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Unlocking Mortgage Access for Buyers of Manufactured Homes in Minnesota

How modernizing manufactured home titling laws could expand affordable homeownership

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, Minnesota had 75,289 manufactured homes, representing 3.1% of the state's housing stock.[2] The quality of manufactured housing has improved greatly over the past few decades, but Minnesota's regulatory policies have not kept pace and are due for modernization.[3]

In Minnesota, as in most states, manufactured homes are initially titled as personal property (much like an automobile) rather than as 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 have a much smaller available pool of lenders to finance their homes.[4] In addition, personal property ("home-only") loans generally have higher interest rates and shorter loan terms than mortgages, making them more expensive. Borrowers also enjoy fewer consumer protections than those with mortgages, especially if they fall behind on payments.

Minnesota does have a legal process in place to convert a manufactured home to real property—if the owner also owns the land on which the house sits and if the home 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 others can't or don't convert to real estate titling 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 creates barriers that keep otherwise qualified buyers from financing their homes with mortgages. As a result, thousands of Minnesotans 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, 6,929 buyers used a loan to purchase a manufactured home in Minnesota. About 43% (2,986) used a mortgage. The other 57% (3,943) used a personal property loan. About 95% of buyers who owned the land beneath their homes were able to obtain a mortgage. Of those who lived on leased land or in a resident-owned cooperative (a community where homeowners collectively own and manage the 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), which are less well regulated and generally more expensive than a mortgage or personal property loan. 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 they do 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 Minnesota'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 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 Minnesota's law enabling conversion from personal to real property

Most manufactured homes in Minnesota are initially issued a certificate of title (government-issued proof of ownership), much as the state issues a title when someone buys a car. Manufactured homes can be immediately titled as real estate if they meet certain criteria: The home is affixed to the land (and affixation is recorded with the county); it is connected to utilities; it has a well and septic system, or municipal water and sewer service; and the homeowner surrenders the manufacturer's certificate of origin (in place of a certificate of title).[9]

Minnesota also has a procedure that allows some owners of manufactured homes to convert from personal property to real estate titling:

- Manufactured home owners who also own the land are eligible for conversion, if the home is affixed to the land and serviced by utilities, including water and sewer. Minnesota's installation and affixation requirements match those established by HUD, so owners don't have to do anything additional or different as part of this process.[10]
- Owners who are part of a resident-owned community are also eligible for conversion.[11] In practice, however, this policy does not work well because by law the manufactured home "becomes an improvement to real property"—the home and land become one property.[12] In other words, the manufactured home becomes the property of the landowners—the resident-owned community.[13] The owner effectively gives up individual ownership.

Manufactured home owners who rent land or live on Tribal land are not eligible for conversion to real estate titling.

Impact of Minnesota's titling policy

Minnesota's manufactured home titling policy causes many owners to pay more than necessary for housing.

From 2018 to 2024, 6,929 borrowers took out a loan to buy a manufactured home in Minnesota. Fifty-seven percent used a personal property loan, while the rest used a mortgage. Access to a mortgage depended almost entirely on land tenure: While 95% of borrowers who owned their land were able to obtain a mortgage, virtually none who lived in a resident-owned cooperative or on leased land got a mortgage. Those buyers had to rely on a more expensive home-only personal property loan.

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

And that would save Minnesotans money. Across 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.[14] New Hampshire—the only state that automatically titles manufactured homes as real estate, even if the homeowner does not own the land (if the home is connected to utilities)—demonstrates how manufactured home owners in Minnesota 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.[15]

Some parts of Minnesota's titling statute are working well

In some respects, Minnesota'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 conversion, in turn, gives landowners access to important benefits, such as a mortgage, along with the accompanying consumer and foreclosure protections.

Under existing law, conversion to real estate titling creates a clear chain of ownership, which facilitates title searches. 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.[16] In addition, the conversion process requires the cancellation of any existing certificate of title, which reduces the possibility of fraud.[17]

In order to convert a manufactured home to real estate titling in Minnesota, the home must be affixed to land, which aligns with the installation requirements of the Department of Housing and Urban Development.[18] HUD guidelines outline minimum requirements for things such as the type and condition of the foundation, how the home is anchored to the foundation, and utility connections. In a state where bitter cold freezes the ground every winter, a proper foundation is vital. But because the state imposes no additional requirements, it puts no extra burden on the owner.

