackley
Director, Financial Markets and Community Investment

Appendix I: Objectives, Scope, and Methodology

This report examines (1) characteristics of manufactured housing and manufactured housing communities, including location and ownership; (2) consumer protections related to manufactured housing purchases, loans, residents, and communities; (3) trends in the use of federal financing for manufactured homes and manufactured housing communities; and (4) efforts to assess and improve federal financing options for manufactured housing.

Literature Review

To address all four objectives, we reviewed quantitative and qualitative studies by federal entities and researchers related to manufactured housing and conducted a literature review of relevant research from 2008 to 2022 on manufactured housing trends, federal financing programs, and consumer protections. We selected this period because we last reported on manufactured housing trends in 2007. We identified 115 articles from peer-reviewed journals, dissertations, working papers, government reports, and other materials published from 2008 to March 2022, based on a search of databases that included ProQuest, EBSCO, Westlaw Edge, and Harvard Think Tank.

The articles included studies and reports by academics and by government, nonprofit, and industry organizations that were relevant to our reporting objectives. We determined 85 of the 115 articles were directly relevant to manufactured housing trends, federal financing programs, and consumer protections. We summarized findings from these articles and used the information to inform our methodology and research on these topics. In addition, for six articles from the literature review that we cited in this report, we conducted a detailed review of the findings and methods, and a GAO methodologist confirmed our reported analysis of the findings.

Interviews

We also interviewed federal and state officials, industry participants, and other stakeholders about our research objectives.

- **Federal entities.** We interviewed officials from federal entities involved in manufactured housing financing or consumer protections: Consumer Financial Protection Bureau (CFPB); Department of Housing and Urban Development (HUD), including the Federal Housing Administration (FHA), Office of Policy Development and Research, and Ginnie Mae; Department of Agriculture (USDA) Rural Housing Service; Department of Veterans Affairs (VA); Federal Housing Finance Agency (FHFA); White House Task Force on Manufactured Housing; and two government-sponsored enterprises (enterprises)—Fannie Mae and Freddie Mac.
- **States.** We interviewed a nongeneralizable sample of state government officials involved in manufactured housing in eight states: California, Florida, Georgia, Iowa, Montana, North Carolina, Pennsylvania, and Texas.[1] We selected the states to obtain a diversity of characteristics related to manufactured housing (including geography, share of manufactured housing, and share by financing type).[2]
- **Lenders, investors, and other industry participants.** We interviewed manufactured housing lenders, which we selected to

[1]We interviewed officials from the California Department of Housing and Community Development, Florida Department of Highway Safety and Motor Vehicles, Georgia State Fire Marshal's Office, Iowa State Fire Marshal's Office, Montana Department of Revenue - Tax Policy and Research unit, North Carolina Department of Insurance and Office of State Fire Marshal (and a state-level industry participant, the North Carolina Manufactured and Modular Homebuilders Association), Pennsylvania Department of Community and Economic Development, and Texas Department of Housing and Community Affairs.

[2]More specifically, we selected states to obtain diversity in (1) location by census region, (2) rural classification, (3) proportion of homes that are manufactured housing, (4) number of manufactured housing communities, (5) number of consumer protections related to manufactured housing, and (6) proportion of manufactured homes financed as real property and personal property.

obtain a range of perspectives from different types of lenders.[3] We selected investors in manufactured housing communities for diversity in investor type (institutional, private, public, or owner-operators of manufactured housing), number of home sites in communities owned, and the number of states in which investors operated.[4] We also interviewed representatives of two industry associations (Manufactured Housing Institute and Mortgage Bankers Association); three manufactured housing data analytics firms (Datacomp, Green Street, and MSCI); and a consumer advocacy group (National Consumer Law Center). We selected these entities due to their role in the manufactured housing industry as identified in the results of our literature review and interviews with agency officials and industry stakeholders such as the enterprises and investors.

Characteristics of Manufactured Housing

To describe characteristics of manufactured housing and manufactured housing communities, including location and ownership, we analyzed data from the following surveys administered by the Census Bureau: American Community Survey (ACS) 2017–2021 5-year estimates, American Housing Survey (AHS) 2021, and Manufactured Housing Survey (MHS) 2021.[5]

- **American Community Survey.** ACS uses a series of monthly samples to produce annually updated estimates for households across the United States. Each year, the Census Bureau contacts 3.5 million households to participate in ACS. We selected 2017–2021 5-year estimates because they were more reliable than 1-year

[3]We selected five lenders to interview to reflect a diversity of lender sizes, types of loans offered (federal or conventional), loan products offered (real property or personal property), loan portfolio (whether specializing in manufactured housing loans, site-built loans, or both), and role in the secondary market (involvement with Fannie Mae, Freddie Mac, or Ginnie Mae).

[4]We interviewed three investors from an original selection of 10. Seven of the selected investors that were either private investors or public real estate investment trusts declined our requests for interviews by email and telephone (citing reasons such as privacy), referred us to an industry group, or did not respond.

[5]To assess the reliability of the census data, we reviewed technical information and determined the data were sufficiently reliable for reporting community characteristics and population sizes on the county level. Findings from each survey are subject to sampling errors.

estimates and because these were the most recently available. We analyzed ACS data at the county level to describe the relationship between the proportion of manufactured homes and median household income and poverty rate for U.S. counties.[6] We also used ACS to determine the proportion of manufactured homes across Tribal Areas.[7] We determined the data were sufficiently reliable for reporting at the county level on manufactured home prevalence, median income, and poverty rates.

- **American Housing Survey.** AHS is a biennial survey administered by the Census Bureau that collects a range of housing information, including the size and composition of the U.S. housing inventory, physical condition of housing units, characteristics of occupants, and other information. We analyzed 2021 AHS data (the latest year available at the time of our review) at the national level to describe demographic characteristics and housing costs for residents of manufactured homes and site-built homes.[8] We determined the data were sufficiently reliable for reporting at the national level on some demographic characteristics and housing costs.

  We also explored nonpublic AHS data to analyze household characteristics and housing costs specifically for residents of manufactured housing communities. Officials from HUD's Office of Policy Development and Research provided us with aggregated nonpublic Census Bureau data for 2019. To assess the reliability of these data, we analyzed related documentation from agency officials and reviewed for missing data, outliers, and errors. We determined these estimates had high margins of error due to low numbers of respondents in manufactured homes and therefore were not sufficiently reliable to include in our report.

- **Manufactured Housing Survey.** MHS is a monthly survey sponsored by HUD and administered by the Census Bureau that produces

[6]To analyze median household income, we divided counties into quintiles and calculated the average number of manufactured housing communities in counties in each income category.

[7]For our analysis, we defined Tribal Areas as land entities that are classified in ACS as Federal American Indian Reservation/Off-Reservation Trust Land, Federal American Indian Reservation/Off-Reservation Trust Land joint-use area, Muscogee (Creek) Oklahoma Tribal Statistical Area, Alaska Native Village Statistical Areas, and Tribal designated statistical areas.

[8]We compared renters of manufactured homes to renters of single-family homes and renters in multiunit buildings.

detailed tables annually. We analyzed 2021 MHS data (the latest year available) at the national and regional levels to describe geographic trends and placement of manufactured homes in manufactured housing communities. We determined the data were sufficiently reliable for reporting at the national and regional levels on manufactured home placements.

To describe the characteristics of manufactured home borrowers and loans, we analyzed Home Mortgage Disclosure Act (HMDA) data at the national and regional levels and for the eight selected states for 2021.[9] CFPB is responsible for implementing HMDA, which requires financial institutions, including mortgage lenders, to maintain, report, and publicly disclose loan-level information about mortgages.

HMDA captures 90 percent of mortgage lending activity in the United States, but certain mortgage lenders are exempt from reporting (either from all HMDA reporting or from reporting certain data points).[10] For example, certain lenders that originated a small number of loans are exempt from reporting on data points introduced in 2018, including data points related to manufactured housing.[11] We decided to include manufactured home loans with exemption codes in our analysis to help ensure coverage from lenders that may have low loan volumes. We

[9]To assess the reliability of HMDA data, we reviewed documentation, performed electronic testing on the data to check for missing values and obvious errors, and corroborated the data with other available sources. These sources included the Federal Financial Institutions Examination Council's reporting and technical documentation on HMDA data. We corroborated our findings by reviewing a CFPB report that contains analysis similar to ours. See Consumer Financial Protection Bureau, *Manufactured Housing Finance: New Insights from the Home Mortgage Disclosure Act* (Washington, D.C.: May 27, 2021). Additionally, we interviewed CFPB officials about interpreting HMDA data fields. Based on these steps, we determined the data were sufficiently reliable for describing the characteristics of loans and manufactured home borrowers.

