



# Manufactured Housing Association for Regulatory Reform

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## **MHARR ISSUE ANALYSIS: THE OMISSION OF THE “DUTY TO SERVE” MANUFACTURED HOME CONSUMER FINANCING FROM PENDING HOUSING LEGISLATION MUST BE CORRECTED**

APRIL 27, 2026

The availability and cost of consumer financing – and particularly interest expense – are crucial components of the affordability of any home, but most especially federally-regulated manufactured homes, which primarily serve a consumer population of lower and moderate-income purchasers. The question arises, then – why does currently-pending “housing” legislation in the U.S. Senate (i.e., the ROAD to Housing Act) and U.S. House of Representatives (i.e., the Housing for the 21<sup>st</sup> Century Act) -- supposedly targeted at increasing the availability of homeownership for Americans at all income levels, including federally-regulated manufactured housing -- totally ignore and fail to address or remedy the long-term refusal of federal mortgage giants Fannie Mae and Freddie Mac (and their federal regulator the Federal Housing Finance Agency – FHFA) to implement the statutory Duty to Serve Underserved Markets (DTS) mandate within the market-dominant manufactured housing chattel (or personal property) consumer financing sector? This question will be examined in detail, with specific facts, below. Suffice it to state, however, that those bills, in their current state, are fatally deficient in that they are written to promote and benefit certain more costly high-end manufactured home models, while doing little or nothing to promote the availability and/or affordability of mainstream manufactured housing for American consumers.<sup>1</sup>

It is, of course, a truism that regardless of the inherent “affordability” of a home (or any other large-scale product), if the potential (or expected) consumer of that product cannot obtain financing to permit its purchase – or can only obtain financing under terms that are unduly onerous, predatory, or de facto exclusionary – then the subject home or product is not truly “available” to that consumer population or “affordable” in practical (i.e., market-relevant) terms. Thus, inherent product “affordability,” in and of itself, is not a guarantee of practical affordability at the consumer level, but is instead dependent, among other things, upon the availability of consumer financing that is correspondingly both affordable and readily/reasonably obtainable. Put differently, consumer financing availability and affordability is an inherent and crucial component of consumer-level affordability and availability for any home or type of home.

This concept applies with particular force to the manufactured housing market, which serves – and is specifically designed to serve – the affordable housing needs of lower and

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<sup>1</sup> Other key failures of the pending bills – (1) to effectively address and end discriminatory local zoning exclusion of manufactured homes; and (2) prevent the imposition of discriminatory and draconian federal energy regulations on manufactured homes, will each be addressed in forthcoming detailed analyses.

moderate-income purchasers who otherwise would be totally excluded from homeownership, together with the multiple socio-economic benefits of homeownership. So profound is this fundamental market role and position of manufactured housing -- and its indisputable correlation to both tangible and intangible socio-economic benefits -- that manufactured housing affordability, per se, is affirmatively mandated by federal law.

Specifically, in the National Manufactured Housing Construction and Safety Standards Act of 1974 (42 U.S.C. 5401, et seq.) – the first federal law to address and mandate comprehensive “federal superintendence” of the manufactured housing industry -- Congress provided that federal manufactured housing construction and safety standards must “consider the probable effect” of any “such standard on the cost of the manufactured home to the public.” (42 U.S.C. 5403(e)(4)). Further, and even more importantly, the entire structure of that law, with its parallel mandates for:

- (1) uniform federal standards;
- (2) uniform federal enforcement; and
- (3) the federal preemption of state and local mandates that differ from the federal standards,

was designed to promote cost savings in the construction, delivery and placement of manufactured homes to ensure their fundamental affordability, which would then be passed-along to consumers through lower retail prices.

