Unlocking Mortgage Access for Buyers of Manufactured Homes in Kentucky

How modernizing manufactured home titling laws could expand affordable homeownerships

Overview

Manufactured homes, which are built in a factory and transported to a lot rather than built on-site, provide one of the most affordable paths to homeownership in the United States, particularly for families with low or moderate incomes. A new manufactured home can save a buyer between 27% and 65%, compared with the cost of a new, similarly sized site-built single-family house.[1] As of 2020, Kentucky had 219,600 manufactured homes, representing 11% of the state's housing stock; it is among the top 10 U.S. states as ranked by the share of all housing that is manufactured.[2] At the same time, the quality of manufactured housing has improved greatly over the past few decades, but Kentucky's regulatory policies have not kept pace and are due for modernization.[3]

In Kentucky, as in most states, manufactured homes are initially titled as personal property (much like an automobile) rather than real estate. For the owner, this title has significant consequences: Homes classified as personal property are ineligible for mortgage financing, regardless of the home's quality or the borrower's credit profile. Without access to mortgage financing, buyers must work with a much smaller pool of lenders to finance their home.[4] In addition, personal property (or "home-only") loans generally have higher interest rates and shorter loan terms than mortgages, making them more expensive. Borrowers also have fewer consumer protections than those with a mortgage, especially if they fall behind on payments.

Kentucky does have a legal process for an owner to convert a manufactured home to real property—if the owner also owns the land on which the house sits and it is attached to the land in accordance with guidelines established by the Department of Housing and Urban Development (HUD).[5] And some manufactured home owners do convert to real estate titling. But many others can't or don't convert to real estate because of restrictions on which homes are eligible, the complexity of the conversion process, or a lack of clarity about the benefits of conversion. Existing state policy impedes otherwise qualified buyers from financing their homes with mortgages. As a result, thousands of Kentuckians are almost certainly paying more than necessary, both monthly and over the life of their loan—over $25,000 more on a 30-year, $100,000 loan.[6]

From 2018 to 2024, some 21,336 buyers used a loan to purchase a manufactured home in Kentucky. Sixty percent (12,866 buyers) got a mortgage, and 40% (8,470 buyers) used a personal property loan. Among borrowers who owned their land, 81% obtained a mortgage. Of those who lived in a resident-owned cooperative or on leased land, virtually none received a mortgage.

In addition, some manufactured home buyers rely on alternative types of contract financing (such as land contracts, lease-purchase agreements, or seller financing), arrangements that are less well-regulated and generally more expensive than mortgages and personal property loans. Some buyers turn to contract financing because they have a poor credit history or low income, or if the home they are purchasing is of substandard quality. But some are driven to use these alternatives because of state laws (for example, if the buyer does not own the land). Borrowers who purchase manufactured homes titled as personal property are twice as likely to use contract financing as those who are buying homes titled as real estate.[7]

Laws that treat manufactured homes like cars hearken back to a different time, when these homes were less sturdy and of far lower quality than modern manufactured housing. Today's manufactured homes, built to HUD standards, are sometimes indistinguishable from site-built housing.

Policymakers could fix those disparities and expand affordable homeownership by modernizing Kentucky's manufactured home titling laws. Modernized statutes should ensure that policies are clear and consistent, avoid undue burdens on the owner or buyer, and protect the rights of all interested parties—the manufactured home owner, the landowner, and any person or entity that has a lien on the property (i.e., the lienholder has a legal right to the property if a debt is not repaid).[8] All of that could be accomplished while broadening access to real estate titling and mortgages.

Summary of Kentucky's law enabling conversion from personal to real property

Manufactured homes in Kentucky are initially issued a certificate of title, much as the state issues a title when someone buys a car. Owners can cancel this title and convert the home to real property, but only under certain conditions:

- The owner of the manufactured home and the landowner must be the same—those who own their land are eligible, but those who rent land are not.[9] Those who live on cooperatively owned or family-owned land are also ineligible for conversion.

- The home must be securely attached to the land (for example, on a foundation, a concrete slab, or piers) and connected to utilities, including water and sewer. Kentucky's rules align with HUD requirements.
- Any liens on the home must be released, or a sworn affidavit submitted attesting that all liens have been paid, before it can be converted to real estate titling.[10]

When a manufactured home is converted to real estate titling, the land and home are owned as a single entity.

