# Home Loans Matter

## Buyers and sellers of manufactured homes benefit from access to financing — a case study

*By Richard A. Minard Jr. and Nick Normandin*

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## Buyers *and* sellers of manufactured homes benefit from access to financing – a case study

**By Richard A. Minard Jr. and Nick Normandin** [1]

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# 1. Home loans matter in manufactured housing communities

The national housing crisis of 2006 through 2010 that deflated home values and made mortgages hard to come by hit New Hampshire with less force than it did the rest of the nation and, at least in Rochester, NH, hit resident-owned manufactured-housing communities (ROCs) with less force than it did traditional investor-owned manufactured-housing communities. This paper examines why that was the case.

Between January 1, 2000, and December 31, 2011, 1,531 manufactured homes changed hands in Rochester providing a rich data set[2] with which to study the impact of the recession, the mortgage crisis, and differences between home sales in ROCs and investor-owned manufactured-housing communities. The data show:

- Most mortgage lenders stopped providing mortgages for manufactured homes in parks during the housing crisis and recession. One lender, the New Hampshire Community Loan Fund (Community Loan Fund) stayed in the field throughout the crisis, though it lent only to owners and buyers of homes in ROCs.
- The difficulty of obtaining a mortgage in investor-owned communities appears to have reduced the volume of transactions in those parks and depressed the sale price of those homes that did sell. The number of homes financed by mortgages in these communities fell by 77 percent during the period.
- These impacts were less pronounced in ROCs, probably because there was more “liquidity” in these markets. Liquidity is the ease with which one can exchange an asset for its true value. Mortgage financing, by providing cash to buyers, helps keep markets “liquid” and facilitates the exchange of homes at market values.
- The number of transactions financed with mortgages in ROCs increased by 50 percent during the period.
- Homes in ROCs, although older than homes in investor-owned communities, have, since 2006, sold for 3.5 percent more money per square foot than have homes in investor-owned communities.
- The continuous availability of fixed-rate mortgages for homes in ROCs may have kept that market functioning with relatively stable prices and relatively strong sales volume. We cautiously ascribe a causal relationship between the availability of mortgages and the robust performance of the market for homes in ROCs.

The data do not answer all of the questions they raise. For example, they do not suggest why conventional lenders have not returned to parts of Rochester’s manufactured-housing market, nor do they provide insight into the market beyond Rochester. The core of this paper is a rigorous analysis of transaction data, but we conclude with a more policy-focused essay about the role of “community development finance” and its potential to influence and broaden markets.

## 2. Manufactured housing in Rochester, NH

Rochester had a population of 29,752 in 2010, according to the U.S. Census. They lived in 12,357 households. The Census identified 2,471, or 18 percent of these households as “mobile homes.” That concentration of manufactured homes is three times the statewide average of 6 percent, according to the U.S. Census.

A small minority of Rochester’s manufactured homes are on “fee simple” properties, where an individual owns both the home and the land on which it is secured. Most of Rochester’s manufactured homes, however, are located in communities (or “parks”), where individuals own their home and rent a lot from the community’s owner.

This paper focuses on the differences between two types of manufactured-housing communities: those owned by investors and operated for profit, and those owned by their residents and operated as nonprofit cooperatives, or ROCs. There are eight ROCs in Rochester and 103 in New Hampshire. ROCs are a relatively new form of shared-equity housing, making up about 20 percent of the manufactured-housing communities in New Hampshire and in Rochester.

Manufactured-housing communities are diverse in their size, age, density, and amenities, as well as in their proximity to transportation hubs, jobs, and schools. Thus, there are many factors that influence the relative desirability of specific communities, the lot rents they charge homeowners, and the price homeowners command when they sell their home on site.

This analysis does not attempt to control for most of those factors, nor does it rely on attitude surveys of buyers or sellers of homes, nor does it have access to information about the costs to residents of selling their homes. Instead, it uses hard quantitative data included on deeds and tax records. The quantitative work focuses exclusively on those homes that changed hands from 2000 to 2011 and on two of the most basic physical characteristics of those homes: size and age.

As noted above, the data used here were purchased from Real Data, a New Hampshire company that serves realtors and the real-estate business. The firm gathers data from two sources: county registries of deeds and municipal tax departments. Some properties change hands many times, generating a new deed at each transfer. There is only one tax card for each unique parcel, regardless of how often it changes hands. Thus, the two data sets have different numbers of records. They also contain different information: deeds track the sale price for each transaction and whether the buyer had a mortgage or paid cash for the property; tax records describe the size and age of the property, its assessed value, and the sale price for the most-recent transaction.

Table 1 presents a summary of the two data sets, illustrating that approximately five times as many homes in investor-owned communities changed hands as in ROCs.[3]

**Table 1: Tax cards and deeds tell the story**

| Property transacation data | Tax Card records | Deed Transfer records |
|---|---|---|
| Homes in investor-owned communities | 1,122 | 1,576 |
| Homes in resident-owned communties | 214 | 297 |
| Homes on their own land | 195 | 286 |
| Total number of records | 1,531 | 2,159 |

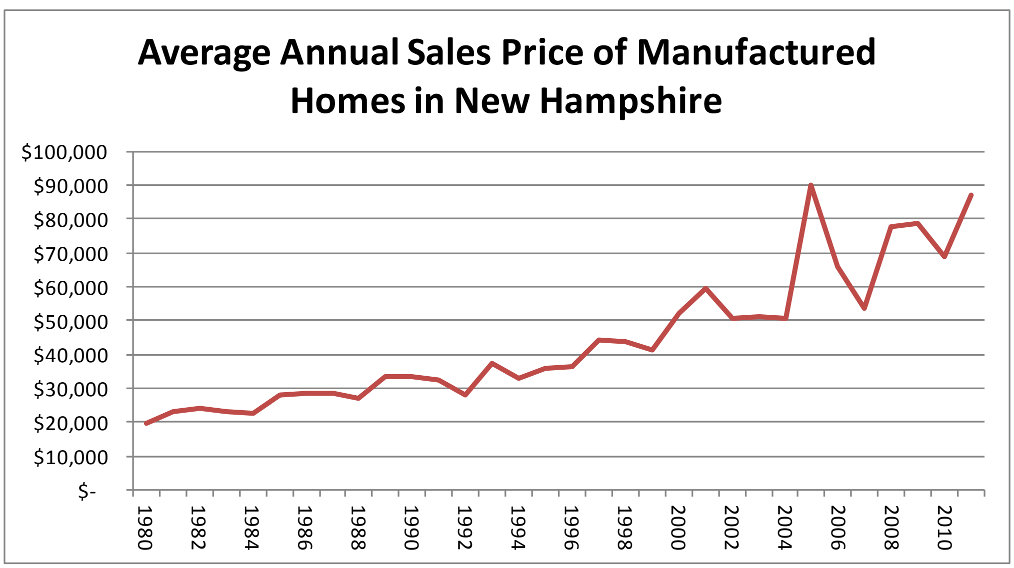
## 3. Market liquidity: The challenge of selling a home

Among the difficulties that the recent housing crisis has inflicted on millions of Americans has been an inability to sell their homes. Many people owe more on their mortgages than their homes are worth, so are unable or unwilling to sell for a price the market will bear. Many would-be buyers can't arrange financing and so are priced out of the market. These conditions have affected New Hampshire's real estate markets as well.

Until the crisis of 2006, the housing market in New Hampshire was strong. Prices for manufactured homes in parks rose along with housing prices overall.

Figure 1 shows the dramatic impact of the crash. The average sale price of a manufactured home in New Hampshire fell 41 percent between January 2005 and January 2007, according to the Manufactured Homes Survey of the U.S. Census Bureau. The price dip after 2001 was a harbinger of the broader housing market collapse. Across the nation, lenders who had made unsound loans in the 1990s through manufactured-home retailers and investor-owned parks saw a wave of defaults at the end of the decade and into the next.[4] A detailed analysis of home sale prices in Rochester follows in Section 3 of this paper.

