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FHFA, Office of General Counsel
400 Seventh Street, SW, Eighth Floor
Washington, DC 20219

Submitted via email to DutytoServeStakeholders@FHFA.gov

RE: Duty to Serve Input on Potential Manufactured Homes Chattel Pilot

To whom it may concern:

Next Step® Network appreciates the opportunity to submit comments to FHFA regarding the potential Manufactured Homes Chattel Pilot.

Manufactured housing is the largest source of unsubsidized affordable housing in the U.S and home to 18 million Americans. Roughly two out of three manufactured homes are located in rural areas, making it the de-facto source of affordable housing in many rural markets. Especially in rural high-poverty regions, it may be the only viable housing option. Twenty-six percent of all low-income homeowners in rural areas own a manufactured home, almost half of all manufactured homes are occupied by a person age 50 or older, and 22% of manufactured home residents have incomes at or below the federal poverty level.

Next Step was created in 2010 with the mission to put sustainable homeownership within reach of everyone while transforming the manufactured housing industry through consumer education, affordability and energy efficiency. We developed a system for delivering quality, energy-efficient manufactured housing to nonprofits across the country. The Next Step Network has impacted over 1,400 lower-income manufactured homebuyers and owners with new homes and preserved communities through our 50 Members and programs. Our Members support consumers with comprehensive homebuyer education to buy affordable, ENERGY STAR homes with sustainable financing. In 2015, the Network provided homebuyer support and education to more than 7,000 homebuyers.

Next Step created the SmartMH Network in 2015 with the goal of increasing better-quality, ENERGY STAR homes in Kentucky with better loans, homebuyer education and housing counseling services for prospective homebuyers. Our SmartMH program connects educated homebuyers with financial institutions and manufactured home retailers to increase access to energy efficient homes with quality financing. Building on the success of this program, in October 2016 Next Step entered into an innovative partnership with Freddie Mac and eHome America to implement a two-year SmartMH pilot program in Kentucky.

The goal of this pilot program is to:

- 1) Create and implement a consumer education curriculum for buyers of manufactured homes through eHome America, with the goal of expanding the population of prepared homebuyers.
- 2) Work with nonprofit housing counseling agencies in Kentucky to provide prospective buyers to guide them through the homebuying process.
- 3) Expand the number of lenders that originate real property loans on ENERGY STAR manufactured homes, allowing greater access to more lenders and fair lending products.

Next Step's SmartMH Lender Network primarily focuses on real property loans. However, we recognize that this industry needs a robust chattel lending solution that is affordable, fair, safe, and sound. It is essential for the Enterprises to make a meaningful commitment to the purchase of chattel loans. We are not leading experts on chattel lending, and therefore defer to other trade associations and nonprofit partners with more experience in this niche. Our strength is in preparing and supporting homebuyers. Therefore, we are only responding to FHFA's question regarding housing counseling.

General Recommendations: Question 12, Origination of Chattel Loans

Under what circumstances, if any, should housing counseling be required as a condition for receiving a chattel loan to be purchased by an Enterprise, and if so, where and how should the counselors be trained?

Next Step strongly encourages homebuyer education and counseling for all manufactured homebuyers, regardless of chattel or real property financing. We believe that the Enterprises should provide aggressive incentives for homebuyer education and that FHFA should give credit to Enterprises for incentivizing homebuyer education and activities that directly support and prepare homebuyers for homeownership. This education curriculum should be specific to the manufactured housing market and allow consumers to explore the pros and cons of all aspects of the homebuying process, including home purchase, home siting, titling, and financing choices. Furthermore, we believe that this homebuyer education curriculum should be consistent with the national standards. Outside of the Next Step Network and the SmartMH KY pilot, we do not believe that housing counselors have sufficient training to provide this specialized level of support to manufactured homebuyers today. However, Next Step is currently training housing counselors in Kentucky for the SmartMH pilot, and there is existing infrastructure that would enable us to quickly scale this activity if it becomes a requirement.

We are grateful for the opportunity to provide the FHFA with recommendations and views on the potential Manufactured Homes Chattel Pilot. We look forward to seeing how it will evolve after consideration of public feedback. If you have any questions or need more information, please contact me by email at s.epperson@nextstepus.org or by phone at 502-694-1972.

Sincerely,

DocuSigned by:

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Stacey Epperson

President & Founder, Next Step Network