

RIN 2590-AA27

**SUMMARY:** FHFA meeting with Liberty Homes, Inc., Freedom Homes of Dorchester, LLC, and Home Source One

**DATE:** August 5, 2009

**PARTICIPANTS:** Nelson Hernandez (Senior Associate Director, FHFA)  
Mike Price (Senior Compliance Specialist, FHFA)  
Ed Hussey (Vice President, Liberty Homes, Inc.)  
Mike Hussey (President, Liberty Homes, Inc.)  
Tom Norwood (Freedom Homes of Dorchester, LLC)  
Dave Watton (Chief Financial Officer, Home Source One)

On August 5, 2009, representatives from the Federal Housing Finance Agency (“FHFA”) met with representatives from Liberty Homes, Inc. (“Liberty”), Freedom Homes of Dorchester, LLC (“Freedom”), and Home Source One (“HSO”). Liberty constructs manufactured homes. Freedom is an independent manufactured home dealership, and HSO is a lender and owner of manufactured housing communities. Liberty, Freedom and HSO provided general information about their businesses and business practices and the following comments relevant to the duty to serve underserved markets.

HSO indicated that all of its mortgages are chattel. It opined that to make investing in chattel mortgages appealing, the lender and the operator should “have some skin in the game.” HSO maintained that Fannie Mae’s timing on appraisals is problematic because scattered sites can take more than 90 days for installation of the septic tank and the driveway. It indicated that the timing violates Fannie Mae’s guidelines for construction loan appraisals.

HSO stated that some manufactured community owners fail to maintain their properties, remove residents and convert the communities to other uses such as parking lots because the owners are unable to refinance the mortgages on the communities. HSO indicated that with community financing, the Enterprises require that a certain percentage of units be doublewide because it provides the potential for residents to upgrade to larger units. HSO maintained that Wells Fargo requires 30 to 35 percent equity for a Fannie Mae mortgage on a community. It added that the usual term for a manufactured home community loan is 30 years.

Liberty indicated that it opposes the extra fees that Fannie Mae charges for manufactured home loans. Freedom stated that in a “land-home” transaction, a single mortgage covers both the home and the real estate. It indicated that the top priority for Freedom homes is obtaining financing for construction of its customers’ homes. Freedom noted that it takes about four weeks from the date of delivery of the home to acquire an occupancy permit. Freedom stated that it is paid on draws during these four weeks, and that it needs construction loans during this period.