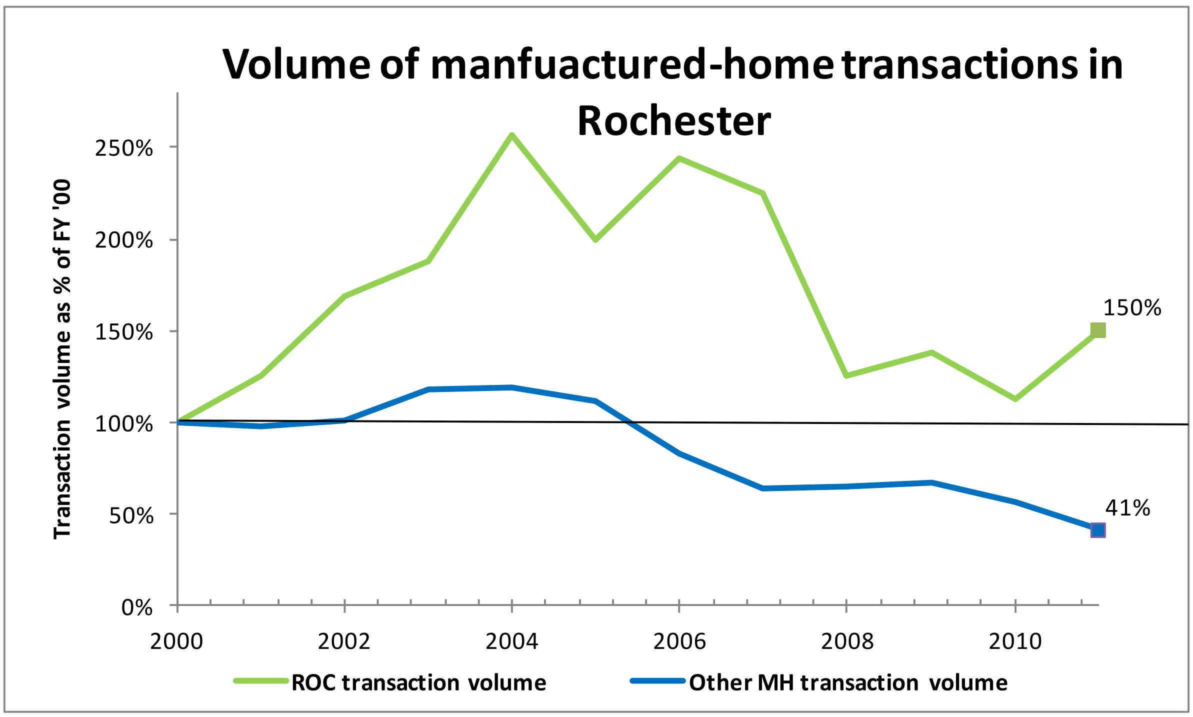
**Figure 1: NH home prices plunged 41% in 2006-2007**



An analysis of the number of transactions involving manufactured homes in Rochester from 2000 through 2011 shows that homes in ROCs continued to sell at relatively higher volumes than did homes in investor-owned communities or on their own land. Because the two markets are so different in size, to compare trends more clearly, we use sales in 2000 as a base and track the percentage change in transactions each year for the next decade. Figure 2 graphs the data. The top line shows the number of sales of homes within ROCs more than doubling by the year 2004, declining as the recession hits, and rebounding in 2011. The volume of transactions here never dropped below the 2000 level. By the end of 2011, transaction volume was 50 percent higher than in 2000.

The story outside of ROCs was different. Transaction volumes did not surge in the early years of the last decade, but they did decline in the second half. By 2011, transaction volume was 59 percent lower than in 2000.

**Figure 2: Home sales within ROCs remained strong**



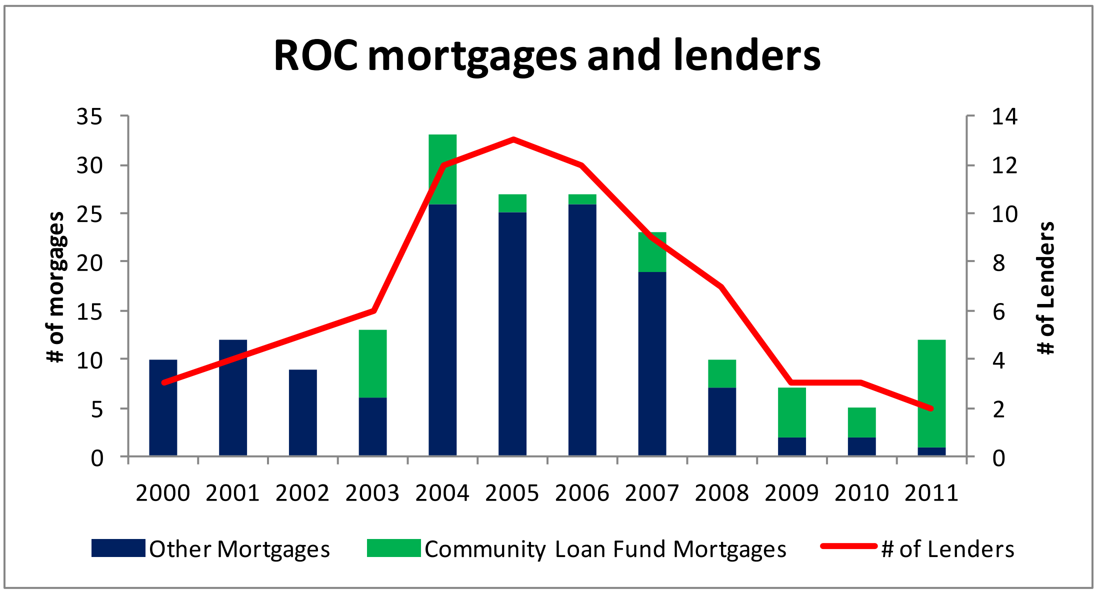

During this period, many of the financial institutions financing the purchases of manufactured homes left the market. The national recession had been triggered largely by defaults in home loans: too many people had been loaned too much money for homes which couldn't hold their value and, as a result, lenders sharply reduced their tolerance for risk, made fewer loans, or got out of the market altogether.

Thirty-one institutions originated mortgages in Rochester ROCs from 2000 to 2011. Of these, the Community Loan Fund originated the most mortgages with 43. Profile Bank was a distant second with 21; Equity One was third with 18. However, neither of the latter two organizations made a single mortgage in Rochester's ROCs after 2007.

Figure 3 tracks the rise and fall in the number of lenders and mortgages through the period. The number of total lenders drops off steeply during the recession, dropping to only two organizations in 2011: the Community Loan Fund and Succi Trust, which made only one mortgage during the period of analysis. The number of mortgages peaked in 2004 at 33; the number of lenders peaked in 2005 at 13. The Community Loan Fund's loans are shown in the stacked bars as green; the organization's market share grew as other lenders left the field.[5]

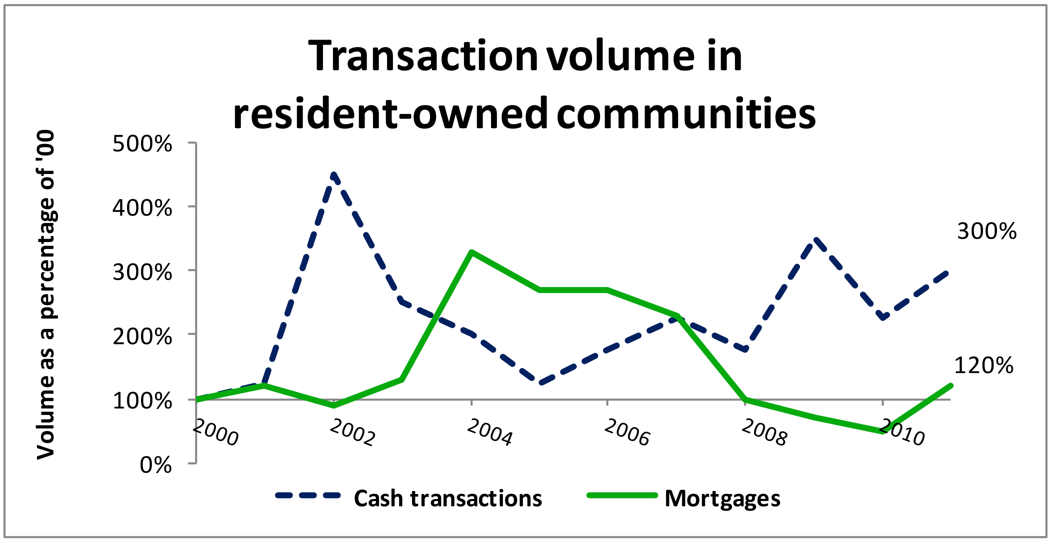
In 2011, there were 12 new mortgages in Rochester ROCs; the Community Loan Fund originated 11 of them. (See *Appendix A* for a detailed breakdown of lenders for homes in ROCs, investor-owned communities, and for manufactured homes on their own land.)

