July 19, 2010

Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
Fourth Floor
1700 G Street, NW.
Washington, DC 20552
Submitted via www.regulations.gov and E-mail to RegComments@fhfa.gov

RE: Comments / RIN 2590-AA27
Notice of Proposed Rulemaking on Enterprise Duty to Serve Underserved Markets

Dear Mr. Pollard,

Thank you for the opportunity to provide comments on the proposed rule for the Enterprises' Duty to Serve (DTS) underserved markets. As this is the second opportunity to comment, we will keep our comments brief.

ROC USA, LLC is a national non-profit social enterprise focused on preserving and improving affordable manufactured home communities (MHC) through resident ownership. Formed in 2008, ROC USA brings expert training, technical assistance and financing to resident corporations buying and operating their communities in 34 states. ROC USA and its regional non-profit partners have enabled 104 resident corporations to acquire their MHC in nine states, preserving over 6,000 homes for their lower-income homeowners. We reach those markets historically underserved by the Enterprises.

The Under Served Markets

Homeowners in MHC fit in all three of the underserved markets addressed by DTS: manufactured housing, low-income housing and rural housing. The 2.7 million U.S. homeowners in MHC are clearly underserved under the specific terms of the DTS.

Not produced by government programs – to be included

Manufactured housing is not subsidized but they are "affordable," as is evidenced by the fact that large numbers of low-income and very low-income people own them. In fact 26% of homes owned by low-income households in rural areas are manufactured homes. (2007

ROC USA™, LLC 7 Wall Street Concord, NH 03301 603.856.0246 Fax: 603.225.7425 info@rocusa.org

Affordable Housing Study) These are naturally affordable homes, taking advantage of factory efficiency, non-inclusion of land value and density.

Manufactured homes in MHC, like its subsidized brethren, are also "at risk" of loss due to conversion to other uses, foreclosure, disinvestment, and escalation of rents. Preservation of affordable housing, as you pointed out, was not intended to be exclusively for "subsidized affordable housing." The proposed rule states that the list of housing to be served, which was included in the statute as examples, was not intended to be exclusive. We agree. However, the language of the rule limits the housing to be served to housing produced through government programs. It excludes the housing market which is naturally affordable, or which is being preserved through the efforts of private non-profits.

The language needs to include other existing affordable housing being preserved through shared-equity housing programs or other initiatives by IRS certified 501(c)(3) organizations, Treasury certified Community Development Financial Institutions, and congressionally-chartered organizations such as NeighborWorks® America and its affiliates. It also needs to recognize that, in the case of resident-owned MHC, since the loan is going to the resident group and not directly to homeowners, individual income certifications are not feasible. Income is verified by surveys with at least 75% participation.

New Business vs. Core Business

Manufactured housing financing – of the resident corporation's purchase of the land and improvements (i.e. the MHC itself) and of homes in resident-owned communities – are both current lines of business for Fannie Mae, not new business.

Commercial real estate loans for MHC purchases are not new. Resident corporation buyers can easily have access to the same product-line that investors-buyers do. As to lending on homes in communities, Fannie Mae has a $10MM program in New Hampshire's resident-owned communities. In both commercial lending and home financing, resident-owned MHC represents the core business in all three underserved markets that the Enterprises are charged with serving. The fact that they have inadequately served this market in the past does not indicate risk or a lack of safety.

Resident-owned Manufactured Home Community Lending

Resident ownership of MHC accomplishes two things, it: (1) preserves the community and its housing and protects it from redevelopment, speculation, and disinvestment; and, (2) resolves many of the consumer protection issues inherent in owning a home on leased land by aligning the interests of the community owner with those of the homeowner. Lending on the community, and on homes in the community, serves the homeowners.

Fannie Mae has had underwriting guidelines for and purchased MH community loans for years and knows the asset class well. Freddie Mac was recently preparing to launch a program.

Lending to a resident-owned corporation is "substantially similar." With a little flexibility, these programs could be helping homeowners respond to foreclosures, the CMBS crises, and the disinvestment in these communities that MH owners are experiencing despite the fact that they are paying their rents. (Of note, the 90-day tenant notice of foreclosure doesn't apply to MH community "tenants" because the law does not apply to "commercial" properties and mortgages.)

The question of lending in resident–owned communities instead of investor-owned communities isn't a safety and soundness issue as resident-owned communities may present less risk. There is less data because it is an underserved market, but data does exist that the Enterprises can use in their pricing decisions, were they to have DTS incentive to lend. This loan product would be a core business and an existing loan product, simply to a new borrower.

Single-family Lending on Manufactured Homes

Fannie Mae has purchased loans on MH in New Hampshire's resident-owned communities. In New Hampshire, MH is titled as real estate and resident ownership resolves many of the consumer protections enumerated by advocates.

While the FHFA has recognized the distinctions of homes treated as chattel versus real estate, we believe the financing risk is equivalent as long as the home is in a resident-owned community and the borrower is a member of the resident corporation. Fannie Mae has already demonstrated this risk assessment by requiring resident ownership and membership for its home-in-community single-family product in New Hampshire. With fee simple like protection for the homeowner as well as representing safety and soundness in home lending, both chattel and real estate single-family loans in resident owned communities should receive DTS credit.

The Enterprises could also get credit for supporting policy changes so that more states title homes as real property, which, as noted by the FHFA, would provide more consumer protections. Policy changes would also expand single-family lending and the infrastructure that lenders need, including: the engagement of Realtors® and development of multi-state listing services, and the involvement of appraisers and abandonment of the NADA Guide with its built-in assumptions of depreciation.

Thank you again for the opportunity to make comment.

Sincerely,

Paul Bradley, President
ROC USA, LLC