Federal Housing Finance Agency
2024 Duty to Serve Public Listening Session (Day 2)
Manufactured Housing Market
July 16, 2024

Toi Roberts
Hello and welcome to the Federal Housing Finance Agency's 2024 Duty to Serve Markets public listening session. I am Toi Roberts, a member of the Duty to Serve Markets team, and I will be emceeing today's listening session. And the session is being recorded.

Thank you all for joining us here today. We are excited to be hosting another series of public listening sessions this year that focuses on all three Duty to Serve Underserved Markets. This year's listening sessions, we are particularly interested in getting your feedback on the Enterprise's proposed 2025-2027 Duty to Serve Underserved Markets Plans. We will be hosting three listening sessions, one for each Duty to Serve Underserved Market, and for today's session we will be focusing on the manufactured housing market.

But before we get started, I'd like the first introduce you to our Senior Policy Analyst on the Duty to Serve Markets team specializing in manufactured housing, Mr. Mike Price.

Mike Price
Alright. Thank you, Toi. As you mentioned, I am Senior Policy Analyst for the Duty to Serve program here at FHFA. It's my pleasure to welcome each and every one of you to this virtual listening session on the manufactured housing market. As Toi said, this is the second of three listening sessions on the Duty to Serve Underserved Markets we're holding this week. So it's going to be my pleasure to introduce Naa Awaa Tagoe, who will be providing our opening remarks.

Naa Awaa is Deputy Director of Housing Mission and Goals with FHFA, and that covers a lot of ground. She's responsible for the FHFA policy development and analysis, oversight of housing and regulatory policy, oversight of the mission and goals of the Enterprises, as well as a housing finance community development mission of the Federal Home Loan Banks. That's a lot, but there's more.

In support of FHFA's mission and the Director's responsibilities, as a member of the Federal Housing Finance Oversight Board, the Financial Stability Oversight Board, and the Financial Stability Oversight Council, Naa Awaa also oversees and coordinates other FHFA activities, including data analysis, market surveillance, systemic risk monitoring and analyzes affecting the housing markets and financial markets.

Among other offices, Naa Awaa supervises the Office of Housing and Community Investment where the oversight of the Enterprises' Duty to Serve and their Housing Goals reside. Now, I'll turn things over to Naa Awaa.

Naa Awaa Tagoe
Thanks, Mike. I really appreciate that introduction. That was a lot. And thanks, Toi, as well for getting this started today. And good afternoon, everybody, and welcome. Thank you very much for participating in our listening session on manufactured housing markets.

We take your feedback very seriously and we appreciate you joining. Now, as you know, the Duty to Serve program is one of FHFA's most important responsibilities. And we just couldn't do it without input from, you know, our key stakeholders, people like you who work in these markets every day and people who live in the housing. Now, it's fair to say that all of us on this call are familiar with the massive shortage of housing, particularly affordable housing, workforce housing, and starter homes.

Estimates of the housing shortage range from 4 million to 7 million homes. Now, a big part of the solution to the housing shortage really could be the largest supply of naturally occurring nonsubsidized affordable housing. And that's manufactured housing. So our question for you today is what can Fannie Mae and Freddie Mac do to help this market. But doing it in a sustainable way for both homeowners and tenants and in a safe and sound manner for the Enterprises. Each Enterprise has submitted to us a draft Underserved Markets Plan for 2025 to 2027, describing the actions that they planned to take to serve the very low-, low- and moderate-income borrowers in the manufactured housing market.

And the Plans cover both the financing of individual units and blanket loans on manufactured housing committees, on communities. Now, remember that we enter 2025 with the Enterprises having had seven years of Duty to Serve experience behind them. So they have a lot of lessons learned and a broad foundation upon which to build. The Duty to Serve program provides both a laboratory for experimenting with new loan features, and a mechanism for purchasing those loans that meet Duty to Serve standards in significant quantities.

And since the Duty to Serve Plans first commenced, the enterprises together have financed 134,000 loans on single family units and just over 229,000 pads in manufactured housing communities, and the Enterprises have demonstrated that they can move the market. The tenants cite these protections, for example, which the Enterprises adopted in 2019 are spreading throughout the market. So the questions I have for you today are what is in the Enterprises Plans that you like, and what does this market need, and are there ways in which the Plans can be strengthened?

And I know a topic on everybody's mind is personal property or chattel loans. And Freddie Mac considered, but did not include personal property activity, in its draft plan. It's currently working with FHFA to evaluate the safety and soundness and viability of an initiative on, on personal property. So we look forward to Freddie Mac and Fannie Mae pushing further in the manufactured housing market in the coming years.

And on behalf of Director Thompson and our entire team, thank you again for joining us. And I'll turn it back over to the team.

Toi Roberts
Thank you, Deputy Director Tagoe.

Alright, so before we move forward with the remainder of the agenda, I do have a few important housekeeping remarks. As you know, we have organized this webinar in order to obtain your input on Enterprise's proposed 2025-2027 Duty to Serve Underserved Market Plans. The Duty to Serve listening sessions are open to the public for informational purposes only. The sessions are not intended for media purposes.

During today's session, FHFA will not discuss the status or timing of any potential rulemaking. If FHFA does decide to engage in a rulemaking on any matters discussed at this meeting today, this meeting would not take the place of a public comment process. The rulemaking document would establish the public comment process, and you would need to submit your comments, if any, in accordance with the submission instructions in that document.

FHFA may summarize the feedback gathered at today's session in a future rulemaking document if we determined that a summary would be useful to explain the basis of a rulemaking. Also, please keep in mind that nothing said in today's session should be construed as binding on, or a final decision by, the FHFA director or FHFA staff. Any questions we may have are focused on understanding your views and do not indicate a position of FHFA staff or the agency.

With that said, we do have a great lineup of speakers today. We will be hearing from 16 guest speakers and midway through we will have a short ten-minute break. Each speaker will have up to seven minutes to speak, and we will try our best to stay on schedule and ask that everyone speaking help us do so as well.

I will be chiming in to give each speaker a one-minute warning as their time draws to a close. If someone does go over their time unfortunately, I will have to interrupt in order to help keep us on schedule. However, if that does happen, speakers are welcome to submit written testimony, and their full testimony will be included in the public comments record.

Each speaker will have the ability to mute and unmute their microphones throughout the session, but we ask that you keep your microphones muted until it is time for you to speak. We also ask that all speakers be prepared to turn on your video cameras during your speaking segment. Finally, as we mentioned earlier, today's listening session will be recorded. FHFA will also prepare a transcript of today's session, which will include the names of all speakers and organizations they represent. We will post a recording and transcript on FHFA’s website and YouTube channel, along with any materials being presented today.

Alright. Now, before we begin hearing from our guest stakeholder speakers, each Enterprise will speak briefly about today's listening session on the manufacturer housing market.

First up, we will hear from Fannie Mae. Speaking from the Fannie Mae Duty to Serve team is Mr. William Stoker.

William Stoker

Thank you, Toi, and thank you to Director Thompson, Deputy Director Tagoe, Mike Price, and the extended teams at FHFA for convening today's session. My name is Will Stoker, and I am responsible for developing and advancing products and strategies for serving the manufactured housing market here at Fannie Mae. We are pleased to have translated many of the recommendations made at last year's listening session into concrete objectives designed to further develop the secondary market for manufactured home financing.

Before touching on those items, we wanted to illustrate just some of the impact that we have achieved collectively by bringing additional liquidity and new loan products to market in prior Duty to Serve Plan cycles. And you can see that illustrated on the screen here. So since making the tenant site lease protections a requirement for our multifamily financing for manufactured housing communities in 2022, we have delivered over $4.8 billion in financing for over 100,000 pad sites in communities across the country.

We have also broadened our single-family product eligibility to include single wide manufactured home loans, and a key strategic focus has been analyzing secure land tenure arrangements and broadening eligibility for manufactured homes under certain leasehold ownership scenarios. In that regard, we have made new products available for manufactured homes in resident owned cooperative communities, manufactured homes in shared equity community land trusts, and manufactured homes on tribal trust land.

Our proposed Duty to Serve Plan, covering the years 2025 to 2027, continues our current strategy of reducing barriers to scale that are a result of the unique legal and collateral considerations of manufactured home lending, which we will accomplish through a number of new objectives. On the single-family side, we will invest in our digital technology and modeling capabilities to allow our industry facing appraisal risk tools to consume manufactured home appraisal data for the first time, and in doing so, generate product insights to encourage greater confidence and expertise in manufactured home lending.