**Figure 3: Most lenders left the ROC mortgage market**



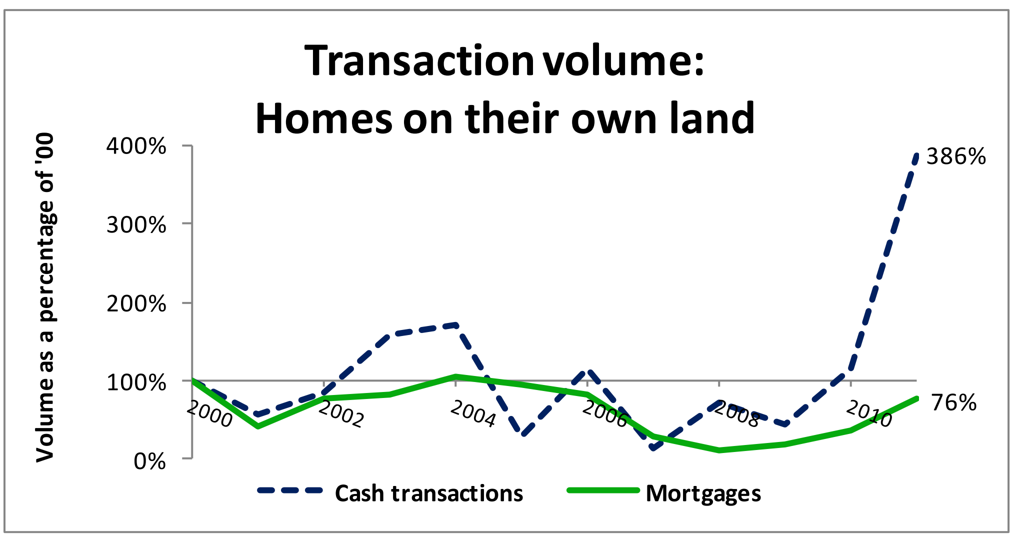

Not every home sale involves a mortgage, however. When a buyer has sufficient cash, is purchasing a property from a family member at a deep discount, or cannot obtain a mortgage, the sale may rely on cash. Throughout the period of analysis, a growing number of buyers in ROCs used cash transactions to purchase their homes, as shown in Figure 4. The graph illustrates how the increasing reliance on cash transactions in the depth of the recession kept the total number of transactions in ROCs from dipping below the 2000 baseline.

**Figure 4: Cash transactions in ROCs supplement mortgages**



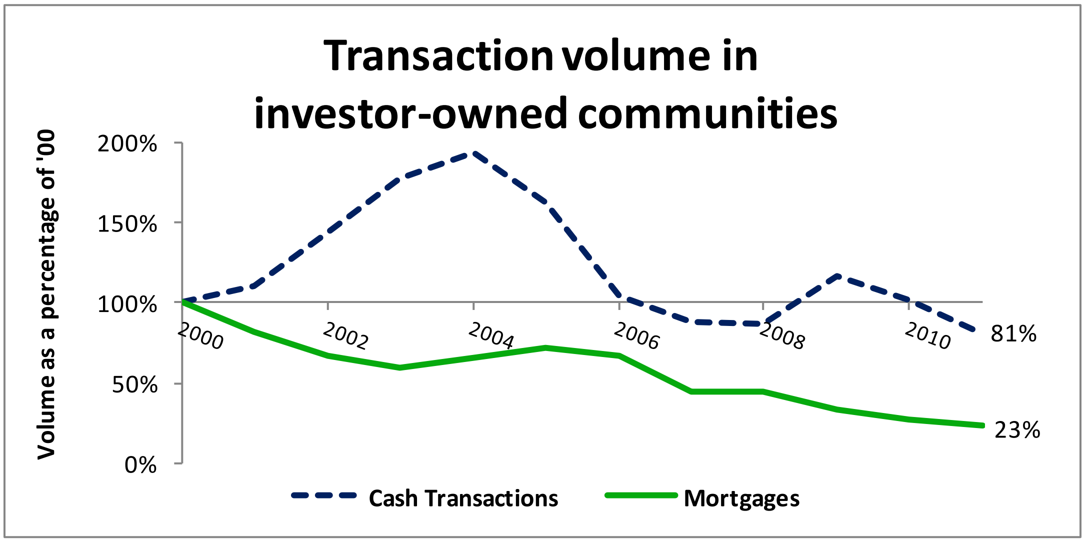

A roughly comparable trend can be seen in transactions involving manufactured homes on their own land ("fee simple" parcels). As Figure 5 illustrates, cash transactions surged in 2010 and 2011 after years of very sluggish activity in both financed and cash transactions.

**Figure 5: Cash transactions surge in 2010 for manufactured homes on land**




Something different was happening in the investor-owned communities. Figure 6 illustrates why total sales in investor-owned parks have declined below the 2000 base. Mortgage-financed transactions declined by 77 percent while cash transactions remained relatively constant, declining only 19 percent during the period. These declines correspond to the overall reduction in home sales in investor-owned communities through 2011.

**Figure 6: Mortgage volume declines 77% in investor-owned communities**




In other words, it appears that the exodus of mortgage lenders in investor-owned parks has depressed the number of mortgages over the period by 77 percent, probably accounting for much of the 50 percent decline in the number of transactions of homes in those communities. The decline in home transactions may have depressed prices as well, though we do not have the evidence to assert a causal link.

The correlation between the availability of mortgages and the sales price for homes is evident in Figure 7 and in Figure 8, which illustrate these market dynamics for investor-owned communities and ROCs respectively. The vertical bars graph the number of transactions financed with cash (the bars on the left of each pair) versus those with what the deeds call "standard financial" mortgages. The solid lines at the top of the graphs trace the median sales price of homes financed with mortgages; the lower dashed line traces the sales price of homes financed through cash transactions.

On average over the period, the sales price of homes financed with cash in investor-owned communities was 37 percent lower than homes financed with a traditional mortgage. (In 2010, cash-transaction prices were 63 percent lower than mortgage transactions; in 2011, the difference was 50 percent.) In ROCs, the cash transactions averaged 31 percent lower than those financed with mortgages.

For decades, the American housing market has worked because many sources of mortgage financing were available to the millions of buyers who could not buy a home outright with cash. The contraction of the mortgage market that followed the financial crisis, including the return to a standard practice of requiring a 20-percent down payment, made it much harder for people without deep savings accounts to become homeowners. The shift also made it harder for homeowners to sell their homes at "market" prices, leaving the owners either stuck in homes they no longer needed, forced to sell for less, or even forced to abandon their homes.

