

From: L. A. Tony K [latonyk@gmail.com]

Sent: Friday, July 09, 2010 4:36 PM

To: !FHFA REG-COMMENTS

Cc: jboehlert@mfghome.org

Subject: RIN 2590-AA27

Dear FHFA Staffer,

As a member of the Manufactured Housing Institute, and on behalf of the <http://www.MHMSM.com> factory built housing industry trade journal, I am writing to seek your assistance in serving the more than 18 million Americans served by the manufactured housing industry and respectfully ask that:

1. The Federal Housing Finance Agency (FHFA) amend their recently released Enterprise Duty to Serve Underserved Markets proposed rule (75 FR32099) to include personal property lending in the duty government-sponsored enterprises (GSEs) have to serve the manufactured housing market

The manufactured housing industry serves a vital segment of the housing market. Since 1989, it has accounted for 21 percent of all new single family housing sold in the United States. A significant portion of this is in the form of affordable housing, specifically:

- In 2009, 43 percent of all new home sales under \$150,000 and 23 percent under \$200,000
- 73 percent of manufactured households earn less than \$50,000
- 45 percent of manufactured housing borrowers earn 80 percent or less of Area Median Income (AMI)

Originally established to enhance the availability, efficiency and transparency of capital in targeted, economic sectors, including housing, and to reduce the cost of credit in these sectors, government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac have had done little to support the manufactured housing market. In fact, less than one percent of their business comes from manufactured housing.

In order to increase the liquidity of mortgage investments and improve the distribution of investment capital available for mortgage financing, Congress (through HERA) specifically established a duty for the GSEs to serve underserved markets, including manufactured housing.

This service included developing loan products, flexible underwriting guidelines and a secondary market for mortgages. Congress further specified that FHFA, in assessing GSE fulfillment of this duty to serve obligation, consider loans secured by both real and personal property.

In its proposed rule, FHFA—contrary to Congressional intent—has indicated it will only consider manufactured homes loans secured by real property for purposes of evaluating whether GSE are conforming to their duty to serve the manufactured housing market requirement.

More than 60 percent of manufactured home owners have relied on a personal property loan in order to finance their home purchase. It is exceptionally difficult to faithfully serve any market if more than half of it is excluded from consideration.

I would also add that manufactured housing, being a federally regulated industry, should not be harmed by the actions or inactions of its regulators and the various departments of the federal government.

It is for these reasons I urge the FHFA:

1) amend the proposed rule to consider personal property lending in GSE's duty to serve manufactured housing.

Thank you for your consideration of this request.

Sincerely,

Tony Kovach - Editor and Publisher, www.MHMSM.com
tony@mhmsm.com

PS: Many in our industry have lost everything over the challenge of a lack of financing. Factory built housing is an industry that creates and sustains jobs in the United States, and that is very much needed! As an editor for an Industry trade journal, I can tell you that this is perhaps the single most important topic our industry members are concerned about - financing availability to retail customers.

July 9, 2010

Dear FHFA Staffer,

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Catherine Frenzel – Associate Editor, MHMSM.com

catheine@mhmsm.com

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07.22.2010

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency.
Fourth Floor.
1700 G Street, NW. Washington DC 20552

Comments/RIN 2590-AA27 The "Duty to Serve"

Dear Mr. Pollard,
Having reviewed some comments by others on the topic of the Duty to Serve Underserved Markets, I wanted to add to my previous comments filed with your office via email.

Yesterday, our trade journal published an interview with the Honorable Congressman Walter Jones, R-NC.

<http://www.mhmarketingsalesmanagement.com/blogs/industryvoices/an-mhmsm-com-industry-in-focus-interview-report-with-the-honorable-congressman-walter-jones-r-nc3/>

Among the points that Congressman Jones made in his interview was the need for viable financing of manufactured homes. It was obvious that he has personally taken to them to see the homes first hand and to talk to manufactured home owners. Thus it is telling that his statements are positive about the homes, the Industry and the need for regulators to honor the intent of Congress in making legislation such as the "Duty To Serve" underserved markets, which included the manufactured housing industry. This legislation was passed for a variety of reasons, among those the importance to current manufactured home owners, those who wish to buy manufactured homes, and those who are employed in this industry.