Subsequently, in the Manufactured Housing Improvement Act of 2000 (2000 Reform Law), Congress made this affordability mandate even more specific and comprehensive in scope, unequivocally stating that the purposes of that law, among other things, were to:

- “(1) Protect the quality, durability, safety and affordability of manufactured homes;
- (2) Facilitate the availability of affordable manufactured homes and to increase homeownership for all Americans; [and] ...
- [(3)] Ensure that the public interest in, and need for, affordable manufactured housing is duly considered in all determinations relating to the federal standards and their enforcement.”

(42 U.S.C. 5401 (b)(1-2,8)) (Emphasis added).

From this statutory language it is – and should be – evident that Congress, in enacting both the original 1974 federal manufactured housing law and the 2000 Reform Law, was determined to ensure and, ultimately, preserve the fundamental, inherent affordability of manufactured housing regulated thereunder by the U.S. Department of Housing and Urban Development (HUD). This clear congressional purpose and elemental statutory mandate must be considered – and given due deference – by and in all subsequent legislation (and regulations) affecting or relating to federally-regulated manufactured housing. Put differently, subsequent legislation affecting manufactured housing should – and must – recognize, preserve and build upon the essential statutory directive that manufactured housing is to be – and is to remain – affordable housing. Conversely, and by the same

logic, subsequent legislative enactments cannot, should not -- and must not -- undermine or diminish that inherent affordability. Bringing this same reasoning to the broader concept of practical “affordability” -- including consumer financing as noted above -- any new legislation, including but not limited to the two bills currently pending in Congress, therefore, should -- and must -- be consistent with and advance the consumer-level affordability of manufactured housing.

After the enactment of the 2000 Reform Law, Congress *did* enact legislation designed to bring this broader concept of affordability to the manufactured home consumer financing market. Specifically, Congress adopted the DTS mandate as part of the Housing and Economic Recovery Act of 2008 (HERA). That provision states, in relevant part:

“ ... [E]ach enterprise [i.e., Fannie Mae and Freddie Mac] shall provide leadership to the market in developing loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages for very low-, low-, and moderate-income families with respect to the following underserved markets: (A) Manufactured housing -- The enterprise shall develop loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages on manufactured homes for very low-, low-, and moderate income families. \*\*\* In determining whether an enterprise has complied with the duty under subparagraph (A) of subsection (a)(1), the FHFA Director may consider loans secured by both real and personal property.”

(12 U.S.C. 4565(a)) (Emphasis added).

As written and enacted by Congress, the DTS mandate is entirely consistent with -- and, consistent with the foregoing analysis, builds upon -- the fundamental statutory affordability mandate of the 2000 Reform Law, by requiring Fannie Mae and Freddie Mac to provide support for the availability and affordability of manufactured home consumer loans, including loans on homes titled as both real estate and personal property (i.e., chattel loans). Such DTS facilitation of the manufactured home consumer lending market, in the form of securitization and secondary market support, as demonstrated by previous MHARR analyses, is essential to maximizing manufactured home consumer loan availability and affordability by:

- (1) reducing lender risk and, thereby, reducing interest rates on such loans;
- (2) promoting greater competition within the manufactured housing consumer financing market than currently exists;
- (3) incentivizing new market entrants, thereby further reducing interest rates through enhanced competition; and
- (4) enabling primary lenders to originate more such loans by offloading credit risk.

Fundamentally, then, full DTS implementation, across the entire spectrum of manufactured home consumer loans -- specifically including chattel loans -- is essential to the support the greater availability of affordable housing and homeownership in the United States.

In the nearly twenty years that have elapsed since the DTS mandate was enacted, though, exactly zero manufactured home chattel loans have been provided securitization or secondary

market support by either Fannie Mae or Freddie Mac, and neither Enterprise has adopted or even seriously proposed a program for the support of such loans on an ongoing (flow) basis pursuant to DTS. Consideration of any such type of program has continually been delayed and postponed, first by claims that the Enterprises “needed more information” concerning chattel loan performance, then needed more time to “study” or analyze that information once provided, and ever since, has been totally ignored. Meanwhile, FHFA, for its part, has either rationalized, excused or ignored the Enterprises’ ongoing defiance of DTS and the express mandate of Congress regarding manufactured home consumer financing – all to the profound and continuing detriment of American consumers of affordable housing.

