Dwight C. Selby
Manufactured Housing Advocate

March 15, 2017

Mr. Jim Gray
Director, Duty to Serve Program
Federal Housing Finance Agency
400 7th St SW
Washington, DC 20024

Re: RFI – Chattel Financing for Manufactured Housing

Dear Mr. Gray:

It was a pleasure meeting you at the listening session in Chicago and having the opportunity to address the Agency, the GSEs and stakeholders. It was also great seeing you at the MHI meeting in San Antonio last month. As you are aware, a small group of MH industry folks including me had dinner with Mike Dawson in Texas. That was a fantastic opportunity to discuss the details of implementation of a new program like MH chattel.

My responses to the RFI questions follow. I have not reprinted the questions only the question number. I hope this helps. While I am active locally (I am an MHC owner), at the state level (Treasurer of FMHA) and at the national level (attend virtually all of the MHI meetings), my comments reflect my experience and what I have heard from discussions with other industry professionals.

1. 21st Mortgage is our largest chattel lender by far.
2. I have not done business with any secondary sources.
3. Some MH community (MHC) owners borrow against the equity in their MHC and enter into lease-options. Capacity is limited. Difficult to sell off a lease.
4. In our area there are virtually no community banks, regional or national banks making MH chattel loans. If they offer a program, it requires 650 FICO, 25% or more down etc.
5. The Safe Act, CFPB and Dodd-Frank have totally neutralized MH Dealers in the financing process – to the detriment of the MH buyer. MH Dealers are extremely knowledgeable about financing options and their hands are tied, which is unfortunate especially when they are not earning any fees for assisting Buyers in securing a loan to purchase their MH. Some MH manufacturers are offering floor plan financing but not end loans.
6. The most frequently used lender in our MHC is 21st CASH program. A typical deal is 9 ¾%, 23 yr amo, 5% down, 4 ½ points. They'll finance any credit score. The MHC owner "guarantees" the loan.
7. The Datacomp appraisal method seems to be most accurate at valuing the MH in place.
8. Resales should (eventually) be included in the secondary market program. I believe the focus of the pilot should be new MHs.

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9. Refinances of any age MH should (eventually) be included in the secondary market program. Initially, you might include limit refinances to newer MHs – say no older than 4 or 5 years. I believe the focus of the pilot should be new MHs.
10. I will leave this to the attorneys.
11. We offer a third party warranty for about $250 and encourage our buyers to buy it. We are not compensated if they elect to purchase it.
12. For first time home buyers with FICO between 580 and 650, home ownership training is a good idea. Years ago I taught these classes and found it very rewarding and it was extremely helpful for the home buyers.
13. I can't think of any additional protections that should be required.
14. Florida has a fantastic legislative model, Ch 723, which provides abundant MH owner protections.
15. The MHC owner is the "credit enhancer". As an MHC owner, the last thing I want is for that MH to leave my MHC. If it's a new MH, I removed the old MH, I bought the new MH, I set it up, I made all of the site improvements, I found the buyer, and I sold the MH. All with one objective – to have that lot generate lot rent. I have a huge amount of energy and capital invested in this process. I want the lot rent restored (with a new MH owner) as quickly as possible. I would suggest a one-time payment into a PMI or monthly contribution from the MHC owner.
16. Similar answer to #15, the MHC owner has a vested interest in retaining the MH in his MHC.
17. I don't know.
18. In one very popular MHC program, the lender does not allow storage fees for the MH upon foreclosure and requires that the MHC owner either start making the monthly payments or pay the loan off. The lender will allow another buyer to effectively assume the loan at current balance, rate and payment.
19. All of the above should be considered. I would expect us to be able to come up with some formula for mitigating loss with the involvement of the MHC owner.
20. Work with the MHC owner, if he's a licensed MH dealer he can list it, rehab/clean it up, abate lot rent during marketing period, sell the MH, buyer secures new financing which is likely sold in the secondary market.
21. This should be a default. The two should be cross collateralized, I think. A default of one is a default of both.
22. I do not know.

Thank you for the opportunity to assist in making this most important new program a reality. If I can assist in any other way, please do not hesitate to contact me.

Sincerely,

Dwight C. Selby

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