ORIGEN™

September 16, 2009

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA27
Federal Housing Finance Agency
1700 G Street, NW, Fourth Floor
Washington, DC 20552

Re: Duty to Serve Underserved Markets for Enterprises/Manufactured Housing
12 CFR Part 1282
RIN 2590-AA27

Dear Mr. Pollard:

Origen Financial Services LLC ("Origen"), a personal property manufactured home lender licensed and operating in thirty-five states, appreciates the opportunity to comment on the Duty to Serve Underserved Markets/Manufactured Housing assigned to Fannie Mae and Freddie Mac (the "Enterprises") by the Housing and Economic Recovery Act of 2008.

Origen believes it is critical for the Enterprises to expand greatly their roles in personal property manufactured home lending on a flow basis and through portfolio acquisitions. In so doing, they must employ proven approaches to risk containment to serve more effectively America's very low, low and moderate income households. These proven approaches to risk mitigation have been proven not by the Enterprises, the FHA or conventional real property mortgage lenders, but by innovative private personal property home lenders, such as Origen and its counterparties.

BACKGROUND

Moderate, low and very low income borrowers. Providing home loan opportunities, not only to moderate but to low and very low income households, can be painfully challenging for risk managers. Many households in these categories have not demonstrated the ability to handle long term debt or maintain dependable long term incomes. Many low and very low income households have credit scores traditionally seen as disqualifying, while others achieve misleadingly high scores due to incomplete or erroneous credit histories. Since the mid 1990s, private and publically affiliated lenders have responded to consumer demand and social pressures for such loans with varying degrees of success – more often unsuccessfully than successfully.

Private lenders loan history. Led by Conseco-owned Green Tree, in the late 1990s a number of lenders originated loans destined for packaging as public securities. Usually, the originating lender retained little or no "skin in the game" when the securities were sold, which led to a decoupling of lender profit from investor liability. Personal property home loans were made to unqualified low and very low income borrowers, loans were ineffectively serviced and ineptly repossessed homes achieved abysmally low recovery rates. Exceptions to this disastrous lender securitization performance were: (1) Vanderbilt, a unit of Clayton Homes which is now a Berkshire Hathaway affiliate and (2) Origen's predecessor company, Origen Financial, Inc. ("OFI"), which no longer originates loans. Vanderbilt required Clayton owned or franchised home retailers to retain a level of responsibility for loans made to their customers, which amounted to "skin in the game." OFI extended loans exclusively to high credit profiles and retained significant tranches of its securitizations, also amounting to "skin in the game." Seasoned Vanderbilt and OFI securitizations continue to perform well today, while those built on the more pervasive Conseco-Green Tree model do not. Partly because of the Conseco-Green Tree et al. track record, and partly due to the collapse of the conventional Residential Mortgage-Backed Securities market, securitization has not been a source of liquidity for personal property manufactured home loans for several years.

Enterprise lenders loan history. Early in this century, the Enterprises responded to political urgings by initiating programs that attempted to put "square pegs into round holes." Because the Enterprises were historically comfortable only with real property loans, their programs required land lease community owners to create very long leases that qualified as real property interests for recordation and taxation purposes in the respective states. They then encouraged conventional real property lenders to underwrite and service the loans as traditional mortgages. The borrowers were disproportionately burdened by real property taxes not imposed on their neighbors whose manufactured homes retained personal property status. Additionally, the servicers did not understand how to deal with a land lease model, and on attempted resale of these artificially created real property interests, lack of interested lenders resulted in high rates of default. Rather than correct their models, the Enterprises retreated from the market leaving their existing borrowers with few ways to exit their loans other than default.

Current lending status. For the past five years, the availability of personal property home loans has become increasing restricted due to lack of lender liquidity. Personal property home loans are now principally of three types: (1) bank loans made to high credit borrowers directly or through experienced personal property originator/servicers, such as Triad Financial Services, Inc., (2) portfolio loans made and held by Vanderbilt and 21st Mortgage, both affiliates of Berkshire

Hathaway and (3) Community Servicer Liability Program ("CSLP") lenders, such as Origen, who have identified land lease community operators as their counterparties to act as a source of capital and in many cases servicing , with each such counterparty having real "skin in the game" for loans originated within the land lease operators' communities. Each of the three distinct models is proving successful, although model (1) serves high credit borrowers, model (2) serves high and moderate credit borrowers and model (3) serves moderate, low and very low income borrowers with lower average credit profiles. These three models are successful due to underwriting and servicing protocols designed exclusively for their borrower credit profiles and, when appropriate, for the land lease housing model. Unfortunately, this success has not attracted liquidity in today's credit constrained economy.

PERSONAL PROPERTY HOME LOANS

Specialized lenders. The Enterprises will not invite success by underwriting or servicing personal property home loans the same way they underwrite or service conforming real property mortgages. Conseco-Green Tree and the Enterprises each, in its own way, tried this and failed. Underwriting low and very low income borrowers requires specifically tailored standards of which a credit score is but one factor and not necessarily the dominant factor. Origen uses a proprietary outcome based scoring model, called TNG, which uses a number of factors (over 25), including FICO, to aid in underwriting. TNG was developed by analyzing the performance of thousands of loans for the purchase of manufactured housing. Successfully servicing personal property loans, particularly for low and very low income borrowers living in land lease communities, requires continuous communication, immediate in-person service-oriented response to late payments and sensitive, but expedited, attention to defaults.