[10]Mortgage lenders that are entirely exempt from HMDA reporting include those with loan volumes below certain thresholds, small asset-sizes, and nonmetropolitan lenders. For more information, see GAO, *Home Mortgage Disclosure Act: Reporting Exemptions Had a Minimal Impact on Data Availability, but Additional Information Would Enhance Oversight,* GAO-21-350 (Washington, D.C.: May 17, 2021): 6.

[11]Specifically, certain banks and credit unions that originated fewer than 500 closed-end mortgage loans or fewer than 500 open-end lines of credit in each of the previous 2 years are exempt from reporting certain data points. Data points related to manufactured housing that allow certain lenders to report exemption codes include "manufactured home secured property type" (whether the covered loan is secured by a manufactured home and land, or a manufactured home only) and "manufactured home land property interest" (information about the applicant's or borrower's ownership or leasehold interest in the land on which the home is located).

selected 2021 because these data were the most recently available at the time of our review.

We analyzed HMDA to describe characteristics of manufactured home borrowers, including race, ethnicity, age, sex, income, and loan characteristics, which include approval rates, loan type (personal property loans and mortgages), and loan cost. For race, ethnicity, and sex, we used HMDA-derived fields that are aggregated from the source data, following a methodology developed by CFPB for analysis and privacy protection. We reported on five race categories, combining some HMDA-derived categories for our analysis: (1) American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander; (2) Asian; (3) Black; (4) White; and (5) Other. The "Other" category included responses that indicated two or more minority races, joint responses where one applicant was White and the other applicant was of a minority race, responses that consisted of only free-form text, and responses in which no race information was available. We determined the data were sufficiently reliable for reporting at the national, regional, and state levels on manufactured characteristics of manufactured home borrowers and loans in 2021.

To describe the location and characteristics of manufactured housing communities, we analyzed manufactured housing community data distributed through the Homeland Infrastructure Foundation-Level Data (HIFLD) Open program for 2022.[12] HIFLD is a geographic database with publicly available critical infrastructure data overseen by the Department of Homeland Security. We downloaded the data in May 2022, which provide a point-in-time snapshot of manufactured housing communities.[13] We determined the data were sufficiently reliable for reporting at the

[12]According to its website, HIFLD Open provides national foundation-level geospatial data in the public domain that can be useful to support community preparedness, resiliency, and research. See https://hifld-geoplatform.opendata.arcgis.com/. To assess the reliability of the data, we reviewed documentation, performed electronic testing on the data to check for missing values and obvious errors, and interviewed HIFLD researchers about interpreting the data and our research approach.

[13]HIFLD researchers told us they compiled data on manufactured housing communities from several sources: publicly available data from internet sources, satellite imagery with an algorithm to identify manufactured housing communities, and mapping data for residential buildings from the Federal Emergency Management Agency. HIFLD researchers said they aimed to update data annually, depending on other priorities.

national, regional, and county levels to describe the location of manufactured housing communities in 2022.

Consumer Protections for Manufactured Housing Residents

To describe consumer protections relating to manufactured housing purchases, loans, residents, and communities, we conducted legal research on federal- and state-level protections.[14] We also reviewed reports on federal- and state-level consumer protections from federal entities as part of our literature review. We reviewed 38 public comments by consumer advocacy groups, industry participants, and other stakeholders on Duty to Serve plans and tenant protections. In our interviews with federal and state entities, lenders, investors, and other industry participants, we obtained information on federal- and state-level protections for owners and renters, titling implications, and perspectives on the extent to which consumer protections and related issues may affect lending and investing decisions in various states.

Trends in Use of Federal Financing

To describe trends in the use of federal financing, we analyzed data from federal entities, reviewed documentation on financing programs applicable to manufactured housing, and interviewed federal officials about available data and financing trends. We obtained summary-level data from HUD, VA, USDA, and the enterprises on their single-family loan products for 2008–2022.[15] We selected this period because we last reported on federal financing program changes in 2007. We obtained loan-level data from HUD, Fannie Mae, and Freddie Mac on their

[14]We identified manufactured housing statutes and regulations for selected states in Westlaw and through web-based searches to identify applicable statutes and regulations.

[15]The summary-level single-family data we obtained from federal entities included numbers and percentages of loans by type (including for site-built and manufactured housing) and minimum, maximum, and median loan amounts, nationally and by state, for each year of the analysis period (2008–2022). We also obtained information on top lenders for each year during 2008–2022. VA provided data from two systems: its WebLGY assessor database (2013–2020) and XML assessor data (2021–2022). According to VA officials, the XML data may be more accurate, but VA only has access to XML data starting in 2021.

multifamily loan products for 2008–2022.[16] We determined these data were sufficiently reliable for reporting on the number and dollar amount of agency and enterprise financing of manufactured housing, nationally and in selected states.

We also reviewed documentation on federal loan and other financing products for manufactured housing from HUD (including FHA and Ginnie Mae), VA, USDA, and the enterprises, including program descriptions, borrower eligibility requirements, and other requirements. We interviewed federal entity officials about data availability and quality, trends, and factors affecting financing trends.

Efforts to Assess and Improve Federal Financing Options

To describe efforts to assess and improve federal financing options for manufactured housing, we identified federal entity goals, objectives, and performance metrics related to manufactured housing loan and other financing products and related topics, such as affordable housing and housing financing programs. We did this by reviewing available documentation (such as strategic plans and Duty to Serve plans) and interviewing federal entity officials. We identified changes to loan and other financing products based on publicly available documentation (such as Federal Register Notices and information on agency websites) and interviews with federal entity officials. We reviewed 74 public comments by consumer advocacy groups, industry participants, and other stakeholders on Duty to Serve plans and the personal property market.

We also interviewed federal entity officials on coordination efforts related to manufactured housing financing, data and research, and planned steps and related challenges to improving the availability of federal loan and other financing products. We evaluated federal entity actions against statutory requirements, agency strategic plans, and mission statements.

We conducted this performance audit from December 2021 to September 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to

[16]We also requested multifamily loan data from USDA, but USDA officials told us the agency's data systems did not track whether any multifamily financing was used for manufactured housing. They were not aware of any multifamily products used for manufactured housing during our analysis period.

obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix II: Available Ownership Information on Manufactured Housing Communities

The extent to which investors have purchased manufactured housing communities is not fully known because information on ownership of manufactured housing communities is limited, according to our research and interviews with agency officials and an industry data firm. The government-sponsored enterprises Fannie Mae and Freddie Mac collect data only on their own manufactured housing community loans. These enterprises recently began tracking manufactured housing community borrowers by type, such as whether a borrower is a government-, nonprofit-, resident-, or privately owned entity.[1]

We and others have explored the following sources of information to describe manufactured housing community ownership:

- **Public filings by real estate investment trusts.** Some manufactured housing community investors are publicly traded real estate investment trusts that are required to file periodic financial statements and other disclosures.[2] These public filings provide information such as revenue growth, capital expenditures, and number of home sites owned by the company.
- **Data analytics firms.** A number of private firms collect and analyze data on segments of the manufactured housing community market. These companies tend to focus on highly rated manufactured housing

[1]According to enterprise officials, Fannie Mae began tracking manufactured housing community borrowers by type approximately in 2018–2019, and Freddie Mac began in 2014.

[2]Publicly traded real estate investment trusts are required to make regular disclosures to the Securities and Exchange Commission, including quarterly financial reports and yearly audited financial reports.

communities because this is the market segment of greatest interest to investors.[3]

- **Property-level data (local government deed and tax assessor data).** We and others have reviewed property-level data to help understand who owns these properties and any changes to their ownership. One challenge to this type of analysis is the lack of uniformity in these data. For example, there is no uniform definition for land use (such as manufactured housing community) or for manufactured housing size.[4] Federal Housing Finance Agency officials told us they worked with tax assessor data to analyze their portfolio, which involved efforts to clean the data.

[3]Investors and others often use a rating scale to indicate manufactured housing community attributes and investment potential. For example, Fannie Mae's *Multifamily Selling and Servicing Guide* includes a 5-point quality scale for manufactured housing communities. The guide notes that communities rated 3 or higher have attributes such as paved roads, porch or patio entries, at least two parking spaces per unit, and meet other criteria for home sites and community amenities.

[4]For example, the United States has more than 3,000 counties, each of which may vary in how it defines and codes land uses. There is no common definition for manufactured housing properties among counties.