Put simply, the Enterprises’ total failure to serve the manufactured housing chattel consumer financing market pursuant to DTS – which represents +/-80% of the entire HUD Code manufactured housing market (since 2014 per U.S. Census Bureau data)<sup>2</sup> – is effectively indistinguishable from a total failure to serve the affordable manufactured housing consumer financing market as a whole. Indeed, the market, industry and consumer impacts of this blatant refusal to implement and comply with the express letter and purpose of the DTS mandate have been – and continue to be – devastating, as amply demonstrated by data from multiple sources.

According to the 2026 Economic Report of the President, the United States currently faces a shortfall of 10 million affordable single family homes. With a total industry production level of 102,738 homes in 2025 (with average year-over-year growth of only 2.1% since 2020), the manufactured housing industry, then – despite a significantly lower per unit cost (i.e., a structural price average of \$123,300 for all manufactured homes in 2024 as compared with a structural price average of \$405,939 for a site-built home)<sup>3</sup> – met only 1.02% of that national demand.

Given the *strong* demand for affordable housing and homeownership reflected by the 10 million home shortfall rate, and the significantly lower structural cost of manufactured housing when compared to site-built housing (i.e., an average manufactured housing price that is just 30.3% of the average structural cost of a site-built home – less land costs), the key resulting policy question is why mainstream manufactured housing production and utilization continues to lag far behind other less affordable types of homes. While the answer is multi-faceted and includes the extreme negative impacts of discriminatory zoning exclusion (an MHARR analysis of which will be forthcoming), a significant part of the answer is the failure to implement DTS within the manufactured housing chattel consumer lending market. And yet, neither of these two major industry bottlenecks are significantly addressed and/or rectified in the two currently-pending “housing” bills.

The failure to implement DTS within the market-dominant chattel sector of the mainstream manufactured housing consumer lending market has left such lending concentrated predominantly in the hands of just a few portfolio lenders with the economic resources to originate, retain and service such loans on a “portfolio” basis. Combined with the de facto collapse and effectively moribund status of the Federal Housing Administration’s (FHA) Title I (chattel) manufactured

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<sup>2</sup> See, U.S. Census Bureau, Cost and Size Comparisons: New Manufactured Homes and New Single-Family Site-Built Homes, 2014-2024.

<sup>3</sup> Id. 2024 is the most recent year for which annual price data is currently available.

housing program,<sup>4</sup> the long-term failure to implement DTS has essentially resulted in a quasi-monopoly structure within the manufactured housing chattel consumer lending sector. This, in turn, has sustained higher interest rates for such loans than would otherwise exist within a fully or even moderately-competitive market with the type and scope of secondary market and securitization support that Fannie Mae and Freddie Mac routinely provide within the site-built housing consumer financing market.

The principal beneficiaries of this quasi-monopoly – or oligopoly – market structure, have principally been two lenders, 21<sup>st</sup> Mortgage Corporation and Vanderbilt Mortgage Corporation, both affiliated with the industry’s largest corporate conglomerate, Clayton Homes, Inc. (Clayton) and its corporate parent, Warren Buffett’s Berkshire Hathaway Corporation. In the absence of DTS market support, these lenders have access to the cash resources to maintain large numbers of manufactured home chattel loans on portfolio, while large numbers of other potential lenders either limit or refrain from manufactured home lending altogether.

The primary victims of the Enterprises’ failure to implement DTS, meanwhile, are non-Clayton manufactured housing producers, smaller manufactured housing industry businesses, and manufactured housing consumers writ large. Within the industry, higher-than-necessary consumer interest rates suppress production and sales, resulting in fewer industry participants and lower/weaker economic returns for participants that remain. The same economic impacts have also fueled a wave of manufactured housing industry consolidation (via acquisitions and otherwise) – particularly within the manufacturing sector – in recent years, which has itself resulted in diminished competition, diminished consumer choices and inflationary price pressures. For consumers, suppressed production and sales means fewer affordable housing opportunities and higher housing costs, or worse, total market exclusion.