Kentucky law does not allow the buyer of a new home to immediately register it as real property. Instead, a certificate of title as personal property must be issued first, then converted.[11]

Lexey Swall for the Pew Charitable Trusts

Impact of Kentucky's current titling policy

Kentucky's current manufactured home titling policy causes many owners to pay more than necessary for housing because obtaining a mortgage depends almost entirely on land tenure. Of the 21,336 manufactured home buyers who borrowed money to make their purchase in Kentucky from 2018 to 2024, virtually none who lived in a resident-owned cooperative or on leased land got a mortgage. But even among landowners, only 81% of borrowers obtained a mortgage, leaving 19% with home-only loans. That 19% is far higher than the national median: Only 7% of landowners nationwide use personal property loans to finance manufactured homes. This gap is evidence that current state policies are creating barriers for some manufactured home owners.

Expanding pathways to real estate titling could unlock access to lower-rate, longer-term mortgages and stronger consumer protections for thousands of Kentucky residents.

And that would save Kentuckians money. Throughout the U.S., manufactured home mortgages have lower interest rates and longer loan terms than personal property loans. The average mortgage borrower saves 32% monthly, compared with a similar personal property loan borrower, which amounts to more than $25,000 over the life of a 30-year, $100,000 loan.[12] New Hampshire—the only state that automatically titles manufactured homes as real estate, even if the homeowner does not own the land (as long as the home is connected to utilities)—demonstrates how manufactured home owners in Kentucky who do not also own their land could benefit. In New Hampshire, those owners can obtain a "home-only" mortgage, which usually has a lower interest rate than a personal property loan and a shorter loan term (20 years, rather than 23); they save 10% monthly, and nearly $50,000 over the life of a $100,000 loan, compared with personal property borrowers in the rest of the U.S.[13]

Some parts of Kentucky's titling statute are working well

In some respects, Kentucky's manufactured home titling laws work well. Existing laws provide a clear pathway for manufactured home owners who also own their land to convert from personal property titling to ownership as real property. That process, in turn, gives landowners access to important benefits, such as a mortgage, along with the accompanying consumer and foreclosure protections. Conversion does not affect taxation, since even owners of manufactured homes that are titled as personal property must pay property taxes.

Under existing law, conversion to real estate titling creates a clear chain of ownership, which facilitates title searches. Comprehensive and accurate title searches protect buyers by uncovering hidden debt, ensuring that sellers actually own the home in question, and confirming that the property is free of other claims to ownership.[14] In addition, the conversion process requires the surrender of any existing certificate of title to the county clerk, which reduces the possibility of fraud.

Kentucky also has a procedure that allows an owner of a manufactured home to convert the title back to personal property, which helps maintain flexibility in financing options. This option is, however, limited to homes that are being moved from the land.[15]

Kentucky's manufactured home titling statute could be improved

But Kentucky's manufactured home titling law could also be improved. Key potential improvements include:

Allowing new manufactured homes to be titled as real property without first being titled as personal property. Kentucky's current law outlines a conversion process only for manufactured homes that already have a certificate of title as personal property; there is no clear process for new homes that don't yet have a title. This gap forces buyers of new manufactured homes who want to register a home as real estate to file unnecessary paperwork, costing them time and money.

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Expanding real estate titling to include manufactured home owners who don't qualify under existing rules. Kentucky's current conversion law excludes manufactured home owners who live on leased land or in many shared-ownership situations (for example, when residents have a stake in the land through a cooperative, or when one or more owners of the land do not also own the home).

This change could be made in a way that protects lenders. New Hampshire, for example, automatically titles all manufactured homes as real estate if they are connected to utilities—even when the owner leases the land. There, a lender's rights are typically spelled out in a separate agreement between the lender and the landowner. These agreements include provisions such as notifying the lender if the owner has not paid rent on the lot, giving the lender the right to pay rent (charging back to the owner), and enabling the lender to sell the home without having to move it if the borrower defaults.

Ensuring that ownership of the home and land remain separate after conversion to real estate titling. Under current Kentucky law, the manufactured home and the land become a single piece of property upon conversion to real estate titling—the home becomes part of the land. That can cause problems when ownership of the home does not exactly match ownership of the land (for example, when there are multiple landowners but only one owner of the home). Additionally, title insurers often require a costly land survey in this type of situation. This section of law should be amended so that separate ownership can be maintained.

Allowing all manufactured home owners to convert back to personal property titling. At present, only homes that are moved from a property are eligible for conversion from real estate titling back to personal property. Owners who cannot (or who choose not to) move their home are not given this option. But moving a modern manufactured home is quite rare because it is difficult and expensive to move a home after it has been attached to the land and connected to utilities. Kentucky lawmakers might consider allowing this option even when the home is not being moved so owners have a variety of loan options.

Conclusion

For Kentucky residents who qualify under existing law—landowners whose manufactured homes are affixed to a foundation—the state's titling policies are working relatively well. Most borrowers in Kentucky who bought a home from 2018 to 2024 and also bought or owned the underlying land were able to use a mortgage to finance their purchase.