Appendix III: Manufactured Housing Characteristics, Federal Financing, and Consumer Protections in Selected States

The figures in this appendix provide a snapshot of manufactured housing in eight selected states: California, Florida, Georgia, Iowa, Montana, North Carolina, Pennsylvania, and Texas. We selected the states for diversity in several areas (including geography, share of manufactured housing, and share by financing type).[1] More specifically, the figures illustrate differences in trends and characteristics of manufactured housing (including location, housing values, and rents), use of federal financing products across different states, and consumer protections available to residents of manufactured housing communities.[2]

[1]See appendix I for more information on our methodologies.

[2]The Departments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA) administer single-family loan programs for manufactured housing. These agencies have guarantee programs that assume some of the risks of certain mortgages or personal property loans from lenders. HUD's Title I Manufactured Home Loan Program insures loans for the purchase or refinancing of a manufactured home, land for a manufactured home, or both. In practice, the majority of Title I loans are personal property loans, based on our review of data provided by HUD. Its Title II program insures mortgages that finance the purchase and refinancing of single-family homes that are real property, which can include manufactured homes taxed and classified as real estate. USDA also issues mortgages directly. Additionally, HUD and USDA have mortgage loan guarantees available for the purchase of manufactured housing communities. See figure 1 in the report for more information on these programs.

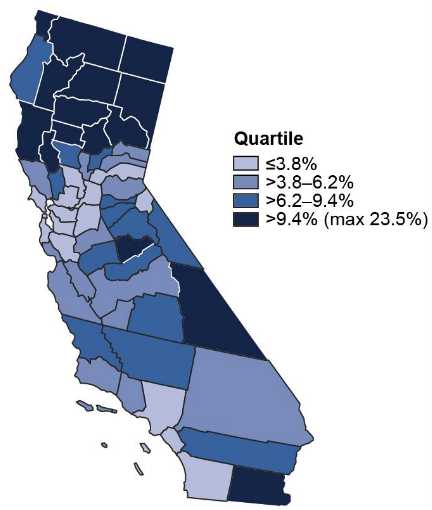
California

Figure 18: Selected Characteristics of Manufactured Housing, Federal Financing, and Related Consumer Protections in California, as of 2022

California

State housing characteristics

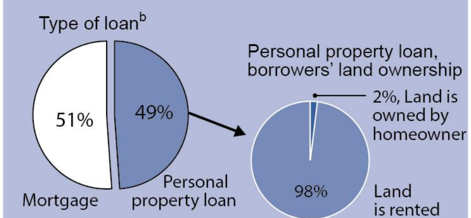
Percentage of manufactured homes by county[a]



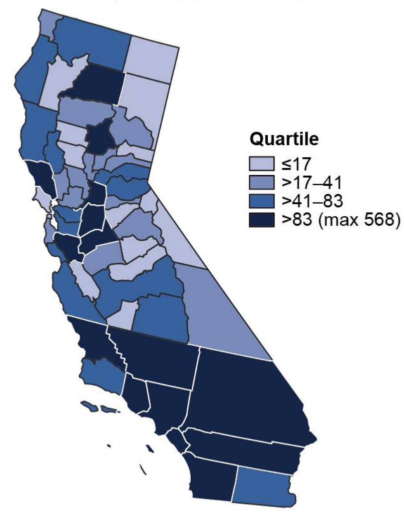
Overview

Total number of manufactured homes[a]:	514,764
Manufactured housing units as a percentage of all housing units[a]:	3.6%
Median housing value[a]:	$573,200
Median manufactured home value[a]:	$87,900
Median gross rent[a]:	$1,698

Occupied housing units[a]: 55.5% owned | 44.5% rented



Number of manufactured housing communities by county (Total: 4,219)[c]



Federal financing

Federally guaranteed or direct loans for manufactured housing in California, 2008–2022

Entity	Program	Available data	Number	Dollar amount
HUD	Title II	FY 2008–2022	17,913	$3,934,995,457
	Title I Manufactured Home Loan Program	CY 2008–2022	13	$305,192
VA	Home Loan Program	FY 2013–2022	2,954	$806,756,338
USDA	Section 502 Guaranteed Loan Program	FY 2008–2022	50	$10,361,716
	Section 502 Loan Program	FY 2008–2022	24	$4,338,293

Federal loans for manufactured housing communities in California, 2014–2022

Entity	Number	Dollar amount
Enterprises (Fannie Mae and Freddie Mac)	547	$5,771,162,682

Consumer protections

Rental agreements		Rental payments		Eviction procedures		Community sales and closures	
						Notice requirement	
Provisions requirement	Minimum lease term	Grace period requirement	Notice of increase requirement	Cause for eviction requirement	Notice requirement	Community sale	Community closure
✓	1 year	5 days	90 days	✓	60 days	30 days	6 to 12 months

Source: GAO analysis of state statutes and landlord/tenant law and data from American Community Survey 5-year estimates, Home Mortgage Disclosure Act, Homeland Infrastructure Foundation-Level Data Open, the Departments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA); Fannie Mae and Freddie Mac. | GAO-23-105615

Notes: We used American Community Survey 5-year estimates for greater reliability (compared to 1-year estimates). The 5-year estimates for 2017–2021 were the most recently available. All of the reported estimates are statistically significant at the 95 percent confidence interval. **Federal financing data** are based on available agency data, which were fiscal year (FY) or calendar year

(CY), as indicated. We excluded refinance loans. Title I Manufactured Home Loan Program loans are limited to personal property loans. VA did not track loans for manufactured housing before 2013 and provided data from two systems: its standard assessor database (FY 2013–2020), in which manufactured housing loans may be misreported due to coding errors, and its assessor database XML data (FY 2021–2022), which has a higher level of accuracy, according to VA officials. USDA data are for all Section 502 Guaranteed Loan Program and Section 502 Direct Loan Program loans, including loans made under the Section 502 Pilot for Energy Efficient Homes in Nonprofit-owned Manufactured Housing Communities (which offers both guaranteed and direct loans). **Federal loans for manufactured housing communities** include refinance loans. We analyzed data starting in 2014 because Freddie Mac began purchasing and tracking manufactured housing community loans in 2014. Prior to 2014, only Fannie Mae purchased and tracked such loans. Regarding **consumer protections** in California, a community owner may provide a lease agreement for less than 12 months if requested by a resident homeowner or longer than 12 months if the community owner and homeowner mutually agree to do so. For community sales and closures, a community owner must provide written notice of their intention to sell the park, in part, if the resident organization has first notified the park owner or manager in writing that park residents are interested in purchasing the park, and the notice is made prior to a written listing or offer to sell the park by the park owner. The organization must give subsequent notice once each year thereafter that residents are interested in purchasing the park. Management must give homeowners at least 60 days' written notice that they will appear before a local governmental board, commission, or body to request permits for a change of use of the mobile home park. If the approval is given, the park owner must give homeowners 6 months or more written notice of termination of tenancy. If no governmental permits are needed to change the use, then the notice must be given 12 months or more prior to the management's determination that a change of use will occur.

[a]2017–2021 American Community Survey 5-year estimates

[b]2021 Home Mortgage Disclosure Act data

[c]2022 Homeland Infrastructure Foundation-Level Data Open data

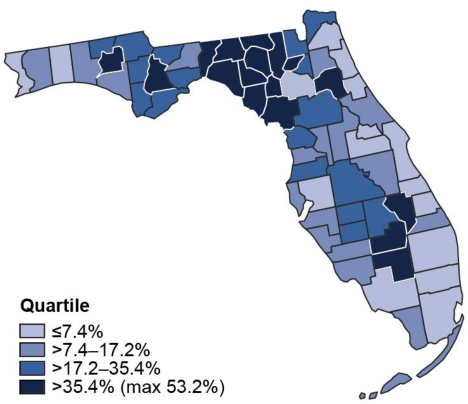
Florida

Figure 19: Selected Characteristics of Manufactured Housing, Federal Financing, and Related Consumer Protections in Florida, as of 2022

Florida

State housing characteristics

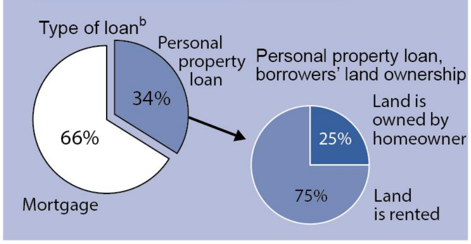
Percentage of manufactured homes by county[a]