The destructive market impact of higher-than-economically-necessary interest rates on manufactured home chattel loans cannot be over-emphasized. In a recent media report, a National Association of Realtors (NAR) economist stated:

“Nationally, a 1 [%] drop in mortgage rates can expand the pool of households who can qualify to buy [a home] by about 5.5 million households, including about 1.6 million renters who could become first-time buyers. Not all of those 5.5 million households will buy a home, but ... about 10 percent typically do. That could translate into about 500,000 additional sales [annually].”<sup>5</sup>

(Emphasis added). It would be absurd to believe that in an even more price-sensitive market, such as that for mainstream manufactured housing, that rising and higher-than-necessary interest rates would have any less impact than they do in the site-built market. It stands to reason, therefore, based on the foregoing NAR analysis, that a 1% interest rate change within the manufactured housing market – given its greater price sensitivity – would have an even more pronounced impact on the number of consumer households that could qualify for and obtain financing, particularly

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<sup>4</sup> See, July 27, 2022, Government National Mortgage Association Request for Input – Title I Manufactured Housing Program, at p. 3, stating that Title I originations have “trended downward since 2009” and “today [have] become negligible.”

<sup>5</sup> See, Newsweek, April 15, 2026, “Housing Market Gets Worrying Forecast for 2026.”

within the dominant chattel financing market. Consequently, the NAR baseline of 500,000 new consumer households for every 1% drop in interest rates would likely be even higher (i.e., at a higher ratio) within the HUD Code manufactured housing market.

At present (April 2026), the average interest rate for a 30-year fixed-rate mortgage on a site-built home is approximately 6.4%. By contrast, interest rates for manufactured home chattel loans are currently between approximately 11 and 12%. Consequently, in the absence of DTS support, manufactured home chattel loan interest rates from portfolio lenders are approximately double those of site-built home mortgages. Applying the NAR metric to this differential, the higher interest rates within the manufactured housing chattel market are costing the industry at least 3 million potential purchaser households each year and, given the extra price sensitivity of lower and moderate-income consumers within the manufactured housing market, the actual number of excluded or price-limited households is, in all likelihood, significantly higher.

While the differing risk and term profiles of the chattel lending market would mean that manufactured home chattel loan interest rates would remain higher than those for 30-year fixed-term site-built mortgages even with the full implementation of DTS, such implementation, would nevertheless inevitably (for the reasons noted above) reduce interest rates on manufactured home chattel loans below their current levels and thereby significantly decrease the differential between site-built mortgage interest rates and current manufactured home chattel loan rates. Even if that spread were reduced by just half of the current baseline – i.e., a 3% interest spread, or a baseline of 1.5 million additional potential consumer households per year – the impact for both consumers and a national manufactured housing industry that has averaged just over 100,000 new homes produced per year since 2020,<sup>6</sup> would be extremely positive. Moreover, once the additional price sensitivity of the manufactured housing market was factored into these statistics, the increase in market potential, sales and production would be even greater.

However, both the Enterprises and FHFA have ignored and continue to ignore the DTS directive as it relates to the chattel lending segment of the mainstream manufactured home consumer lending market. With no sign, signal, or indication that either the Enterprises or FHFA are poised to change this destructive status quo in the near-term for both the manufactured housing market and the availability of affordable housing and homeownership for Americans, it is impossible to fathom why the housing bills currently pending in Congress do not even seek to rectify this blatant failure. While the House bill does contain provisions relating to “small-dollar” mortgages, those provisions are not synonymous with a mandate to fully implement DTS across all segments of the mainstream manufactured housing consumer financing market.