We will conduct product development and industry outreach efforts that respond to recent changes in the way that manufactured housing is treated by the federal government, such as the attached duplex product that is now incorporated into the HUD code. And we will develop and test new programs and strategies designed to improve affordability in manufactured housing communities eligible for financing through both our single-family and multifamily financing platforms.

In addition to undertaking these new activities designed to expand the market for manufactured home financing, we've also committed to renewed loan purchase targets in the single-family real property market and the multifamily market for communities implementing tenant site lease protections and those under a nontraditional ownership. We believe our prior efforts have been successful in bringing additional liquidity to the market, while also attracting new capacity, resources, and attention to the manufactured housing market, and we believe we've constructed a plan that will build on those successes over the next three years.

Again, thank you for the opportunity to participate in today's listening session and to receive feedback and recommendations from all of you. With that, I'll conclude my remarks. Back to you, Toi.

Toi Roberts
Thank you, Will. Okay, so now we will hear from Freddie Mac, and speaking from the Freddie Mac Duty to Serve team is Mr. Dennis Smith.

Erin Persons
The part of Dennis Smith today is going to be played by myself. I'm Erin Persons from Freddie Mac. And, thank you, Toi, and good afternoon, everyone. I'd like to echo Will in thanking Director Thompson, Deputy Director Tagoe, Mike Price and the remainder of the FHFA team, as well as all of you for participating in today's session on manufactured housing.

We value the feedback you're providing today and appreciate your suggestions for how to improve on our Plan before it becomes final. And we can go ahead and go to the next slide.

As we talk today, we'll also look for opportunities to further the conversation, and I encourage you to reach out to me directly to discuss your input in depth. Although a great deal of thought went into developing our objectives based in part on feedback received from our industry stakeholders, we welcome perspectives from industry participants and advocates across the ecosystem.

Our proposed 2025 to 2027 Duty to Serve Underserved Markets Plan builds on significant progress we've made so far and maps the next phase of our continuing journey. Channeling liquidity into the manufactured housing market has always been a primary focus. As such, we'll continue to buy loans on manufactured homes titled as real property, we'll continue to buy loans on manufactured housing community properties that commit to implementing Duty to Serve tenant pad lease protections, which Freddie Mac pioneered, and we'll continue to buy loans on resident owned manufactured housing communities, or ROCs.

Our sharp focus on introducing and enhancing manufactured housing financing solutions has led to a wider pool of potential borrowers, as well as greater access to credit and lender participation. In the 2025 to 2027 Duty to Serve Plan, we'll hope to build on that momentum. As an example, we'll explore the opportunity to develop an offering that would help address manufactured housing community residents' concerns about rising pad rents by preserving affordability through the loan agreement. We'll also work to gain insight into barriers that have limited the ROC model and our offering, and how we might help boost market growth.

Another way we'll help lower barriers is through expansion of our developer capacity building programs. We're planning to add a manufactured housing focus to our Develop the Developer Academy curriculum to enable and encourage more real estate developers to use manufactured homes to create new manufactured home subdivisions, as well as provide much needed infill, especially in rural areas. To make as broad an impact as possible, we'll also reach back to develop the Developer Academy alumni and offer the additional learning opportunity to them.

As you can see on the slide, it ends with a single word without which none of this would be possible. And that word is collaboration. Whether it's with FHFA, our GSE counterparts at Fannie Mae and the Federal Home Loan Banks, or industry partner organizations that are our boots on the ground, to further collaboration is critical to keep increasing our impact in these Underserved Markets across the country.

Freddie Mac has been making a difference every day and laying the foundation for even greater impacts in the future through our Duty to Serve program. We thank you for your contributions to our success to date, as together we make a far larger impact. We welcome your comments on our 2025 to 2027 Plan and look forward to working with all of you to continue creating safe, affordable opportunities nationwide.

Thanks so much. And Toi, I'll turn it back to you.

Toi Roberts
Thank you, Erin. And apologies for not getting you announced instead. Let's see. Apologies. Thank you. And so now, without further ado, we will now begin hearing from our stakeholder guest speakers. And the first speaker is Rachel Siegel, Siegel, from the Pew Charitable Trusts.

Rachel Siegel
Good afternoon. Thank you for the opportunity to speak today. My name is Rachel Siegel and I represent the Housing Policy Initiative at the Pew Charitable Trusts. Pew is a nonpartisan, nonprofit organization, and our initiative studies opportunities to improve housing availability and access to safe home financing. The United States faces a significant housing shortage, leading to high costs and financial burdens for many families.

Despite a strong desire for homeownership, existing policies have not kept pace with the demand for affordable, smaller homes or the financing required to purchase them. Our extensive research on manufactured housing, including focus groups, in-depth interviews, surveys, and data analysis of the available financing, highlights the potential of manufactured homes to address this housing affordability challenge. However, a major key barrier is the difficulty finding affordable, safe financing to purchase these homes.

Specifically, loan supply is constrained, especially for home only personal property loans. Of all complete loan applications in which a lender made a credit decision, about 40% of mortgages and more than 60% of personal property loans since 2018 were denied. Further, the Consumer Financial Protection Bureau has shown that manufactured home loan applicants are held to higher credit standards than site built applicants.

The lack of access to credit shuts out some aspiring buyers for homeownership leads others to purchase smaller homes in cash, and still others must resort to un or under regulated forms of financing, such as rent-to-own or installment sales contracts. These challenges can prevent credit ready buyers from achieving their goals of homeownership and financial stability. That said, the Federal Housing Finance Agency, FHFA, Freddie Mac and Fannie Mae, the Enterprises, are well positioned to improve access to financing for manufactured homes, thereby boosting the nation's housing supply. Now into the specifics of the Duty to Serve Plans, we want to thank you for your time and attention to developing these Plans. We will have more to say in our formal comment letter, but today I will focus on specifically necessary changes.

Despite significant efforts, a crucial gap remains in both Duty to Serve Plans. The absence of a program to purchase personal property loans, also known as home only or chattel loans. Industry nonprofits, advocates, and researchers all agree on the need for a program, and FHA should take action to remedy this omission. Personal property loans are important for borrowers not only in communities but also on tribal and private land.

In fact, only half of personal property loan borrowers live in manufactured home communities, a quarter or on family or tribal land, and nearly another quarter are on their own land. 1 to 2% are in resident owned or co-op communities. While mortgages are the gold standard for home financing for buyers, folks with these land scenarios are often excluded due to state titling laws which do not allow for mortgage financing, and the policies of Duty to Serve are further excluding them.

Failure to serve this part of the market are also disproportionately impacts black, Hispanic, and indigenous manufactured home buyers who are more likely to need and apply for personal property loans than their white counterparts. For black buyers in particular, this is true even when they own the land. Unfortunately, these applicants are also more likely to be denied than white buyers.

The Enterprises could bolster personal property lending in two ways. First, develop programs to improve lender and secondary market participation. The lack of Enterprise programs has led to high barriers to entry for new lenders and an uncompetitive market. Second, establish standards for personal property loans to enhance consumer protections, helping homeowners to remain stably house through financial shocks. Today, personal property loans have fewer consumer protections than mortgages, but FHFA and the Enterprises can make improvements.

Lastly, it's important to note the personal property loans have significantly higher interest rates than mortgages. In the past, federal policymakers have raised the concern that a personal property loan program from an Enterprise may not be able to offer lower interest rates at the outset due to lack of data. However, this issue should not hold a pilot or program back by creating better function, by creating a better functioning market with increased competition and more accurate risk assessment, we expect that the Enterprises could create personal property loan programs, which could greatly improve access to safe and affordable financing for homebuyers, and that the loans are likely to become less costly over time.

But the key is to start a program so that loans can be studied, refined and, most importantly, available to credit ready buyers. Now I want to turn our attention to real estate mortgages. I want to reinforce Freddie Mac's concern regarding barriers for small mortgages, those $150,000 or less. Our significant research in this space has shown that lenders struggle to make these loans, and as a result, borrowers, borrowers often can't obtain them.

This work will be especially important for new pilots that finance only the purchase of the home and not the land with the mortgage, as these loan amounts will tend to be smaller. We suggest that Fannie Mae consider including this in their Duty to Serve work as well, and we are happy to collaborate with FHFA and the Enterprises on ways to reduce challenges with small mortgages. Now to turn to areas in need of improvement.