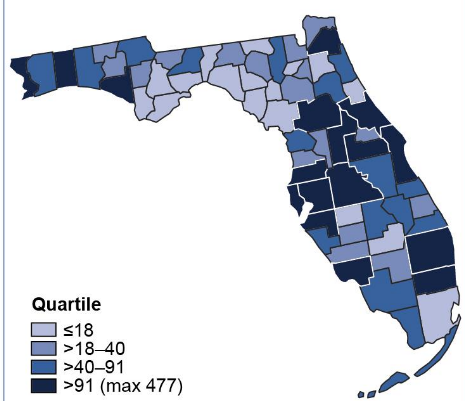
Overview

Total number of manufactured homes[a]:	821,792
Manufactured housing units as a percentage of all housing units[a]:	8.4%
Median housing value[a]:	$248,700
Median manufactured home value[a]:	$59,100
Median gross rent[a]:	$1,301

Occupied housing units[a]: 66.5% owned; 33.5% rented



Number of manufactured housing communities by county (Total: 4,717)[c]



Federal financing

Federally guaranteed or direct loans for manufactured housing in Florida, cumulative

Entity	Program	Available data	Number	Dollar amount
HUD	Title II	FY 2008–2022	25,185	$3,191,468,100
	Title I Manufactured Home Loan Program	CY 2008–2022	52	$1,063,180
VA	Home Loan Program	FY 2013–2022	4,022	$609,528,204
USDA	Section 502 Guaranteed Loan Program	FY 2008–2022	119	$17,389,816
	Section 502 Loan Program	FY 2008–2022	20	$2,079,573

Federal loans for manufactured housing communities in Florida, 2014–2022

Entity	Number	Dollar amount
Enterprises (Fannie Mae and Freddie Mac)	410	$4,983,353,211

Consumer protections

Rental agreements		Rental payments		Eviction procedures		Community sales and closures	
						Notice requirement	
Provisions requirement	Minimum lease term	Grace period requirement	Notice of increase requirement	Cause for eviction requirement	Notice requirement	Community sale	Community closure
✓	1 year	5 days	90 days	✓	Varies	Not specified	5 days

Source: GAO analysis of state statutes and landlord/tenant law and data from American Community Survey 5-year estimates, Home Mortgage Disclosure Act, Homeland Infrastructure Foundation-Level Data Open, the Departments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA); Fannie Mae and Freddie Mac. | GAO-23-105615

Notes: We used American Community Survey 5-year estimates for greater reliability (compared to 1-year estimates). The 5-year estimates for 2017–2021 were the most recently available. All of the reported estimates are statistically significant at the 95 percent confidence interval. **Federal financing data** are based on available agency data, which were fiscal year (FY) or calendar year

(CY), as indicated. We excluded refinance loans. Title I Manufactured Home Loan Program loans are limited to personal property loans. HUD also guaranteed eight Title I mortgage loans for manufactured homes and lots in Florida in 2008–2022, with a cumulative loan volume of approximately $500,000. VA did not track loans for manufactured housing before 2013 and provided data from two systems: its standard assessor database (FY 2013–2020), in which manufactured housing loans may be misreported due to coding errors, and its assessor database XML data (FY 2021–2022), which has a higher level of accuracy, according to VA officials. USDA data are for all Section 502 Guaranteed Loan Program and Section 502 Direct Loan Program loans, including loans made under the Section 502 Pilot for Energy Efficient Homes in Nonprofit-owned Manufactured Housing Communities (which offers both guaranteed and direct loans). **Federal loans for manufactured housing communities** include refinance loans. We analyzed data starting in 2014 because Freddie Mac began purchasing and tracking manufactured housing community loans in 2014. Prior to 2014, only Fannie Mae purchased and tracked such loans. Regarding **consumer protections** in Florida, a community owner may offer an initial lease term of less than 1 year if doing so permits the community owner to have all rental agreements in the community commence at the same time. For rental payments, the 5-day grace period starts after a written demand is delivered by the community owner for payment of the lot rental amount. For eviction procedures, the time frame in which community owners must notify tenants of their intention to terminate the lease agreement differs based on the cause for eviction. For example, community owners must provide tenants with 6-month advance notice of eviction due to land change (e.g., redevelopment of a community). For community sales and closures, community owners must provide a notice of community sale, but Florida statute does not specify a time frame. The community owner must notify homeowners or the homeowners' association of any application for a change in zoning of the community within 5 days after filing such a zoning change before a zoning authority.

[a]2017–2021 American Community Survey 5-year estimates

[b]2021 Home Mortgage Disclosure Act data

[c]2022 Homeland Infrastructure Foundation-Level Data Open data

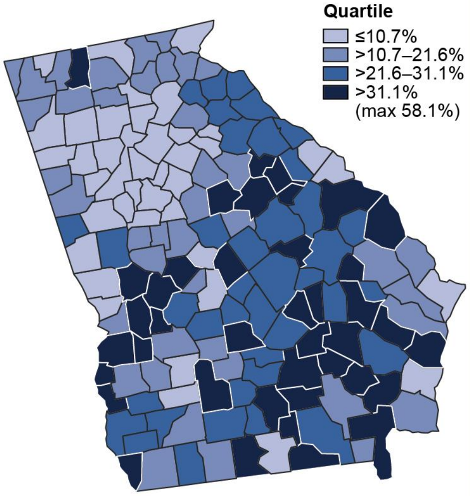
Georgia

Figure 20: Selected Characteristics of Manufactured Housing, Federal Financing, and Related Consumer Protections in Georgia, as of 2022

Georgia

State housing characteristics

Percentage of manufactured homes by county[a]

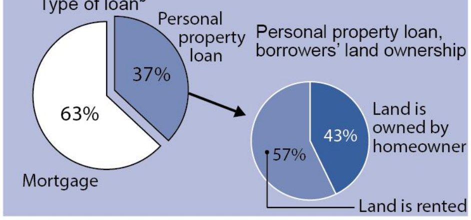


Overview

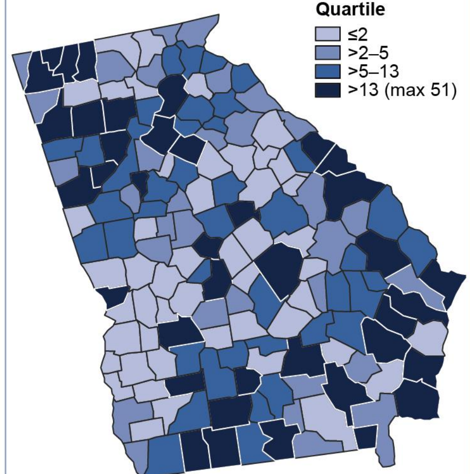
Total number of manufactured homes[a]:	360,518
Manufactured housing units as a percentage of all housing units[a]:	8.2%
Median housing value[a]:	$206,700
Median manufactured home value[a]:	$50,500
Median gross rent[a]:	$1,110

Occupied housing units[a]:
64.5% owned | 35.5% rented

Type of loan[b]



Number of manufactured housing communities by county (Total: 1,422)[c]



Federal financing

Federally guaranteed or direct loans for manufactured housing in Georgia, cumulative

Entity	Program	Available data	Number	Dollar amount
HUD	Title II	FY 2008–2022	12,023	$1,351,114,785
	Title I Manufactured Home Loan Program	CY 2008–2022	52	$1,611,771
VA	Home Loan Program	FY 2013–2022	967	$138,965,767
USDA	Section 502 Guaranteed Loan Program	FY 2008–2022	74	$11,012,201
	Section 502 Loan Program	FY 2008–2022	0	$0

Federal loans for manufactured housing communities in Georgia, 2014–2022

Entity	Number	Dollar amount
Enterprises (Fannie Mae and Freddie Mac)	70	$1,033,470,366

Consumer protections

Rental agreements		Rental payments		Eviction procedures		Community sales and closures	
						Notice requirement	
Provisions requirement	Minimum lease term	Grace period requirement	Notice of increase requirement	Cause for eviction requirement	Notice requirement	Community sale	Community closure
✓	No evidence identified	No evidence identified	No evidence identified	No evidence identified	●●●●●● 60 days	No evidence identified	No evidence identified

Source: GAO analysis of state statutes and landlord/tenant law and data from American Community Survey 5-year estimates, Home Mortgage Disclosure Act, Homeland Infrastructure Foundation-Level Data Open, the Departments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA); Fannie Mae and Freddie Mac. | GAO-23-105615

Notes: We used American Community Survey 5-year estimates for greater reliability (compared to 1-year estimates). The 5-year estimates for 2017–2021 were the most recently available. All of the reported estimates are statistically significant at the 95 percent confidence interval. **Federal financing data** are based on available agency data, which were fiscal year (FY) or calendar year

(CY), as indicated. We excluded refinance loans. Title I Manufactured Home Loan Program loans are limited to personal property loans. HUD also guaranteed eight Title I mortgage loans for manufactured homes and lots in Georgia in 2008–2022, with a cumulative loan volume of approximately $400,000. VA did not track loans for manufactured housing before 2013 and provided data from two systems: its standard assessor database (FY 2013–2020), in which manufactured housing loans may be misreported due to coding errors, and its assessor database XML data (FY 2021–2022), which has a higher level of accuracy, according to VA officials. USDA data are for all Section 502 Guaranteed Loan Program and Section 502 Direct Loan Program loans, including loans made under the Section 502 Pilot for Energy Efficient Homes in Nonprofit-owned Manufactured Housing Communities (which offers both guaranteed and direct loans). **Federal loans for manufactured housing communities** include refinance loans. We analyzed data starting in 2014 because Freddie Mac began purchasing and tracking manufactured housing community loans in 2014. Prior to 2014, only Fannie Mae purchased and tracked such loans.

