

LENDERS HARD TO FIND

Rachel and Bill Purcell were lucky. After taking out a mortgage on their Alamo property, they were able to pay for the construction of their prefabricated home without taking out another loan. For the rest of us, the normally arduous process of navigating home finance is more complicated when it comes to prefabs.

“You’ll probably find a lot of larger lenders are doing financing for that kind of housing,” said mortgage broker Glenn Rodriguez. “But I’ve found that financing is limited.”

That is to say, many mortgage brokers aren’t familiar enough with prefabricated-home financing to work on those loans, he said.

The good news, said Eric Peterson, president of Altamont Homes, is that most prefabricated homes, once built to universal building codes, should appraise and be financed in the same way as site-built homes.

“We’ve worked with lenders to educate them,” he said. “There is a little confusion on the topic, however. The only real difference is that lenders need to understand that the dispersal schedule is somewhat different for prefabricated homes. Since the house isn’t built on site, the manufacturer often wants construction costs paid all up-front.”

Manufactured homes — that is, mobile homes — require different financing, and that’s where people get confused. Those types of homes often increase mortgage rates by a half a percentage point, he said, and make it difficult for homeowners to get home equity lines of credit.

Some mortgage companies, like IndyMac Bank, with branches in the Bay Area, specialize in this sort of funding.

— Heather Boerner