**Figure 7: Mortgages support higher sales prices in investor-owned communities**

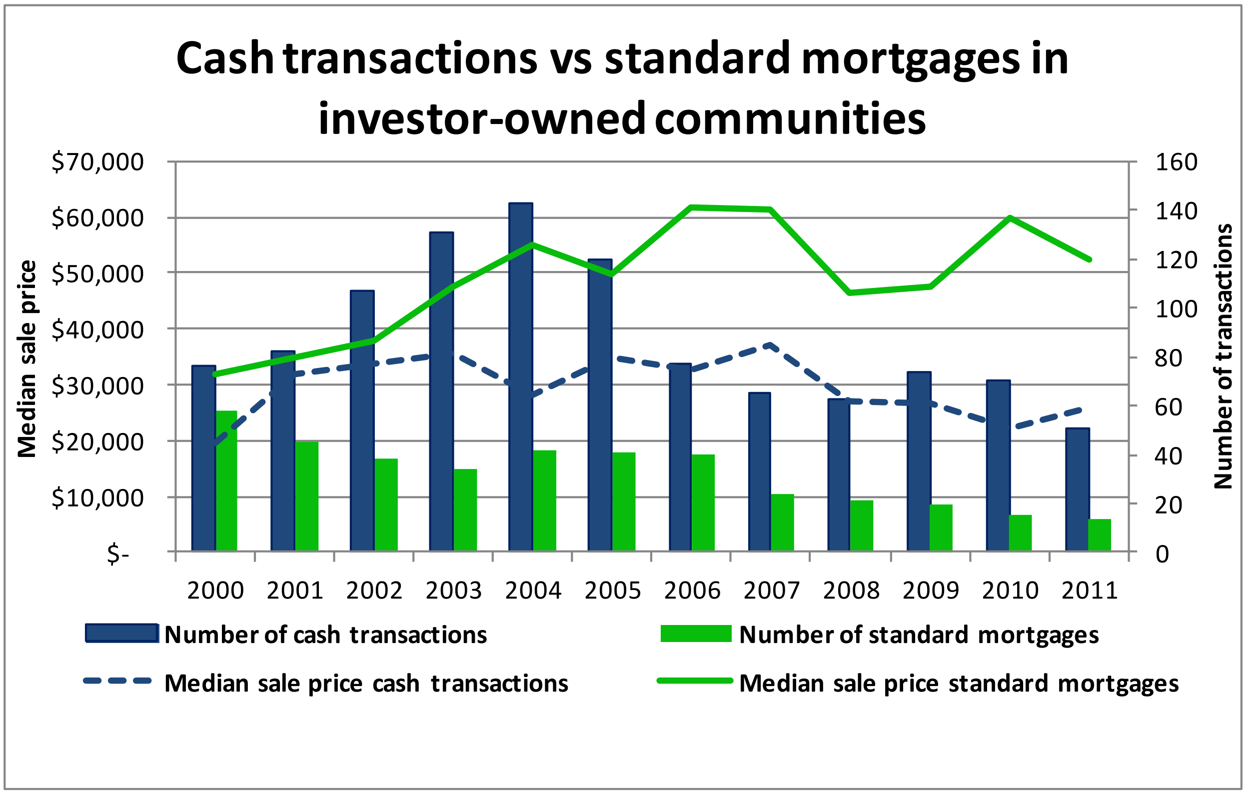
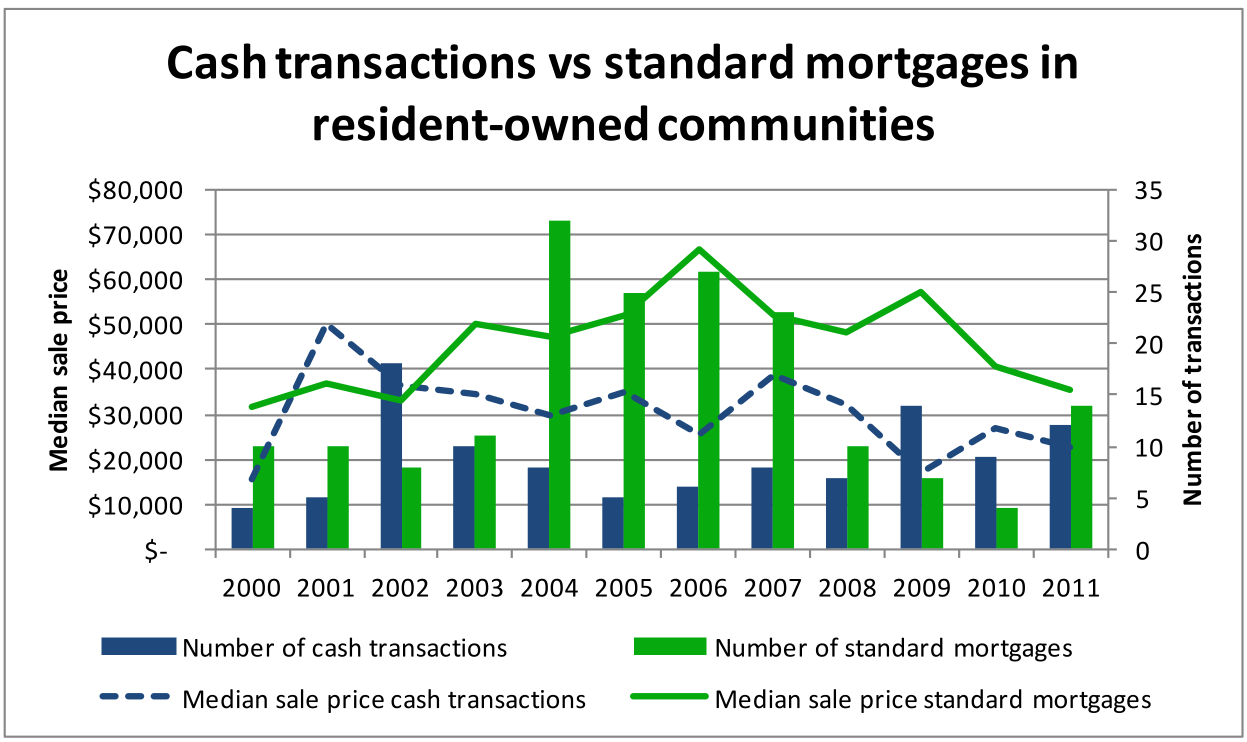



**Figure 8: Mortgages support higher sales prices in ROCs**



An analysis of Rochester's property-tax assessment data illuminates how these trends relate to the market value of manufactured homes in the city.

## 4. Manufactured-home prices in a volatile market

The value of manufactured homes changed significantly between 2000 and 2011. These changes were not felt evenly between homes in ROCs and homes in investor-owned communities. Median sale prices in investor-owned communities fell faster and farther than did median prices in ROCs.

This analysis attempts to tease apart how price differences relate to differences in the homes themselves, the communities in which they are located, and the availability of mortgages.

The value of a home may depend on many factors, including age, size, condition, location, amenities, and ownership structure. The City of Rochester's parcel data, assembled for property tax assessments and compiled by Real Data for all homes that changed hands between 2000 and 2011, provides a detailed look at those homes, the value assigned to them by the city's assessors, and the value assigned by the market itself.

Homes in ROCs tended to be older and smaller than homes in investor-owned communities and were assessed at lower values. The median age of the homes that sold in ROCs was 26 years, while the comparable statistic for homes in investor-owned communities was 23 years. Table 2 includes these figures, as well as the median assessed value, the median sale price and the median price per square foot over the 11-year period. The sale-price-per-square-foot figure makes it easier to compare single-wide and double-wide homes in the same analysis.

