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**From:** Ross Kinzler [mailto:ross@xmail.housingalliance.us]

**Sent:** Wednesday, August 05, 2009 2:44 PM

**To:** !REG-COMMENTS

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**Subject:** RIN 2590-AA27



TO: Alfred M. Pollard, General Counsel

RE: Comments regarding RIN 2590-AA27 – Duty to Serve ANPR

FROM: Ross Kinzler, Executive Director, Wisconsin Housing Alliance

The Wisconsin Housing Alliance represents interests of the factory built housing industry in Wisconsin. All HUD Code homes sold in Wisconsin are produced and sold by our members. Sixty-five percent of all modular homes sold in the state are sold or produced by our members. Our members also own or manage roughly 40,000 of the 53,000 manufactured home/mobile home park sites in the state. An affiliated organization – The Tomorrow's Home Foundation, administers programs assisting very low income families that live in mobile/manufactured homes with emergency home repairs. This assistance prevents homelessness. We are pleased to offer comments on the advance notice of proposed rulemaking relating to the duty to serve the manufactured housing industry as set forth in the Safety and Soundness Act.

We offer the following comments:

#### Manufactured Home Parks Lending

The ANPR suggests on page 38574 that "Fannie Mae and Freddie Mac currently purchase loans secured by manufactured home parks." It is unclear to us whether this is in fact a true statement. Certainly, the marketplace does not consider the Enterprises as viable lending partners. Fannie Mae's program for example has several limitations that reduce its usefulness. This includes a 5% economic vacancy rate – the recent economic downturn in the upper Midwest has pushed traditional 3-5% vacancy rates higher making virtually all manufactured home communities ineligible here. Further, the program is limited to communities of 50 sites or more. Wisconsin has 1099 licensed manufactured communities but 422 have 50 sites or less – thus a large portion of communities in this state are ineligible based solely on their size. These ineligible communities are home to 17,589 families out of the state's 54,754 families that live in manufactured home communities. Wisconsin is a state of many small manufactured home communities that will not be served by Fannie and Freddie. The Enterprises certainly do not meet their duty to serve the manufactured housing industry by designing programs that exclude virtually all manufactured home communities in this state.

In sharp contrast to the Enterprises meager efforts regarding manufactured housing, they have no limits it appears when it comes to financing other multi-family residential settings. For example, Freddie Mac financed a \$140 million package for The Shelter Group in the Mid-Atlantic states which provides 880 living units (a commitment of \$159,000 per unit). This financing package benefits upper income individuals seeking independent living and assisted living care. This is in contrast to the families living well below the median income level in manufactured home communities that find it difficult to see any benefit from the Enterprises. (See [http://www.freddiemac.com/multifamily/financing\\_brightview.html](http://www.freddiemac.com/multifamily/financing_brightview.html))

FHFA needs to review not only availability of programs from the Enterprises but also test those programs against the market to determine if they are real programs or just merely public relations efforts. What for example is the rationale behind the 50 site limit cited in the Fannie Mae program above? No explanation is offered. Further, a web search of Freddie Mac's site finds only one result based on the simple search parameter – "manufactured home community." That result is a draft land lease that dates from 2002 which is not even used by Freddie Mac.

Additionally, it is unclear whether either Enterprise has a program for manufactured home redevelopment. Many manufactured home communities were built 40 or more years ago. There is a serious need for infrastructure updates. Updating the physical plant of these communities is critical to keep them viable. Where is the lending platform that serves this need?

#### Personal Property Loans

The Safety and Soundness Act permits FHFA to consider both real and personal property loans. Roughly half of all manufactured home owners in Wisconsin live in licensed manufactured home communities. Without access to the secondary market made possible by the Enterprises, these homeowners are reduced to second class citizens in the mortgage arena. These low income families pay a price for the personal property classification in the lending world – one they cannot afford. FHFA should act to assist these families by opening mortgage markets for them.

Personal property loans purchased by the Enterprises should be favored by FHFA in reviewing their performance under the duty to serve.

The ANPR asks specifically for comments on consumer protections that should apply to loans by the Enterprises. We believe those protections should apply but should be done so in the context of applicable state laws. Examples might be to require that the home is installed according to applicable state installation standards - a HUD federal model standard applies to the development of those state standards. In addition, FHFA could require that the homeowner have a written lease of at least one year which is compliant with state law.

#### Rural Areas

Manufactured housing in many states is skewed to rural areas based upon historic zoning discrimination. Any effort by FHFA to serve manufactured housing also assists the agency with rural housing issues.