First, both Enterprises should revisit targets for mortgage purchases and include refinancing goals but track them separately. Fannie Mae established goals based on the last year of performance, and Freddie Mac used the average of the last three years of performance. But the aim should be to serve the same share as they do in the single-family market. Right now, market share lags this goal, and therefore we suggest they reach 100% of that goal by 2027. For refinancing, we urge the Enterprises to consider adding separate goals for refinanced mortgages. Many homebuyers have been shut out of mortgages for manufactured home homes in the past, only able to get personal property loans, but new programs could better serve these homeowners.

They should be included in these new pilots and programs when they could benefit from refinancing. In addition to, in addition to facilitating personal property loans to mortgage refinancing, the Enterprises could study and publish on state laws to highlight which states may require updates to laws in order for personal property loans to be refinanced into mortgages. This research could help policymakers understand what needs to be changed and make appropriate corrections.

Lastly, it's important to expand the MH advantage program. This program has improved appraisals and expanded access to mortgages for higher end, energy efficient manufactured housing in subdivisions and on owned land. This has helped improve the use of double and multi section manufactured homes in developments, and as a result, hundreds of homes are being created. The Enterprises should consider expanding their current MH advantage policies to other similarly high quality, energy efficient single section homes. This could facilitate the use of manufactured housing as infill in neighborhoods with narrow lots that cannot accommodate wider multi section cross-mod homes. The ability to obtain a mortgage for a single section home could also greatly improve affordability for low to moderate income buyers who would struggle to afford larger, more expensive homes.

Thank you so much for the opportunity to speak today, and we look forward to future conversations on this important work.

Toi Roberts
Thank you, Ms. Siegel. Okay, our next speaker is Mr. Grant Beck from Next Step Network.

Grant Beck
Well, good afternoon and thank you to FHFA for the opportunity to provide comments on the Enterprises' proposed 2025 through 27 Duty to Serve Underserved Markets Plans. We also thank the Enterprises for their work to support the housing needs of all Americans under Duty to Serve. Next Step Networks is a national nonprofit housing intermediary that works to promote expanded use of factory-built housing as a viable solution to address housing affordability.

Next step is also a participating member of the Underserved Mortgage Markets Coalition. The UMMC is a collection of 35 affordable housing organizations that work to expand mortgage financing to groups traditionally underserved in the market. As a part of previous Duty to Serve Plan cycles,

Next step and our partners have had the opportunity to work with both Enterprises in furtherance of their responsibility to serve the manufactured housing market. Manufactured homes are a critical part of the answer to our missing middle housing problem, and research from the Enterprises show that tens of millions of prospective home buyers are mortgage ready but unable to purchase a home due in part to prohibitive and ever-increasing sale prices.

As FHFA considers these proposed Plans, it is essential to bear in mind the critical importance that the Enterprises play in expanding this market today and in the future. My comments today will focus on the proposed Enterprise activities and targets related to manufactured housing titled as Real Property as colleagues in our part of the UMMC will focus on land lease communities. We commend the Enterprises for exceeding the real property target loan volume recommended by the UMMC.

However, we also recognize that the Enterprises' baseline loan volume was calculated and an incredibly challenging time for the housing market as market factor shifts in a way that may make homeownership more attainable for hardworking individuals and families, we hope that the Enterprises will aim to go above and beyond their own conservator goals. Each of the Enterprises has also proposed activities to leverage emerging market opportunities to enhance, adapt, or adopt new mortgage offerings for manufactured homes.

We look forward to providing more detailed input on these proposed activities and targets in written comments, but we commend the Enterprises for recognizing that there is an opportunity for increased flexibility in existing mortgage products to help greatly expand the mortgage market for manufactured homes. However, we do note a lack of specificity in both proposed Plans regarding the addition of a single section cross-mod home design to the existing MH advantage and Choice home loan programs.

This will make energy efficient new home construction with site build features accessible to more people, increase attainable housing supply, and reach an underserved segment of the market that has largely been abandoned by traditional home builders. In a letter to FHFA and the Enterprises dated May 30th, 2024, Next Step and 11 other cosigning housing advocacy organizations enumerated the critical importance of incorporating single section home designs into the existing Enterprise mortgage loan programs.

We will include that letter in our more detailed public comments. We urge FHFA to push the Enterprises to include much more specific activities and targets regarding single section cross-mod home designs and their proposed Plans. Our current affordable housing crunch pushes attainable homeownership out of reach for too many American families. Delaying this activity, or omitting it entirely, will only seek to deepen our supply and affordability challenges.

The single section cross-mod home will also strengthen the Enterprise's Duty to Serve efforts, better meeting the 100% AMI threshold for Duty to Serve in nearly every market. The existing Enterprise financing programs, eligibility, appraisal standards and home specifications can seamlessly accommodate the single section cross-mod design, mitigating any potential implementation challenges while advancing affordable housing supply in this country.

Next Step would also like to express disappointment in the Enterprise's decision not to include regulatory activities related to the further research and development of pilot programs for the purchase of home only or chattel loans. The time is right for activities in this space as the Federal Housing Administration recently published a final rule made to revive the formerly defunct title one loan program for manufactured homes.

Additionally, HUD's Preservation and Reinvestment Initiative for Community Enhancement, or PRICE program, is about to inject $225 million into the manufactured housing community space. Home only loans will play a pivotal role in any replacement efforts funded through the PRICE program. FHFA should urge both Enterprises to include regulatory activities with the goal to develop home only pilot programs and to determine the effectiveness in creating more sustainable homeownership by leveraging housing counseling services and additional educational resources.

Finally, the proposed Plans offer some encouraging and ambitious objectives previously unaddressed in housing finance. Yet there are several changes which FHFA should require for the proposed Plans. FHFA should also use its regulatory and conservatorship authorities to more fully incentivize a stronger secondary mortgage market. Among other policy recommendations, the UMMC has consistently suggested that FHFA embrace clearly authorizing and encouraging targeted equity investments in Underserved Markets and disclosing all the Duty to Serve ratings and impact scores

FHFA assigns each objective on a scale of 0 to 50, as well as any narrative that would help us understand how FHFA arrived at that score. We look forward to continuing our work with FHFA and the Enterprises to grow the manufactured housing market and elevate opportunities to foster more attainable homeownership in communities across the country. Thank you for the opportunity to speak today.

Toi Roberts
Thank you, Mr. Beck. Okay, so our next speaker is Mr. Todd Kopstein from Cascade.

Todd Kopstein
Thank you. thank you for the opportunity to speak today. I'm the Chief Executive Officer of Cascade. We are a lender for people to buy manufactured housing. We lend FHA, we lend VA, we lend, we we sell loans to Freddie Mac. We also make portfolio loans in both chattel and, and mortgage non-agency mortgage.

I have two recommendations today. First off, it is our belief, and while we don't see it in the disclosure of your data, it is our belief that you have a very small share of the financing of new homes that go to real estate. Rather, the bulk of the loans that you are buying, we believe, go to existing homes, financing of existing homes.

And the reason for that is because of your one-time closed construction program product. We think there's a real problem with it. And for those of you not familiar with that, the way this works is when we underwrite a borrower, we underwrite a borrower for a one-time closed product, and then we fund out land, and then we fund out improvements to the land.

And ultimately, when the home is delivered, we fund out the, the home purchase, and then the loan turns into an amortizing loan, and we sell it to Fannie Mae, or in our case, Freddie Mac. The problem with that is that there is it is a distribution of timing. We don't have control over when that home is finally completed and sold to Freddie Mac.

So there's the distribution and timing on that completion. And while the majority of loans happen relatively quickly, there's a significant tail that go beyond a few months and sometimes even go beyond a year. And, the way that Freddie Mac and Fannie Mae’s programs work is, if you have a, if you go beyond a certain time threshold, you have to re-underwrite that borrower. If that borrower no longer fits the eligibility criteria for Fannie Mae and Freddie Mac, you can no longer sell it to them.

But we're already committed and obligated to fund out that loan. So then we end up with a scratch and dent loan, which we have to sell at a very low price. So the program is a bit broken, and certainly FHA and VA have programs that work, as does, the private sector or the non-agency mortgage, or the portfolio mortgage.

And so we believe that, Fannie and Freddie should be involved in the financing of new homes, and they should amend the one time post product to conform to the market. Second recommendation is on chattel, like some of our previous speakers. If we are genuinely focused on affordable housing and solving the affordability crisis and Duty to Serve is to have the desired impact, the Enterprises need to start buying chattel loans now. Based on our data and apparently that of Fannie Mae and their proposal, chattel borrowers have significantly lower income than borrowers of land-home. These are the borrowers who need the most help in our country. And to get on that, that first rung of that ladder to building wealth, and they should be the beneficiaries of anything that the Enterprises do. It is here where the GSEs must focus, not on second liens, not $1 million homes or second homes, but people who are on the cusp of affordability of any home.

