

Factory-built housing

A practical primer on terminology, codes, financing, and the details that trip up transactions involving manufactured, modular, and other factory-built homes.

"Factory-built housing" is an umbrella term, not one product. It covers several distinct construction types that are regulated differently, financed differently, and titled differently. Getting the category right at the start of a transaction avoids surprises at appraisal, financing, and closing. For buyers struggling with affordability, limited inventory, finding the right floor plan, or wanting to build on land they already own, a manufactured or modular home may provide an attractive alternative to purchasing an existing home or pursuing traditional site-built construction. But factory-built housing works differently—and Realtors don't need to become experts in it. They simply need to understand the basics, recognize when it might benefit a client, and know when to bring in someone who specializes in the process.

1. Know the categories

Buyers and even some agents use these terms loosely. The distinctions matter because they determine which code applies, how the home can be titled, and what financing is available.

Manufactured homes (HUD Code)

Built entirely in a factory to the federal Manufactured Home Construction and Safety Standards, administered by HUD. This federal code preempts local building codes, which is why a manufactured home can be sold and installed in any state under the same construction standard. Homes are built on a permanent steel chassis for transport. Since 1976, homes carry a red HUD certification label on each transportable section.

Modular homes

Built off-site in modules or panels, then assembled on a permanent foundation at the home site. Unlike manufactured homes, modular homes must meet the same state and local building codes (typically the International Residential Code) as a home built entirely on-site. Once installed, they are generally indistinguishable from site-built homes and are treated the same way for permitting, financing, and appraisal purposes.

Panelized and precut homes

Wall panels, trusses, or precut framing packages are built in a factory and shipped to the site for on-site assembly. Like modular homes, these fall under local building codes rather than the HUD Code.

CrossMod and similar hybrid homes

A newer category of HUD Code homes built with features associated with site-built homes — garages, higher roof pitches, permanent foundations. Because of those features, some may qualify for mortgage programs that traditional manufactured homes cannot access. Availability and lender treatment vary, so confirm eligibility for the specific home rather than assuming.

The one-line test agents can use with clients: if the code plate or data plate references HUD, it's a manufactured home; if it references state or local building code compliance, it's modular or another factory-built type governed by local code.

2. Today's Factory-Built Standards May Be Very Different From What Your Client Imagines

Some buyers still hear "manufactured home" and picture the mobile homes of decades ago. Today's homes can be dramatically different. Both construction methods benefit from building much of the home in a controlled factory environment. Depending upon the model and options selected, buyers may find:

- Open-concept floor plans & floor plans ranging from modest homes to large family residences
- Large kitchens and islands
- Primary bedroom suites and walk-in closets
- Multiple bathrooms
- Energy-efficient construction
- Contemporary exterior designs
- Upgraded cabinets, countertops, flooring, and appliances
- Porches, garages, and other site-built additions

One of the Realtor's most valuable contributions may simply be helping clients understand that another housing category exists.

3. Titling: real property vs. personal property

This is the single biggest source of confusion in factory-built housing deals, and it drives almost everything else — financing, taxation, and how the sale is structured. Don't assume based on appearance alone.

- **Modular homes** are affixed to a permanent foundation and are almost always titled as real property, conveyed with the land through a standard deed, just like a site-built home.
- **Manufactured homes** can be titled either way. Left on a chassis with a vehicle-style title, they are personal property (chattel), similar to titling a car or RV. In many states, an owner can convert a manufactured home to real property by permanently affixing it to land the owner also owns and retiring the chattel title through the state's motor vehicle or housing agency.
- **The titling status** at the time of sale determines whether the transaction is a real estate closing or a personal-property sale, and which disclosures, taxes, and financing options apply.

Before writing a contract, confirm current titling status with the county assessor or state housing agency.

4. Total Project Cost & Land Viability

This is one of the biggest differences between selling an existing house and helping a client pursue a factory-built home. The advertised or quoted price of the home itself is not necessarily the total project cost. That's why buyers should evaluate the complete land-and-home project, rather than simply comparing the price of the home with the listing price of an existing house. A buyer may find a beautiful parcel at an attractive price and assume they can simply purchase it and place a home there. That can be an expensive mistake. Before committing to land, buyers should investigate all requirements.

Total Site Development Costs to Factor In:

- Land purchase, surveying, site preparation, excavation, and site grading.
- Driveway and access infrastructure.
- Foundation construction.
- Well and septic systems or municipal water and sewer connections.
- Electrical service, gas, or propane routing.
- Permits, transportation, and structural installation.
- Garages, porches, decks, steps, landscaping, and other finish work improvements.

Land Feasibility Checklist:

- **Local zoning & restrictions:** Some municipalities and HOAs restrict or prohibit manufactured homes in certain residential zones, even though HUD Code homes are federally authorized nationwide. Modular homes, built to local code, are typically treated the same as site-built homes for zoning purposes.
- **Building parameters:** Confirm minimum home size requirements, setbacks, and private deed restrictions or community requirements.
- **Physical & environmental criteria:** Evaluate road access, soil and drainage conditions, well/septic feasibility, and site grading requirements.
- **Climate/Structural Zones:** Wind, seismic, and thermal zone requirements vary by HUD zone and by local code — a home built for one zone may not be code-compliant if relocated to a more severe zone.
- **Logistical access:** Ensure structural delivery access for the large transport units onto and throughout the land parcel.