[a]2017–2021 American Community Survey 5-year estimates

[b]2021 Home Mortgage Disclosure Act data

[c]2022 Homeland Infrastructure Foundation-Level Data Open data

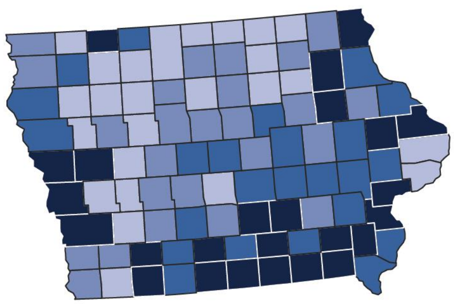
Iowa

Figure 21: Selected Characteristics of Manufactured Housing, Federal Financing, and Related Consumer Protections in Iowa, as of 2022

Iowa

State housing characteristics

Percentage of manufactured homes by county[a]



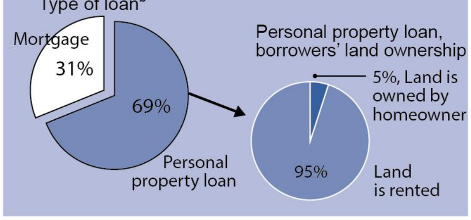
Quartile
- ≤2.3%
- >2.3–3.4%
- >3.4–4.7%
- >4.7% (max 14.7%)

Overview

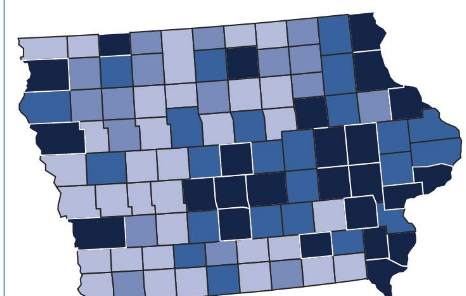
Total number of manufactured homes[a]:	48,950
Manufactured housing units as a percentage of all housing units[a]:	3.5%
Median housing value[a]:	$160,700
Median manufactured home value[a]:	$25,000
Median gross rent[a]:	$845

Occupied housing units[a]: 71.6% owned; 28.4% rented

Type of loan[b]



Number of manufactured housing communities by county (Total: 465)[c]



Quartile
- ≤1
- >1–2
- >2–6
- >6 (max 36)

Federal financing

Federally guaranteed or direct loans for manufactured housing in Iowa, cumulative

Entity	Program	Available data	Number	Dollar amount
HUD	Title II	FY 2008–2022	880	$99,933,014
	Title I Manufactured Home Loan Program	CY 2008–2022	1	$23,404
VA	Home Loan Program	FY 2013–2022	148	$27,618,445
USDA	Section 502 Guaranteed Loan Program	FY 2008–2022	16	$2,138,227
	Section 502 Loan Program	FY 2008–2022	5	$527,261

Federal loans for manufactured housing communities in Iowa, 2014–2022

Entity	Number	Dollar amount
Enterprises (Fannie Mae and Freddie Mac)	83	$551,828,516

Consumer protections

Rental agreements: Provisions requirement	Rental agreements: Minimum lease term	Rental payments: Grace period requirement	Rental payments: Notice of increase requirement	Eviction procedures: Cause for eviction requirement	Eviction procedures: Notice requirement	Community sales and closures – Notice requirement: Community sale	Community sales and closures – Notice requirement: Community closure
✓	1 year	3 days	90 days	✓	Varies	No evidence identified	No evidence identified

Source: GAO analysis of state statutes and landlord/tenant law and data from American Community Survey 5-year estimates, Home Mortgage Disclosure Act, Homeland Infrastructure Foundation-Level Data Open, the Departments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA); Fannie Mae and Freddie Mac. | GAO-23-105615

Notes: We used American Community Survey 5-year estimates for greater reliability (compared to 1-year estimates). The 5-year estimates for 2017–2021 were the most recently available. All of the reported estimates are statistically significant at the 95 percent confidence interval. **Federal financing data** are based on available agency data, which were fiscal year (FY) or calendar year

(CY), as indicated. We excluded refinance loans. Title I Manufactured Home Loan Program loans are limited to personal property loans. VA did not track loans for manufactured housing before 2013 and provided data from two systems: its standard assessor database (FY 2013–2020), in which manufactured housing loans may be misreported due to coding errors, and its assessor database XML data (FY 2021–2022), which has a higher level of accuracy, according to VA officials. USDA data are for all Section 502 Guaranteed Loan Program and Section 502 Direct Loan Program loans, including loans made under the Section 502 Pilot for Existing Manufactured Housing (which offers both guaranteed and direct loans). **Federal loans for manufactured housing communities** include refinance loans. We analyzed data starting in 2014 because Freddie Mac began purchasing and tracking manufactured housing community loans in 2014. Prior to 2014, only Fannie Mae purchased and tracked such loans. Regarding **consumer protections** in Iowa, rental agreements must be for one year unless otherwise specified. For rental payments, the effective date of a rent increase cannot be sooner than the expiration date of the original rental agreement or the renewal or extension. For eviction procedures, the time frame in which community owners must notify tenants of their intention to terminate the lease agreement differs based on the cause of eviction. For example, community owners must provide a 30-day notice of eviction if due to noncompliance with the rental agreement.

[a]2017–2021 American Community Survey 5-year estimates

[b]2021 Home Mortgage Disclosure Act data

[c]2022 Homeland Infrastructure Foundation-Level Data Open data

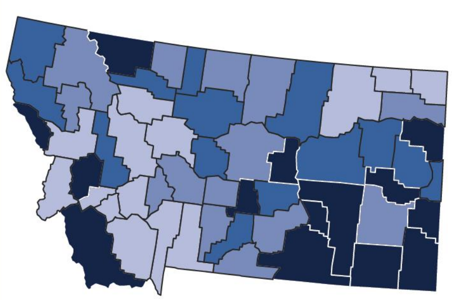
Montana

Figure 22: Selected Characteristics of Manufactured Housing, Federal Financing, and Related Consumer Protections in Montana, as of 2022

Montana

State housing characteristics

Percentage of manufactured homes by county[a]



Quartile
- ≤9.5%
- >9.5–11.7%
- >11.7–16.1%
- >16.1% (max 24.3%)

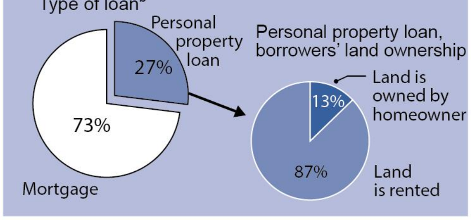
Overview

Total number of manufactured homes[a]:	51,129
Manufactured housing units as a percentage of all housing units[a]:	10.0%
Median housing value[a]:	$263,700
Median manufactured home value[a]:	$61,600
Median gross rent[a]:	$886

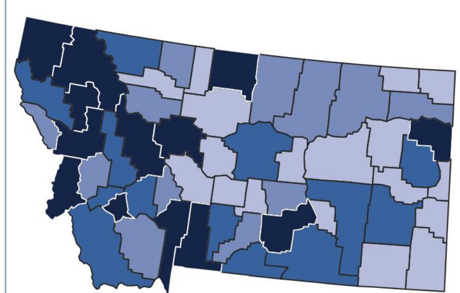
Occupied housing units[a]:

69.1% owned | 30.9% rented

Type of loan[b]



Number of manufactured housing communities by county (Total: 569)[c]



Quartile
- ≤1
- >1–4
- >4–10
- >10 (max 76)

Federal financing

Federally guaranteed or direct loans for manufactured housing in Montana, cumulative

Entity	Program	Available data	Number	Dollar amount
HUD	Title II	FY 2008–2022	2,115	$368,646,930
	Title I Manufactured Home Loan Program	CY 2008–2022	2	$54,233
VA	Home Loan Program	FY 2013–2022	907	$161,375,207
USDA	Section 502 Guaranteed Loan Program	FY 2008–2022	84	$11,976,478
	Section 502 Loan Program	FY 2008–2022	33	$3,961,494

