



# VALLEY OAKS PARK

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July 19, 2010

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

Re: RIN 2590-AA27

Dear Mr. Pollard:

**On behalf of Valley Oaks Park, a mobile home community in Fallbrook, California, please consider these formal comments in response to the Enterprise Duty to Serve Underserved Markets Notice of Proposed Rule Making and Request for Comments (RIN 2590-AA27) released June 7, 2010.**

**Valley Oaks Park has a special problem in the current economic climate. In 2007 our Park was devastated by a wildfire which destroyed half the homes in the Park. Thanks to good insurance and excellent management, the infrastructure of the Park was restored in record time. However, although many good people of limited means would like to purchase properties and bring them to our Park, there is very little money available for mortgages on mobile homes. We offer a safe environment in a beautiful setting, as you can see from our website [www.valleyoakspark.com](http://www.valleyoakspark.com).**

In developing regulatory guidelines to implement duty to serve provisions outlined in the Housing and Economic Reform Act of 2008 (HERA; P.L. 110-289), initial rules developed by the Federal Housing Finance Agency (FHFA) do not fully reflect congressional intent on the duty government-sponsored enterprises (GSEs) have to serve the manufactured housing market.

HERA tasked the GSEs with developing loan products, flexible underwriting guidelines and a secondary market for mortgages for very low-, low- and moderate- income families for three underserved markets: 1) manufactured housing; 2) rural housing; and 3) affordable housing. Congress further specified that FHFA, in considering whether GSEs have fulfilled their duty to serve obligation, consider loans secured by both real and personal property.

In its proposed rule, FHFA indicates it will consider only manufactured homes loans secured by real property for purposes of the duty to serve the manufactured housing market requirement. We

feel this decision misinterprets legislative intent as well as industry realities with respect to the prevalent role personal property lending plays in the manufactured housing market.

The manufactured housing industry serves a vital segment of the housing market. In fact, since 1989, manufactured housing 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 were manufactured homes
- 73 percent of those living in manufactured housing earn less than \$50,000
- 45 percent of manufactured housing borrowers earn 80 percent or less of Area Median Income (AMI)

More than 60 percent of manufactured home owners have relied on a personal property loan in order to finance their home purchase. FHFA's initial decision to exclude personal property lending considerations from the GSE's duty to serve obligation effectively eliminates more than half the market that relies on manufactured housing.

While the charters of Fannie Mae and Freddie Mac have always allowed for the purchase of personal property loans, they represent only one percent of all loans purchased by the GSEs. Congress recognized this reality, and through, HERA provided FHFA the authority to consider loans secured by both real and personal property in assuring GSEs dutifully serve the needs of the manufactured housing market.

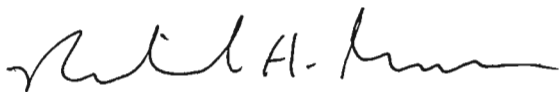
While we appreciate the concerns raised by FHFA to ensure GSEs remain viable economic institutions and that adequate consumer protections are in place. FHFA and the GSEs have an obligation to serve manufactured housing and the 18 million Americans that currently reside in manufactured homes. The manufactured housing industry stands ready to address personal property lending issues identified by FHFA in the proposed rule in a substantive and productive manner.

**However, the decision to potentially eliminate personal property lending from GSE duty to serve requirements not only fails to serve the underserved manufactured housing market; it fails to serve the larger underserved affordable housing and rural housing markets.**

**It is for these reasons FHFA is urged to amend its proposed rule to also consider manufactured home loans secured as personal property towards the Enterprise duty to serve requirement.**

Thank you for your consideration of these comments.

Sincerely,



Richard H. Grossman  
Managing Partner