And I know the commentary has been that the GSEs are focused on the risk of chattel, the safety and soundness, quote unquote. We make the loans every day. We're comfortable at risk. I grant you, that doesn't get you comfort. The capital markets are comfortable with the risk. They price the loans on a on a regular basis and buy the loans in the secondary market. But I understand that that may not be enough for the GSEs. So there's, there's two real options to do this in a highly risk averse fashion. The first is simply buying chattel loans in a small pilot program, as has been mentioned by previous speakers. And the problem with this is it doesn't really move the needle. By definition, it's a small pilot program and doesn't really change the marketplace.

Secondly, if my experience is consistent, the GSEs will take many years to review the data on that pilot program before augmenting the program. So there's, there's certainly something to be said about getting started. I would encourage you to get started if that is the only program you're willing to consider, get started and get going. However, the limitations around that don't have the sense of urgency that the problem of affordability has in our country. We need the affordability product to have better financing today. So the second option is the right answer. And I know that you know that's the right answer. In fact, in April 2022, there was a piece penned by David Brickman, who's a former CEO of Freddie Mac, who had just left Freddie Mac and wrote a piece that was published for the Urban Institute espousing the credit risk transfer technology to facilitate the purchase of bulk chattel.

That is the right answer. That is the way that the GSEs will simply take catastrophic risk and not really consumer credit risk and can make a difference today. And so I would encourage you to revisit the credit risk transfer technology that you already use throughout your portfolio. You're already conversant in it and ought to be applied to the space here.

So once again, in summary, amend, the first recommendation is amend your one-time post product or construction product so that you can finance new homes, in the real estate space. and second one is use a credit risk transfer technology to buy chattel loans. Thank you for your time.

Phoung Short
Toi you're muted.

Toi
Thank you. Thank you, Mr. Kopstein. Our next speaker is Ms. Lesli Gooch from the Manufacturing Housing Institute.

Lesli Gooch
Thank you, Toi. Good afternoon everyone. My name is Lesli Gooch. I'm the CEO of the Manufactured Housing Institute. MHI is the only national trade association that represents every segment of the factory-built housing industry. Our members include builders, suppliers, retail sellers, lenders, installers, community owners, community managers, and others who serve our industry, as well as 48 affiliated state organizations.

Today, MHI's builders build over 90% of all the manufactured homes that are constructed in the country. Our industry is on track to build more than 100,000 homes this year, accounting for approximately 9% of new single-family homes starts. I appreciate the opportunity to comment on the Duty to Serve Plans of Fannie Mae and Freddie Mac for the upcoming years.

I would like to first thank Director Thompson and her FHFA team for their engagement and support for manufactured housing. We've really enjoyed the tours and engagement that we've had from the FHFA team. I think everyone here knows that there's a good reason that manufactured housing is one of the three Duty to Serve categories. We are the nation's most affordable homeownership option by far, and we're creating homeownership quality, homeownership family, creating quality homeownership opportunities for families. And Fannie and Freddie need to be supportive of those efforts. I'd like to start by talking about land home loans. Both of the Enterprises' Plans to boost loan volume targets for land home manufactured home loans. And as I've said previously, MHI believes that the volume of securitized real property loans could be higher, but we're pleased to see increased volume targets included in the Plans. One of the barriers that needs to be addressed, though it's the loan level pricing adjustments. For real property manufactured home loans, Fannie and Freddie both charge a 50-basis point LLPA. We have not seen any analysis done that justifies this add on fee at that level, and we call on both of the GSEs to look at their performance data and calibrate accordingly. If the basis point 50-basis point LLPA is not justified or is too high relative to risk, we ask Fannie or Freddie to eliminate or revise this fee as appropriate. We also appreciate both Enterprises for several policy changes and variances to its MH products to increase loan volume and we encourage continued strategies to support real property loans going forward.

For example, both Enterprises have developed programs that provide conventional financing for cross-mod homes. Last year, the Enterprises affirmed that the potential for cross-mod homes by removing, removing appraisal hurdles, which was a critical step. To further the impact of cross-mod homes across the country, we urge the Enterprises to modify their programs to include eligibility for single section cross-mod homes, not just multi-section cross-mod homes.

This is an important improvement since quality attainable homeownership solutions are needed in the high density and infill areas that would not accommodate the size of a multi-section cross-mod home. The single section design makes attainable housing available to a wider range of families who are not currently well served in the market today. MHI, the Mortgage Bankers Association, the Community Home Lenders of America Association and the Underserved Mortgage Markets Coalition have all called on the Enterprises to immediately implement the addition of a single section, cross-mod design as eligible for the MH Advantage and Choice Home loan programs.

And we hope to see that change made as quickly as possible because it will, greatly reduce cost to consumers and establish more affordable housing options, which will help the Enterprises meet their Duty to Serve objectives. On personal property loans. Despite the HERA statute, I know you've already heard a lot about this, but the HERA statute required Fannie and Freddie to consider personal property manufactured housing loans as a part of their Duty to Serve.

However, neither GSE has made a single personal property loan since HERA was adopted 16 years ago. In their Duty to Serve Plans, both the Enterprises are focus on efforts around titling barriers to converting land homeownership and on efforts to purchase personal property loans in resident owned communities. MHI believes this is the wrong focus. Personal property loans make up around 70% of the manufactured home loan market, and the simple truth is that personal property loans continue to be made safely by portfolio lenders, as the prior speaker so well articulated.

So, as MHI has been calling for years, the Enterprises should develop a flow program for such loans, purchasing all loans that meet the underwriting criteria for securitization into secondary markets. After 16 years of delay and a lot of research and talk, we think that it is time and it is a significant shortcoming that this has not been made a key priority in either of the Enterprises Plans.

Turning to manufactured housing communities, MHI notes that the initiatives the Enterprises have identified in their Duty to Serve Plans focus on loans to resident owned communities and communities owned by nonprofits or governmental entities. Again, we do not believe this is the right focus. While we appreciate the role of resident owned communities and other nonprofit community owners in the manufactured housing community space, we believe that the Enterprise plan should encourage capital investment into all land lease communities and focus on financing support for the residents in those communities.

The hybrid homeownership model of land lease manufactured housing communities provides a quality, affordable housing experience, resulting in satisfied residents who choose to remain in these communities long term. MHI research demonstrates that residents of professionally managed land lease manufactured housing communities value their communities' extensive offerings of amenities and the ongoing investments that are made by professional community owners and operators.

Objective data shows that land rent increases in manufactured home communities across the country today are well below cost increases in other forms of housing. On average, the rent paid by manufactured housing residents in land lease communities is 9 to 25% more affordable than the market rent for comparable rental rentals, depending on the market. In MHI's past study of residents of manufactured housing communities, the majority of residents of land lease communities say that their rent is competitive or below average compared to other nearby housing options.

For some time now, Enterprise manufactured home community loans have been subject to tenant protections. In fact, the protections that were put in place were originally put forth by MHI as a way to encourage Fannie Mae and Freddie Mac to support personal property loans. The vast majority of our owners already follow these protections. Rather, regardless of whether they received Enterprise loans, it's the industry norm.

So rather than focusing on programs or ideas that have the impact of reducing support for land lease manufactured housing communities, we believe the Enterprises should lean in to support the preservation of these communities. On the topic of community loans, MHI is disappointed that Fannie Mae shut down its innovative Duty to Serve loan program that they started in 2022, which allowed for manufactured home communities with rental flexibilities.

We're disappointed that there's no mention of Fannie Mae reviving this loan product in its Duty to Serve Plan for the next three years, and that there's no mention of it at all in Freddie Mac. exploring such an option. Increasingly, community owners are turning to affordable rental of manufactured homes in their communities, and without the rental flexibilities loan feature, the cost of the rental units themselves are not financed in the Enterprise community loans.

This makes it much harder to use manufactured homes for affordable rentals, including in markets where there's more demand for rentals than homeownership. In closing, MHI members appreciate Fannie Mae, Freddie Mac, and FHFA's attention to affordable manufactured housing, and we look forward to working with all of you as the Enterprises implement their Duty to Serve Plans. Thank you.