However, many other owners of manufactured homes cannot obtain a mortgage because of current policies. This inability to get a mortgage means that they pay more for housing than is necessary every month—and tens of thousands of dollars over the life of their loan. In addition, they are at greater risk than mortgage borrowers of losing their home and investment if they fall behind on payments.

There are opportunities to modernize Kentucky law by expanding real estate titling to manufactured home owners who don't own their land (while maintaining separate ownership) and making certificates of title as personal property optional for new homes. These steps could improve access to mortgages—thus improving affordability and consumer protections. These changes are especially important in Kentucky, where manufactured homes make up 11% of the housing stock.

Endnotes

1 Christopher Herbert, Chadwick Reed, and James Shen, "Comparison of the Costs of Manufactured and Site-Built Housing," Harvard Joint Center for Housing Studies, 2023, https://www.jchs.harvard.edu/research-areas/working-papers/comparison-costs-manufactured-and-site-built-housing.

2 Innovations in Manufactured Homes (I'm HOME) Network, "Kentucky: State of Manufactured Housing Data Fact Sheet," Lincoln Institute of Land Policy, 2025, https://go.lincolninst.edu/2025_11_ImHOME_Kentucky_data.pdf. "American Community Survey, Table B25024: Units in Structure," U.S. Census Bureau, 2024, https://data.census.gov/table/ACSDT1Y2024.B25024?q=B25024:+Units+in+Structure&g=010XX00US$0400000&moe=false&tp=false&tableFilters=ag-Grid-AutoColumn~(Margin+of+Errorundefined).

3 Karan Kaul and Daniel Pang, "The Role of Manufactured Housing in Increasing the Supply of Affordable Housing," Urban Institute, 2022, https://www.urban.org/research/publication/role-manufactured-housing-increasing-supply-affordable-housing.

4 "Federal Agencies Can Improve Access to Credit for Manufactured Home Buyers," Rachel Siegel, The Pew Charitable Trusts, Oct. 10, 2023, https://www.pew.org/en/research-and-analysis/articles/2023/10/10/federal-agencies-can-improve-access-to-credit-for-manufactured-home-buyers.

5 Kentucky General Assembly, Kentucky Revised Statutes Annotated: Filing of Affidavit of Conversion to Real Estate When Manufactured Home Is Permanently Affixed to Land—Requirements for Surrender of Certificate of Title, §186A.297 (2022), https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=52793. Note that while Kentucky law does not explicitly say the home and landowner must be identical, the act of converting treats the home as "an improvement to the real estate upon which it is located," meaning that the home and land become one property, so conversion cannot be done if a manufactured home is located on someone else's land.

6 The Pew Charitable Trusts, "States Hold the Keys to Greater Mortgage Access for Manufactured Home Buyers," Feb. 17, 2026, https://www.pew.org/en/research-and-analysis/issue-briefs/2026/02/states-hold-the-keys-to-greater-mortgage-access-for-manufactured-home-buyers.

7 The Pew Charitable Trusts, "1 in 5 Manufactured Home Borrowers Use Risky Contract Financing," 2025, https://www.pew.org/en/research-and-analysis/issue-briefs/2025/01/1-in-5-manufactured-home-borrowers-use-risky-contract-financing.

8 Innovations in Manufactured Homes (I'm HOME) Network and National Consumer Law Center, "Manufactured Housing Resource Guide: Titling Homes as Real Property," 2014, https://www.nclc.org/wp-content/uploads/2022/09/cfed-titling-homes.pdf.

9 Kentucky General Assembly, Kentucky Revised Statutes Annotated: Filing of Affidavit of Conversion to Real Estate.

10 Kentucky General Assembly, Kentucky Revised Statutes Annotated: Filing of Affidavit of Severance From Real Estate for Manufactured Home Previously Converted to Real Estate, §186A.298 (2017), https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=46481.

11 Kentucky General Assembly, Kentucky Revised Statutes Annotated: Filing of Affidavit of Conversion to Real Estate.

12 The Pew Charitable Trusts, "States Hold the Keys to Greater Mortgage Access," Table 1.

13 The Pew Charitable Trusts, "States Hold the Keys to Greater Mortgage Access," Table 2.

14 "An Appraiser's Analysis: Why the Title Search Is Crucial for Accurate Property Valuation," Arena Collective, May 1, 2026, https://www.arenacollective.com/uncategorized/title-search-crucial-accurate-property-valuation/.

15 Kentucky General Assembly, Kentucky Revised Statutes Annotated: Filing of Affidavit of Severance From Real Estate for Manufactured Home.

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Contact: Omar A. Martinez, communications officer
Email: omartinez@pewtrusts.org
Project website: pew.org/housingpolicy