

Appendix: Methodology

Respondents who are currently using alternative financing

Home borrowers who use alternative financing have myriad ways of referring to their loans or arrangements, depending on the wording and provisions of the contract, state laws, and regional differences. To capture alternative financing use accurately, The Pew Charitable Trusts' researchers used responses to questions 1, 2, 3, and 4 to classify respondents as "currently using" (115 of 5,038 total respondents).

Question 1: What type of home do you currently live in?

- *Manufactured home or mobile home.*
- *Single family home or townhome.*
- *Duplex home, double home, or multiplex home.*
- *Condo, co-op, or apartment.*
- *Other (specify).*

Question 2: Do you own or rent your home?

- *Own.*
- *Rent.*
- *Other (specify).*

Question 3: Which of the following best describes how you are currently paying for your home?

- *I pay rent to a landlord or roommate.*
- *I live rent free or work for my board.*
- *Mortgage.*
- *I or someone in my household own the house with no debt.*
- *Home-only loan, personal property loan, or chattel loan.*
- *Seller-financing agreement.*
- *Contract-for-deed or land contract.*
- *Rent-to-own or lease-purchase agreement.*
- *Other (specify).*

Question 4: [Only asked if Question 1 response was "Manufactured home or mobile home"] You said you have a [option selected in Question 3]. Is that loan or arrangement for ... ?

- *Just your home.*
- *Both your home and the land it is on.*

Respondents qualified as "currently using alternative financing" if they answered in one of the following ways:

- Question 3: “Home-only loan, personal property loan, or chattel loan,” “Seller-financing agreement,” “Contract-for-deed or land contract,” or, “Rent-to-own or lease-purchase agreement.”
- Question 1: “Manufactured home or mobile home,” Question 3: “Mortgage,” and Question 4: “Just your home.”

Through focus groups with manufactured home residents, a review of focus group participants’ loan documentation, and a survey of industry terminology, the researchers determined that personal property loans are commonly referred to as “mortgages” even when the land is not included and that manufactured home owners typically know whether their home loans include the land. Because a mortgage, as defined by Pew, must include both a home and the land it is on and because loans covering just a home are subject to different terms and protections, manufactured housing residents who said they had a mortgage only for their home are counted as using alternative financing.

To ensure that the study accurately captured all current alternative financing arrangements, the researchers then examined the write-in answers for the roughly 5% of respondents (238/5,038) who answered “Other” in Question 3. Of those, two were determined to actually have a form of alternative financing and so were classified as “currently using alternative financing.”

In addition, the researchers sought to confirm the validity of responses indicating alternative financing in Question 3 by evaluating write-in answers accompanying Question 2, where available, and determined that four respondents who had selected an alternative financing arrangement in Question 3 did not, in fact, qualify as “currently using alternative financing”: two were recoded to “Other” and two were recoded to “I live rent free or work for my board.”

In total, after completing the recoding and validity checks, 115 of 5,038 respondents qualified as current users of alternative financing. (Using 2019 population-based weights provided by Ipsos, Pew calculated that roughly 3% of U.S. adults are currently using alternative financing.)

Respondents who have ever used alternative financing

Respondents were classified as “ever using alternative financing” if they qualified as either “currently using alternative financing” as described in the prior section, or as “previously using alternative financing” based on Question 5 (678 of 5,038 total respondents).

Question 5: Have you EVER used any of the following loans or arrangements to pay for a home NOT including your current loan (if you have one)? [Options include “Yes” or “No” for each below.]

- *Mortgage.*
- *Seller-financing.*
- *Contract-for-deed or land contract.*
- *Rent-to-own or lease-purchase agreement.*
- *Home-only loan, personal property loan, or chattel loan on a manufactured home or mobile home.*
- *Loan for a manufactured or mobile home that includes the home but does NOT include land.*

Respondents qualified as “previously using alternative financing” if they responded “Yes” for any option under Question 5 other than “Mortgage.”

In total, 750 of 5,038 respondents met the criteria for past or current users of alternative financing. (Using 2019 population-based weights provided by Ipsos, Pew calculated that about 14% of U.S. adults have ever used alternative financing.)

Types of alternative financing used

The research team determined whether each respondent currently or previously used each type of alternative financing studied, based on corresponding responses in the table below.

Types of alternative financing	Currently using	Previously used
Land contract	<ul style="list-style-type: none"> Question 3: “Contract-for-deed or land contract.” 	<ul style="list-style-type: none"> Question 5: “Yes” to “Contract-for-deed or land contract.”
Lease-purchase agreement	<ul style="list-style-type: none"> Question 3: “Rent-to-own or lease-purchase agreement.” 	<ul style="list-style-type: none"> Question 5: “Yes” to “Rent-to-own or lease-purchase agreement.”
Seller-financed mortgage	<ul style="list-style-type: none"> Question 3: “Seller-financing agreement.” 	<ul style="list-style-type: none"> Question 5: “Yes” to “Seller-financing.”
Personal property loan	<ul style="list-style-type: none"> Question 3: “Home-only loan, personal property loan, or chattel loan.” Question 1: “Manufactured home or mobile home”; and, Question 3: “Mortgage”; and Question 4: “Just your home.” 	<ul style="list-style-type: none"> Question 5: “Yes” to “Home-only loan, personal property loan, or chattel loan on a manufactured home or mobile home”; or “Yes” to “Loan for a manufactured or mobile home that includes the home but does NOT include land.”
Other alternative financing	<ul style="list-style-type: none"> Question 3: wrote in another form of alternative financing. 	N/A

Next, the number of types of alternative financing each respondent had ever used (whether currently or previously) were tallied. Among 750 respondents classified as ever using alternative financing, 591 had ever used only one type, and 159 had ever used two or more types.

Respondents as home borrowers

Not all adults in the U.S. are homeowners or used financing to purchase a home. To better understand the prevalence of alternative financing among those who currently use or ever used home-purchase financing, the researchers restricted the denominators in some analyses to home borrowers only.

Respondents met the criteria for “current home borrowers” if they either qualified as “currently using alternative financing” (as detailed in the first section) or answered “Mortgage” for Question 3. In total, 2,331 of 5,038 respondents qualified as current home borrowers. (Using 2019 population-based weights provided by Ipsos, Pew calculated that about 45% of U.S. adults are current home borrowers.)

Respondents were classified as “previous home borrowers” if they either qualified as “previously using alternative financing” (per the procedure outlined earlier) or answered “Yes” to “Mortgage” in Question 5.

Finally, respondents qualified as having “ever been home borrowers” if they qualified as either “current home borrowers” or “previous home borrowers” earlier in the analysis. In total, 3,694 of 5,038 respondents were classified as having ever been home borrowers. (Using 2019 population-based weights provided by Ipsos, Pew determined that approximately 67% of U.S. adults have ever been home borrowers.)