Toi Roberts
Thank you, Ms. Gooch. Alright. So, I'm afraid we are running a little ahead of schedule now with some speakers unable to speak today. We have next on the agenda, Mr. Josh Silver. We will hear from him tomorrow, at tomorrow's affordable housing preservation session. And then Bo Smith, we heard from him yesterday, at our rural housing session.

And so we'll continue to move on with the agenda, but we think at this time we'll go ahead and just break before we get to the next speakers. So right now it is 1:48 p.m. Well, 1:49 p.m. Let's return back at 1:59 p.m. Thank you.

10 Minute Break

Toi Roberts
Okay. Welcome back. That concludes our ten-minute break. And before we move on to other guest speakers, I'd like to just remind you all again that the Duty to Serve listening sessions are open to the public for informational purposes only. The sessions are not intended for media purposes.

Okay, so our next speaker is Mr. David Anderson of the National Manufactured Homeowners Association.

Okay, I think we'll go ahead and just move on to the next speaker and circle back to Mr. Anderson. So, our next speaker is, the next speaker is Kathleen Paradis from New Hampshire Community Loan Fund.

Kathleen Paradis
Good afternoon and thank you to FHA for holding this listening session and the invitation to offer comments today. I'm Kathy Paradis, Vice President of Residential Lending and Compliance at the New Hampshire Community Loan Fund. The New Hampshire Community Loan Fund is a nonprofit CDFI. We provide loans and education for low-income people, extending the reach of conventional lenders. With a 41-year track record, our longest and strongest strategy at the New Hampshire Community Loan Fund is to transform the manufactured housing sector to better serve people with low incomes by financing both resident owned communities and the individual mortgages for manufactured homes. We focus on manufactured housing because it's among the most affordable homeownership options yet can fall through the cracks in the federal housing picture.

This is especially true in New Hampshire, where the average home price is now over $500,000. That is well beyond the reach of the low-income families who are shut out of home buying but desperately need affordable housing. We applaud the actions that the Enterprises are taking and feel that these are great first steps, but there is always more to do.

The Community Loan Fund has over 20 years of successful lending on manufactured homes in resident owned communities and on their own land. The data we have speaks to this success of our financing. Our loan losses have shown that a loan portfolio of manufactured housing performs as well as conventional loan portfolios. Those long held misconceptions that manufactured home losses are greater, that the properties don't appreciate, or that there isn't data to support factual conclusions needs to be parked on a shelf so that all can move forward with advancing financing for manufactured housing.

However, there are still gaps in the manufactured housing financing programs offered through the Enterprises. By not offering cash out refinances for debt consolidation, manufactured homeowners are being unfairly denied access to their homes' equity. This prevents them from making much needed repairs or being able to consolidate debt, options available to single-family homeowners. Borrowers taking cash out of a property to better their financial picture should be allowed on all financial property types.

We are encouraged to see that the Enterprises are considering how to make infill efforts more successful. The lack of financing to install new homes is also a large gap in the system, as the new HUD energy codes are implemented and the existing manufactured housing stock ages, there is a need for loans so the new homes can be placed and older homes replaced.

The Community Loan Fund has been actively involved with infill and replacement because of the need to keep the housing stock not only affordable, but we want our borrowers to have safe housing. We also agree that education for partners in the industry is crucial. Appraisers can benefit from specialized training in the futures of manufactured homes. Title attorneys need to be fluent in the title challenges that can happen with manufactured housing and how to clear them. While it is preferable to convince states to move to real estate titling, creating a personal property loan with strong lease protections that mirrors a mortgage would be a good first step to demonstrating that manufactured homes are good financeable options for housing.

Underwriters need to understand the manufactured housing and manufactured housing borrowers, successfully, to make credit decisions. Not every borrower is going to fit in a neat box. We urge really looking at where these borrowers are and meeting those credit needs. Our manual underwriting process is incredibly effective. Over half of our borrowers don't have a credit score. They're good borrowers.

We just need to work with alternate credit to demonstrate repayment histories. Working with underserved borrowers means that the human touch in underwriting is critical. Understanding the need for safety and soundness. We recommend researching what options are available to purchase pools of seasoned loans to prove the viability of manufactured home loans and add liquidity to the markets.

We're happy to see that Fannie Mae is exploring options for expanding the preferred ROC financing program, but we believe there is still room for improvement. We have dedicated one employee to work with the resident-owned communities in New Hampshire to become Fannie Mae approved. Two of the barriers to becoming approved preferred ROC are that communities with park rent delinquencies and infrastructure issues are not eligible.

Many older homes still have wheels, hitches, and axles attached to them. ROC boards are reluctant to spend cooperative funds on an approval process that not all residents can benefit from. Finally, sharing of data from all stakeholders is also critical to the success of these Underserved Market Plans. We are thankful that the Enterprises are considering newer and more relevant data to demonstrate that manufactured housing is a valuable asset class. That includes listening to what works, pivoting from what doesn't, but also keeping agile as needs change and as the data changes. We have learned that data from a decade ago isn’t relevant to today's borrowers. Our 21-year history of lending to over 1,700 borrowers for almost $102 million, shows the data demonstrating successful lending on manufactured housing is available. Keeping that data fresh and readily available to make policy decisions will be important going forward.

The Enterprises have changed their criteria over the years, and manufactured housing will need to have the same thoughtful evaluation. Lastly, keeping these conversations going and listening to each other to see what works and what needs changing. We thank you for the opportunity to comment today, and we look forward to seeing these Market Plans put into place.

Toi Roberts
Thank you, Ms. Paradis. Okay, I'm going to circle back to an earlier speaker that we were expecting, Bo Smith from the Cornerstone Home Lending.

Bo Smith
Yeah, thank you so much. This is a great opportunity, and I appreciate FHFA having this. I’m on the road today, and I thought this would be important. As a lender with Cornerstone Home Lending, I am the construction manufactured originator for Cornerstone Home Lending, focusing my efforts mostly in the southeast. There would be a great consideration if Fannie Mae and Freddie Mac in their selling guides could propose proponents such as, but not limited to, reducing the loan to value ratio on manufactured housing from 95 to 97, having considerations for the construction time, construction program, which is the one time construction program, lowering the credit scores on that a little bit, and also removing the entry level barrier for when a house has been moved more than once. We are seeing a tremendous amount of refurbished manufactured homes in the United States, and they are being moved from one location to another. And we have to prove as a lending institution that the house has not been moved more than once and many times it has.

And that is an entry level barrier for someone to buy a home. Because it's been moved, they have to seek outside lending portfolio lenders to assist them, which causes higher interest rates and much larger down payment. VA is one particular agency that does not require that, so if it's good for the veteran, it should be good for everyone else, if they can actually buy a home that's not that's been moved more than once. As long as we can make the measurements and making sure there's sustainability with the house and, substantially performs.

So again, LTV increase, one time construction with lower credit scores, and removal of the house being moved more than once would be a great consideration as far as opportunities to assist in the manufactured housing market throughout this great land of ours.

Thank you so much for this opportunity.

Toi Roberts
Alright. Thank you, Mr. Smith. Okay. And I'm going to call on a circling back again to one of our earlier speakers, Mr. David Anderson from the National Manufactured Homeowners Association.

David Anderson
Thank you very much. I offer these comments on behalf of National Manufactured Homeowners Association. NMHOA exists to promote the rights and interests of 22 million people living in 7 million manufactured homes around the country, including nearly 3 million who live in manufactured home communities.

We appreciate this opportunity to provide comments as the Enterprises move into the 2025 to 2027 Market Plans. Manufactured housing is obviously significant as a source of unsubsidized affordable housing as well as access to homeownership, in part because of the extreme affordability. In 2020, the median income served by manufactured homeownership was 38,000 and by manufactured home rental by, the median income was 28,000. The homes have obviously improved significantly over time with improvements to the HUD code.

Unfortunately, the most significant barrier facing consumers in accessing high quality, deeply affordable housing and homeownership is financing, which obviously we're here talking about today. And there continues to be challenges, both for the individual home buyer and the manufactured home community. Because the homes have traditionally been classified as personal property rather than real property, buyers have historically been left with the option of high cost poor quality chattel loans. As a result, two thirds of manufactured home loans are classified as high cost, with rates as high as 9 to 10% and terms of as short as 7 to 18 years, which makes loans for manufacturing homes seven times more likely to be considered high cost loans than site built loans.

This has the unfortunate set of ramifications of leading consumers to buy cheaper, older model homes, in part, because those are then affordable when purchased for cash, which, happens 33% of the time. The other. And so obviously, it's disappointing not to, see, significant and robust chattel loan program being put forward by the Enterprises that, in the absence of that, the trends in homeownership are predictable and foreseeable, despite the continuing improvements in home quality.

