



11.12.2019

FHFA Division of Housing Mission and Goals
400 Seventh Street, S.W.,
Seventh Floor
Washington, D.C. 20219

CC: Director Mark Calabria, U.S. Congress, HUD Secretary Ben Carson, the White House, Other Interested Parties

RE: Request for Input (RFI) on Fannie Mae and Freddie Mac Proposed Modifications to their 2018-2020 Duty to Serve Plans (October 2019).

To Addressees and Those It May Concern,

At the time that this comments letter is beginning to be drafted, there are two comments posted on the FHFA website portal.

- One is from the Manufactured Housing Association for Regulatory Reform (MHARR), [linked here](#).
- The other is from the Grounded Solutions Network, [linked here](#).

They could hardly be more different. The later indicates that the revised plans submitted by the Government Sponsored Enterprises (GSEs or "Enterprises") of Fannie Mae and Freddie Mac are okay. The former from MHARR states that the revised plan fails to uphold the letter and spirit of the law.

My letter could be very simple. The GSEs have had over a decade to do what the law requires them to do. They have failed to fulfill the law. We've heard many times in recent years 'enforce the law,' and 'no one is above the law.' Those statements are what should guide FHFA. **Enforce the law, fully, completely, and promptly.** That shouldn't be contingent or delayed for any reason - including, but not limited to - what happens to the GSEs conservatorship or any other excuse.

A decade has gone by, the GSEs could now do what any enterprise has to do if necessary to meet a deadline: hire additional experts – if indeed necessary – to make the full, robust, and proper enforcement of the DTS provisions of HERA promptly.

Our sources tell us that there could be buyers for these loans. So what is the problem or holdup? Besides, the law is the law.

That is the only plan that legally makes sense, which means that the revised plans should be rejected as unacceptable because they don't meet the requirements of the law. More on that below.

The Enterprises should fully comply with the Duty to Serve manufactured housing, rural and other underserved markets. Anything less is a cop-out, dodge, excuse, or red herring.

That is my core message and redundant message. **Enforce good, existing laws that would benefit lower and more modest income Americans.** That includes DTS. **But this submission will have much more.**

That 'more' is this. **There should also be a complete and thorough investigation of why DTS hasn't already been fully implemented.** If that requires other federal and/or state agencies to be involved, then that is what should occur.

Additional Details

More specifically, let the GSEs do a robust application of home only (chattel, personal property) manufactured home lending, as well as land/home manufactured home lending. If the GSEs are permitted to do manufactured home community lending, that should only be done to the degree that they do the first two are performed in a robust fashion. There is little logic in doing commercial manufactured home community lending and not doing at least as equally robust lending on the homes in those commercial real estate communities.

Indeed, the case could be made that by doing robust personal property lending in a community where they may do a commercial loan, they would be better serving the interests of residents and community operators of all sizes and types, not just a few power players.

From a historic, investigatory, professional, advocacy, investment, or policy perspective, one might ask,

- why have the GSEs failed so far to do anything that is market significant in manufactured home lending?
- Why has there been over a decade of delays in enforcing the DTS law?
- When other lenders are making manufactured home loans – both personal property (home only, chattel) and land/home – successfully and sustainably - what possible excuse can there be?
- In that spirit, investigators of all kinds have historically sought the answer to mysteries by answering this question. Cui bono? Who benefits?
- In news reporting, media seeks to answer the classic questions, who, what, when, where, why, how, and how much?
- In business, it comes down to profits and losses.
- In crime fighting and in reporting, another common method is to "follow the money."

This RFI letter will outline and request that all of the above and what follows should occur.