As a result, MHARR has prepared – and submitted to Congress for potential inclusion in the pending housing legislation – language that would make DTS implementation within the manufactured housing chattel sector not merely authorized, but mandatory. While MHARR has long maintained that DTS chattel is effectively mandatory within the DTS statute as currently drafted, given the market-dominant position of the chattel sector, that position has been recklessly undermined by the Manufactured Housing Institute (MHI), with its Chief Executive Officer, Ms. Lesli Gooch, stating at a July 18, 2023 FHFA Duty to Serve “listening session,” that “... the Duty

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<sup>6</sup> I.e., an average of 101,377 new homes per year according to HUD annual production statistics.

to Serve statute does not require Fannie and Freddie to purchase [manufactured housing] personal property loans, but does say explicitly that they – quote – may ‘consider’ such loans....” (MHI DTS Statement). If MHI had believed this to be correct and accurate, it should have acted to ensure that the pending bills would definitively resolve and correct this failure. Yet it has not done so. As a result, it is essential that the DTS statute be amended to leave no doubt – and no room whatsoever for argument, debate or avoidance – that the chattel sector of the manufactured housing market, representing nearly 80% of the entire HUD Code consumer financing market must be served by the Enterprises in a market-significant manner.

Given this failure by MHI, the statutory amendment submitted to Congress by MHARR on September 2, 2025, would expressly direct Fannie Mae and Freddie Mac to serve the manufactured home consumer lending chattel sector under DTS. The MHARR-proposed amendment, therefore, states:

“Amend section 12 U.S.C. 4565(a)(1)(A) as follows: ‘The enterprise shall develop loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages on manufactured homes for very low-, low-, and moderate-income families. Such mortgages shall include loans secured by manufactured homes titled as real property and by manufactured homes titled as personal property.’

Amend section 12 U.S.C. 4565(d)(3) as follows: ‘(3) Manufactured housing market – In determining whether an enterprise has complied with the duty under subparagraph (A) of subsection (a)(1), the Director [of FHFA] shall consider loans secured by both real and personal property.’”

(Emphasis in original) (Underlining denotes new statutory language being added). The addition of this language to the DTS mandate would make it abundantly and unmistakably clear that the “manufactured housing market” within the context of DTS means the **whole manufactured housing market**, in market-significant proportions.

The current failure of the pending housing bills to address this principal and fundamental bottleneck for both the manufactured housing industry and American consumers of affordable housing, particularly in view of the MHI DTS Statement, is inexcusable and must be remedied. MHARR, therefore, again calls on MHI and on Congress to respectively support and adopt changes that are essential to securing the full benefits of the Duty to Serve within the affordable, mainstream manufactured housing market for American consumers of affordable housing.

The Manufactured Housing Association for Regulatory Reform is a Washington, D.C.-based national trade association representing the views and interests of independent producers of federally-regulated manufactured housing.



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## **THE TREATMENT OF HUD-REGULATED MANUFACTURED HOUSING IN PENDING FEDERAL HOUSING LEGISLATION RAISES SERIOUS QUESTIONS**

