



Preserving the American Dream of Home  
Ownership Through Regulatory Reform

# MHARR

# NEWS

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**MHARR ACHIEVES MAJOR VICTORY ON CONSUMER  
FINANCING – ASSOCIATION’S CALCULATED RISK PAYS OFF**

**Washington, D.C., March 16, 2014** – The Manufactured Housing Association for Regulatory Reform (MHARR) today lauded the inclusion of specific MHARR-proposed language in the bi-partisan GSE housing finance reform bill (S. 1217) released on March 16, 2014 by Senate Banking Committee Chairman Tim Johnson (D-SD) and Ranking Member Mike Crapo (R-ID). The MHARR language, submitted to the Senate Banking Committee in September and October 2013, would ensure the inclusion of all types of manufactured home loans in the new home financing structures and institutions established by the Johnson-Crapo bill to replace the present Government Sponsored Enterprises (GSEs).

MHARR’s early and continuous engagement with the Senate on this issue in the Fall of 2013, with a presentation to the Banking Committee on September 26, 2013 and the submission of formal written testimony -- including specific legislative language proposals incorporating a necessary technical exemption -- on October 28, 2013 (copy attached) represented a calculated risk by MHARR that has now produced a much needed victory for the industry and consumers.

At a time when much of the industry was pursuing a singular focus on unsuccessful legislative modifications to the loan originator compensation and high-cost loan provisions of the Dodd-Frank finance reform law -- and was unwilling to join MHARR in an initiative on the much farther-reaching issue of GSE reform -- the MHARR Board of Directors chose to advance the inclusion of all types of manufactured home loans and definitive action to end the discrimination that has dogged the industry’s consumer financing for decades, as part of the GSE reform process in Congress.

Following its September 2013 Banking Committee meeting, MHARR drafted language to amend the definition of an “eligible mortgage” in what was then the “Corker-Warner” version of S. 1217, so that “eligible mortgage” would:

“include real estate mortgages, personal property loans secured solely by the home itself, and hybrid land-home loans for manufactured homes as defined by section 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974, as amended; to which the requirements of section (E) of this section shall not apply.” (Emphasis added)

**Manufactured Housing Association for Regulatory Reform**

The final underscored technical clause was included in this proposed language to provide an exemption from the need for any such loan to be “insured by an approved State licensed title insurance company.”

In the Johnson-Crapo bi-partisan GSE reform bill, this MHARR definition language has been split into two different definition subsections because of changes to the structure of the lengthy laundry-list of statutory definitions, but the MHARR language retains its distinct and identifiable character. Thus, the Johnson-Crapo bill defines an “Eligible Single-Family Mortgage Loan” as including:

“Loans secured by manufactured homes, as defined by section 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974.”

It then defines a “Residential Real Estate Loan” as including any:

“Personal property loan secured solely by the home itself; [and any] hybrid land-home loan for a manufactured home, as defined by section 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974, to which the requirements of paragraph (29)(A)(v) shall not apply.” (Emphasis added).

Definition section 29(A)(v) of the Johnson-Crapo bill is the parallel section -- dealing with title insurance -- to the “subsection (E)” referenced in MHARR’s original draft.

In addition to the MHARR language for the inclusion of all types of manufactured housing loans within the definition of eligible loans, MHARR also drafted and submitted language to the Committee in its October 28, 2013 testimony to provide for the inclusion of all types of manufactured home loans in a special fund – and related programs -- for the promotion and advancement of affordable homeownership. MHARR’s October 28, 2013 proposed language stated:

“...which programs shall include manufactured homes purchased through both real estate and personal property loans and manufactured homes utilized as rental housing....”

This language has now been incorporated word-for-word in section 504(c)(3) of the Johnson-Crapo bill, to include manufactured housing as a critical market segment to be served by a “Market Access Fund.” The bill creates financial incentives for market participants to serve these market segments, by basing the fees that they pay – in part – on such performance. In addition, these same fees will be used – in part – to provide revenue for the Fund, which would fund pilot programs and encourage lending to those same market segments.

The prior Corker-Warner GSE reform bill, which Johnson-Crapo builds on, did include a Market Access Fund, but did not include a requirement to serve specific market segments. MHARR was concerned that the Corker-Warner bill did not include a specific reference to manufactured housing in its Market Access Fund language. It therefore proposed in its October 28, 2013 testimony that GSE reform legislation include a specific reference to manufactured

housing in that section or any other section dealing with potentially underserved markets, and made this a key priority in MHARR's legislative efforts.

The Johnson-Crapo Senate bi-partisan bill is significant because even if it does not become law this year, it would likely become a prime benchmark for future GSE reform efforts.

MHARR would like to express its specific appreciation and that of its members to Sen. Joe Manchin (D-WV) and Sen. Kay Hagen (D-NC) for their leadership and assistance in pressing for the inclusion of this critical language in the bi-partisan Senate bill, as well as Chairman Johnson and Ranking Member Crapo for the inclusion of these important provisions.

With this major step forward by the Senate, it is more important than ever for industry members, including manufacturers, communities, retailers, finance companies, state associations, industry media and others to support the inclusion of both MHARR proposals within any final bill, and to call and urge their Senators to do the same. Indeed, there is much more work that remains to be done on this score, as ever-present industry detractors, competitors and others will no doubt attempt to alter or delete these key provisions altogether from any final bill.

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.