

From: Jerry Vogeler [jerryvogeler@pie.midco.net]
Sent: Thursday, July 22, 2010 2:48 PM
To: !FHFA REG-COMMENTS
Subject: FHFA Duty to Serve

July 22, 2010

Dear FHFA Staffer,

The manufactured housing industry plays a key role in providing housing in South Dakota. Our members take pride in helping many hard working South Dakotans obtain a house. As you know, manufactured housing (mobile homes) is where many South Dakota families make their home. Many good things come from homeownership.

In South Dakota, the manufactured housing industry is represented by the SD Manufactured Housing Association. Our membership includes lenders, factories, retail dealers, manufactured housing communities, and service and supplier companies. We join with our national trade association, Manufactured Housing Institute, and seek your assistance in serving the more than 18 million Americans served by the manufactured housing industry.

We respectfully ask that The Federal Housing Finance Agency (FHFA):

1. 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 your 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 FHFA's proposed rule—contrary to Congressional intent—FHFA 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.

We would also add that manufactured housing, being a federally regulated industry, should not be harmed by the actions or inactions of its regulators. It is for these reason we urge FHFA:

- 1) to amend your proposed rule to consider personal property lending in GSE's duty to serve manufactured housing;
and
- 2) inform us of your decision to this request.

Thank you for your consideration of this request. The outcome of this request will be very important to many South Dakota citizens who can afford a manufactured home but lack the resources to have a traditional built home.

Sincerely,

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