From: tquinn@wcap.org
Sent: Friday, September 18, 2009 1:19 PM
To: !REG-COMMENTS
Subject: RIN 2590-AA27

Thomas Quinn
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September 18, 2009

Federal Housing Finance A (FHFA)
1625 Eye Street, NW
Washington, D.C. 20006

Dear Federal Housing Finance A (FHFA):

Thank you for the thoughtful request for comments regarding duty to serve requirements for the GSEs. We concur with CFED's comment letter urging GSEs invest in manufactured homes with security of tenure and opportunity for appreciation.

I am writing on behalf of the West Central Wisconsin Community Action Agency, Inc. (West CAP). Our organization serves seven rural counties in northwestern Wisconsin. Our service area includes 135 manufactured housing parks - 12.1% of the state total. The average park size in our area is 35 units. Manufactured housing on individual lots is also very important to our affordable home ownership and rental base.

We urge FHFA to consider the important role that manufactured housing serves in rural areas. In most of our smaller communities, manufactured housing provides a significant percentage of the affordable housing stock, helping to support economic vitality, workforce resources and social stability.

Because parks in rural areas are likely to be smaller in size, it is very important that rules establish provisions that assure fair access to financing for smaller parks. As noted above, most parks in our area are under 50 units in size. We urge the FHFA to assure that these parks and park residents have access to enterprise financial products. Many of these smaller parks will only remain viable if they are able to access sources of affordable loan term financing and re-financing. Many of these parks also have older infrastructure systems, and financing to support the upgrade of these systems should be included.

West CAP also operates a Weatherization program, serving over 600 households each year, and many of these are manufactured housing units.
While weatherization measures are valuable, they are limited in their scope and do not allow us to deal with structural repair and upgrade measures that could enhance and protect the weatherization investment. We see a clear need to provide affordable financing to allow homeowners to complete these important renovations - especially in the area of retro-fits that support energy savings.

We have worked with several park owners and resident groups to develop mutually beneficial sales agreements that provide for cooperative ownership and management. We believe that this should be considered as preferred option when appropriate in establishing financing rules. It is important that rules provide basic security to homeowners in making investments in their property and in assuring that these investments provide an opportunity for long-term asset appreciation and community stability.

To this end, we recommend that loans in manufactured housing communities should be considered under the duty to serve for Fannie Mae and Freddie with underwriting that includes a requirement that community owners give long-term leasehold interest to homeowners that exceed the length of the enterprise's loan term and include the following provisions:

1. Rent formulas with flow-through expenses.
2. Rights as an intended third party beneficiary of a purchase option and/or right of first refusal granted the residents as a collective to purchase the property as part of an affordable housing/housing preservation project. A reasonable approach would be to require all lot leases entered into during the term of the insured loan to include a right of first refusal for any sale of the community made during the loan term.
Including an option to purchase would be a reasonable alternative. 3. The right to sell home in place to persons (no community owner option, applicants not unreasonably denied). 4. The right to form resident associations and conduct resident meetings. 5. Proper engineering studies and Capital Improvement Plans and reserves to protect the residents' equity during the term of the lease.

Loans secured by resident-owned communities should receive additional credit toward meeting duty to serve criteria, over investor-owned communities. Resident ownership is the surest way to help low-income owners of manufactured homes attain stability and promote asset-building.
Resident ownership strengthens duty to serve goals and safe and sound lending practices.

Chattel lending is contrary to the spirit of duty to serve. Unlike real property loans, personal property loans provide low-income families with higher rates, less optimal terms and reduced consumer protections.
Homeowners who do not have access to the secondary market for their mortages are essentially reduced to second class citizens in the mortgage area. We therefore strongly recommend that in order for chattel loans to count toward duty to serve, they not be used in situations where a real estate loan is viable - for example homes titled as real estate. Where chattel loans are necessary, we strongly recommend that that they include fair and accurate underwriting and reasonable, not predatory, loan terms.

Finally, we agree with CFED's recommendation that the industry develop a set of criteria for manufactured homes on fee-simple land and if such criteria are met, then the mortgage would be underwritten just like any mortgage on a site-built home. Such underwriting should support long-term land security and titling homes as real estate.

The duty to serve requirement can play a major role in promoting the use of good quality manufactured housing as one of many mechanisms to cost-effectively increase the supply of affordable housing and promote asset building. Thank you for your responsiveness and quick action on this issue.

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With warm regards,

Thomas Quinn, Director, Economic Assets
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