Federal loans for manufactured housing communities in Montana, 2014–2022

Entity	Number	Dollar amount
Enterprises (Fannie Mae and Freddie Mac)	12	$116,648,000

Rental agreements		Rental payments		Eviction procedures		Community sales and closures	
						Notice requirement	
Provisions requirement	Minimum lease term	Grace period requirement	Notice of increase requirement	Cause for eviction requirement	Notice requirement	Community sale	Community closure
✔	1 month	7 days	No evidence identified	✔	Varies	No evidence identified	180 days (6 months)

Source: GAO analysis of state statutes and landlord/tenant law and data from American Community Survey 5-year estimates, Home Mortgage Disclosure Act, Homeland Infrastructure Foundation-Level Data Open, the Departments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA); Fannie Mae and Freddie Mac. | GAO-23-105615

Notes: We used American Community Survey 5-year estimates for greater reliability (compared to 1-year estimates). The 5-year estimates for 2017–2021 were the most recently available. All of the reported estimates are statistically significant at the 95 percent confidence interval. **Federal financing data** are based on available agency data, which were fiscal year (FY) or calendar year

(CY), as indicated. We excluded refinance loans. Title I Manufactured Home Loan Program loans are limited to personal property loans. VA did not track loans for manufactured housing before 2013 and provided data from two systems: its standard assessor database (2013–2020), in which manufactured housing loans may be misreported due to coding errors, and its assessor database XML data (2021–2022), which has a higher level of accuracy, according to VA officials. USDA data are for all Section 502 Guaranteed Loan Program and Section 502 Direct Loan Program loans, including loans made under the Section 502 Pilot for Existing Manufactured Housing (which offers both guaranteed and direct loans). **Federal loans for manufactured housing communities** include refinance loans. We analyzed data starting in 2014 because Freddie Mac began purchasing and tracking manufactured housing community loans in 2014. Prior to 2014, only Fannie Mae purchased and tracked such loans. Regarding **consumer protections** in Montana, certain state statutes require the inclusion or exclusion of certain provisions in rental lease agreements. The rental agreement can include a time frame other than 1 month if set by the parties. For eviction procedures, the time frame in which community owners must notify tenants of their intention to terminate the lease agreement differs based on the cause for eviction. For example, community owners must provide 7-day notice of eviction if a tenant is terminated due to disorderly conduct that disrupts others' peaceful enjoyment and use of the premises. For community sales and closures, the landlord also must give the mobile homeowners and mobile home tenants at least 15 days written notice that the landlord will be appearing before a unit of local government to request permits for a change of use of the premises. The 6-month notice of termination of tenancy must be given after all the permits requested to change use have been approved by the local government.

[a]2017–2021 American Community Survey 5-year estimates

[b]2021 Home Mortgage Disclosure Act data

[c]2022 Homeland Infrastructure Foundation-Level Data Open data

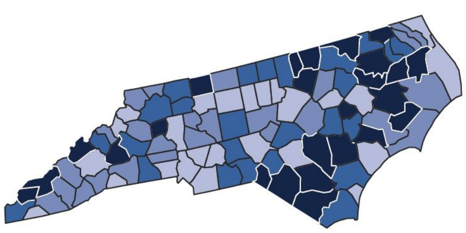
North Carolina

Figure 23: Selected Characteristics of Manufactured Housing, Federal Financing, and Related Consumer Protections in North Carolina, as of 2022

North Carolina

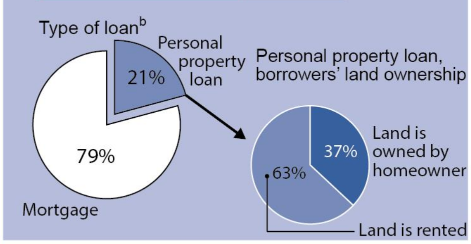
State housing characteristics

Percentage of manufactured homes by county[a]

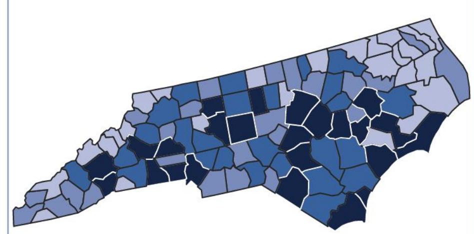


Overview

- Total number of manufactured homes[a]: 557,294
- Manufactured housing units as a percentage of all housing units[a]: 11.9%
- Median housing value[a]: $197,500
- Median manufactured home value[a]: $62,200
- Median gross rent[a]: $988
- Occupied housing units[a]: 65.9% owned, 34.1% rented



Number of manufactured housing communities by county (Total: 2,835)[c]



Federal financing

Federally guaranteed or direct loans for manufactured housing in North Carolina, cumulative

Entity	Program	Available data	Number	Dollar amount
HUD	Title II	FY 2008–2022	24,159	$2,618,838,199
	Title I Manufactured Home Loan Program	CY 2008–2022	363	$10,016,011
VA	Home Loan Program	FY 2013–2022	2,463	$347,940,708
USDA	Section 502 Guaranteed Loan Program	FY 2008–2022	1,490	$186,811,294
	Section 502 Loan Program	FY 2008–2022	148	$17,503,545

Federal loans for manufactured housing commuities in North Carolina, 2014–2022

Entity	Number	Dollar amount
Enterprises (Fannie Mae and Freddie Mac)	102	$463,401,495

Consumer protections

Rental agreements		Rental payments		Eviction procedures		Community sales and closures	
						Notice requirement	
Provisions requirement	Minimum lease term	Grace period requirement	Notice of increase requirement	Cause for eviction requirement	Notice requirement	Community sale	Community closure
✓	No evidence identified	10 days	No evidence identified	✓	60 days	No evidence identified	180 days (6 months)

Source: GAO analysis of state statutes and landlord/tenant law and data from American Community Survey 5-year estimates, Home Mortgage Disclosure Act, Homeland Infrastructure Foundation-Level Data Open, the Departments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA); Fannie Mae and Freddie Mac. | GAO-23-105615

Notes: We used American Community Survey 5-year estimates for greater reliability (compared to 1-year estimates). The 5-year estimates for 2017–2021 were the most recently available. All of the reported estimates are statistically significant at the 95 percent confidence interval. **Federal financing data** are based on available agency data, which were fiscal year (FY) or calendar year

(CY), as indicated. We excluded refinance loans. Title I Manufactured Home Loan Program loans are limited to personal property loans. HUD also guaranteed 53 Title I mortgage loans for manufactured homes and lots in North Carolina in CY 2008–2022, with a cumulative loan volume of approximately $2.3 million. VA did not track loans for manufactured housing before 2013 and provided data from two systems: its standard assessor database (FY 2013–2020), in which manufactured housing loans may be misreported due to coding errors, and its assessor database XML data (FY 2021–2022), which has a higher level of accuracy, according to VA officials. USDA data are for all Section 502 Guaranteed Loan Program and Section 502 Direct Loan Program loans, including loans made under the Section 502 Pilot for Energy Efficient Homes in Nonprofit-owned Manufactured Housing Communities (which offers both guaranteed and direct loans). **Federal loans for manufactured housing communities** include refinance loans. We analyzed data starting in 2014 because Freddie Mac began purchasing and tracking manufactured housing community loans in 2014. Prior to 2014, only Fannie Mae purchased and tracked such loans. Regarding **consumer protections** in North Carolina, the grace period for rental payments starts after the demand by the lessor to the lessee for all past-due rent. For community sales and closures, if a manufactured home community is being closed pursuant to a valid state or local government order, the owner of the community must give notice of the closure of the community to each resident within 3 business days of the date the order is issued.

