Mobile Home Rent-to-Own Contracts

In 2019 the New York legislature officially recognized that manufactured homes provide a critical source of affordable housing in New York. The legislature also recognized that manufactured home park owners have an unfair advantage over people who own manufactured homes in their parks. These homeowners are often forced to accept whatever lease terms are offered by the park owner, including unreasonable increases in lot rent. When a manufactured home owner is evicted, they often lose the home and any equity they may have built in it. Vacancies in manufactured home parks are very rare, the cost of moving a manufactured home is often unaffordable, and a move may not be possible due to structural problems with the home.

As a result of these concerns, New York adopted a new law in 2019 to help protect the safety and general welfare of manufactured home owners and tenants. This article provides an overview of some of the changes contained in the new law and applies only to tenants who enter into rent-to-own contracts.

What is a rent-to-own contract?

A rent-to-own contract is an agreement between you and the manufactured home park under which you will eventually become the owner of the manufactured home you are renting. You will make payments to the park for the manufactured home. Typically, you will also be required to make a separate lot rent payment for the space on which the manufactured home is located.

What has to be included in a rent-to-own contract?

Under the new law, every rent-to-own contract must be in writing and clearly state all terms of the agreement. The contract must include a description of the manufactured home, including the manufacturer, serial number, year of manufacture, and the site or lot number on which the home is located. The contract must also include a complete description of any payments that have to be made, including the initial lot rent, the rental amount for the home, the amount of the rent-to-own payment, the length of the agreement, the number of payments, the annual percentage rate of any finance charges, and the amount of any additional fees.

Who is responsible for repairing a rent-to-own manufactured home?

If you are renting your home, the landlord is required to make repairs unless you are responsible for damage. With a rent-to own contract, you do not become the owner of the home until you have made all of the payments required in the agreement. Before you have made all of those payments you are considered a tenant. Every new rent-to-own contract must clearly state that the manufactured home tenant is living in a rented home, and that the manufactured home park is responsible for all major repairs and compliance with the warranty of habitability. The park cannot require you to take the home "as is."

Is the manufactured home park required to offer me a lease?

Yes. When you sign a rent-to-own contract, the park is required to offer you a lease for the lot on which the home is located. If the term of the rent-to-own contract is longer than the term of the initial lease for the lot, then the park must offer you renewal leases. The renewal leases must be on the same terms as leases offered to other manufactured home tenants in the park. However, if you are more than one month behind on your rental payments, your renewal lease will not be effective.

If you have a rent-to-own contract, the park must also provide you with an itemized accounting listing all payments made under the rent-to-own contract. The park must give you this accounting at least once a year. If you ask the park for an accounting, they must give it to you within ten days of your request.

Can the manufactured home park increase my rent?

Yes, but a rent increase generally cannot be more than three percent over your current rent.

In some cases the park can increase your rent more than three percent. The park has to be able to show that they need more than a three percent increase because (1) their operating expenses have increased, (2) their property taxes have increased, or (3) their expenses increased due to capital improvements in the park. If the park proposes a rent increase of more than three percent, a manufactured home owner has a right to challenge the increase.

Can the manufactured home park charge me late fees?

Yes, but there are limits on how much the park can charge. No late fee can be charged on any payment that the park receives within ten days of the date it was due. If the payment is more than ten days late, a late fee of up to three percent of the late payment can be charged. Late charges cannot be compounded and cannot be considered "additional rent."

Do I need to pay anything to get the title transferred to me at the end of the contract?

No. The rent-own-contract should not require you to pay for anything to get the title transferred into your name. Additionally, once the contract has been completed and all payments are made, there shouldn't be any other interests, liens, or encumbrances that would prevent you from enjoying ownership of the home.

What happens if the manufactured home park terminates my tenancy during my rent-to-own contract?

In the past, manufactured home owners often lost their home when the park terminated their tenancy. The rent-to-own tenant either could not afford to move their home, or could not find a place to move it to, or they owned a home that could not be moved due to structural problems. The new law seeks to protect the equity that these rent-to-own tenants have built up during the rent-to-own contract.

Now, if your tenancy is terminated, the park must refund all of the rent-to-own payments you made during the term of the contract. If the park fails to refund the payments, and brings an eviction, the court may award damages to the tenant in the amount of the rent-to-own payments that have not been refunded.

If the park wrongfully evicts a rent-to-own tenant or violates certain rules protecting rent-to-own tenants, a court may award triple the economic damages suffered by the tenant, which may include all rent-to-own payments. The court may also award the tenant attorney's fees, costs of the litigation, and other relief.

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Table of Contents

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