APRIL 12, 2026

1. Both pending housing bills -- the ROAD to Housing Act in the Senate and the Housing for the 21<sup>st</sup> Century Act in the House of Representatives – contain provisions relating to federally-regulated manufactured housing which raise serious questions for the industry and consumers.
2. Both bills would make optional the current statutory mandate that “manufactured homes” be built on a “permanent chassis.” This modification, which MHARR supports, was first raised by MHARR in 1990, in the context of an earlier amendment to the National Manufactured Housing Construction and Safety Standards Act of 1974, which the Manufactured Housing Institute (MHI) ultimately failed to support at that time, as well as the U.S. Department of Housing and Urban Development (HUD).
3. Neither current bill, however, would resolve, the two primary bottlenecks that have suppressed the production and availability of affordable, mainstream manufactured housing for at least two decades – i.e., (1) discriminatory zoning exclusion; and (2) the failure of federal mortgage giants Fannie Mae and Freddie Mac to implement the statutory “Duty to Serve” (DTS) mandate with respect to personal property or “chattel” consumer financing for manufactured home purchases. MHARR has prepared and provided Congress with proposed amendments to address both matters, but those amendments, to date, have not been included in either bill.
4. Neither bill would definitively withdraw the destructive May 31, 2022 U.S. Department of Energy (DOE) “energy conservation” standards for manufactured housing. A bill filed by Rep. Erin Houchin (R-IN) which would have repealed both the May 31, 2022 DOE standards and the EISA energy standards mandate, has been replaced with much less definitive language. This language, merely requiring any such standard to be approved/or “adopted” by HUD would do little or nothing to stop an administration focused on “climate change” as a top priority. Similarly, mandating new manufactured home “energy conservation” standards within one year of enactment is unnecessary and would needlessly increase the acquisition cost of manufactured homes, while excluding even more potential consumers from the market.
5. Instead of definitively resolving these key issues for the benefit of the entire industry and consumers, the bills appear to focus on (1) promoting certain higher-end, higher-cost manufactured home models; (2) promoting and advancing the status and utilization of modular homes which compete with certain segments of the manufactured housing market; and (3) as a consequence of points 1 and 2, increasing the purchase cost baseline for all manufactured homes.
6. Put differently, by promoting the utilization of higher-cost manufactured home models and modular homes (which exceed the average purchase cost of a new HUD Code manufactured home), the proposed changes will push the entire market toward higher price levels, which will exacerbate consumer market exclusion, which already stands at unacceptable levels.
7. Further, by undercutting the affordability of the lower-cost portion of the manufactured housing market, the proposed changes will likely result in further consolidation of the industry and production, leading to a reduction in competition and additional pressure for higher price levels and the potential future disappearance of federally-regulated manufactured housing.

[www.manufacturedhousingassociation.org](http://www.manufacturedhousingassociation.org)

*Preserving the American Dream of Home Ownership Through Regulatory Reform*



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# MHARR

# NEWS

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## THE OMISSION OF THE DUTY TO SERVE FROM PENDING HOUSE AND SENATE HOUSING BILLS MUST BE CORRECTED

**Washington, D.C., April 27, 2026** – The Manufactured Housing Association for Regulatory Reform (MHARR) is today publishing the first of several detailed analyses (copy attached) based upon its April 13, 2026 one-page summary (copy also attached) of fundamental and potentially serious questions for the manufactured housing industry – and manufactured housing consumers – raised by the housing bills currently pending in the U.S. Senate (the ROAD to Housing Act) and the U.S. House of Representatives (the Housing for the 21<sup>st</sup> Century Act).

This must-read in-depth analysis addresses one of the two major post-production bottlenecks which have suppressed the growth and expansion of the manufactured housing industry (thereby contributing to the nation’s unprecedented shortage of affordable housing) – i.e., the total failure of Fannie Mae, Freddie Mac and the Federal Housing Finance Agency (FHFA) to implement the statutory “Duty to serve Underserved Markets” mandate of the Housing and Economic Recovery Act of 2008 (HERA) within the mainstream manufactured home chattel consumer financing market -- but is nevertheless omitted entirely from the pending bills. This MHARR analysis fundamentally demonstrates, proves and concludes that a DTS clarification and enhancement must be included in any final legislation if the industry and its primary consumers are to truly benefit.

Other key manufactured housing-related failures of the two current housing bills, including their failure to substantially address and remedy discriminatory zoning exclusion of manufactured homes and their failure to permanently repeal draconian federal “energy” regulation of HUD Code manufactured homes, will be addressed in subsequent detailed analyses which will be published soon.

*The Manufactured Housing Association for Regulatory Reform is a Washington, D.C.- based national trade association representing the views and interests of independent producers of federally-regulated manufactured housing.*

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