[a]2017–2021 American Community Survey 5-year estimates

[b]2021 Home Mortgage Disclosure Act data

[c]2022 Homeland Infrastructure Foundation-Level Data Open data

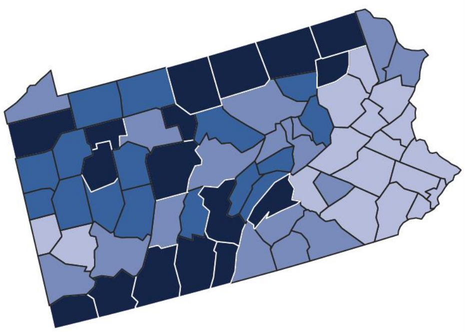
Pennsylvania

Figure 24: Selected Characteristics of Manufactured Housing, Federal Financing, and Related Consumer Protections in Pennsylvania, as of 2022

Pennsylvania

State housing characteristics

Percentage of manufactured homes by county[a]



Quartile
- ≤4.2%
- >4.2–7.0%
- >7.0–10.7%
- >10.7% (max 18.1%)

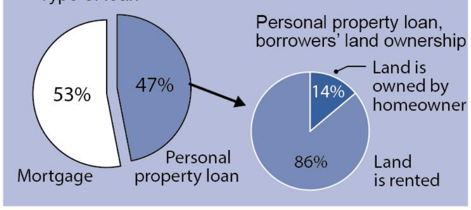
Overview

Total number of manufactured homes[a]:	209,549
Manufactured housing units as a percentage of all housing units[a]:	3.7%
Median housing value[a]:	$197,300
Median manufactured home value[a]:	$40,900
Median gross rent[a]:	$1,013

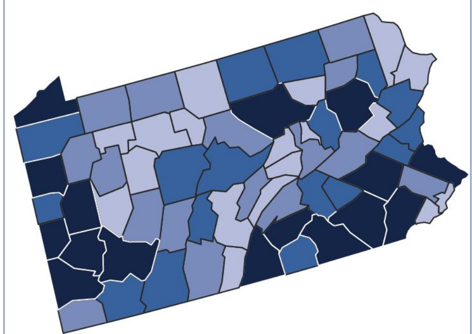
Occupied housing units[a]:

69.2% owned | 30.8% rented

Type of loan[b]



Number of manufactured housing communities by county (Total: 1,577)[c]



Quartile
- ≤9
- >9–17
- >18–32
- >32 (max 86)

Federal financing

Federally guaranteed or direct loans for manufactured housing in Pennsylvania, cumulative

Entity	Program	Available data	Number	Dollar amount
HUD	Title II	FY 2008–2022	4,255	$530,086,275
	Title I Manufactured Home Loan Program	CY 2008–2022	35	$518,253
VA	Home Loan Program	FY 2013–2022	275	$42,207,712
USDA	Section 502 Guaranteed Loan Program	FY 2008–2022	81	$18,020,004
	Section 502 Loan Program	FY 2008–2022	13	$1,735,009

Federal loans for manufactured housing communities in Pennsylvania, 2014–2022

Entity	Number	Dollar amount
Enterprises (Fannie Mae and Freddie Mac)	108	$699,554,768

Consumer protections

Rental agreements: Provisions requirement	Rental agreements: Minimum lease term	Rental payments: Grace period requirement	Rental payments: Notice of increase requirement	Eviction procedures: Cause for eviction requirement	Eviction procedures: Notice requirement	Community sales and closures: Notice requirement – Community sale	Community sales and closures: Notice requirement – Community closure
✓	1 month	No evidence identified	60 days	✓	Varies	30 days	60 days

Source: GAO analysis of state statutes and landlord/tenant law and data from American Community Survey 5-year estimates, Home Mortgage Disclosure Act, Homeland Infrastructure Foundation-Level Data Open, the Departments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA); Fannie Mae and Freddie Mac. | GAO-23-105615

Notes: We used American Community Survey 5-year estimates for greater reliability (compared to 1-year estimates). The 5-year estimates for 2017–2021 were the most recently available. All of the reported estimates are statistically significant at the 95 percent confidence interval. **Federal financing data** are based on available agency data, which were fiscal year (FY) or calendar year

(CY), as indicated. We excluded refinance loans. Title I Manufactured Home Loan Program loans are limited to personal property loans. VA did not track loans for manufactured housing before 2013 and provided data from two systems: its standard assessor database (FY 2013–2020), in which manufactured housing loans may be misreported due to coding errors, and its assessor database XML data (FY 2021–2022), which has a higher level of accuracy, according to VA officials. USDA data are for all Section 502 Guaranteed Loan Program and Section 502 Direct Loan Program loans, including loans made under the Section 502 Pilot for Existing Manufactured Housing and the Section 502 Pilot for Energy Efficient Homes in Nonprofit-owned Manufactured Housing Communities (which offer both guaranteed and direct loans). **Federal loans for manufactured housing communities** include refinance loans. We analyzed data starting in 2014 because Freddie Mac began purchasing and tracking manufactured housing community loans in 2014. Prior to 2014, only Fannie Mae purchased and tracked such loans. Regarding **consumer protections** in Pennsylvania, community owners may offer tenants a lease agreement longer than one month if mutually agreed upon by the resident homeowner and the community owner. For eviction procedures, the time frame in which community owners must notify tenants of their intention to terminate the lease agreement differs based on the cause for eviction. For example, if the eviction is for nonpayment of rent, the notice of eviction varies from 20 to 30 days (depending on the time of year), while notice periods for causes other than nonpayment of rent are much longer.

[a]2017–2021 American Community Survey 5-year estimates

[b]2021 Home Mortgage Disclosure Act data

[c]2022 Homeland Infrastructure Foundation-Level Data Open data

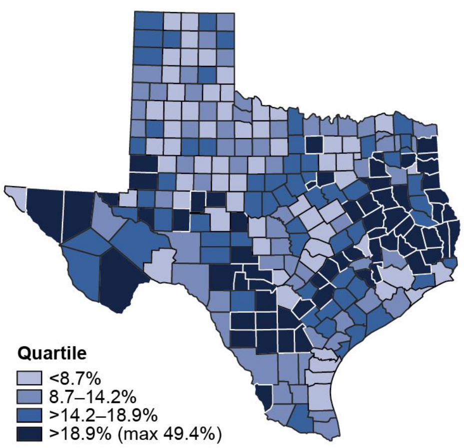
Texas

Figure 25: Selected Characteristics of Manufactured Housing, Federal Financing, and Related Consumer Protections in Texas, as of 2022

Texas

State housing characteristics

Percentage of manufactured homes by county[a]



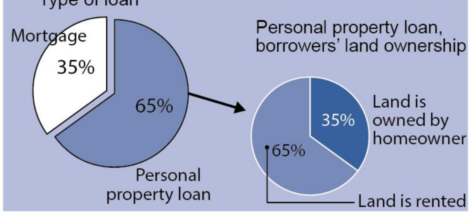
Overview

Total number of manufactured homes[a]:	782,162
Manufactured housing units as a percentage of all housing units[a]:	6.8%
Median housing value[a]:	$202,600
Median manufactured home value[a]:	$58,900
Median gross rent[a]:	$1,146

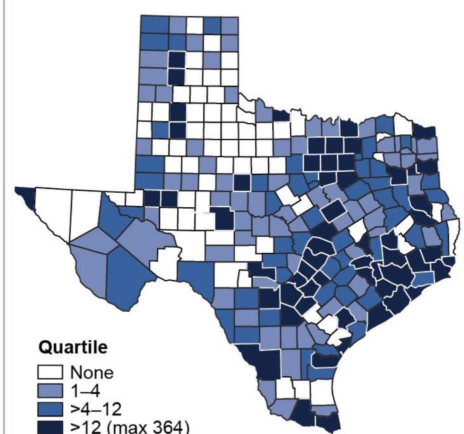
Occupied housing units[a]:

62.4% owned | 37.6% rented

Type of loan[b]



Number of manufactured housing communities by county (Total: 3,326)[c]



Federal financing

Federally guaranteed or direct loans for manufactured housing in Texas, cumulative

Entity	Program	Available data	Number	Dollar amount
HUD	Title II	FY 2008–2022	30,894	$4,102,530,179
	Title I Manufactured Home Loan Program	CY 2008–2022	793	$22,432,445
VA	Home Loan Program	FY 2013–2022	2,500	$453,664,610
USDA	Section 502 Guaranteed Loan Program	FY 2008–2022	348	$53,233,982
	Section 502 Loan Program	FY 2008–2022	202	$22,554,265

Federal loans for manufactured housing communities in Texas, 2014–2022

Entity	Number	Dollar amount
Enterprises (Fannie Mae and Freddie Mac)	300	$2,249,462,940

Consumer protections

Rental agreements		Rental payments		Eviction procedures		Community sales and closures	
						Notice requirement	
Provisions requirement	Minimum lease term	Grace period requirement	Notice of increase requirement	Cause for eviction requirement	Notice requirement	Community sale	Community closure
✓	6 months	No evidence identified	30 days	✓	10 days	No evidence identified	180 days (6 months)

Source: GAO analysis of state statutes and landlord/tenant law and data from American Community Survey 5-year estimates, Home Mortgage Disclosure Act, Homeland Infrastructure Foundation-Level Data Open, the Departments of Housing and Urban Development (HUD), Veterans Affairs (VA), and Agriculture (USDA); Fannie Mae and Freddie Mac. | GAO-23-105615

