

ADU, MODULAR & MANUFACTURED HOMES GUIDE

A plain-language orientation to housing concepts that are often confused - and to the questions that can affect zoning, title, financing, appraisal, insurance, and use.



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The purpose of this guide

A plain-language orientation to housing concepts that are often confused - and to the questions that can affect zoning, title, financing, appraisal, insurance, and use.

High Touch | High Class | Low Pressure

Useful orientation. Clear questions. Appropriate professional lanes.

1 | These Are Different Concepts

Accessory Dwelling Unit (ADU): an additional dwelling unit associated with a primary residential property. It may be attached, detached, above a garage, within an existing structure, or created another way allowed by local rules.

Modular home: a factory-built home assembled in sections and installed on a permanent site. Modular construction generally follows applicable state/local building-code requirements rather than the federal manufactured-housing construction standard.

Manufactured home: factory-built housing constructed to the federal manufactured-housing construction and safety standards and built on a permanent chassis. How it is titled, installed, attached to land, and financed can matter.

Why the vocabulary matters

Two homes can look very similar from the street while their construction standard, chassis, foundation, title, land ownership, zoning treatment, financing, appraisal, insurance, or resale considerations differ.

2 | ADUs: Start With Local Permission

An ADU is a use and dwelling-unit question, not simply a backyard-building idea. Before relying on an existing or proposed ADU, verify the municipality's current zoning, building, occupancy, parking, utility, permit, and inspection requirements.

Questions worth asking

- Is an ADU permitted on this parcel and under this zoning classification?
- Is the existing unit legal, permitted, or legally nonconforming?
- Are there owner-occupancy, size, entrance, parking, utility, fire-safety, or rental restrictions?
- Will the ADU affect appraisal, insurance, property taxes, or financing?
- If rental income is part of the plan, what documentation will the lender require?

3 | Modular Is Not the Same as Manufactured

A true modular home is transported to the site in sections and set on a permanent foundation or other approved permanent support system. The transport carrier is not the home's permanent chassis. Manufactured housing, by contrast, is constructed on a permanent chassis under the federal manufactured-housing standard.

Do not classify a home from appearance alone.

Ask for available title, permit, construction, installation, foundation, appraisal, and public-record information. When classification matters, use the professional or government source responsible for that determination.

4 | Financing Can Change With the Property

Financing and appraisal: How a home is constructed, classified, titled, installed, and attached to the land can affect available financing and appraisal requirements. Modular, manufactured, and other factory-built homes are not necessarily treated the same by lenders. Homes constructed on a permanent chassis, homes located on leased land, and properties within manufactured-home communities may have different financing requirements or may not qualify for certain traditional mortgage programs. Your lender and appraiser determine how the specific property fits the selected loan program and applicable valuation requirements.

Our lane

We help identify what the property appears to be, gather available real estate information, ask the right transaction questions, and coordinate with the appropriate professionals. We do not certify zoning, construction code, engineering, loan eligibility, title status, or legal classification.

5 | Land Ownership, Title, and Community Rules

- Does the homeowner own the land, lease the land, or hold another interest?
- Is the home treated as real property, personal property, or another classification for the matter being considered?
- Are there community fees, rules, approvals, age restrictions, resale requirements, or other obligations that need review?
- What foundation or installation documentation is available?
- What insurance coverage is available for the actual property and occupancy arrangement?

One word can hide several different transactions.

A 'manufactured home' on owned land can present a different financing, title, and appraisal conversation from a home located in a community where the homesite is leased.

6 | Path to the Source - Without a Link Maze

When a specialized question matters to a transaction, use the source that controls that question. You do not need to become an expert before asking.

Illinois modular / manufactured housing regulation: Illinois Department of Public Health - Manufactured & Modular Homes / Mobile Structures.

Manufactured housing construction standard: U.S. Department of Housing and Urban Development - Manufactured Housing Homeowner Resources.

ADU local planning context: your municipality's current zoning/building departments; regional planning resources can provide broader educational context.

Financing and appraisal: your lender and appraiser determine how the specific property fits the selected loan program and valuation requirements.

Our lane

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A Simple Way to Use This Guide

Start with what the property appears to be. Then verify the legal use, construction/classification, land ownership, title treatment, financing, appraisal, insurance, and municipal requirements that actually apply to that property.

Companion guides: Use the Buyer's Guide for the broader purchase process, the Seller's Guide if you are selling, and the Residential Property Types & Home Styles Guide when you want help identifying the form or style of the property.

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Equal Housing Opportunity

This guide is for general educational purposes and is not legal, tax, lending, appraisal, title, inspection, engineering, insurance, zoning, architectural, construction, association, or municipal advice. Property classifications, requirements, financing, and transaction terms vary. Consult the appropriate qualified professional or government authority for determinations within that professional's or authority's field.

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