Testimony of Mr. Stanley Rush
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Opportunity
Committee on Financial Services
U.S. House of Representatives
Field Hearing on
"State of the U.S. Manufactured Housing Industry"
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Thank you, Chairwoman Biggert, Ranking Member Gutierrez and members of the subcommittee for the opportunity to testify regarding the state of manufactured housing personal property financing.

My name is Stanley Rush. I am an account executive with MHD Empire. I am also currently serving as vice chair of the Virginia Manufactured and Modular Housing Association. I have worked in many different areas of the manufactured housing industry since 1981, with almost 20 years in manufactured housing personal property financing.

The most serious obstacle that exists with personal property financing is the Safe Act and its inherent regulations. Primarily, states do not know how to enforce the new regulations. Most states, especially Virginia, already had predatory lending laws that were passed years ago. The Safe Act has confused a situation that was working. The Safe Act creates confusion for manufactured housing salespeople assisting customers with the process of obtaining financing for the affordable home they want to purchase. There is great uncertainty about how the Safe Act applies with respect to the need for manufactured housing salespeople to obtain a mortgage loan originator license to be able to assist with a credit application. Manufactured housing salespeople are licensed and regulated by the state. Any additional licensure is costly and unnecessary as the salespeople are not making any lending decisions, merely helping with paperwork. The Safe Act is also preventing manufactured housing community owners from doing their own financing, which is necessary because so many sources of money are no longer available.

While the recent guidance from HUD and conversations between our industry and state regulators have been helpful, they are based only on current interpretations, and as such, subject to change in the future. Additionally, these positive first steps do not completely address the industry's concerns. That is why we strongly encourage you to support clarifying language to state the manufactured home salespersons not engaged in loan origination do not need to be registered and language that provides some relief to folks making only a few loans and sellers financing the sale of their own homes.

At one time there were more than a dozen national lenders doing manufactured housing personal property financing – now we are down to four. One of the reasons personal property financing has become so scarce is that banks are being told by regulators that if it is the least bit out of the ordinary, don't do it. Manufactured housing personal property financing is out of the ordinary, and thus, the banks stay away. The new financial regulatory reform act is only making this situation worse.

Our industry is by no means perfect -- none is -- but we have gotten caught up in a perfect storm of unintended consequences that, on top of the prolonged poor economy, is keeping our customers out of the most affordable housing today.

Thank you, again, for the opportunity to testify. I would be glad to answer any questions that you may have.