**Table 2: Median assessments and sale prices, 2000-2011**

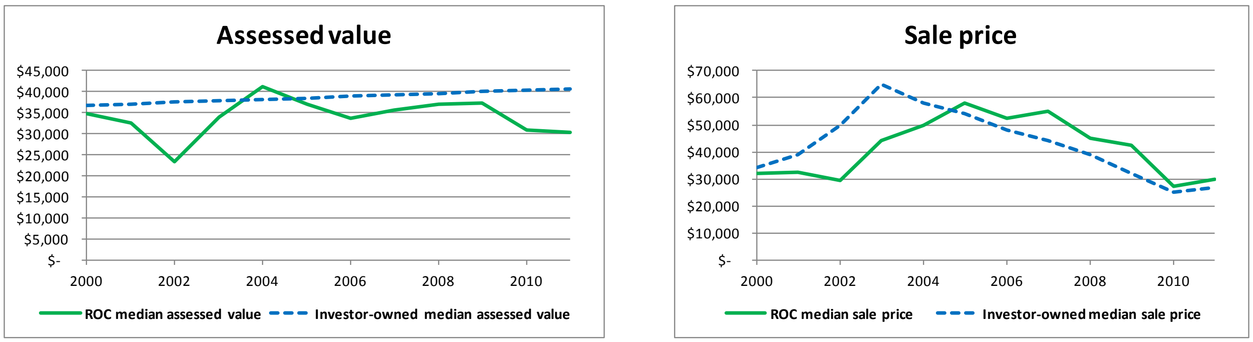
| Comparing homes by size, age, assessed value and sales price, 2000-2011 | | | | |
|---|---|---|---|---|
| | Median home in resident-owned communities | Median home in investor-owned communities | Difference | % Difference |
| Square feet | 1,003 | 1,114 | -111 | -11.1% |
| Age (years) | 26 | 23 | 3 | 11.5% |
| Assessed value | $ 34,600 | $ 37,800 | -$3,200 | -9.2% |
| Assessed value/sq ft | $ 32.50 | $ 34.59 | -$2.09 | -6.4% |
| Sale price | $ 47,733 | $ 45,000 | $ 2,733 | 5.7% |
| Sale price/sq ft | $ 43.22 | $ 41.75 | $ 1.47 | 3.4% |

Over the 11-year period, homes in ROCs were assessed for 9 percent less but sold for almost 6 percent more than did their counterparts in investor-owned communities. The difference between the assessed value *per square foot* and the sale price *per square foot* in ROCs was more than $11, or 33 percent.

Of more importance to homeowners, however, is the difference in price-per-square foot between homes in ROCs and homes in investor-owned communities. Although assessors valued homes in ROCs for less per square foot than homes in investor-owned communities, buyers paid more per square foot for homes in ROCs. The $1.47 difference per square foot translates into a 3.5 percent premium for homes in ROCs over the 11-year period.

A series of graphs helps to illustrate how these values changed over time. (The data behind these graphs are in Appendix B, Table 6.) In each graph, the solid green line tracks changes in the median value for homes in ROCs; the dashed blue line tracks the median value for homes in investor-owned communities.

**Figure 9 a and b: Assessed values and sale prices**




The two parts of Figure 9 raise a question: why are homes in ROCs generally assessed for less than homes in investor communities, even in years when they have sold for substantially more? Our analysis suggests that the assessments track the *age* of the manufactured home: the older the home, the less value the assessors assign to it. Sales prices, however, are more tightly correlated to the *size* of the home than to its age. Although square footage influences the assessments, it is less of a factor than age. The statistics behind these conclusions are illustrated in Appendix B.

**Figure 10 a and b: Values per square foot**

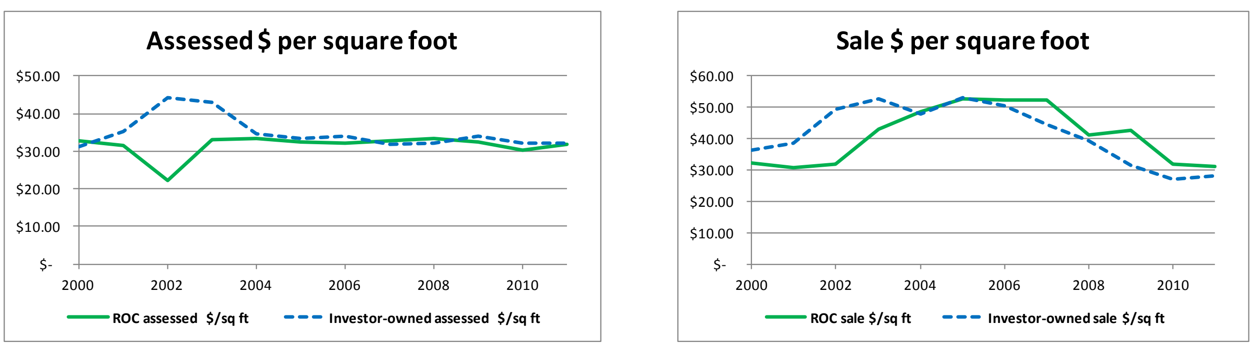
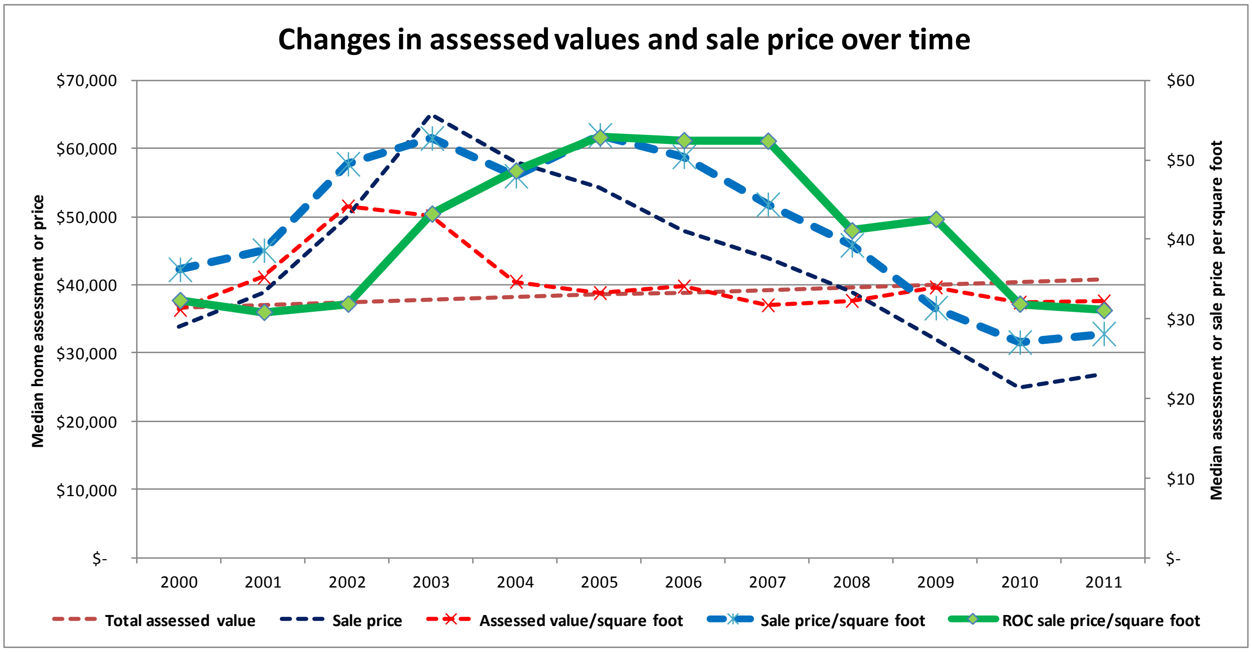



Figure 10 b captures a longer-term trend: the sale price per square foot for homes in ROCs had been well below the price in investor-owned communities from 2000 through 2003; the gap narrowed to pennies in 2004 and 2005, then flipped in 2006.

Figure 11 combines several of the preceding graphs to illustrate their interplay. The dashed lines track median values in investor-owned communities and the heavy dashed blue line again shows sale price per square foot. The heavy solid green line adds the median sale price per square foot in ROCs.

**Figure 11: Since 2004, sale price per square foot has been higher for homes in ROCs**




## 5. Conclusions and additional research questions

The Community Loan Fund undertook this analysis in part to determine whether its own mortgage program for homes in ROCs, which started in 2002, was making a difference in the market for affordable housing and whether the organization could support its mission by offering mortgages to manufactured homes on their own land.