The other underserved portion of the manufactured housing market is obviously, availability of those 3 million residents who, reside in manufactured homes, in manufactured home communities, the, the this provides an extreme level of affordability in terms of housing and, access to homeownership, but it creates vulnerability, because, they, they own their homes, they don't own the land. And as a result, they can be, displaced through a land sale for redevelopment or simply priced out. Of the 45,000 estimated manufactured home communities in the US, only 2.4% are currently resident owned.

And while the Enterprises are very active in purchasing manufactured home community loans, only one of the 493 loans provided in 2023 for were for a resident owned community, or ROC. The combined Plans for the Enterprises appeared to suggest moving forward an average of two loans per year, both of which, both sets of numbers are below what is being done without the involvement of the Enterprises. And so this isn't really adding, and in fact, maybe instead, supporting an increase in problems that these communities face in the, it's as documented in articles, Washington Post and elsewhere.

The communities are increasingly being purchased by equity firms, institutional investors, and national chains, often with the support of those other 492 federally backed loans. And this has an impact, in terms of sustaining that insecure environment that could be remedied by combining the ownership of the land and the homes through a resident purchase. But even if there isn't instability in terms of risk, redevelopment of the property, we've certainly seen, documented, including in the state that I am based in Minnesota, just how rapidly the consolidation within the industry is taking place and how rapidly those consolidating buyers are increasing rents, sometimes by more than 100%.

So we obviously appreciate the commitment to serve the underserved manufactured housing market and to, to be aware of and, and to have on the radar both the individual buyers and the communities. But really, much more needs to be done. And we encourage FHFA to closely listen to the comments that are being provided today, especially those coming from the homeowners themselves and from those who work with consumers to both buy their homes and to purchase their communities.

Thank you very much for your time and attention.

Toi Roberts
Okay. Thank you, Mr. Anderson. Okay. So we're going to call on our next speaker, which is Ms. Susan Brenton from the Manufactured Housing Communities of Arizona.

Susan, you’re on mute.

Susan Brenton
Good afternoon. I'm Susan Brenton, Executive Director of Manufactured Housing Communities of Arizona, or MHCA. We are an organization representing the owners and managers of the manufactured housing communities. I've held this position now for 21 years, and prior to it, I was Executive Director of the State Manufactured Homeowners Association, representing the owners of the homes for 19 years, or 18 years. Excuse me.

First, I would like to thank FHFA for allowing me to speak today. Although I have to admit, I was kind of surprised since they know that we've been warning our members about FHA, FHFA financing for the past couple of years. And there are a couple of important reasons why we've been warning the members, and it's the tenant lease protections that have been adopted by Fannie and Freddie.

They're brought up a lot, especially at our conventions and educational seminars. We've been encouraging our members and our nonmembers to review them very carefully, particularly the ones allowing all residents to sublet homes and having to give residents 60-days notice of any sale of a community. First, the subletting. I found that, that was an interesting addition to the tenant lease protections since prior to their addition, Fannie would not loan on any manufactured housing community, which included more than about 25 or 30% of the homes as, that were for rent.

Many community owners have found out someone subletting a home just doesn't take as good a care of it as an owner would. And so many of them have not allowed subletting for years in their communities. The 60-day notice of the sale of a community can also just serve to upset residents. I know because I used to represent the resident's association here in Arizona and I would get the call. Susan, we have a problem in our park, we have a new owner. I would ask who the new owner was and would get the answer the about 50% of the time that they had no idea, but they're sure that they're going to be a problem.

Do you know, you know, why, why do the residents need to know besides that there, you know, you give them 60-days notice, and especially with today's high interest rates, there's a fairly decent chance of a sale following, falling out. So, we are opposed to that. I know that one of the reasons residents like that requirement is that many of them would like the first right of refusal to purchase a home community, manufactured home community when the owner is seriously considering an offer. Or at least I like to know what's being offered.

Well, we've seen the issue before our state legislature, with the residents trying to get 90-days notice of any sale of the property so that they would have a right, right, to purchase the property. And, it hasn't passed our state legislature yet. First, we believe this is a taking of property under Arizona state law.

You're interfering with right of private persons to contract. And secondly, during that time period, while the residents are trying to decide whether to purchase the park or not, the price of this problem is probably going to be a reduction in the price of the property because the sale is on hold. I would just like to know, or I'd just like to point out to all residents that almost every community is always for sale. You just have to offer the right price. And if the residents are truly interested in purchasing their community, they should also start speaking to the owners now.

I know we've heard a lot about soaring rents in Arizona in particular, not just in the manufactured housing communities, but all rental housing. I know that Fannie and Freddie were asked to look at rent control as another TLP. And, you know, I'm proud to report that most of Arizona's manufactured housing communities, the rent plus the house payment is typically below the amount you would pay for a comparable home anywhere else or anywhere nearby. It just doesn't require the hefty down payment that you would have to pay for a site-built home plus land. And many of our communities are willing to accept those with lower credit ratings and or other issues.

We also believe that, FH- Fannie and Freddie should also start looking at chattel loans. We would like to see this happen. I hope that I know that they were looking a couple of years ago. I hope that they will continue to look at, and I hope that they will review their tenant lease protections and can consider the efforts that their actions have had on affordable housing in the United States. Thank you.

Toi Roberts
Thank you, Ms. Brenton.. Our next speaker is Mr. Philip Schulte, a self-employed writer. Mr. Schulte. Mr. Schulte?

Philip Schulte
Yes. Hello.

Toi Roberts
Yes, we can hear you. Can you turn on your camera?

Unknown Speaker (accompanying Philip Schulte)
They are locking it, it says the host has locked it.

Philip Schulte
It says it's locked. Okay.

Toi Roberts
Okay, we're working on that, sorry. There you are, we see you.

Phillip Schulte
Okay.

Toi Roberts
You can go ahead and proceed, Mr. Schulte.

Philip Schulte
Oh, okay. Good afternoon and thank you for having this public listening session. My name is Philip Schulte. Even though I have an extensive experience in the public sector and manufactured housing, I'm speaking for myself rather than for any organization. What I'd like to add to the discussion this afternoon is to talk a little bit about the Duty to Serve law, and just give you some feedback as to how I see the success, or lack of it, in terms of achieving the objectives of the Duty to Serve law.

Specifically, the law was designed to serve manufactured housing is one of three particular areas and to initiate new loan products, new loan products, and flexible underwriting standards for these loans. So if we look at the 2025 to 2027 Duty to Serve Plans, we can see that for the majority of manufactured housing, home loans that are purchased and, and financed in the United States, we have not had any new loan products and no flexible underwriting guidelines have been issued.

This is especially disappointing given the fact that in the previous Freddie Mac plan, there was provision for a pilot program of 1,500 to 2,000 loans, to start this process forward and get additional financing, opportunities for these people. The other underserved portion is resident owned communities. And as has been previously noted by one of the other speakers, in 2023 there was, I think, 1 or 2 loans made for these types of loans, while they were nearly 500 loans made for nonresident owned communities. That's a very small percentage, and I think it could be improved on with some additional effort on the part of the Enterprises.

The second area I'd like to talk about is other activities that could have been undertaken by the Enterprise. The Enterprises are some of the largest financial institutions in the world. So I can understand that their world is their world. But there are other organizations that are undertaking activities that I think could be used in partnership or coordination with them. One of them is the Federal Home Loan Bank system, which has 71 community development finance agencies, of which ROC Capital USA is the most noteworthy one in terms of this market. But I think there's opportunities to grow the amount of financing for resident owned communities through partnerships or joint activities with the members of the Federal Home Loan Bank system and the Federal Home Loan Banks.

As also was previously noted, there was a new HUD grant that has been issued for preservation and reinvestment of manufactured home communities, and some of those communities that are receiving these grants and these investments, I think, would be excellent opportunities for additional financing for manufactured housing communities. So by looking a little bit more broadly at other activities that are undergoing in the affordable housing and financing, there may be other opportunities to improve the situation for these underserved borrowers without necessarily having to do the loans themselves.