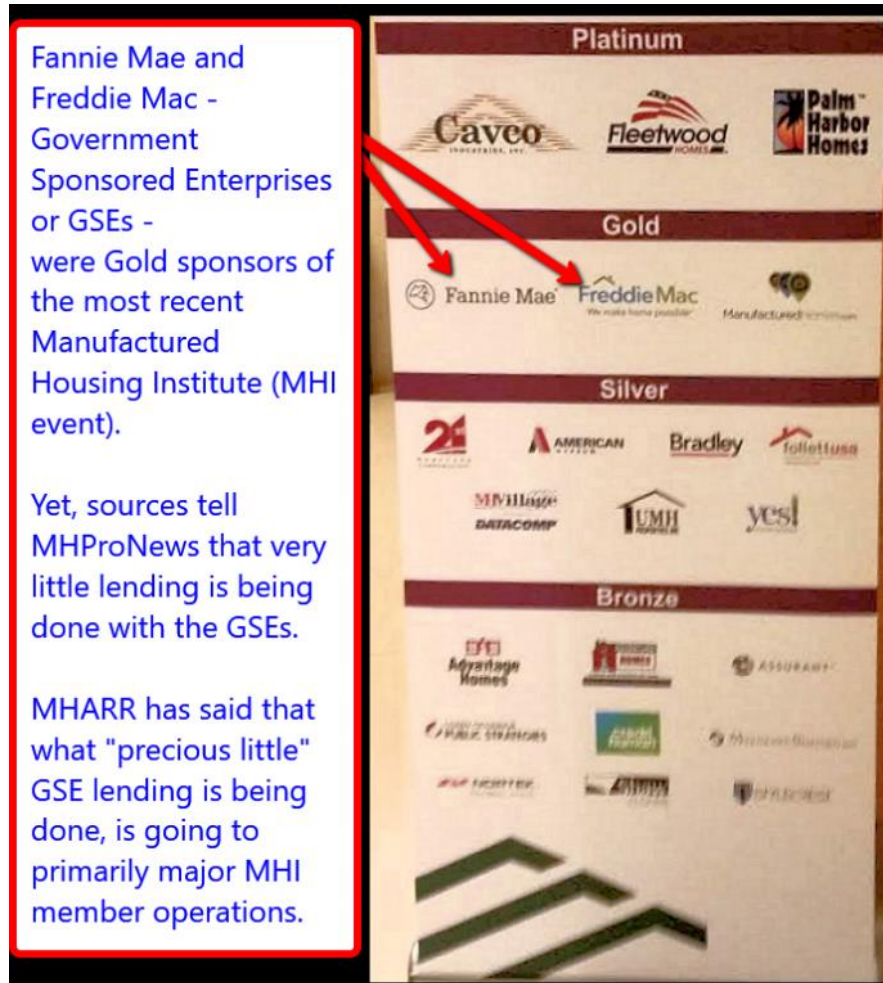
Let me stress that the articles and comments linked should be considered as part of my comments. **The links attachments and references from those links are also part of my comments.**

Perhaps no one in manufactured housing industry history has researched these topics more than we have in the last few years. Certainly no one in manufactured housing has published more reports, which as of this writing publicly stand *unchallenged* by those we've questioned and investigated.

My comments are my own, and while this may reference others, we do so with an application of the notion of separating the wheat from the chaff. Citing a source should not be construed as necessarily endorsing that source.

On paper, MHARR, the Manufactured Housing Institute (MHI), Fannie Mae, Freddie Mac all praise modern manufactured homes. Then why is it that the GSEs have failed to fully and properly implement DTS?

It should be noted that former House Financial Services Chairman Jeb Hensarling raised alarms about possible improper lobbying by GSEs, what has been the outcome? Was it a conflict of interest for the GSEs to sponsor MHI events?



We have sources that worked on or are still involved in these GSE lending projects that have told *MHPProNews* that the GSEs had no sincere intention to fully implement the DTS law. Based on what little has occurred and what is now proposed, that certainly seems plausible.

Since there is a possible winding down or modification of FHFA's role with respect to the GSEs, time is now of the essence to fully enforce the law.

Once the DTS law is fully and robustly enforced as intended, because of the successful lending experiences of others in the manufactured home industry that are found in reports linked from herein, there will be no good reason for the GSEs to not continue to make such loans in the future.

With that foundation, let's dive in sequentially.

- I. The Law Is What It Is.** Therefore, the GSEs should proceed to make loans on all manufactured homes, not just a select class of more expensive manufactured housing that a few MHI members want. **Therefore, the proposed GSE plans should be rejected.** Instead a full, robust implementation of DTS as intended by Congress in the Housing and Economic Recovery Act of 2008 should promptly proceed. There is no valid excuse to do differently, as the research found, linked, and referenced from the below makes clear.

