



November 15, 2019

Federal Housing Finance Agency
Division of Housing Mission and Goals
400 7th Street, SW
Washington, DC 20219

Re: Request for public input on proposed modifications by Fannie Mae and Freddie Mac to their 2018-2020 Underserved Markets Plans under the Duty to Serve program

To Whom It May Concern:

On behalf of its Innovations in Manufactured Homes (I'M HOME) Network, the undersigned is pleased to submit comments to the Federal Housing Finance Agency on Fannie Mae and Freddie Mac's proposals to modify their Underserved Markets Plan.

Prosperity Now is a national, nonpartisan nonprofit organization based in Washington, D.C. that works to expand economic opportunity for all Americans by promoting and advocating asset-building policies and programs. Since 2005, Prosperity Now has convened the I'M HOME Network, a nationwide coalition of service providers, lenders, intermediaries and advocates working together to improve access to high-quality and energy-efficient manufactured homes, access to mortgage financing for manufactured homes, ensure fair chattel financing, promote resident ownership of manufactured home communities and provide a voice for manufactured homeowners on policy issues.

We address the proposed modifications below.

Manufactured Homes Titled as Real Property Activity, FNM_MH_A-2: Manufactured Housing, Objective #2-2019: Clarify language on homebuyer education to focus on training and resource support to housing counselors. 2020: Reduce loan purchase target.

We recognize Fannie's need to adjust its homebuyer education after unveiling its Duty to Serve plan and see no need to challenge it.

In response to Fannie Mae's significant reduction in its 2020 manufactured home loan purchase target, we note that while "Fannie Mae made several policy changes and variances to its MH products in response to industry feedback," the industry failed to address in its own offerings the policy changes that it was involved in developing. The reduction in the loan target is disappointing and will further hamper the sector's growth. For an industry that long has been dominated by lenders without a need for the secondary market, this is unsurprising to outside observers. In

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addition to working with these long-time industry actors, Fannie Mae should refocus its effort to work with state and local housing finance agencies and community development financial institutions to reach consumers.

Manufactured Homes Titled as Real Property Activity, FNM_MH_A-3: Manufactured Housing, Objective #3–2019: Eliminate loan purchase actions and change evaluation area type from loan purchase to loan product; add new loan product actions focused on business-to-business and consumer outreach and education. 2020: Reduce loan purchase target and change evaluation area type from loan purchase to loan product.

As with the above response, we are disappointed in Fannie Mae's failure to meet these conservative loan purchase targets. Fannie Mae explains "There were no deliveries in 2018 because much of that year was spent reengaging with industry after the initial launch of MH Advantage and revising the product accordingly." This is also unfortunate as the industry has for years worked with Fannie on these very issues yet has been reluctant to effectively market compliant homes to consumers through retailers and other channels. Fannie Mae should continue to work with industry and explore nontraditional ways to reach potential buyers.

As with the modification above, the industry's vertical integration limits how effective any marketing strategy can be if aimed at just one segment, such as retailers, if the largest segment, lenders, is not committed.

MH Advantage is a key component of Fannie's future relevance in this market. The release of the construction to permanent loan offering is needed and should help reach new lenders and borrowers. It will be telling if the industry embraces the product for which it advocated.

Housing in high-needs rural regions. Note: Fannie Mae seeks extra credit for this Activity 2. Objective #2: Increase affordable capital through industry outreach in high-needs rural regions (Analyze, Partner and Innovate)

We understand that the Federal Housing Finance Agency has rejected Fannie Mae's request to invest in community development financial institutions (CDFIs), and that Fannie Mae must modify this component of the plan. We do, however, assert that FHFA is wrongly interpreting the Housing and Economic Recovery Act of 2008. FHFA should reconsider its interpretation.

Housing in high-needs rural regions. Note: Fannie Mae seeks extra credit for this Activity 2. Housing in high-needs rural regions. Objective #4: Develop solutions to increase single-family loan purchases in high-needs rural regions (Analyze, Do What We Do Best)

We appreciate Fannie Mae's adding to this objective that it will advocate for the use of manufactured housing as an affordable rural housing option. We expect this to help Fannie meet its duty to serve the rural housing market.

Housing in high-needs rural regions. Objective 1: Rebrand and market Fannie Mae's Native American Conventional Lending Initiative (NACLI) and purchase single-family loans (Analyze, Partner and Innovate, Do What We Do Best).

We appreciate that Fannie Mae and other industry actors face significant challenges in advancing and improving home lending in Indian Country and to Native Americans. It is unfortunate that Fannie Mae proposes to reduce its loan purchase target in 2020 from between 125 and 200 NACLI and/or HUD Section 184 loans to 10 NACLI and/or HUD Section 184 loans on tribal trust land. We also offer to work with Fannie to advance its work in on tribal trust land. That said, it is imperative that Fannie Mae pursue lending tools for this market. Native Americans often are offered and often pay higher-cost loans due to limited lender options.

Thank you for the opportunity to address the above issues as Fannie Mae proposes to modify its Underserved Markets Plan. Feel free to contact Doug Ryan at dryan@prosperitynow.org or at 202-207-0155.

Sincerely,

Prosperity Now