5. Financing looks different — plan for it early

Financing depends on several factors, including the type of home, ownership of the land, foundation, property classification, buyer qualifications, and lender requirements. Pre-qualify the financing path before writing an offer. A buyer assuming a normal 30-year mortgage on a leased-land manufactured home can lose weeks discovering that option doesn't exist for that property.

- **Real property / land-home packages** (modular homes, and manufactured homes converted to real property on owned land) can generally qualify for conventional, FHA, VA, and USDA mortgages, subject to the lender's manufactured-housing overlays. A modular home permanently installed on owned land may be financed similarly to traditional residential construction.
- **Chattel loans** apply to manufactured homes titled as personal property, whether on leased land in a community or on owned land without conversion. Terms are typically shorter, rates run higher than a conventional mortgage, and fewer lenders offer them.

- **Specialty Programs:** Some manufactured homes meeting specific construction and site criteria can qualify for conventional mortgage programs designed for the category (marketed under names such as MH Advantage or ChoiceHome). Eligibility depends on the home's features and foundation, not just its HUD Code status — verify against current program guidelines rather than assuming a home qualifies.
- **Land-lease situations** (the home sits in a manufactured home community on leased land) narrow financing options further and can affect resale value and buyer pool. Ask early whether land is owned or leased.

6. Appraisal and comparables

Manufactured homes have historically been treated by some appraisers and lenders as depreciating personal property, similar to a vehicle, rather than appreciating real estate. Modular homes, once affixed to a permanent foundation, are appraised like site-built homes using standard comparable sales.

- **Comparable sales** for a manufactured home should be other manufactured homes of similar age, size, and HUD Code compliance year — mixing in site-built or modular comps will distort value.
- **Appraiser Experience:** Confirm the appraiser assigned to the file has manufactured-housing experience; not all appraisers routinely handle this category.
- **Value Drivers:** A permanent foundation (required for many mortgage programs and for real-property titling) is a specific engineered structure, not simply blocking and tie-downs. Confirm what foundation type is documented for the home before assuming it qualifies as permanent. A permanent foundation, owned land, and retired chattel title generally support stronger appraised values and a wider buyer pool than leased land and a chattel title.

7. Insurance structures

Manufactured homes are typically insured under a manufactured/mobile home policy rather than a standard homeowners (HO-3) policy; modular homes on a permanent foundation generally qualify for standard homeowners coverage. Confirm with the client's insurer early, since availability and cost can vary by carrier and by whether the home is on owned or leased land.

8. Factory-Built Housing Can Expand a Realtor's Market

Consider the client who tells you: "We've looked at everything under \$350,000 and can't find anything we like." The traditional response is to keep searching, expand the geographic area, increase the budget, or wait for more inventory. There may be another question worth asking: "Have you considered purchasing land and putting a new manufactured or modular home on it?" Suddenly the conversation changes. It can actually create additional opportunities. A factory-built housing transaction may involve: Land + Home + Site Development + Financing + Installation. The Realtor can continue serving as the buyer's trusted real estate professional, particularly in locating and purchasing suitable land and helping the client navigate the real estate portions of the transaction. The factory-built housing specialist provides expertise concerning the home and the development process. The two roles complement each other. The goal isn't to replace the Realtor. It's to give the Realtor another housing solution to offer clients. Factory-built housing may be worth exploring for clients who:

- Can't find an existing home that meets their needs or have become frustrated with the existing home market
- Want a new home but can't justify traditional new construction pricing
- Already own suitable land or are considering purchasing land
- Want more control over their floor plan and features

- Are downsizing or want to live in a rural or semi-rural location

Know When to Bring in a Specialist:

A Realtor doesn't need to know foundation specifications, transportation requirements, manufacturing standards, site-development costs, or every available floor plan. Trying to become an expert in all of those areas isn't a productive use of your time. Instead, recognize the opportunity. When a client expresses frustration or outlines a specialized building interest, that's the time to bring a specialist into the conversation. You Don't Need to Become the Expert. You Just Need Access to One.

Partner With Gary in Western Michigan: Gary works with Western Michigan Realtors as a factory-built housing resource. With experience in both real estate and residential construction, he can help Realtors and their clients evaluate manufactured and modular housing opportunities—from home selection and land considerations through site development, installation, and closing. You remain your client's Realtor. Gary becomes another expert on your team. Have a client who might be a candidate? Talk with Gary before you rule out factory-built housing.

Quick reference: questions to ask early

Working through these up front — ideally before writing an offer — prevents most of the surprises that derail factory-built housing transactions.

Question	Why it matters
Is the home manufactured (HUD Code) or modular?	Determines applicable code, financing options, and appraisal approach.
Is it titled as real property or personal property (chattel)?	Determines whether this is a real estate closing or a personal-property sale.
Is the land owned or leased?	Leased land narrows financing options and can limit resale value.
What foundation type is documented?	Many mortgage programs and real-property titling require a permanent foundation.
What HUD wind/seismic/thermal zone was the home built for?	A home built for one zone may not meet code if installed in a more severe zone.
Does zoning or an HOA restrict this home type at this location?	Some jurisdictions and HOAs restrict manufactured homes outside designated communities.
Has the buyer's lender confirmed a financing path for this specific home?	Chattel, conventional, and specialty manufactured-home mortgage programs have different qualifying criteria.
Does the assigned appraiser have manufactured/modular housing experience?	Comparable sales and valuation approach differ from site-built homes.

This guide is a general orientation, not legal, financial, or appraisal advice. Code definitions, financing programs, and local zoning rules change and vary by state — confirm current requirements with the relevant state housing agency, lender, and municipality for each transaction.