

**FULL AND PROPER IMPLEMENTATION OF THE MANUFACTURED HOUSING
IMPROVEMENT ACT OF 2000 – FACT SHEET #10**

**HUD’S FAILURE TO FULLY AND PROPERLY IMPLEMENT THE 2000 LAW HAS
NEGATIVELY IMPACTED CONSUMER FINANCING**

While HUD has claimed that the scarcity of manufactured home financing is attributable to the performance of manufactured homes (stating, e.g., that improvements to producer “quality control” would “attract lenders back to manufactured housing”), the reality is that HUD itself, by failing to fully and properly implement the 2000 law and failing to ensure the status of manufactured homes as legitimate housing for all purposes, has placed the industry and its consumers in a no-win position where modern manufactured homes, despite of state-of-the-art construction and high quality are perceived, treated and penalized as “trailers” for purposes of financing and a host of other matters.

Thus, the Government National Mortgage Association (GNMA) -- a government corporation established within HUD -- in June and November 2010, announced requirements for the securitization of Federal Housing Administration (FHA) Title I program manufactured housing loans that significantly exceed those for originators of all other types of FHA-insured housing loans and, because they require disproportionately large assets, effectively limit the Title I program to one or two large finance companies -- to the detriment of the industry’s smaller businesses and consumers.

Similarly, given HUD’s failure to fully and properly implement the 2000 law in accordance with its fundamental transformative purpose, the Government Sponsored Enterprises -- Fannie Mae and Freddie Mac -- continue to discriminate against manufactured homes and manufactured home buyers. At present, manufactured housing accounts for less than 1% of the GSEs’ total business, even though manufactured housing, since 1989, has accounted for 21% of all new homes sold.

Accordingly, the scarcity of manufactured home financing is not a product of insufficient HUD regulation. It is a product of a HUD regulatory program that continues to treat manufactured homes as “trailers” even though Congress has instructed the Department to treat manufactured homes as “housing.” Quite simply, for a federally-regulated industry like manufactured housing, when federal regulators treat manufactured homes as “trailers,” rather than legitimate housing, this has a ripple effect on everything else, including financing. Thus, HUD’s failure to fully and properly implement the 2000 law, together with its outdated approach to manufactured housing, has had a devastating impact on both the industry and American consumers of affordable housing. Yet, the program, instead of changing course, has actually accelerated its efforts to effectively neutralize the reforms of the 2000 law and Congress’ objectives for the program, the industry and consumers.

