

From: [Laurence Checca](#)
To: [FHFA REG-COMMENTS](#)
Subject: Comments/RIN 2590-AA27
Date: Monday, March 07, 2016 5:27:33 PM



March 7, 2016

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
Attention: Comments/RIN 2590-AA27
400 Seventh Street, SW
Eighth Floor
Washington, DC 20024

Re: Proposed Rule: “Enterprise Duty to Serve Underserved Markets”
80 F.R. 79182 (December 18, 2015)

Dear Mr. Pollard:

The Manufactured Housing Institute of Maryland is pleased to provide comments on the “Enterprise Duty to Serve Underserved Markets” Proposed Rule published in the Federal Register on December 18, 2015, by the Federal Housing Finance Agency (“FHFA”). We urge FHFA to require the Government Sponsored Enterprises (GSEs) to significantly increase their participation in the manufactured housing market, emphasizing chattel loans, as mandated by the Housing and Economic Recovery Act of 2008.

A robust manufactured housing market is critical to increasing the availability of affordable housing, which is, in so many parts of the country, in short supply. A strong Duty to Serve requirement will not only strengthen homeownership opportunities, but also offer an alternative to consumers who are hurt by unaffordable rents, or the shortage of adequate housing.

Nationally, over 70,000 units of manufactured housing units were delivered in 2015, comprising roughly 9 percent of all single family housing starts. The industry’s importance goes well beyond the number of units produced. In the state of Maryland, manufactured housing constitutes 2 percent of occupied single family homes. In our state, as with the rest of the nation, families who purchase manufactured homes tend to have modest incomes, and live in rural communities. It is also quite simply the most 21 percent of an existing owner occupied unit.

Despite being a critical source of affordable housing for the working class families living in Maryland’s 38,000 manufactured homes, there is no meaningful source of government or secondary support for the most prevalent form of manufactured home financing – home only or chattel lending. In 2014, FHA endorsed only \$24 million in Title I manufactured home loans, and the GSEs, despite the mandate of HERA, does not support chattel lending. This lack of a secondary market is a key contributor to the 50 to 500 basis point difference in the cost of borrowing between site built and chattel lending^{[ii](#)}. Furthermore, according to a 2014 GAO report, only 7 percent of conventional manufactured home loans were sold to the GSEs^{[iii](#)}.

Therefore, we believe that it is critical for the GSEs to significantly increase their support of manufactured housing. This can be done prudently by requiring the following:

- **Duty to Serve Credit should be given for chattel loans that meet prudent underwriting standards and have consumer protections. Appropriate consideration should be given to features that reduce risk such as appropriate G-Fee loan level price adjustments (LLPAs), lender risk sharing, loans on homes sited on land the borrower owns, loans with low LTVs and loans on homes sited in communities that adhere to the consumer protections set forth in the Proposed Rule.**

- **No Duty to Serve credit should be given for commercial loans to communities or for acquiring communities. While the Enterprises should continue to purchase these types of loans, this should be a requirement under their multifamily goals. The Duty to Serve credit should be completely focused on**

addressing the critical challenge for consumers, which is affordable financing for manufactured homes, through a strong Enterprise secondary market for both chattel loans and loans for homes titled as real property.

A strong Underserved Markets Plan should be developed for manufactured housing financing that contains specifics about new loan products, more flexible underwriting, improved outreach to qualified seller-servicers, and reasonable volume benchmarks. This includes significantly increasing real estate manufactured home loan purchases from 2014 levels, and revisiting loan level pricing adjustments for manufactured homes sited on real estate.

These steps will help boost access to credit for many more responsible working families by helping them embrace the opportunities of homeownership, while also building wealth in underserved communities across the country.

Sincerely,

Laurence
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Checca

Executive
Director

^[1] Page 6, CFPB, *Manufactured Housing Consumer Finance in the United States*, Sept. 2014

^[ii] Page 28, GAO, *Manufactured Housing Efforts Needed to Enhance Program Effectiveness and Ensure Funding Stability*, July 2014