



Preserving the American Dream of Home
Ownership Through Regulatory Reform

MHARR

NEWS

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**MHARR TO FHFA: DUTY TO SERVE REQUIRES MATERIAL
AND EXPEDITED SUPPORT FOR MH CHATTEL LOANS**

Washington, D.C., February 9, 2017 – At a Federal Housing Finance Agency (FHFA) “listening session” in Washington, D.C. on February 8, 2017, MHARR President and CEO Mark Weiss reiterated and underscored previous remarks by MHARR representatives, asserting that the Agency’s December 29, 2016 “Duty to Serve Underserved Markets” (DTS) rule and related “Evaluation Guidance” for DTS implementation plans – insofar as they fail to mandate expedited securitization and secondary market support for manufactured housing chattel loans by the FHFA-regulated Government Sponsored Enterprises (GSEs) – do not and cannot comply with the essential legislative mandate of DTS and are, therefore, unacceptable.

The Washington, D.C. meeting opened with an appearance by FHFA Director Melvin Watt, who thanked DTS stakeholders for their participation and information provided regarding specific aspects of DTS’ implementation. Significantly, the Director also announced that the February 17, 2017 deadline for written responses to a detailed Request for Information (RFI) published by FHFA specifically concerning manufactured housing chattel loans, would be extended until March 21, 2017, apparently on the basis of President Trump’s January 20, 2017 regulatory “freeze” order.

Thereafter, in verbal and written comments (see, copy attached), MHARR detailed the specific legal and policy bases for its position that any DTS implementation, in order to comply with the express directive of Congress as set forth in the Housing and Economic Recovery Act of 2008 (HERA), must provide for a program of material and expedited GSE securitization and secondary market support for manufactured housing chattel loans, which comprise 80% or more of the entire manufactured housing market.

Stressing that DTS was enacted by Congress as remedial legislation, designed to correct the decades-long failure and refusal of the GSEs to properly serve the manufactured housing market and manufactured housing consumers – and noting that nearly a decade has already passed since Congress directed FHFA and the GSEs to rectify that discriminatory and highly damaging failure – MHARR stated that DTS was not an invitation for the GSEs to maintain the *status quo* for years or decades more, and that DTS does not stand for “Duty to Study.”

Instead, DTS, as a remedial statute -- to be broadly and liberally construed -- requires that the material portion of the manufactured housing consumer finance market represented by chattel loans must be served under DTS, and that such securitization and secondary market support must be provided for a market-significant number of loans on a timely and expedited basis. Failure to

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do so would maintain the very conditions that Congress sought to remedy via DTS, which have low, lower and moderate-income manufactured homebuyers either excluded from homeownership altogether by needlessly high-rate chattel loans in a market with limited capital and even more limited competition, or forced to pay those needlessly higher rates because of discriminatory federal policies.

In Washington, D.C., MHARR President and CEO Mark Weiss stated: “As indicated by Director Watt’s action to extend the comment deadline for FHFA’s pending RFI, the January 20, 2017 regulatory ‘freeze’ order put in place by President Trump, by its express terms, also applies to the DTS final rule and subsequent Evaluation Guidance. FHFA should use the additional time provided by this order to correct its approach to DTS and, with the additional information and input that it has received from stakeholders, revise both the final rule and its Evaluation Guidance to provide for an expedited path to material, mandatory GSE securitization and secondary market support for manufactured housing chattel loans.”

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.