

DAVID SCOTT
13TH DISTRICT, GEORGIA

WWW.HOUSE.GOV/DAVIDSCOTT

DAVID.SCOTT@MAIL.HOUSE.GOV

COMMITTEE ON
AGRICULTURE

COMMITTEE ON
FINANCIAL SERVICES

Congress of the United States
House of Representatives
Washington, DC 20515-1013

February 25, 2016

The Honorable Melvin L. Watt
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Dear Director Watt:

I understand that FHFA is in the process of finalizing the GSEs' Duty-to-Serve rule. As you know, the Housing and Economic Recovery Act identified manufactured housing as an underserved market. Manufactured housing is a critical source of homeownership for millions of working class Americans, and yet because of a lack of effective GSE support, homeowners pay significantly more to finance their homes than purchasers of site built homes and loans simply are not available for many consumers. I urge you to require the GSEs to significantly increase their support of manufactured housing through the purchase of chattel loans.

The median annual income of manufactured homeowners is a bit more than \$26,000 per year, nearly 50 percent less than that of all homeowners. According to the U.S. Census Bureau, manufactured housing represented roughly 12 percent of all new single-family housing sold in 2013. Of this, manufactured housing represented more than 80 percent of new homes sold under \$125,000; 64 percent of new homes sold under \$150,000 and 35 percent of new homes sold under \$200,000.

Furthermore, close to 70% of manufactured homes are financed as chattel – where the borrower takes a loan for the home itself. The home may be sited either in a land lease community, or on land owned by the borrower or a family member. As a result, financing the purchase of a manufactured home can be costly. The CFPB recently estimated that the cost to purchase a manufactured home that is sited in a land-lease community could be up to 50 to 500 basis points greater than a site built home. Granted, while manufactured housing may cost more to originate and service, it also lacks the critical support of a functioning secondary market.

Therefore, I urge FHFA to strengthen the proposed DTS rule by requiring the GSEs to purchase, and create a secondary market for, chattel loans. This action alone will potentially reduce the pricing differential with site built homes, increase affordability and open up homeownership opportunities to many more working class families.

I look forward to discussing this issue with you in the near future.

Sincerely,



David A Scott
Member of Congress

WASHINGTON OFFICE:
225 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-1013
PHONE: (202) 225-2939
FAX: (202) 225-4628

JONESBORO OFFICE:
173 NORTH MAIN STREET
JONESBORO, GA 30236
PHONE: (770) 210-5073
FAX: (770) 210-5673

SMYRNA OFFICE:
888 CONCORD ROAD, STE. 100
SMYRNA, GA 30080
PHONE: (770) 432-5405
FAX: (770) 432-5813