<https://www.manufacturedhomeproneews.com/paltering-manufactured-homes-crossmodtm-homes-manufactured-housing-institute-clayton-homes-berkshire-hathaway-manufactured-home-lenders-dts-and-you/>

- II.** There are credible allegations of misdeeds and market manipulation that has impacted manufactured housing. Who benefited from such alleged misdeeds? That is a useful query and concept to bear in mind as my comments on this Duty to Serve manufactured housing topic unfolds. With respect to that issue, please see the articles, linked reports, documents, evidence, etc. that flows from each of those reports.

<https://www.manufacturedhomeproneews.com/cavco-sun-els-public-statements-point-to-problems-for-mhi-fannie-freddie-public-officials-investor-advocates-professionals-alerts/>

<https://www.manufacturedhomeproneews.com/masthead/deceptive-trade-practices-rico-antitrust-affordable-housing-manufactured-home-owners-and-small-businesses/>

III. Who has been harmed by these purported market manipulations and delays by the GSEs? As the links above and below and what flows from them makes clear, they are in no specific order of importance:

- A. **Current residents of manufactured homes.** Economics 101 tells us that more lending would increase the support for the values of those loans.

<https://www.manufacturedhomelivingnews.com/addressing-growing-affordable-housing-crisis-income-inequality-by-enforcing-good-current-laws-illustrated-report-analysis/>

<https://www.manufacturedhomelivingnews.com/dave-ramseys-view-on-mobile-homes-manufactured-homes-and-independent-research-based-fact-checks/>

<https://www.manufacturedhomelivingnews.com/huds-urban-institutes-edward-golding-knew-because-manufactured-housing-institutes-lesli-gooch-told-him/>

<https://www.manufacturedhomelivingnews.com/former-manufactured-housing-institute-president-manufactured-home-owners-urban-institute-and-you/>

<https://www.manufacturedhomelivingnews.com/manufactured-home-residents-small-businesses-affordable-housing-advocates-and-investor-alert/>

Please keep in mind that links from within the articles above or what follows should also be followed in order to obtain the most complete picture possible.

- B. **Investors.** See what Cavco Industries said to their investors recently and our analysis in the report linked below. That may bear referral by FHFA to the SEC and/or other federal agencies.

<https://www.manufacturedhomepronews.com/cavco-sun-els-public-statements-point-to-problems-for-mhi-fannie-freddie-public-officials-investor-advocates-professionals-alerts/>

- C. **Smaller, independent business.** See MHARR comments, linked above, the report linked from B. above, and also the links below.

<https://www.manufacturedhomelivingnews.com/manufactured-home-residents-small-businesses-affordable-housing-advocates-and-investor-alert/>

<https://www.manufacturedhomepronews.com/trailer-houses-to-mobile-homes-and-manufactured-housing-in-historic-political-media-and-business-contexts-for-independent-evidence-minded-thinkers-only/>

<https://www.manufacturedhomepronews.com/masthead/manufactured-housing-industrys-opportunities-and-obstacles-executive-summary/>

Barriers to Entry, Persistence, and Exiting in Business, Affordable Housing, and Manufactured Homes

- D. **Renters and other Potential residents of manufactured homes.** Part of the expressed point of HERA 2008 is to provide support for lower income Americans to buy housing that they can afford. It is thus self-evident that the plan advanced by MHI, Clayton Homes, Cavco Industries, Skyline Champion and some others fails them entirely. That means it fails to keep what HERA and DTS specifically mandated. But further, that obliquely benefits those firms that would rather rent than sell. Follow the money, because that too merits investigation.

<https://www.manufacturedhomepronews.com/paltering-manufactured-homes-crossmodtm-homes-manufactured-housing-institute-clayton-homes-berkshire-hathaway-manufactured-home-lenders-dts-and-you/>

<https://www.manufacturedhomepronews.com/trailers-for-sale-or-rent-build-to-rent-trend-manufactured-homes-and-communities/>

There are good reasons to believe that failure to lend on manufactured housing in a robust fashion is one of the factors that have caused potential buyers of manufactured housing to pass on this option.

<https://www.manufacturedhomelivingnews.com/zillow-home-buyer-trends-compared-conventional-townhouse-mobile-or-manufactured-homes-condos-and-duplexes/>

Indeed, Cavco's own statement suggests as much, once more, that is shown at the link below.

