



Manufactured Housing Association for Regulatory Reform

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VIA FEDERAL EXPRESS

Hon. Sandra L. Thompson
Director
Federal Housing Finance Agency
Constitution Center
400 7th Street, S.W.
Washington, D.C. 20219

Re: Manufactured Housing – Duty to Serve Underserved Markets

Dear Director Thompson:

As you know, the Manufactured Housing Association for Regulatory Reform (MHARR) is a Washington, D.C.-based national trade organization representing the interests of independent producers of federally-regulated manufactured housing.

Unfortunately, I am compelled to write you once again regarding an ongoing devastating and inexcusable failure of both Fannie Mae and Freddie Mac within the manufactured housing consumer financing market, that we have met about and discussed many times in the past, but which remains unresolved, unaddressed and, frankly, ignored and more damaging than ever for lower and moderate-income Americans.

Specifically I am referring to the ongoing, continuing and total failure of both Fannie and Freddie to implement the statutory Duty to Serve Underserved Markets (DTS) with respect to the dominant personal property financing sector of the manufactured housing market. FHFA's recently published (April 2024) "2023 Housing Mission Report" and your subsequent testimony at an April 18, 2024 Senate oversight hearing, were both extremely disappointing, insofar as it appears from both such sources that FHFA -- as the federal regulator of Fannie Mae and Freddie Mac -- has decided to turn its back on the Duty to Serve and allow both of the Government Sponsored Enterprises (GSEs) to ignore that statutory duty altogether, particularly with respect to manufactured housing personal property financing. This is especially significant given that the most recent available U.S. Census Bureau data (2022), shows that 73% of all manufactured home placements are titled as personal property, as contrasted with only 21% titled as real estate (This measure, moreover, which corresponds with financing types, is consistent with data going back to 2009, which shows that the average historical proportion of manufactured homes financed as personal property is just over 76%).

Notwithstanding the overwhelming dominance of personal property financing within the manufactured home consumer financing market – and the access to the industry’s most affordable, non-subsidized mainstream homes that it provides for lower and moderate-income American consumers -- neither Fannie Mae nor Freddie Mac, in the nearly twenty years that have passed since the adoption of DTS, have ever provided any securitization or secondary market support for such loans. And this is despite the direct authorization contained in the Housing and Economic Recovery Act of 2008 (HERA) for manufactured housing personal property loans to be included within the implementation of DTS.

At a time when housing affordability is at an all-time low, with even FHFA admitting, in the aforesaid 2023 Housing Mission Report, that “homebuyers and renters alike faced difficulties in acquiring homes they could afford,” it is both astounding and extremely disappointing that the same report devotes just a page-and-a-half to “Manufactured Housing Initiatives” and, even worse, demonstrates that Fannie and Freddie, to date, have done exactly nothing to implement DTS for the vast bulk of mainstream manufactured home purchasers who rely on personal property financing.

With this ongoing inexcusable failure for nearly two decades following the enactment of DTS, Fannie, Freddie and FHFA are complicit in continuing to deny equal, equitable, non-discriminatory treatment to purchasers of mainstream manufactured homes financed as personal property -- including significant numbers of purchasers from minority communities (according to Consumer Financial Protection Bureau data) -- who continue to be forced to pay higher-than-necessary and arguably predatory-level interest rates on such personal property loans specifically due to the lack of Fannie Mae and Freddie Mac securitization and secondary market support under DTS. Indeed, Congress was fully aware of this nearly twenty years ago, and that is why DTS was included in HERA in the first place.

Director Thompson, the time for talk and meaningless displays regarding DTS implementation is long past. DTS, including support for manufactured housing personal property loans is law and must be enforced to require the market-significant support of manufactured home personal property loans now. Without such action, FHFA is not only failing to help alleviate the current affordable housing crisis, but is actually contributing to it and, together with Fannie and Freddie, is causing a manufactured housing availability bottleneck that is incredibly detrimental to Americans in need of affordable housing.

If you deem the DTS law to be unclear or not sufficiently robust to compel the needed action by Fannie and Freddie, then FHFA can ask Congress for further clarification or authority, and indeed you clearly had the opportunity to do so when you were before Congress on April 18, 2024, but you did not.

The non-implementation of DTS with respect to the vast bulk of mainstream manufactured home consumer loans represented by personal property notes is handicapping the industry – which saw significantly reduced production levels in 2023 – from helping solve the nation’s housing crisis for those who seek truly affordable homeownership. This needless stasis is a disservice to millions of Americans and must be remedied. Therefore, we will contact your office soon to schedule a meeting that should include senior representatives of both Fannie Mae and Freddie Mac in order to seek a resolution of this matter once and for all.

Sincerely,

Mark Weiss
President and CEO

cc: Hon. Adrienne Todman, Acting Secretary, HUD
Hon. Julia Gordon, Federal Housing Commissioner
Hon. Sherrod Brown, Chairman Senate Banking, Housing and Urban Affairs Committee
Hon. Tim Scott, Ranking Member, Senate Banking, Housing and Urban Affairs Committee
Hon. Patrick McHenry, Chairman, House Financial Services Committee
Hon. Maxine Waters, Ranking Member, House Financial Services Committee
HUD Code Manufactured Housing Industry Members