The last area I'd like to talk about is the FHFA rules and safety and soundness. There has not been a release of the Freddie Mac feasibility assessment of the manufactured housing personal property market, nor has there been a detailed description of the agency's evaluation of this market. So it's difficult for people from the outside to see what exactly are the major problems with beginning a chattel loan manufactured housing program. As Mr. Kopstein has said, you know, there are people doing this in the marketplace, and in my public comments, I included data from the largest manufactured housing lender and their activity over the last 4 or 5 years. They hold over $20 billion of personal property loans in portfolio. They have a delinquency rate stabilized of around 4%, and the non-performing loans in that portfolio are about 50 basis points, or one out of every 200.

In addition, if you look at the success of ROC Capital USA, they've made over 110 loans and they haven't had a single default. So I don't think that the safety and soundness aspects of this are an unsurmountable barrier. And I would ask the Enterprises and them to look at this again and see if there aren't some ways to move forward.

The last thing I'd like to talk about would just be, a sort of a simple thought exercise, I guess. And that would be to move the clock forward to 2027. And now it's been almost 20 years since these Duty to Serve amendments have been passed. And we all want to look and see what has been the success of the Duty to Serve effort in terms of the most underserved components, which are personal property loans and, REO or ROC community loans.

And to at the end of 2027, we will have no loans being put on the books. We probably have no Plans for any new loan programs themselves. We don't have anything on flexible underwriting guidelines. So the question becomes, is that adequate? The, the Enterprises are two of the largest financial institutions in the world, and they're the backbone of the American housing market, which has been one of the most successful government programs initiated.

It's allowed the middle class to grow, and it's been extremely successful for the American people. I would like to hope that that we can begin to open up a similar effort of a successful chattel loan program and enhanced resident owned community program for very low, low and moderate income families so that they can enjoy homeownership and the same success.

Thank you very much for listening and for having this session.

Toi Roberts
Thank you, Mr. Schulte. Alright, so our next speaker is Mr. Mark Weiss of the Manufactured Housing Association for Regulatory Reform. Mr. Weiss?

Mark Weiss
Yes, thank you very much. My name is Mark Weiss, and I'm President and CEO of the Manufacturing Housing Association for Regulatory Reform based in Washington, DC. Our organization represents the views and interests of independent producers of federally regulated manufactured housing.

MHARR was an original and active proponent of the Duty to Serve mandate with respect to the manufacture housing market. And as such, we've called consistently for the full and robust implementation of DTS within the manufactured housing sector. Unfortunately, though, today, some 16 years after the enactment of the DTS directive and continuing for another three years, if the current 2025 to 2027 proposed Plans are approved, the Enterprises will have, have and will have provided absolutely no secondary market or securitization support for the vast bulk of the manufactured housing consumer finance market represented by personal property loans.

The ongoing, or this ongoing failure is inconsistent with the purposes and express terms of the Duty to Serve and is simply unacceptable. At a time when housing affordability in the United States is at an all-time low and the nation desperately needs millions of affordable homes, including affordable starter homes, according to economic analysis published by the Enterprises themselves it's unconscionable that the Enterprise, and FHFA by extension, in the face of a specific congressional directive, would fail to serve at all the most affordable sector of the nation's most affordable type of homeownership.

According to the latest available U.S. Census Bureau data, that's from 2022, the average sales price of a mainstream HUD code manufactured home is $127,300. That's 23% of the average sales price at a site-built home, including land at 29% of the average sales price of the site of the site-built on average, site-built home without land.

Further, as I've noted in multiple past listening sessions and multiple rounds of written comments to FHFA concerning DTS, the vast bulk of the mainstream manufactured housing market is financed through personal property or chattel loans.

Again, according to the Census Bureau data, the proportion of manufactured home purchases titled and financed as personal property since 2014 has varied within a narrow range between 73 and 80%. According to the latest data, the proportion of personal property loans is 73%, still nearly three quarters of the entire manufactured housing market. And because these homes are not financed together with land most often being placed within land leased communities or on otherwise unencumbered property, the cost to purchasers is significantly lower not only than comparably sized site-built homes, but also the more costly real estate titled manufactured homes that the Enterprises have catered to thus far under DTS. Just as an example, at FHFA and the Enterprises recently made a great deal of their support for a new manufactured housing development in Maryland.

While such support is welcome, information from the developer's own website shows that the real estate titled homes in their community are being offered for sale, with prices ranging from a low of $306,967, or 240% of the average sales price of a new mainstream manufactured home sold as personal property, to a high of $375,000 plus, or nearly 300% of the average sales price of a new mainstream manufactured home sold as personal property. What should be evident is that that these homes are the type strongly favored by the Enterprises for support under DTS and FHA are more comparable in cost to an average site-built home that a mainstream HUD code manufactured home finances as personal property.

Consequently, while they they're more affordable than site-built homes, generally they are not as affordable as mainstream HUD code manufactured homes financed as personal property. And that's particularly the case for low or moderate income, consumers that, that should be served by the Enterprises. Consequently, the current policy DTS of the Enterprises and FHFA leaves the most affordable segment of the manufactured housing market, and the single largest segment of the HUD code manufactured housing market, finances as personal property consumer loans, totally unserved and in direct violation of the DTS mandate, which specifically includes personal property homes within their loans, rather within its scope. And the impact of this to the industry in the lower and moderate income consumers have both been very damaging.

It's undisputed that interest rates on manufactured home personal property loans are higher than those for real estate loans currently, but that those higher rates are attributable in part to the higher risk retained by the portfolio lenders that provide such consumer financing. Conversely, it's also undisputed that secondary market and securitization support for such loans by the Enterprises under DTS, if it existed, would result in a lower retained risk, lower rates, and a corresponding reduction of the cost burdens borne by purchasers, which would lead to higher production and sales levels.

The validity of this connection between financing costs and production levels is illustrated by the performance of the manufactured housing market from the fourth quarter of 2022 through the entirety of 2023. After 100,000 homes were produced in both 2021 and 2022, manufactured home production began a precipitous decline in the fourth quarter of 2022 after the Federal

Reserve began a series of interest rate increases in mid-2022. With interest rate increases continuing through July 2023, the HUD code market, which is extremely price sensitive, continued to decline, concluding 2023 with only 89,000 plus homes produced. A 21% annual decline over 2021. Excuse me, 2022. If higher interest rates across the manufactured housing market can produce near a nearly one quarter production decline, as they did leading into and throughout 2023, then lower interest rates resulting from the market's significant implementation of DTS across the manufactured housing consumer financing spectrum would ultimately spur production and the greater utilization of mainstream HUD code manufactured housing as a cure to the nation's shortage of affordable homes.

Yet both Enterprises continue to snub DTS, snub Congress, and snub American consumers of affordable housing, by outright refusing to include manufactured housing personal property loans within their implementation of DTS. This needlessly drives hundreds. Excuse me. This needlessly drives consumers into higher than necessary rate loans. This failure is inexcusable. DTS is clear and unambiguous in its inclusion of manufactured housing personal property loans.

That duty must be carried out to its full extent. The failure of the 2025 to 2027 DTS proposed Plans to include any support for manufactured housing personal property loans is a major failing, which must be corrected or remedied. And to that I would simply add, as an industry, we, we have provided everything we can to FHFA and the Enterprises, that we possibly can to, to move this forward.

What else would you have us do to help you advance this? Because it needs to be addressed and resolved. Thank you.

Toi Roberts
Thank you, Mr. Weiss. Alright, so our next speaker here is Ms. Mary O'Hara from ROC USA.

I don't believe we have her on the line so, I'm going to go ahead and move on to our next speaker, which is Ms. Seva Rodnyansky from the Pew Charitable Trust. Apologies. Okay, so it looks like she's not on the line.

Okay, so we'll just go on to the next speaker. Ms. Sandra Overlock from the Manufactured Home Federation of Massachusetts.

Sandra Overlock
Hi. Thank you. I'm President of the Manufactured Home Federation of Massachusetts. We're a nonprofit resident organization that helps different residents' communities. And I also live in a resident owned community. We need more available mortgages to be able to have residents to be able to purchase the homes.

The homes are getting more expensive. And the only loans available right now at this point are personal loans for a ten-year period. This makes it very hard for someone to purchase a home. We need at least a 20- to 30-year product to be able to more to enable more, available, low to moderate affordable housing available. There are no offers of Fannie Mae or Freddie Mac loans by lenders around here.

Living in a resident owned community and on the board, this makes it very difficult for us to fill our empty lots and residents to sell their homes. Our local bank has been working on a product to be able to offer a 20-year commercial loan at this point, because it's a leasehold property, and they're working on other products to make it more affordable for us to help fill our lots.

