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**ARKANSAS MANUFACTURED HOUSING ASSOCIATION**

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September 16, 2009

Mr. Alfred M. Pollard, Esq.  
General Counsel  
Federal Housing Finance Agency  
Fourth Floor  
1700 G Street, N.W.  
Washington, DC 20552

**RE: RIN 2590-AA27 - Duty To Serve Underserved Markets**

Dear Mr. Pollard:

On behalf of the members of the Arkansas Manufactured Housing Association - the statewide trade organization of the factory-built, site-delivered housing industry - it is my pleasure to submit the following comments in response to the Agency's advance notice of proposed rulemaking (ANPR), published in *The Federal Register* on August 4, 2009 concerning government-sponsored enterprises' (GSEs) 'Duty To Serve Underserved Markets'.

The members of this organization strive to provide affordable, non-subsidized housing to thousands of low-to-moderate income families in Arkansas each year. More often than not, potential homebuyers are faced with limited options for the finance of their chosen home. With 'tight credit' in today's economy, many traditional sources of housing finance refuse to consider lending on manufactured housing - due primarily to outdated stereotypes and misconceptions about the product, and the credit worthiness of past customers.

The industry, while in a tremendous downturn due in no small part to our nation's overall economic climate, continues to have steady demand from hard-working American families seeking to maximize their housing dollar. Collectively, the industry believes that Congress' inclusion of 'Duty To Serve' language in the Housing and Economic Recovery Act of 2008 (HERA) - specifically with the designation of manufactured housing as an underserved market - requires GSEs to "do more" to assist manufactured home buyers.

The advance notice of proposed rulemaking invites comment on a number of specific issues related to the 'Duty To Serve'. The following comments represent the position of the Arkansas Manufactured Housing Association on certain issues, in the order of their appearance in the ANPR.

**(MORE)**

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**MANUFACTURED HOME PARKS** - Manufactured home land-lease communities provide affordable home sites for very low-, low- and moderate income families. Due to outdated and discriminatory zoning and land use practices, scores of families wishing to site a factory-built home within the corporate limits of American cities must choose to lease a site in such developments - because 'scattered site' placement of manufactured homes on individually-owned land is prohibited or severely restricted.

The industry needs and appreciates the GSEs purchase of loans secured by manufactured home parks. We believe that such activity by the GSEs should be considered as part of the Enterprises' affordable housing goals.

The purchase of loans secured by parks, particularly loans for purposes other than the purchase of manufactured home units, appear to fall outside the DTS mandate - possibly under the GSEs multi-family affordable housing programs. The purchase of loans for manufactured home units - whether sited in communities or on individually-owned home sites, should be considered under the DTS.

Others making comments may use this opportunity as a platform to advocate sweeping changes for manufactured home parks, including: increased rights for manufactured home community residents, rent control provisions and advancement of 'resident-owned' communities over privately-owned or investor-owned properties. The implementation of the DTS is not the stage for these arguments. Such property rights questions should be left to the individual states to address through their Legislatures or General Assemblies. Additionally, FHFA should not consider 'preferential treatment', tougher underwriting standards or other such 'penalties' for loans secured by parks based on their ownership.

**PERSONAL PROPERTY LOANS** - Without question, purchase of personal property loans on manufactured homes should be considered for the purposes of the 'Duty To Serve' the manufactured housing market.

Due to the rural nature of Arkansas, personal property purchases are by far the largest segment of manufactured home loans in the state and are a viable option for the majority of potential homebuyers.

Arkansas is among the states that allows for the retirement or cancellation of the title issued for securitization of a loan on a manufactured home affixed to real property, in accordance with the seller guidelines of the GSEs. The Arkansas General Assembly has re-visited other state statutes in recent years, making changes to state law governing the perfection of all types of personal property liens.

Arkansas also recognizes manufactured homes as 'real property' for the purposes of ad valorem taxation, making the state's 'Homestead Tax Credit' available to Arkansans who live in manufactured homes as their primary residence.

The inclusion of personal property loans in the GSEs' 'Duty To Serve' commitment is key to the success of any program offered by the Enterprises. Without consideration of personal property loans, the GSEs will not reach the majority of manufactured homebuyers in the very low-, low- and even moderate income categories identified in HERA.

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While mentioned in the ANPR in relation to personal property loans, there are significant federal and state laws and regulations that offer consumer protections to manufactured home purchasers. The scope of these protections is broad - ranging from the regulation of transportation and installation of the home, to Truth In Lending Act protections, predatory lending statutes and, most recently, implementation of the Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act. The majority of these protections apply equally to manufactured home purchases, whether the loans are personal property loans or 'land-home' real estate transactions.

Additional protections should not be mandated in conjunction with the implementation of the DTS language.

**LAND-HOME AND REAL ESTATE** - The percentage of manufactured home industry sales that are designated as 'land-home' or 'real estate' transactions are unquestionably the portion of the business that traditional sources of housing finance are the most familiar and comfortable with.

Greater understanding of and flexibility in the traditional approaches to the valuation and appraisal of manufactured homes is needed to ensure that the GSEs programs truly meet the needs of potential manufactured home buyers in the very low-, low- and moderate income categories.

**OUTREACH** - Improved outreach by the GSEs to and through banks and other traditional lenders will be one of - if not the most - important ingredients in the success of the implementation of the DTS language. Without buy-in by additional lending sources, the efforts of FHFA on the DTS mandate will almost certainly be fruitless.

**CONCLUSION** - The manufactured home industry is seeking to be part of the solution - not part of the problem - in providing quality, affordable housing to Americans today. We come asking, not for a hand-out or a bail-out, but for equal consideration for our customers and parity in finance programs through the GSEs that will bolster single-family homeownership and help restore consumer confidence in the housing market.

On behalf of the members of this industry and potential homebuyers in Arkansas, we implore the Agency to act expeditiously in the development and promulgation of a final rule fully implementing the Congressionally-mandated 'Duty To Serve' language.

We look forward to the implementation of a final rule which will assist the low-to-moderate income families of our state in their pursuit of the American Dream of homeownership.

Thank you for your consideration of these comments and for your efforts on this issue.

Respectfully submitted,



J.D. Harper  
Executive Director  
Arkansas Manufactured Housing Association