From: Patrick Curran [mailto:pat@precisionfinancial.net]
Sent: Thursday, August 06, 2009 10:27 AM
To: !REG-COMMENTS
Subject: RIN 2590-AA27

PRECISION
CAPITAL FUNDING INC.
1565 BURTON SW
WYOMING, MI 49509
OUR KNOWLEDGE IS YOUR ADVANTAGE
OFF: 616.301.2990 • FAX: 616.406.0648

TO: Alfred M. Pollard, General Counsel
RE: Comments regarding RIN 2590-AA27 - Duty to Serve ANPR
FROM: From Pat Curran, CEO, Precision Capital Funding, Inc.

Precision Capital Funding, Inc. is a lender to purchasers of HUD Code homes in Michigan, Illinois, Indiana, Wisconsin, Minnesota, and Iowa. Much of our lending is done on a partnership basis with FDIC insured banks or NCUA insured credit unions. We are members of both national and state industry associations in banking, credit unions, and the manufactured housing industry. When we partner with banks and credit unions to make loans on HUD Code homes we bring those federally insured institutions both expertise and services they often lack and desire as a basis for successfully making and collecting these types of loans. While there is a wide demographic for buyers of HUD Code homes, the preponderance of homes are purchased by low to moderate income families and by senior citizens. The ability to make this affordable housing choice available normally keeps seniors more active and out of nursing home system longer through support networks that often exist inside of manufactured housing communities and provides low income families with private market solutions to their housing needs rather than choosing the less desirable choice of public housing or 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. 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 region.

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 rational 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 that 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 the Midwest 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 installations 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 three years, which is compliant with state law. A requirement for fixed rate, non-ballooned terms should also be considered, as variable rates and ballooned agreements are generally not in the best interests of the elderly or the low-income families this type of service might serve best.

Patrick A. Curran, Jr. - CEO/Pres.
Precision Capital Funding, Inc.
Precision Financial Corp.
1565 Burton SW
Wyoming, MI 49509
(O) 616-301-2990
(O) 616-406-0645
(F) 616-406-0648