The Enterprises will best implement their Duty to Serve/Manufactured Housing/Personal Property Loans by working with lenders that have developed successful underwriting protocols for personal property home loan borrowers and have demonstrated the ability to provide for the intensive level of servicing required for that buyer profile. This may be achieved, in some instances, through portfolio purchases and, in other instances, on an ongoing or flow basis.

Loan portfolio purchases. To serve moderate, low and very low income households who generally lease the land beneath their homes, portfolio purchases can and should be of two types and should be from all three of the currently successful lender models described above:

1) Existing private portfolios of performing loans held by lenders and their counterparties. These portfolios should come with verification that loan documentation, origination and lien perfection comply with federal and state requirements. Lenders and counterparties must retain "skin in the

game" adequate to assure the Enterprises will not suffer losses. Such assurances may be evidenced by seasoning, established cash reserves and/or buy-back agreements at levels agreeable to the parties.

2) FHA Title I insured loan portfolios. These portfolios will come with 90% insurance from FHA. Lenders and their counterparties will already have "skin in the game" by virtue of FHA guidelines. The Enterprises may or may not require further reserves or assurances relative to the 10% uninsured portion.

Portfolio purchases should not be only from lenders who are "Fannie or Freddie certified" because the only lenders so certified are ones that have been doing real property loans. Many "Fannie or Freddie certified" lenders do not have the expertise to handle these loans and, conversely, others without such certification do have the expertise and required licensing. The Enterprises should learn from these experienced lenders about appropriate documentation, lien perfection, servicing, repossession and loss recovery methods, rather than imposing variations of standardized real property lending practices. Numerical annual goals for personal property home loan purchases should be based upon total estimated sales for the year, including both new home sales and the much larger quantity of pre-owned home sales.

Flow basis loan purchases. While the same principles apply to purchasing loans on an ongoing or flow basis, the Enterprises may be prudent to limit such purchases at first to FHA insured loans and only later to uninsured loans after that Enterprise has had experience with portfolios acquired from the respective lenders. Documentation, lien perfection and repossession are controlled by state law and have less nationwide standardization than for conventional real property lending. The Enterprises cannot simply dictate that the states adapt to Enterprise standards. Experience with acquired portfolios will be learning experiences the Enterprises can afford, as long as the lender sellers and their counterparties retain liability for portfolio performance. After a period of monitoring acquired portfolios and purchasing FHA loans on a flow basis, the Enterprises will establish a comfort level in extending flow basis purchase approval for uninsured loans to particular lenders.

Loan performance history. A frequently heard objection by the Enterprises has been that personal property home loans have high default rates, with perhaps 30% of loans failing at some point during their lifetimes. Firstly, a better way to view this record is to say that these moderate, low and very low income households may never otherwise have had the opportunity for home ownership. As land lease manufactured home owners, 70% or more succeeded and the others suffered small or no losses after varying periods of ownership. Secondly, success rates will undoubtedly improve when personal property homeowners can easily resell their homes to prospects with convenient access to new personal property loans. As recent experience has demonstrated, owners of both residential and commercial properties of all types are more likely to default when refinancing and buyer acquisition financing opportunities are severely constricted. A healthy loan market for pre-owned homes is a critical factor in loan performance, preserving manufactured home and manufactured home community values and the continuing viability of these communities, notwithstanding these higher turnover rates.

Manufactured Home Parks

Although Origen does not directly serve manufactured home parks ("land lease communities"), Origen's counterparties are land lease community owners who provide much of the capital required for Origen-funded loans in their communities through purchases of loans to their community residents. The fact that the community owners of necessity are indirectly funding home loans in their communities is aggravated by the challenges they face in refinancing community land mortgages coming due in today's lending climate. Land lease communities and the personal property homes in them offer one of the most affordable forms of home ownership for moderate, low and very low income households. Circumstances dictate that the Enterprises, under their Duty to Serve, should more aggressively serve the land lease community real property mortgage market.

Origen cautions, however, that making mortgage loans on land lease communities should, in no way, diminish the duty to purchase personal property home loans. Goals for these two types of loan products should be separate, with progress toward one set of goals not offsetting, diminishing or limiting goals for the other loan product.

SUMMARY

Between 1995 and 2005, financial institutions and the Enterprises attempted to serve moderate, low and very low income borrowers purchasing personal property manufactured homes. In most instances, these lenders failed either because they abandoned sensible underwriting and servicing practices or because they forced personal property loans into inappropriate conventional real property mortgage models. Currently, these borrowers are being successfully served by three distinct lender models: (1) banks lending to high credit borrowers through experienced personal property lenders, such as Triad Financial Services, Inc., (2) experienced portfolio lenders, such as Vanderbilt and 21st Mortgage and (3) CSLP lenders, such as Origen, with land lease community owners as counterparties and at-risk capital sources. The Enterprises should re-enter the personal property home loan market by working with lenders experienced in this product, initially purchasing both FHA insured and uninsured loan portfolios from lenders who retain significant "skin in the game" and later beginning flow basis loan purchases with similar lender assurances. Numerical annual goals for personal property home loan purchases should be based upon total estimated sales for the year, including both new home sales and the much larger quantity of pre-owned home sales. The Duty to Serve should require the Enterprises to lend broadly on fee land lease communities, but such real property mortgages should not, in any way, offset or diminish the number of personal property loans extended to homeowners.

Should you require clarification or supporting data with respect to these comments, please reach out to Michael Silverman, President of Origen, and/or Ben Sergi, Chief Operating Officer of Origen.

Sincerely,

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