<https://www.manufacturedhomepronews.com/cavco-sun-els-public-statements-point-to-problems-for-mhi-fannie-freddie-public-officials-investor-advocates-professionals-alerts/>

Furthermore, because the GSEs are focusing their lending on a so-called 'new class' of manufactured homes, that arguably undermines the value of all other manufactured homes. It was a bad concept from the start, and we've argued so for the past few years based upon sources, logic, and evidence. Not lending on the majority of manufactured homes has given the powers that be in manufactured housing lending a choke point, intentionally or not.

<https://www.manufacturedhomepronews.com/building-financial-slack-plus-sunday-manufactured-housing-headlines-in-review-11-2-2019-to-11-10-2019/>

Why did the Manufactured Housing Institute (MHI), key 'big boy' members, and the GSEs hold closed door meetings - the minutes from which were never produced for the general public, though it was repeatedly requested? That must be investigated and answered publicly.

When it is apparent that manufactured home industry lenders such as Triad Financial Services, Credit Human, Oxford Bank, the former U.S. Bank manufactured home lending programs - besides those of 21st and VMF - have all had performance in their loans, what excuse do the GSEs have?

When Prosperity Now (then CFED) published the research of the I'm Home study of USDA loans, showing that they perform, what excuse do the GSEs have for not robustly entering the market on both the land home and the home only (chattel, personal property) lending sides?

Cui bono? Who benefited from years of ignoring the obvious evidence? Isn't one obvious answer the Berkshire Hathaway brands? MHARR has indicated as much, and it seems like a logical conclusion. When one looks at how the Berkshire lenders have positioned themselves for the current and their expected future hopes for DTS and that 'new class' of "CrossMOD™ Homes," it should be even more reasonable to believe that the evidence and behavior suggests that they want the status quo and plan. That's another reason to reject it in favor of the law as written and intended, otherwise the wealthy are being rewarded and the poorer are being punished.

Professional/CV Background of Writer, and Why This Matters

My name is L.A. 'Tony' Kovach, and my wife Soheyla Kovach and I are the managing members and co-founders of LifeStyle Factory Homes, LLC. That LLC is the parent to *Manufactured Home Pro News (MHProNews)* which is the runaway largest and most-read trade media for all professionals in manufactured housing. We also publish *Manufactured Home Living News (MHLivingNews)*, which is likewise unparalleled in its content, methodology, and enjoys its own robust following in our now sadly diminished and widely misunderstood industry.

Additionally, you can find that this writer is one of the most followed, endorsed, and recommended in all of manufactured housing on [LinkedIn](#). A career snapshot and bio are found at LATonyKovach.com. We provide professional services to the industry as well as publish.

Let me briefly mention here that the Consumer Financial Protection Bureau, the National Association of Realtors, the doctoral dissertation of Dr. Lisa Tyler's *Community Attitudes Manufactured Housing* all specifically mention me and/or our work. *The Hill*, *Jacksonville's Florida Times Union*, *Deseret News*, *Chicago Sun Times News Group*, *Boomers*, *the Chattanooga Times Free Press*, *83 Degrees*, *Bradenton Herald* and a variety of others in news media have published articles or letters that have cited me or featured our work.

As a former client aptly observed, Al Cole SVP of Oxford Bank said:.

“ Tony "gets it" when it comes to manufactured housing. He has worked or been involved in almost all phases of the business.” - Al Cole, Senior VP, Oxford Bank and Trust.

As a examples from what our readers have said:



*Gus Rodriguez, Tejas Homes,
Conroe, TX*

"Dear Tony and Soheyla,

Thank you for your great reporting on our industry and the challenges we face as independent retailers.

There is no greater resource that speaks to the issues and opportunities than your publications.

We are glad you spotlight the key issues we need to address to succeed.

"Too bad not enough fellow retailers are planning accordingly." Thank you both." – Gus Rodriguez.

Editor's note: Gus' kind message for publication were among the calls and messages that have been received in response to the latest emailed news updates, found at the link below.

<http://www.MHProNews.com/newsletter/2018/01/15/kevin-clayton-interview-marcus-millichap-tax-reform-housing-impact-mlk-immediate-expensing-mh-9-tips-mh-websites-presidential-insanity-1-15-2018/>



"I have witnessed Soheyla and Tony's hard work and dedication over the years with great admiration. Their website portal www.MHProNews.com has become a staple of my morning read with amazing interactive charts & graphics, breadth & clarity in their articles, and passion which no one can match in our industry. Thanks, MHProNews! You rock!"