Minnesota also has a procedure for reverting homes that have been converted to real property back to personal property titling.[19] This process gives some owners the flexibility to choose the financing option that works best for them. Under current law, however, it is limited to homes that are being moved from the land; owners who cannot (or do not wish to) move their home can't transition back to personal property titling. But moving a manufactured home is quite rare today. Minnesota lawmakers might consider allowing this option even if the home is not being moved so borrowers retain loan options.

Minnesota's manufactured home titling statute could be improved

But there are ways for Minnesota to improve its manufactured home titling law. Key potential improvements include:

Expanding real estate titling to manufactured home owners who don't own the land beneath the home. Minnesota's current conversion law excludes manufactured home owners who live on leased or Tribal land. Owners in resident-owned communities are in theory eligible to convert to real estate titling, but current laws make that difficult or impossible.

This change can 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.

Allowing separate ownership of a manufactured home and the land on which it is located after conversion to real estate titling. Under current Minnesota law, after conversion to real estate title, the home is legally part of the land.[20] That can cause problems when ownership of the manufactured home does not match ownership of the land (for example, when there are multiple landowners but only one owner of the manufactured home). Allowing separate ownership of home and land would help more manufactured home owners obtain a mortgage.

Reducing or streamlining survey requirements. Unlike traditional neighborhoods, most manufactured home communities are legally one large piece of land, rather than individual lots. Minnesota's statute requires a survey, with land descriptions, for an individual owner to convert to real estate title.[21] If the owner lives in a resident-owned community, the community must have a licensed land surveyor provide a certified, scaled drawing of the land that shows many details, including the location of all permanent structures and roads as well as easements (legal rights of nonowners to use the land) for each lot on the property. This survey is required for the entire community even if just one owner wants to convert to a real estate title.

Minnesota might alternatively adopt a policy like New Hampshire's. There, owners of manufactured homes titled as real estate who do not own the land must provide only a description of the building, not the land.[22] Mortgage lenders in New Hampshire have found that to be sufficient.

Conclusion

For Minnesota residents who qualify under existing law—landowners whose manufactured homes are affixed to a permanent foundation—the state's titling policies work relatively well. The vast majority of borrowers in Minnesota 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 could not 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 Minnesota law by expanding real estate titling to owners who don't own their land, ensuring that home and landownership rights are maintained separately, and reducing or eliminating expensive regulatory requirements that effectively prevent conversion. These changes could improve access to mortgages—thus improving affordability and consumer protections.

Endnotes

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10 Minnesota Legislature, Minn. Stat. § 168a.1411, Manufactured Home Affixed to Real Property Owned by Cooperative (2025), https://www.revisor.mn.gov/statutes/cite/168A.1411.

11 Minnesota Legislature, Minn. Stat. § 168a.1411.

12 Minnesota Legislature, Minn. Stat. § 168a.1411.

13 Minnesota Legislature, Minn. Stat. Ann. § 272.03(1)(a), Definitions (2025), https://www.revisor.mn.gov/statutes/cite/272.03.

14 The Pew Charitable Trusts, "States Hold the Keys," Table 1.

15 The Pew Charitable Trusts, "States Hold the Keys," Table 2.

16 "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/.

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18 LegalClarity, "HUD Standards for Manufactured Homes: Construction and Safety," April 4, 2026, https://legalclarity.org/what-are-the-hud-standards-for-manufactured-homes/.

19 Minnesota Legislature, Minn. Stat. § 168a.142.

20 Minnesota Legislature, Minn. Stat. Ann. § 272.03(1)(a). In a situation where land and home are not owned by the same entity, the home may become an improvement to the leasehold or a perpetual right to occupy the land, which would be conferred by the landowner or cooperative to the homeowner, rather than the home becoming part of the land itself. However, the statute is ambiguous at best.

21 Minnesota Legislature, Minn. Stat. § 168a.1411.

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