United States Senate

WASHINGTON, DC 20510

November 6, 2013

The Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Dear Director Cordray:

As the Consumer Financial Protection Bureau (CFPB) continues implementing rules intended to protect our nation's homeowners, we ask that you give manufactured housing (MH) loans appropriate consideration.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) expanded Home Ownership and Equity Protection Act's definition of high-cost mortgages to include: 1) first mortgages with interest rates that are 6.5 percent greater than the average prime offer rate or 8.5 percent greater than the prime offer rate for mortgages on properties under $50,000; and 2) mortgages with points and fees in excess of 5 percent of the total transaction amount for loans of at least $20,000 or 8 percent of the total transaction cost or $1,000, whichever is greater, for loans under $20,000. According to the Census Bureau, in 2012, the average sales price for a new single-section manufactured home was $41,100 and the average price of an existing manufactured home was $30,000. Both figures are substantially below the $50,000 interest rate trigger threshold, resulting in interest rates and fees that are often a larger percentage of MH mortgage costs, and putting many of these mortgages over the high-cost mortgage triggers, even with the distinct rules for loans with lower balances.

Representatives of the MH industry believe that lenders will be highly unlikely to make certain high-cost loans. We are concerned that overly broad high-cost triggers could limit credit availability for low-income borrowers taking out loans to purchase MH. As you have noted in the past, under Section 103(bb)(2)(A) of the Truth in Lending Act, as amended by 1431 of the Dodd-Frank Act, the CFPB has the authority to make adjustments to the applicable percentage rate triggers if the CFPB determines that the adjustment is "consistent with the consumer protections against abusive lending" and "warranted by the need for credit."

Over the past few months, the largest MH industry actors have shared evidence regarding the range of reasonable adjustments that could be made that would balance preserving the intent of high-cost triggers with ensuring the wide availability of credit. We urge the CFPB to continue working with the MH industry to better understand the issues involved with applying high-cost triggers to MH loans, and to exercise its discretion to adopt high-cost loan regulations that take into consideration the special circumstances involved in manufactured home mortgages.

As the CFPB considers adjustments to the high-cost triggers for MH, we urge you to delay applying the high-cost rules that are currently scheduled to take effect on January 1, 2014, to MH loans. It seems overly burdensome to require an industry to comply with a rule that is under review and that could change several months after it took effect.

Thank you for considering our views on this important matter.

Sincerely,