- Casey Mack
- Marketing / Web / Dealer Programs
- Legacy Housing Corporation



But perhaps more important is the fact that our audience is the runaway strongest and most read.

<https://www.manufacturedhomepronews.com/masthead/expose-darren-krolewski-datacomp-mh-village-mh-insider-marketing-claims-fact-check-infographic-and-analysis/>

MHI leaders praised our work for years, until our reports and analysis uncovered problems at those organizations.



the MH Industry's cause. Let me explain why..." - Tim Williams, 21st Mortgage Corp, then MHI Chairman.

"[MHProNews.com](http://www.MHProNews.com) and [MHLivingNews.com](http://www.MHLivingNews.com) are both good communications resources for the Manufactured Housing Industry. I and many others at 21st Mortgage and at MHI logon to see the latest news, interviews, debates, videos, opinions and reports they publish. Having a trade publisher that presents thoughtful, respectful commentary independent of any association's perspective – as important as an association's view can be – can be a big asset to advancing

Let me state the obvious. If one goes back in time 3 years or more, one will find messages and public words of praise for our pro-industry, pro-consumer work. Several of those quotes come from professionals with key roles at MHI and/or in Berkshire Hathaway

My views on MHI evolved based upon evidence and reason. It slowly dawned on me that years of underperforming and posturing by MHI was just that, what MHARR has called the "Illusion of Motion."

<https://manufacturedhousingassociationregulatoryreform.org/the-illusion-of-motion-versus-real-world-challenges/>

The articles linked above and below cites others in mainstream media, as well as lawmakers, that have raised concerns about what evidence suggests is arguably a manipulation of the DTS process.

<https://www.manufacturedhomepronews.com/cavco-sun-els-public-statements-point-to-problems-for-mhi-fannie-freddie-public-officials-investor-advocates-professionals-alerts/>

But here is the bottom line.

There is no good excuse for the GSEs - or the FHFA - to not fully and robustly implement that DTS provision of HERA with respect to both land home and home only lending. No excuse.

- The evidence ironically includes FHFA's 2018 research that demonstrates that manufactured housing appreciates. That's so with only toe in the water support for manufactured homes. How much better might it be if that support were robust?
- NAR's Certified Business Economist (CBE) Scholastica 'Gay' Cororaton also conclude that manufactured homes can and do appreciate in her 2018 research.
- But common sense plus the HUD PD&R researchers during the Obama Administration era that said in 2011 that manufactured homes appreciated side-by-side with conventional housing all pointed to that same obvious conclusion.
- Thus, the evidence and rationale for quote from Urban Institute report on manufactured homes in 2018 in the article linked immediately below comes into focus.

<https://www.manufacturedhomelivingnews.com/former-manufactured-housing-institute-president-manufactured-home-owners-urban-institute-and-you/>

Other research is found below.

<https://www.manufacturedhomelivingnews.com/ultimate-reporters-researchers-affordable-housing-advocates-or-shoppers-3rd-party-research-reports-on-mobile-homes-manufactured-homes-and-modular-housing/>

The bottom line is manufactured housing merits in practice what the law requires.

To add to that logic is outlined by a manufactured homeowners and small business expert and myself who published this article jointly in 2018.

<https://valuepenguin.com/home-insurance/fear-manufactured-homes-affordable-housing-crisis>

An illustrated version of that was later produced, as Value Penguin agree to, with the report below.

<https://www.manufacturedhomelivingnews.com/fear-a-solution-to-the-affordable-housing-crisis-and-the-manufactured-home-dilemma/>

What those prior two links above demonstrably establish is that the lack of affordable housing is choking off in our economy some \$2 trillion annually in added potential GDP. That's what NBER economists said.

DTS alone will not accomplish that, but DTS along with the full and proper implementation of the Manufactured Housing Improvement Act of 2000 (MHIA) - specifically it's enhanced preemption provision - would go a long way in accomplishing that aim.

<https://www.manufacturedhomeproneews.com/trailer-houses-to-mobile-homes-and-manufactured-housing-in-historic-political-media-and-business-contexts-for-independent-evidence-minded-thinkers-only/>

Robust growth is the opposite of consolidation, because it would fuel entrepreneurship, investing, and revitalized opportunities. As HUD Secretary Carson has said several times, renter households have an average net worth of some \$5,000, while homeowners have an average net worth of some \$200,000.