We have some 30,000 readers on our www.MHMSM.com trade journal's website each month and those numbers are growing. Our subscriber lists demonstrates that these include owners, managers, executives, association leaders, but also the 'rank and file' among the 500,000 people employed by this industry.

There are about 20,000,000 manufactured home owners in the U.S. today. As Hometown America's Greg O'Berry expressed:

<http://www.mhmarketingsalesmanagement.com/blogs/industryvoices/gses-duty-to-serve/>

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among those negatively impacted by a proper implementation of the Duty to Serve provisions are those current millions of manufactured home owners.

But in addition to all those are the tens of millions who desire home ownership, but even if they would otherwise qualify, are unable to purchase due to the current lack of chattel financing. Even the land/home mortgage programs that are currently implemented by the GSEs or under FHA Title II programs provide an unlevel playing field, due to restrictions in how manufactured homes are appraised, the comps that must be used, and more factors that can discourage the sale of new or resales of manufactured homes.

Since June 15, 1976, the federal government has regulated the construction of manufactured homes, commonly known as the HUD Code. The entire concept behind the code was designed to encourage performance on par with conventional construction. Given the updates to the HUD Code, the routine inspections that are performed, insurance performance which demonstrates quality equal or superior to conventional housing, and studies that demonstrate the quality and durability of our Industry's homes, one must ask: why is there an uneven treatment of manufactured homes by the federal government in the area's of finance? Who benefits from that unlevel playing field?

The answer suggested at times by officials is that the loan performance isn't the same. It is obvious that if you are serving entry level home buyers that this may indeed be the case, due in part to their socio-economic conditions. But it is also true that there are lenders who are profitably and successfully making these loans. It is also true that those lenders who service customers with higher credit scores have portfolios that are performing very successfully. The point is that the concern can be addressed! The point also is that it isn't the home, it is other factors – ***and part of those other factors are the very complexities of resale caused by a lack of retail financing.*** To make financing less available and more difficult, to create artificial barriers for lenders to enter the market that are not required of other lenders with other homes creates a scenario that leads to lower performance! In short, it is in some measure the programs themselves and how they bar or make more difficult the home products financing that creates the issues that are then used as excuses to not make more such loans in the first place.

To rephrase the above, proper program implementation that treats manufactured homes as other conventional homes are treated with regards to financing is warranted. This will benefit current manufactured home owners, current manufactured home businesses and some 20.5 million people in the process, not to mention the millions more who would purchase our Industry homes if the financing playing field were level and equitable.

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Many in the manufactured housing industry are so busy trying to survive, that they are trapped in routines that often keep them from responding to such calls for comments as *Comments/RIN 2590-AA27*. Knowing this reality, state and national associations attempt to fill the gap with their own comments, while encouraging as many industry rank and file to comment as possible.

Congress may pass favorable laws. But among those I speak with or get messages from, many think the federal government's regulators will never give our industry a fair shake.

That is a tragic perspective.

But it also explains why some would love for government relief to take place, in the form of a positive outcome on this DTS issue, and yet they feel they are wasting their time in even writing. They think their pleas and arguments will fall on deaf ears. They are fatigued after a decade of efforts. They have watched 200,000 jobs and thousands of businesses like theirs vanish. They've watched over 150 manufactured home building facilities close. They wonder when the shoe will drop on them.

And yet, there are hundreds of Congressman such as Walter Jones, Joe Donnelley and others who understand the value of our Industry's product, and support the Industry with legislation that offices like yours are then expected to properly implement.

Good government is in everyone's interest. When government officials truly partner with private enterprise, then business growth is the result. When government officials – however well meaning they may be – fail to respond to an Industry such as ours, then we not only lose jobs and see more closures of businesses but also penalize millions of taxpayers from coast to coast who own manufactured homes and those who would but can't get the financing!

The issues are complex to some, but to me, it is simple. Given a level playing field in home financing, this industry will supply millions of Americans with good homes for good people! Without the financing, millions will be harmed.

It is in your hands and those of your associates to level the playing field. Any obstacle you mention can be addressed successfully. Give American workers American jobs to build quality homes for Americans! Thank you for your consideration and respectfully submitted by

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