Notes: We used American Community Survey 5-year estimates for greater reliability (compared to 1-year estimates). The 5-year estimates for 2017–2021 were the most recently available. All of the reported estimates are statistically significant at the 95 percent confidence interval. **Federal financing data** are based on available agency data, which were fiscal year (FY) or calendar year

(CY), as indicated. We excluded refinance loans. Title I Manufactured Home Loan Program loans are limited to personal property loans. HUD also guaranteed 25 Title I mortgage loans for manufactured homes and lots in Texas in 2008–2022, with a cumulative loan volume of approximately $1 million. VA did not track loans for manufactured housing before 2013 and provided data from two systems: its standard assessor database (FY 2013–2020), in which manufactured housing loans may be misreported due to coding errors, and its assessor database XML data (FY 2021–2022), which has a higher level of accuracy, according to VA officials. USDA data are for all Section 502 Guaranteed Loan Program and Section 502 and Direct Loan Program loans, including loans made under the Section 502 Pilot for Existing Manufactured Housing (which offers both guaranteed and direct loans). **Federal loans for manufactured housing communities** include refinance loans. We analyzed data starting in 2014 because Freddie Mac began purchasing and tracking manufactured housing community loans in 2014. Prior to 2014, only Fannie Mae purchased and tracked such loans. Regarding **consumer protections** in Texas, community owners are required to offer lease agreements with an initial term of 6 months. Community owners and tenants may agree to any length of time for the lease. For rental payments, the landlord must notify the tenant of any changes in the lease terms, including proposed rent increases. The tenant has 30 days to reject or accept the renewal. For eviction procedures, a landlord may terminate the lease agreement and evict a tenant if the tenant has not paid the delinquent payment in full to the landlord before the tenth day after the date the tenant received the notice.

[a]2017–2021 American Community Survey 5-year estimates

[b]2021 Home Mortgage Disclosure Act data

[c]2022 Homeland Infrastructure Foundation-Level Data Open data

Appendix IV: Comments from the Department of Housing and Urban Development

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

Alicia Puente Cackley
Director, Financial Markets and Community Investment
Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. Cackley:

Thank you for the opportunity to respond to the Draft Report GAO-23-105615 entitled, "Manufactured Housing – Further HUD Action is Needed to Address Availability of Loan Products." The Federal Housing Administration (FHA) and Government National Mortgage Association (Ginnie Mae) are part of the U.S. Department of Housing and Urban Development (HUD).

FHA and Ginnie Mae have reviewed the General Accountability Office's (GAO) draft report. The following responses address recommendations 1 and 2. The technical comments on the draft report are also attached to this letter.

Recommendation 1:

GAO recommends that "The Secretary of Housing and Urban Development should ensure that the Commissioner of FHA implement planned changes to provide additional financing options for manufactured homes, including identifying options for greater securitization of manufactured home mortgages and personal property loans and establishing time frames and milestones for their actions. (Recommendation 1)"

FHA Response: The FHA agrees with this recommendation and is in the process of finalizing its "Indexing Methodology for Title I Manufactured Home Loan Limits" rule to update the loan limits for manufactured homes and provide a mechanism to revise future loan limits by notice. In addition, FHA is reviewing related policies, processes, and technology to align the program with industry standards and practices to make the program more accessible for borrowers and lenders.

The FHA recognizes the importance in identifying options for greater securitization of manufactured homes. Providing increased securitization for Title I manufactured homes is primarily under the purview of Ginnie Mae and the FHA Commissioner will consult with the President of Ginnie Mae to determine what policy or program changes are needed, if any, to better support increased securitization.

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Recommendation 2:

GAO recommends that "The Secretary of Housing and Urban Development should ensure that the President of Ginnie Mae implement planned changes to provide additional financing options for manufactured homes, including identifying options for greater securitization of manufactured home mortgages and personal property loans and establishing timeframes and milestones for their actions. (Recommendation 2)"

Ginnie Mae Response: Ginnie Mae recognizes that manufactured housing is a critical means of increasing the supply of affordable housing and agrees with GAO's recommendation to implement changes that provide greater financing and securitization opportunities for personal property manufactured housing. To that end, Ginnie Mae has taken action to explore policy and program changes to personal property manufactured housing since the release of the HUD 2022-2026 Strategic Plan last year. The milestones achieved to date include releasing a joint Request for Input with FHA to seek industry feedback on improving the Title I Manufactured Housing Program. Following the end of the RFI comment period, Ginnie Mae consolidated all feedback received, and is currently identifying potential updates to program eligibility requirements, while continuing to engage with stakeholders and formulate next steps.

Ginnie Mae is committed to expanding secondary market opportunities and providing affordable financing options for personal property manufactured homes. We look forward to enhancing our coordination and collaboration with FHA, GAO, and other industry stakeholders to ensure that Ginnie Mae continues to address affordable housing needs and benefit the homeowners served by the securities we guarantee.

Sincerely,

DocuSigned by:
Julia Gordon
A8C102CEA14249A...

Julia R. Gordon
Assistant Secretary for Housing
Federal Housing Commissioner

DocuSigned by:
Alanna McCargo
8400D0CFDD864E8...

Alanna McCargo
President, Ginnie Mae

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Text for Appendix IV: Comments from the Department of Housing and Urban Development

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF HOUSING
WASHINGTON, DC 20410-8000
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Alicia Puente Cackley
Director, Financial Markets and Community Investment
Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. Cackley:

Thank you for the opportunity to respond to the Draft Report GAO-23-105615 entitled, Manufactured Housing Further HUD Action is Needed to Address Availability of Loan Products. The Federal Housing Administration (FHA) and Government National Mortgage Association (Ginnie Mae) are part of the U.S. Department of Housing and Urban Development (HUD).

FHA and Ginnie Mae have reviewed the General Accountability Off draft report. The following responses address recommendations 1 and 2. The technical comments on the draft report are also attached to this letter.

Recommendation 1:

GAO recommends that “Secretary of Housing and Urban Development should ensure that the Commissioner of FHA implement planned changes to provide additional financing options for manufactured homes, including identifying options for greater securitization of manufactured home mortgages and personal property loans and establishing time frames and milestones for their actions. (Recommendation 1)”

FHA Response: The FHA agrees with this recommendation and is in the process of finalizing its Indexing Methodology for Title I Manufactured Home Loan Limits rule to update the loan limits for manufactured homes and provide a mechanism to revise future loan limits by notice. In addition, FHA is reviewing related policies, processes, and technology to align the program with industry standards and practices to make the program more accessible for borrowers and lenders.

The FHA recognizes the importance in identifying options for greater securitization of manufactured homes. Providing increased securitization for Title I manufactured homes is primarily under the purview of Ginnie Mae and the FHA Commissioner will consult with the President of Ginnie Mae to determine what policy or program changes are needed, if any, to better support increased securitization.

Recommendation 2:

GAO recommends that "Secretary of Housing and Urban Development should ensure that the President of Ginnie Mae implement planned changes to provide additional financing options for manufactured homes, including identifying options for greater securitization of manufactured home mortgages and personal property loans and establishing timeframes and milestones for their actions. (Recommendation 2)"

Ginnie Mae Response: Ginnie Mae recognizes that manufactured housing is a critical means of increasing the supply of affordable housing and agrees with GAO recommendation to implement changes that provide greater financing and securitization opportunities for personal property manufactured housing. To that end, Ginnie Mae has taken action to explore policy and program changes to personal property manufactured housing since the release of the HUD 2022- 2026 Strategic Plan last year. The milestones achieved to date include releasing a joint Request for Input with FHA to seek industry feedback on improving the Title I Manufactured Housing Program. Following the end of the RFI comment period, Ginnie Mae consolidated all feedback received, and is currently identifying potential updates to program eligibility requirements, while continuing to engage with stakeholders and formulate next steps.

Ginnie Mae is committed to expanding secondary market opportunities and providing affordable financing options for personal property manufactured homes. We look forward to enhancing our coordination and collaboration with FHA, GAO, and other industry stakeholders to ensure that Ginnie Mae continues to address affordable housing needs and benefit the homeowners served by the securities we guarantee.

Sincerely,

Julia R. Gordon
Assistant Secretary for Housing
Federal Housing Commissioner

Alanna McCargo
President, Ginnie Mae

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Alicia Puente Cackley, (202) 512-8678 or cackleya@gao.gov

Staff Acknowledgments

In addition to the contact named above, Nadine Garrick Raidbard (Assistant Director), Heather Chartier (Analyst in Charge), Anna Blasco, Stephen Brown, Chelsea Carter, Genesis Galo, Luke Hagemann, Alicia Martinez Melton, Krinjal Mathur, Marc Molino, Maria Ralenkotter, Barbara Roesmann, Jessica Sandler, and Farrah Stone made significant contributions to this report.

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