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Attn: Comments/RIN 2590-AA27
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RE: Advance Notice of Proposed Rulemaking – RIN 2590-AA27
74 Federal Register No. 148, August 4, 2009, Page 38572
Duty to Serve Underserved Markets for Enterprises

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Kansas Manufactured Housing Association is a statewide trade association representing all facets of the manufactured housing industry; the State of Kansas currently has two HUD Code Certified Manufacturing Facilities and approximately 35 retail centers providing quality affordable housing to Kansas' residents.

The manufactured housing industry has sustained an unprecedented decline in sales and production due in part to the unavailability of private financing for manufactured home purchases. This situation in large part is due to policy decisions implemented earlier this decade by the two Government Sponsored Enterprises (GSE), Fannie Mae and Freddie Mac, which effectively discriminate against HUD Code manufactured homes and its buyers. As a consequence of these policies, manufactured home loans, which had long been a minimal component of the GSE's have now been reduced to less than once percent of the total business portfolios of both Enterprises, even though manufactured housing has historically represented approximately 10-15% of the single-family housing market.

Congress recognized the GSE's failure to fulfill their mission with respect to the manufactured home buyer and included the Duty To Serve provision in the Housing and Economic Recovery Act of 2008 (HERA), directing the GSE's to develop loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages on manufactured homes for very low, low and moderate income families.

Kansas Manufactured Housing Association is asking FHFA to press on with the implementation of the Duty To Serve provision of the HERA, specifically for manufactured home loans financed as personal property and real estate manufactured home loans.

Personal property manufactured home loans are one of the most affordable forms of unsubsidized housing available. Unfortunately, at this time the secondary market for personal property loans is nonexistent. While the GSE's charters allow for these purchases, neither Fannie Mae nor Freddie Mac currently purchase personal property loans.

With regards to the underwriting guidelines for land home and real estate manufactured home loans, with the current lack of the availability of private mortgage insurance for manufactured housing FHFA must approve some form of self insurance mechanism for the GSE's, similar to the FHA insurance program, which eliminates the dependence on a private insurance. The manufactured home lenders have in the past "self insured" against credit loss and can provide valuable assistance in developing the levels of reserves needed to cover losses. This would allow FHFA to address non-confirming loans especially in rural areas where appraisals and comparables are not readily available.

Appraisals are another area of concern; manufactured home appraisal has two unique situations: 1) the new home

purchase which involves the cost of the home and all typical installation and set up items and 2) an existing home purchase where the home is already sited and ready for occupancy. The unique nature of the manufactured housing land home transaction has resulted in the need for flexibility in appraisal methods because the typical manufactured home land home appraisal requires both a market analysis and a cost analysis. The majority of land home appraisals for manufactured housing occur in rural areas with little or no comparable sales data, thereby limiting the effectiveness of the sales comparison approach. There needs to be latitude for appraisers to determine whether or not the sales comparison approach, the cost approach, or a blend of the two is the best measurement of value.

Thanking you in advance for your consideration.

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