The results suggest that access to financing for home purchases matters – to buyers and sellers alike – and that the reduction in mortgage lenders in Rochester over the last five years has made it harder for many people to buy or sell homes. Because the analysis is based entirely on the records of properties that did change hands during the period, we have no data on the number of people who were shut out of the market or the extent to which this tight credit caused the reductions in home prices documented here.

Our experience in the market, combined with the hard data presented here, leads us to conclude that the availability of fair, fixed-rate mortgages helps homeowners build and retain financial assets. Fair financing brings liquidity to the market, so when homeowners decide to sell, they can do so at market rates, not at a price dragged down by the constraints of cash transactions. Facilitating such transactions also permits personal mobility and community vitality – homeowners don't have to stay stuck where their home is even if their job or needs have moved elsewhere. These benefits may be particularly important to lower-income households who may have fewer choices in the economy and less capacity to absorb a financial loss on their home.

The fact that buyers pay more per square foot for a home in a ROC than in an investor-owned community may be a reflection of the mortgage financing available for these homes, or it may reflect a buyer preference for ROCs or something else altogether. The data do not provide an explanation.

By focusing entirely on transactions within one municipality, we were able to reduce some of the variables that make it difficult to see trends clearly, but, of course, we are unable to generalize from the Rochester data to a broader market. We know that other markets differ from Rochester in some respects. For example, in many parts of New Hampshire, community banks provide mortgages to qualified buyers of manufactured homes in resident-owned communities.

We encourage housing analysts to replicate this analysis in other communities and in other regions of New Hampshire.

## 6. Beyond the data

Perhaps the most significant conclusion to draw from the analysis of the manufactured housing market in Rochester is that more lenders should provide more mortgages to people trying to buy manufactured homes in that city, particularly those homes where the title and land tenure are secure.

The Community Loan Fund started offering mortgages to homeowners in resident-owned communities in 2002 because it perceived a need for fair, fixed rate financing. Most loans for the purchase of manufactured homes are "chattel" loans for personal property like cars or boats. These have higher rates, shorter terms, and other drawbacks that made them unfair for low-income households. The Community Loan Fund saw the potential to serve households in ROCs with a better product, one that would help them build financial assets over time.

By providing mortgages, the Community Loan Fund also hoped to create a "liquidity floor" – a financial system that would enable homeowners to sell their homes at prices that reflect their true market value. Doing so would enable people to move – for any of the reasons that people move – without moving downwards financially. The data from Rochester vividly demonstrate the impact of market liquidity—and illiquidity—on home prices.

The Community Loan Fund saw the development of its mortgage products as an opportunity to demonstrate to other lenders that these were sound loans to solid borrowers. Like other federally certified "community development financial institutions," the Community Loan Fund set out to *change* the market for manufactured-home loans, not to corner it.

By the end of July 2012, the Community Loan Fund had made 617 mortgages on homes in ROCs statewide. The cumulative loss rate on those loans was 1.6 percent, even through the housing crisis and recession. (One might compare that figure to the 30 percent default rate that the nation's chattel-lending institutions suffered in the late 1990s.[6]) The success of the Community Loan Fund's portfolio has encouraged community banks to enter the market and inspired Fannie Mae to purchase home loans in qualified ROCs just as it does those of site-built homes on their own land. Similarly, the U.S. Department of Agriculture's Rural Development program has started to pilot its 502 direct and guaranteed mortgages in New Hampshire's ROCs.

The Community Loan Fund expects this analysis to add to the growing understanding of the manufactured-housing sector and by doing so, to encourage its maturation within the mainstream of commercial finance.

## Appendix A: Mortgage providers for manufactured homes

**Table 3: Lenders in resident-owned communities, 2000-2011**

| **Lender** | **00** | **01** | **02** | **03** | **04** | **05** | **06** | **07** | **08** | **09** | **10** | **11** | **TOTAL** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NONE | 4 | 5 | 18 | 10 | 8 | 5 | 7 | 9 | 7 | 14 | 9 | 12 | *108* |
| NH Community Loan Fund | | | | 7 | 7 | 2 | 1 | 4 | 3 | 5 | 3 | 11 | *43* |
| Profile BK | | | | | 3 | 8 | 9 | 1 | | | | | *21* |
| Equity One | 4 | 7 | 4 | 1 | 1 | 1 | | | | | | | *18* |
| Downeast MTG | | | | | 5 | 3 | 1 | 5 | | | | | *14* |
| St Mary's BK | | | | | 6 | | 1 | 5 | | | | | *12* |
| NE Moves MTG | | | | 2 | 3 | 1 | 2 | 2 | | | | | *10* |
| GMAC | | | | | | | 3 | 3 | 2 | | | | *8* |
| Conseco Fin | 5 | 1 | 1 | | | | | | | | | | *7* |
| Federal Savings | | | | | 1 | 3 | 3 | | | | | | *7* |
| Forward Fin | 1 | 2 | 2 | 1 | 1 | | | | | | | | *7* |
| Beacon MTG | | | | | 3 | 2 | 1 | | | | | | *6* |
| Merrimack MTG | | | | | | | 3 | 1 | 1 | | | | *5* |
| Priority Funding | | | | | | 2 | 1 | | 1 | 1 | | | *5* |
| 21st MTG | | 2 | | 1 | | | | | | | | | *3* |
| Tommark Inc | | | | | | | 1 | | 1 | | 1 | | *3* |
| Holy Rosary CU | | | | | 1 | | | | | 1 | | | *2* |
| Mortgage Partners | | | | | | 1 | 1 | | | | | | *2* |
| NH Housing Fin Auth. | | | | | | 1 | | 1 | | | | | *2* |
| Bow Mills | | | | | | 1 | | | | | | | *1* |
| Community BK & TR | | | 1 | | | | | | | | | | *1* |
| Countrywide | | | | | 1 | | | | | | | | *1* |
| Cousins Home Lend | | | | | | | | 1 | | | | | *1* |
| Hamann | | | 1 | | | | | | | | | | *1* |
| Jacques RA | | | | | | 1 | | | | | | | *1* |
| Kelsey II Revoc TR | | | | | | | | | | | 1 | | *1* |
| Laconia Savings | | | | | | 1 | | | | | | | *1* |
| Metlife | | | | | | | | | 1 | | | | *1* |
| Regency MTG | | | | | | | | | 1 | | | | *1* |
| Schaefer MTG | | | | | 1 | | | | | | | | *1* |
| Succi Trust | | | | | | | | | | | | 1 | *1* |
| Webster Savings | | | | 1 | | | | | | | | | *1* |
| **# of Lenders by Year:** | *3* | *4* | *5* | *6* | *12* | *13* | *12* | *9* | *7* | *3* | *3* | *2* | *31* |
| **# of Mortgages by Year:** | *10* | *12* | *9* | *13* | *33* | *27* | *27* | *23* | *10* | *7* | *5* | *12* | *188* |