Residents have also expressed concerns of wanting something like a home equity loan that stick built homes have. There's a lot of older homes that they want to fix. Put new windows, doors, roofs and stuff on, but they can't afford to do it. Our concern with the loans, if they're treated like real property, is will the cities and towns want to tax them like a stick built house, which would make it unaffordable at that point, having to do that.

Thank you.

Toi Roberts
Thank you, Ms. Overlock. Okay, so I'm going to circle back to, Ms. Seva Rodnyansky from the Pew Charitable Trust.

Seva Rodnyansky
No, no comment.

Toi Roberts
I'm sorry, Mr. Seva Rodnyansky. No comment? Okay, alright.

So, and I believe we don't have Mr. Kyle Taylor Lucas on the line from the Resident Action at Western Plaza MHP.

Okay, so our next speaker is Mr. Tony Kovacs, but speaking for him, we're going to have our very own Marcea Barringer read his remarks.

You're muted, Marcea.

Marcea Barringer
Hi. I'm now going to read the complete prepared remarks of L.A. Tony Kovach at his request. Please note that I will read these remarks exactly as L.A. Tony Kovach has written them, with no additions or deletions. My reading does not constitute FHFA endorsement of any of the content.

L.A. Tony Kovach is from MHProNews.com and MH Living News.

L.A. Tony Kovach (read by Marcea Barringer)
Laufer writes light on FHFA, Fannie Mae, Freddie Mac, the Duty to Serve manufactured housing and, quote, a pimple on an elephant's ass, end quote. Left leaning CBS news says that roughly half of the country is struggling with housing costs. Like it or not, there is no sense among tens of millions of Americans that the federal government has not been responsive to the will of the people, nor to the rule of law.

Like it or not, most Americans believe the federal bureaucracy is responsive to corporate and special interests rather than the needs of stressed affordable housing seekers. As arguably notorious manufactured housing institute MHI member Frank Rawls asserted, so don't tell me we can't solve affordable housing because the correct statement is we don't want to solve affordable housing, said Rawls.

MHI member and manufactured home lender Triad Financial Services recently bragged to investors about the significant barriers to entry into manufactured home lending. Barriers of entry and moats have become more common thinking, to the point that GOA's, DOJ's top antitrust official, Jonathan Kanter specifically cited moats as an area of concern. It's been over five years since Warren Buffet said in remarks captured on a Yahoo news video on a Berkshire Hathaway annual event, that I think it would be a good thing to do for Fannie and Freddie to implement DTS on manufactured housing.

The context of Buffett's remarks are in this quote from the video transcript. Well, it may not help profits, but it would definitely, is good if the Freddie and Fannie are authorized to do more lending against manufactured homes. Manufactured homes are a very reasonable way to get people into decent housing and have a home. They're hard to finance to some degree at the local bank. Frequently, big lenders haven't wanted to do manufactured housing loans. It would be very good for America, in my view, if Freddie and Fannie did more in that area. Obviously we would sell some more homes, but we would lose financing and we might come out behind. We might come out ahead. But I think it would be a good thing to do.

I'm not sure what more ought to be said after the supposed Oracle of Omaha said says it would be good, doable, and more Americans could buy affordable manufactured homes. Kevin Clayton has said that Buffett is a genius. I don't think that Fannie, Freddie, or FHFA officials would argue with Buffett's financial expertise. Wouldn't everyone listening and reading this agree?

My name is L.A. Tony Kovach. I've been working in manufactured housing for most of my adult life starting in the early 1980s. Besides stints in the RV industry and trade show marketing, well over three decades have been invested mostly in management and consulting work and manufactured home retail sales communities, financial services with lenders or insurance companies, production associations, and others.

We've been publishing MHProNews.com for approaching 15 years. Based on the known information, MHProNews remains the runway, most read runaway, most read trade media serving manufactured housing. We have been praised, have been publishing MHLivingNews.com for a dozen years, and our accuracy expertise has been praised. That video of Buffett's remarks, along with this commentary, will rapidly be posted on the MHProNews website, including previous and related material that won't fit in the seven minutes time limit for these comments.

MHProNews cites and links sources. The notion that the US a company economy is rigged to benefit the wealthy and special interests, said Pew Research, resonates with many Americans. 7 in 10 U.S. adults say the economic system in their country unfairly favors powerful interests, compared with less than a third who say the system is generally fair to most Americans.

The expansive administration states Chevron deference, deference encouraged has undermined our system of government, overburdening our citizenry and threatening to overwhelm the founders' systems of checks and balances. Thankfully, the Supreme Court in Loper Bright has now corrected its Chevron error. The committees are compelled to underscore the implications of Loper Bright and remind you of the limitation it has set on your authority.

Congressman James Comer, Kentucky R, Chairman, Committee on Oversight. Perhaps it's just a governmental glitch, but my well-read comments to the 2021 FHA, FHFA for a listening session on 3/25/2021, entitled "A pimple on an Elephant's Ass", have been moved or removed from its original links. Those remarks and our and others are posted and linked from the MHProNews.com website.

Citizens should know the history of this issue. I'm hereby asking that the FHFA and GSEs swiftly implement DTS as intended by a bipartisan Congress, but also that the FHFA restore my remarks and that of others that date to their original web address. Buffett admitted in those video recorded comments that Clayton's affiliated lenders will lose money if DTS is implemented.

That's an apparent reference to the 21st Mortgage Corporation and Vanderbilt Mortgage and Finance. MHARR's President/CEO Mark Weiss, J.D., said MHI's CEO Lesli Gooch's remarks on DTS were excusable and a major problem. Doug Ryan, while at CFPB/Prosperity Now accused MHI and Clayton of thwarting DTS implementation. Several pros consumer groups are on are on record asking the FHFA to implement DTS on single-family chattel manufactured home loans.

Isn't it troubling that corporate interests get DTS credits for financing land lease communities? George McCarthy with the Lincoln Institute's said consolidators of manufactured home communities are making living and manufactured home communities less affordable after those loans are made. Culturing, posturing, deception, and misdirection have all been addressed before. What matters aren't mere words which aren't followed up with measurable performance.

I don't think the IRS would give me 15 years to get something done if they asked. I grew up in an era where we learned the Constitution, the Declaration of Independence, and their meaning. So I get it why members of Congress are starting to address SCOTUS's Loper Bright decision with federal agencies. I certainly hope and pray appropriate letters to HUD and FHFA are among those which will be forthcoming.

It would be great if public servants actually did what they're supposed to do without being forced into doing it. The charade about Duty to Serve is over. Buffet spoke.. It's doable. There are no good excuses for not having a robust chattel lending program for mainstream, single-family manufactured home loans facilitated by the GSEs. See MHProNews for these and prior remarks, linked evidence, and details.

Marcea Barringer
Here conclude the complete, prepared remarks of L.A. Tony Kovach. Please note that I read the remarks exactly as L.A. Tony Kovach has written them, with no additions or deletions. My reading does not constitute as FHFA endorsement of any of the content. Thank you.

Toi Roberts
Thank you Marcea, and thank you, Tony Kovach, for your remarks. This now concludes our listening at the, hearing from our guest speakers.

And so now to give the closing remarks. I'll hand it back over to you, Marcea.

Marcea Barringer
Thank you, Toi.

I wanted to take a minute to thank all of our presenters today for sharing their comments and for the audience for attending today's session. Please note, once again, that today's Duty to Serve listening session is open to the public for informational purposes only. This session is not intended for media purposes. I want to give a big thank you to everyone who spoke today.

We really appreciate the diversity of views expressed on the manufactured housing market. We will take, as Naa Awaa Tagoe said at the beginning of this listening session, we will really take all of the comments that we heard today, as well as the comments posted on FHFA.gov, into consideration. Please do consider submitting written comments on FHFA.gov by the August 12th deadline.

Also, you're welcome to check back in the coming days to find videos and transcripts from today's listening session and the others we are holding this week. I want to, in particular, thank my colleagues at FHFA, Toi Roberts, for rolling with the punches today when we had speakers who didn't show up. And thanks also to Natalie Krings and Phuong Short and Jeannie Shattuck-Lemons who are doing a great job behind the scenes.

We look forward to continued collaboration with all of you and look forward to the listening session tomorrow on the Affordable Housing Preservation market. Toi.

Toi Roberts
Thank you, Marcea, and thanks again to all of our guest speakers, and for all of you who joined and listened in on today's listening session. All comments will be posted on our website soon.

And remember, you can also submit, just like Marcea just said, you can submit written comments on the Enterprises' manufactured housing market activities on our website through August 12th. We look forward to getting your feedback, and thank you again.