The bottom line is that millions of Americans and untold thousands of businesses and investors are being harmed because the GSEs, for whatever reasons, are failing to fully and properly enforce the law. Only a relatively few are benefiting, and they happen to be members of MHI.

The FHFA should order the GSEs to terminate the 'new class of homes' project as not only flawed, but arguably harmful to the interests of manufactured housing. Those specialized lending plans by Fannie and Freddie are not in keeping with DTS. Nor is it logical. Why support unproven housing when manufactured homes have decades of proven performance?

<https://www.manufacturedhomeproneews.com/paltering-manufactured-homes-crossmodtm-homes-manufactured-housing-institute-clayton-homes-berkshire-hathaway-manufactured-home-lenders-dts-and-you/>

FHFA has an inspector general's division, **this letter should be submitted to them for investigation as to why the GSEs have not fully and properly embraced DTS as written and intended by HERA**. That investigation should seek to determine if any at the FHFA may have improperly colluded with MHI members and/or the GSEs to shunt DTS into a destructive sidetrack, instead of fully and properly implementing the law. We have some suspects in mind.

HUD Secretary Carson has tried to promote manufactured housing, which begs the question, why hasn't MHI, Clayton Homes, Cavco Industries, Skyline Champion fully utilized those opportunities? They all have media resources.

<https://www.manufacturedhomeproneews.com/trailer-houses-to-mobile-homes-and-manufactured-housing-in-historic-political-media-and-business-contexts-for-independent-evidence-minded-thinkers-only/>

There is smoke rising from the underperformance of manufactured housing and the decade long delay of DTS implementation. This report and those linked outlines the allegations and evidence.

Conclusions

Fully and robustly enforce the law as intended which is not happening and hasn't for a decade.

It is time to fully and robustly enforce the DTS portion of the HERA for personal property, land-home, and commercial lending. But it is also overdue to investigate why DTS has not been properly implemented to date. If that requires referrals to other agencies, so be it.

The plans as submitted by the two GSEs should be rejected. They should be ordered to fully embrace the law as written and intended. To do anything less harms consumers, smaller businesses, investors, taxpayers, and others.

Those that benefit from the status quo are arguably the consolidators that get to continue to gobble up pieces of the industry, due in part to lowered sales levels, at discounted rates. See the evidence – including from Cavco – that fewer and less competitive lending options harms the industry.

Please keep in mind that all linked reports from this should be construed as part of this submission. Further, the links and downloads from those linked reports should likewise be followed for the most complete picture possible. Doing so would lead the FHFA to do something very simple and yet profound.

- Fully enforce the law.
- Reject the plans submitted by the GSEs.
- Order the GSEs to terminate the lending support for the new class of homes “CrossMod™ Homes” project from the GSE end.
- If those builders want to continue to build them, they of course have that right, but should not be given special lending to do so.
- All HUD Code manufactured homes should be treated equally under the law.

That is justice, and that would fulfill HERA 2008 and the DTS mandate. Consumers of lower income will benefit as a result.

See other linked reports below.

Respectfully submitted.

Tony

L. A. 'Tony' Kovach

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<http://www.linkedin.com/in/latonykovach>

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Whether you think you can or whether you think you can't, you're right. - Henry Ford



Addendums:

<https://www.manufacturedhomelivingnews.com/huds-urban-institutes-edward-golding-knew-because-manufactured-housing-institutes-lesli-gooch-told-him/>

<https://www.manufacturedhomepronews.com/masthead/choke-points-reality-checks-humility-affordable-housing-political-economics-and-manufactured-homes-dark-opportunities/>

<https://www.manufacturedhomelivingnews.com/bacons-rebellion-george-mason-university-struggle-for-affordable-housing-hud-and-the-manufactured-homes-enhanced-preemption-coverup/>

<https://www.manufacturedhomepronews.com/masthead/smoke-mirrors-razzle-dazzle-vs-measurable-performance-and-profitable-results/>

<https://www.manufacturedhomepronews.com/masthead/in-god-we-trust-all-others-should-supply-evidence/>

The final link may include some updates, so please review carefully. Thank you.

<https://www.manufacturedhomepronews.com/masthead/what-the-fhfa-should-do-with-the-gses-proposed-modified-plans>