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Manufactured Housing Association for Regulatory Reform

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October 27, 2017

VIA FEDERAL EXPRESS AND ELECTRONIC SUBMISSION

U.S. Federal Housing Finance Agency
Office of Budget and Financial Management
400 7th Street, S.W.
Washington, D.C. 20219

Re: FHFA Draft Strategic Plan for Fiscal Years 2018 – 2020

Dear Sir or Madam:

The following comments concerning the Federal Housing Finance Agency's (FHFA) Draft Strategic Plan for Fiscal Years 2018-2020 (Draft Strategic Plan) are submitted on behalf of the Manufactured Housing Association for Regulatory Reform (MHARR). MHARR is a national trade association representing the views and interests of producers of manufactured housing regulated by the U.S. Department of Housing and Urban Development (HUD) pursuant to the National Manufactured Housing Construction and Safety Standards Act of 1974, as amended by the Manufactured Housing Improvement Act of 2000 (42 U.S.C. 5401, et seq.). MHARR was founded in 1985. Its members include independent manufactured housing producers from all regions of the United States.

On September 27, 2017, FHFA published, for notice and comment, its Draft Strategic Plan for Fiscal Years 2018 – 2020. A key statutorily-mandated initiative slated for implementation during the four-year period of the Draft Strategic Plan – with a direct bearing on the viability and economic vitality of the manufactured housing consumer finance market and the availability of affordable, non-subsidized home-ownership for millions of Americans – is the Duty to Serve Underserved Markets (DTS) directive of the Housing and Economic Recovery Act of 2008 (HERA). The following comments address the Draft Strategic Plan specifically in relation to the implementation of DTS by both FHFA and the Government Sponsored Enterprises (Enterprises). Incorporated by reference herein, are written comments submitted by MHARR on March 15, 2016, concerning FHFA's December 18, 2015 proposed DTS implementation rule and on July 10, 2017, concerning FHFA's evaluation of the DTS implementation plans filed by the Enterprises on May 8, 2017.

The one and *only* reference to DTS contained in the FHFA Draft Strategic Plan, appears at page 10, as the *last* item under “Strategic Goal 2 – Means and Strategies.”¹ That item states, in relevant part: “Oversee the regulated entities’ *additional* statutory requirements. FHFA will meet its statutory responsibilities to issue regulations as needed defining the ... Duty to Serve obligations for the Enterprises, and ... will annually monitor the Enterprises’ ... Duty to Serve performance.” (Emphasis added). Given the *crucial importance* of DTS – and its proper and *robust* implementation – to both the HUD Code manufactured housing industry and to American consumers of affordable housing, this singular reference to a *bare minimum* level of FHFA compliance with existing statutory directives, is wholly insufficient and unacceptable, and should be significantly strengthened in the final FHFA 2018 – 2020 Strategic Plan.

Given: (1) that nearly *ten years* have elapsed since the enactment of DTS by Congress without the establishment or implementation to date of *any* type of DTS compliance program *by either Enterprise* with respect to HUD Code manufactured housing; (2) that securitization and secondary market support for manufactured housing personal property/chattel loans was not included as a *mandatory* Enterprise activity under the final FHFA DTS implementation rule promulgated on December 29, 2016, notwithstanding *explicit* statutory authorization of DTS credit for such loans within HERA; (3) that such personal property/chattel loans represent 80% *or more* of the manufactured housing consumer finance market, providing lower and moderate-income Americans with access to the industry’s *most* affordable homes; and (4) that neither Enterprise has committed to market-significant or even market-relevant purchases of manufactured housing chattel loans within the three-year period of their respective DTS implementation plans (and therefore within the period of the Draft Strategic Plan), FHFA should not only reject or amend the pending DTS implementation plans submitted by the Enterprises with a specific directive to file amended plans to serve the manufactured housing chattel financing market in a market-significant way *within their initial three-year periods* (as sought by MHARR in its July 10, 2017 comments), but should also provide an express commitment and *expressly state* in its final 2018-2020 Strategic Plan, that it will ***affirmatively require market-significant purchases of manufactured housing chattel loans within the Strategic Plan period.***

Furthermore, in view of the fact: (1) that FHFA officials, at undisclosed times between 2010 and 2015 conducted closed, non-public, non-transparent meetings with representatives of certain large industry manufacturers regarding DTS and its application to manufactured housing; and (2) that, as MHARR has recently learned, documented and exposed in an October 25, 2017 communication to the FHFA Director,² Fannie Mae (through a “contractor” with previous financial ties to one segment of the manufactured housing industry) is *currently* using secretive, non-public, closed-door meetings of *selected* DTS stakeholders to ostensibly develop a DTS component comprised of manufactured homes constructed, sited and titled as real estate in accordance with standards that would “exceed” the HUD Code standards (*i.e.*, “MH Select II”) and potentially provide enhanced or more favorable consumer financing for such homes, that could include a supposed “new class” of manufactured homes also being developed behind closed doors in a secretive process by one or more of the industry’s largest manufacturers (and their collective representative) – FHFA should not only put an *immediate* stop to any and all such closed-door

¹ “Strategic Goal 2” is described in the Draft Strategic Plan as “Ensuring Liquidity, Stability and Access in Housing Finance.”

² See, copy, attached hereto.

proceedings by the Enterprises with respect to DTS, or *any* type of proceedings concerning the implementation of the Enterprises' DTS implementation plans with one or more affected stakeholders that are not public, transparent and open to all stakeholders and their collective representatives, and instead, should affirmatively mandate, through either a direct rule or other appropriate and *expedited* administrative mechanism, *as well as by reference in its final 2018-2020 Strategic Plan*, that any and all Enterprise engagement with DTS stakeholders must be public, transparent and open to all interested parties, including collective representatives of such DTS stakeholders.

Absent decisive action by FHFA, MHARR – based on the failure of the DTS implementation rule to mandate market-significant chattel loan purchases by the Enterprises, the failure of the Enterprises' DTS implementation Plans to provide for such purchases within the initial three-year period of such plans, and the emerging secretive, non-transparent activity related to the ostensible development of DTS compliance programs – has no confidence in the DTS process(es) thus far established, and once again asks that steps be taken by FHFA to bring this activity into *full* compliance with the enabling legislation. That said, MHARR reserves all of its rights to seek oversight and/or intervention by appropriate authorities to ensure full, proper and complete compliance with DTS by both FHFA and the Enterprises.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Mark Weiss', with a long, sweeping horizontal stroke extending to the right.

Mark Weiss
President and CEO

cc: Hon. Jeb Hensarling
Hon. Maxine Waters
Hon. Michael D. Crapo
Hon. Sherrod Brown
Hon. Bennie Thompson
Hon. Rick Dearborn
HUD Code Industry Manufacturers, Retailers, Communities and Finance Companies