**Table 4: Lenders in investor-owned communities, 2000-2011**

| **Lenders** | **00** | **01** | **02** | **03** | **04** | **05** | **06** | **07** | **08** | **09** | **10** | **11** | **TOTAL** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NONE | 74 | 82 | 107 | 131 | 143 | 120 | 77 | 65 | 64 | 86 | 75 | 54 | *1078* |
| Forward Financial | 18 | 22 | 20 | 17 | 16 | 14 | 9 | 10 | 8 | 8 | 2 | | *144* |
| Equity One | 16 | 24 | 14 | 13 | 15 | 7 | | | | | | | *89* |
| Priority Funding | | | | | | 9 | 13 | 4 | 7 | 6 | 3 | 3 | *45* |
| Tommark Inc | | | | | | 2 | 4 | 11 | 7 | 2 | 5 | 4 | *35* |
| PERSON | 2 | 3 | 2 | 2 | 4 | 3 | 4 | 1 | 3 | 2 | 4 | 3 | *33* |
| Conseco | 22 | 2 | 1 | | | | | | | | | | *25* |
| NON-FINANCIAL | | 2 | 1 | 4 | | 1 | | 1 | 3 | 1 | 1 | 1 | *15* |
| Chase Trust | 2 | | 4 | | 1 | 2 | 1 | 2 | 1 | | | | *13* |
| Northeast Bank | 1 | | 1 | 3 | 5 | 1 | 1 | | | | | | *12* |
| Profile Bank | 1 | | | | 1 | 2 | 1 | | 1 | 2 | 2 | 1 | *11* |
| Laconia Savings | | | | | | | 3 | | | 2 | 1 | 4 | *10* |
| Sterling MTG | | | | | | | 7 | | | | | | *7* |
| Holy Rosary CU | | | | | 2 | 1 | 2 | | | | 1 | | *6* |
| 21st MTG | 1 | 2 | | 1 | | | | | | | | 1 | *5* |
| Sanford Savings | 1 | | | 1 | | 3 | | | | | | | *5* |
| Citi Group | | 2 | 1 | | | 1 | | | | | | | *4* |
| St Mary's Bank | | | | | 1 | 1 | 1 | | | | | | *3* |
| 1st Colebrook | | | | | | 1 | | | | | 1 | | *2* |
| B Chase Revoc Trust | | | | | | | | | 1 | | 1 | | *2* |
| Downeast MTG | | | | | 1 | 1 | | | | | | | *2* |
| Meredith Vil Savings | | | | | | | | | | | 1 | 1 | *2* |
| Assoc Fin Serv | 1 | | | | | | | | | | | | *1* |
| Banknorth | | | 1 | | | | | | | | | | *1* |
| Bank of America | | | | | | | | | | 1 | | | *1* |
| Community Bank & Trust | | | | | 1 | | | | | | | | *1* |
| Greenpoint Credit | 1 | | | | | | | | | | | | *1* |
| Milford National | | | | | | | 1 | | | | | | *1* |
| NE Community CU | | | | | | | | | 1 | | | | *1* |
| NE Moves MTG | | | | | | | 1 | | | | | | *1* |
| Popular Housing | | | | | | 1 | | | | | | | *1* |
| Savers Bank | | | 1 | | | | | | | | | | *1* |
| Wells Fargo | | | | | | | | 1 | | | | | *1* |
| **# of Lenders by Year:** | *11* | *7* | *10* | *7* | *10* | *16* | *13* | *7* | *9* | *8* | *11* | *8* | *32* |
| **# of Mortgages by Year:** | *66* | *57* | *46* | *41* | *47* | *50* | *48* | *30* | *32* | *24* | *22* | *18* | *481* |

**Table 5: Lenders to manufactured homes on their own land, 2000-2011**

| Lenders | 00 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NONE | 7 | 4 | 6 | 11 | 12 | 2 | 8 | 1 | 5 | 3 | 8 | 27 | *94* |
| GMAC | 5 | 3 | 2 | 1 | 1 | 5 | 2 | 1 | | | | | *20* |
| PERSON | 1 | 1 | 1 | 2 | 3 | | 2 | 1 | | | | 4 | *15* |
| Profile Bank | | | 1 | 1 | 3 | 3 | 2 | | | 1 | 2 | | *13* |
| Wells Fargo | | | 1 | 3 | 2 | | 1 | | | | 1 | | *8* |
| Countrywide | 1 | | 2 | | 1 | 1 | 1 | | | | | | *6* |
| Banknorth | | | | | 2 | 2 | | | | | | | *4* |
| Federal Savings | 1 | | 1 | | | 1 | | 1 | | | | | *4* |
| Forward Finance | 1 | 1 | | 2 | | | | | | | | | *4* |
| Laconia Savings | | | | | | | | | | | 1 | 3 | *4* |
| Merrimack MTG | | | | | | 1 | 2 | 1 | | | | | *4* |
| Northeast Bank | 2 | | 1 | | | | | | | | | 1 | *4* |
| Assoc Fin Serv | 3 | | | | | | | | | | | | *3* |
| Citizens MTG | | | 1 | 1 | 1 | | | | | | | | *3* |
| National City MTG | | | | | 1 | 1 | | | 1 | | | | *3* |
| Beacon MTG | | | | 1 | | 1 | | | | | | | *2* |
| Bank of America | | | | | | | | | | 1 | 1 | | *2* |
| Chase Trust | | | | | | | | | | | | 2 | *2* |
| Meredith Vil Savings | | | | | 1 | | | | | 1 | | | *2* |
| NE Moves MTG | | | | | 1 | | 1 | | | | | | *2* |
| NON-FINANCIAL | | | | 1 | | | | | | | | | *1* |
| 1st & Ocean | | | | 1 | | | | | | | | | *1* |
| Bay State Savings | | | | 1 | | | | | | | | | *1* |
| Builders & Homeowners MTG | | | 1 | | | | | | | | | | *1* |
| Bow Mills Bank | | | | | | | 1 | | | | | | *1* |
| Cendant MTG | | | | | | | 1 | | | | | | *1* |
| Community Bank | | | 1 | | | | | | | | | | *1* |
| Conseco | 1 | | | | | | | | | | | | *1* |
| Dewolfe MTG | | 1 | | | | | | | | | | | *1* |
| Downeast MTG | 1 | | | | | | | | | | | | *1* |
| Envoy MTG | | | | | | | | | | | 1 | | *1* |
| Franklin Savings | | | | | | | 1 | | | | | | *1* |
| GFD MTG | | | | | 1 | | | | | | | | *1* |
| Holy Rosary CU | | | | | | | | | 1 | | | | *1* |
| Long Beach MTG | | 1 | | | | | | | | | | | *1* |
| MTG Partners | | | 1 | | | | | | | | | | *1* |
| NxtLoan.com | | | | | | | | 1 | | | | | *1* |
| Priority Funding | | | | | | | | | | | | 1 | *1* |
| Sanford Savings | | | | | | | | | | | | 1 | *1* |
| Schaefer MTG | | | | | | 1 | | | | | | | *1* |
| State Farm | | | | | 1 | | | | | | | | *1* |
| Sterling MTG | 1 | | | | | | | | | | | | *1* |
| Tommark Inc | | | | | | | | | | | | 1 | *1* |
| **# of Lenders by Year:** | *10* | *5* | *11* | *10* | *12* | *9* | *10* | *5* | *2* | *3* | *5* | *7* | *42* |
| **# of Mortgages by Year:** | *17* | *7* | *13* | *14* | *18* | *16* | *14* | *5* | *2* | *3* | *6* | *13* | *128* |

# Appendix B: Additional tables, graphs, and statistical information

### Table 6: Annual changes in median home values, 2000-2011

| | Resident Owned Communities | | | | | | Investor Owned Communities | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **ROC median assessed value** | **ROC median sale price** | **ROC assessed $/sq ft** | **ROC sale $/sq ft** | **ROC sale $ minus assessed $** | | **Investor-owned median assessed value** | **Investor-owned median sale price** | **Investor-owned assessed $/sq ft** | **Investor-owned sale $/sq ft** | **Investor-owned sale $ minus assessed $** |
| 2000 | $ 34,700 | $ 31,900 | $ 32.61 | $ 32.34 | $ (3,400) | 2000 | $ 36,710 | $ 33,950 | $ 31.18 | $ 36.20 | $ 150 |
| 2001 | $ 32,450 | $ 32,250 | $ 31.51 | $ 30.86 | $ (800) | 2001 | $ 37,101 | $ 38,900 | $ 35.23 | $ 38.61 | $ 950 |
| 2002 | $ 23,300 | $ 29,467 | $ 22.09 | $ 31.89 | $ 6,367 | 2002 | $ 37,483 | $ 49,917 | $ 44.17 | $ 49.49 | $ 6,917 |
| 2003 | $ 33,900 | $ 44,000 | $ 32.96 | $ 43.22 | $ 6,033 | 2003 | $ 37,841 | $ 65,000 | $ 42.94 | $ 52.72 | $ 15,200 |
| 2004 | $ 41,200 | $ 50,000 | $ 33.44 | $ 48.63 | $ 17,500 | 2004 | $ 38,161 | $ 58,133 | $ 34.71 | $ 47.97 | $ 16,800 |
| 2005 | $ 37,100 | $ 58,000 | $ 32.47 | $ 52.84 | $ 19,633 | 2005 | $ 38,550 | $ 54,233 | $ 33.28 | $ 53.11 | $ 20,950 |
| 2006 | $ 33,600 | $ 52,234 | $ 32.03 | $ 52.45 | $ 21,617 | 2006 | $ 38,905 | $ 48,000 | $ 34.11 | $ 50.42 | $ 19,200 |
| 2007 | $ 35,600 | $ 55,000 | $ 32.79 | $ 52.39 | $ 19,733 | 2007 | $ 39,275 | $ 44,000 | $ 31.74 | $ 44.40 | $ 15,700 |
| 2008 | $ 37,000 | $ 44,933 | $ 33.33 | $ 41.12 | $ 8,100 | 2008 | $ 39,660 | $ 39,000 | $ 32.29 | $ 39.28 | $ 8,800 |
| 2009 | $ 37,450 | $ 42,467 | $ 32.59 | $ 42.55 | $ 5,642 | 2009 | $ 40,042 | $ 32,000 | $ 34.00 | $ 31.39 | $ 3,400 |
| 2010 | $ 31,000 | $ 27,000 | $ 30.14 | $ 31.89 | $ (1,400) | 2010 | $ 40,382 | $ 25,000 | $ 32.09 | $ 27.06 | $ (1,300) |
| 2011 | $ 30,400 | $ 30,000 | $ 31.77 | $ 31.09 | $ (400) | 2011 | $ 40,708 | $ 26,933 | $ 32.23 | $ 28.14 | $ (2,700) |

Table 6 summarizes much of the parcel data used in this analysis. It shows the results of calculations to determine the median value for each time series: the median value of all of the assessments for each home that was sold in 2000, for example. Note that the columns showing the difference between the sale prices and the assessed prices captures the median of all of the differences in each year rather than the difference between the medians.

Much of this analysis focuses on the value of homes per square foot. This is because a statistical analysis shows that square footage is a stronger determinant of sale price than the age of the home. Rochester's tax assessors, however, appear to assign greater weight to the home's age than to its size. To our knowledge they make no distinction in their assessments between resident-ownership and investor-ownership of the communities in which the homes are located.

The scatter plots below illustrate the data from Rochester's tax rolls. Figure 12 a shows home prices rising as the square footage increases, with what statisticians call an R-squared value of 0.4678. Figure 12 b plots data from the same homes and shows that the assessed value drops as the age of the home increases. Here the R-squared value is a much stronger 0.6034 – a measure that shows that Rochester's tax assessors weight a manufactured home's age more heavily than its size.

**Figure 12 a and b: Assessed home value correlates more strongly to age than square footage**

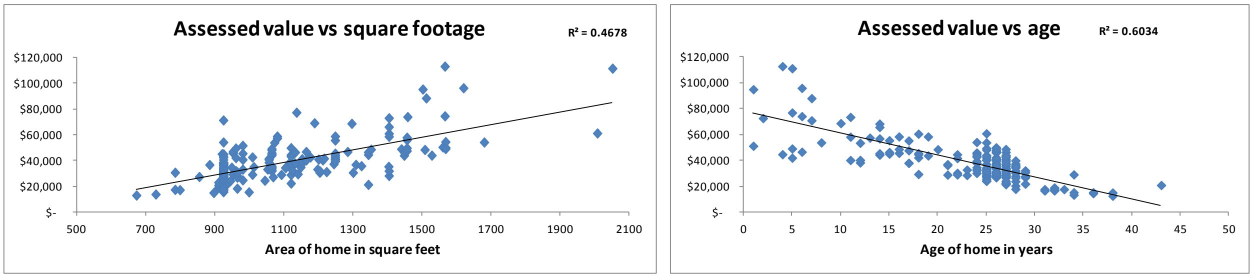
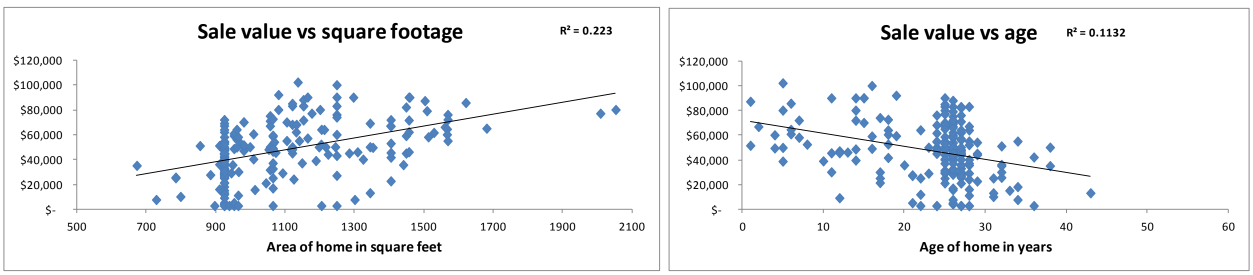



Figure 13 a and b track the actual sale price of the same manufactured homes, as recorded on the city's tax roles. There is more spread here--the market produces weaker correlations than the assessor's formulae--but the market clearly values size more highly than age. The R-squared value for square-footage is 0.223 compared to just 0.1132 for the age of the home.

**Figure 13 a and b: Sale prices correlate more strongly to square footage than age**




# Appendix C: Welcome Home Loans: Terms and performance

The NH Community Loan Fund's "Welcome Home Loan" program had closed 583 loans from the program's inception in 2002 through May 2012. Those loans had totaled $25.050 million. The cumulative loss rate has been 1.39%.

The loans are available to people purchasing, refinancing, improving a manufactured home in a resident-owned community. Starting in 2012, the loans are also available for manufactured homes on their own land.

The Community Loan Fund does not require a minimum credit score, but we do work with our borrowers to ensure that their total debt payments will not exceed 45 percent of their income. The loans are for up to 25 years and cover up to 95 percent of the home's value. The current interest rate charged for these loans is 8.875%. Over the last three years, more than three-quarters of the loans have been made to borrowers earning 80 percent or less of the area median income.

Additional information is available at www.communityloanfund.org.

## 7. Endnotes

[1] **Richard Minard** is Vice President for Policy and Programs at the New Hampshire Community Loan Fund. He is a former co-director of the New Hampshire Center for Public Policy Studies and the director of numerous research projects at the National Academy of Public Administration in Washington, DC. Minard has degrees from Harvard College and the Harvard Kennedy School. **Nick Normandin** was a research intern at the New Hampshire Community Loan Fund during the summer of 2012 after his graduation from the U.S. Military Academy and before entering a master's of science program in financial operations research at the University of Edinburgh.

[2] The data for this analysis were purchased from Real Data, a New Hampshire company that compiles public records from various sources. The data here came from two sources: municipal tax cards for each property, which include data about the home's age, size, condition, and assessed value; and the country registry of deeds, which records details about each property transaction, including details on ownership, purchase prices, mortgage providers, and often notes about the sale.

[3] One community, Windswept Acres, converted from investor ownership to resident ownership during this period of analysis, in November 2003. Homes that changed hands before the conversion are included in the investor-ownership figures; homes that changed hands after the conversion are include in the ROC figures. There were too few transactions within the park to support a meaningful before-and-after analysis.

[4] Allen, George, *Manufactured Housing Primer,* PMN Publishing, Indianapolis, 2010. Allen, an expert in the field, describes the "gluttony" of the chattel-lending field in the "go-go days of the 1990s," and the subsequent bankruptcies of many of the largest businesses making these loans. The result of this collapse can be seen in Figure 1 in the three flat years following the peak of 2001.

[5] There is an almost perfect inverse relationship between the number of lenders per year in ROCs and the Community Loan Fund's share of all mortgages in ROCS from 2000-2011. The correlation coefficient from 2003 onward is negative 0.942.

[6] Allen, op. cit.