

## Press Release

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# GSEs Will Receive Duty to Serve Credit for Manufactured Housing Chattel Loans

**Arlington, VA (December 13, 2016)** – The Federal Housing Finance Agency (FHFA) has finalized its [Duty to Serve \(DTS\) rule](#), which would provide DTS credit to Fannie Mae and Freddie Mac for the purchase of chattel manufactured housing loans. The GSEs have not purchased chattel loans for almost a decade.

Tim Williams, Chairman of the Manufactured Housing Institute and President of 21<sup>st</sup> Mortgage Corporation, said that MHI is optimistic but there is much more to be done. “I am pleased that FHFA is including chattel loans in the DTS framework, in order to encourage Fannie Mae and Freddie Mac to open a wider range of opportunities for aspiring manufactured homeowners. The bottom line: done right, this could make becoming a manufactured home owner more affordable,” Williams said. The Housing and Economic Recovery Act, which passed in 2008, identified manufactured housing as the first of three underserved markets under which the GSEs have a Duty to Serve. However, Congress did not require chattel loans to be included under this statutory duty.

“In 2010, the FHFA’s proposal on Duty to Serve did not even include chattel loans. We are pleased that our efforts have led to FHFA issuing a final rule that we believe will result in Fannie Mae and Freddie Mac beginning to purchase chattel loans, which are a vital form of financing for manufactured homeownership,” Williams said.

MHI’s comment letter to FHFA aggressively addressed and rebutted concerns identified in the proposed rule about the GSEs purchasing chattel loans and pointed out that today’s manufactured housing market is strong due to sound lending and business practices. MHI offered a roadmap that Fannie Mae and Freddie Mac could follow in safely purchasing chattel loans through a strong Duty to Serve requirement. MHI has followed up its comments by initiating an ongoing dialogue with the GSEs to address any concerns they have about chattel loans, providing expertise in the assessment of default risk, opportunities for risk sharing, operational issues and procedures for loss mitigation and foreclosure.

The rule requires Fannie Mae and Freddie Mac to submit a plan detailing how they will carry out their Duty to Serve manufactured housing responsibilities. Each GSE will be evaluated by FHFA on their performance in meeting this responsibility. The rule also identifies a public input process on what each GSE should consider or include in a potential manufactured housing chattel pilot program.

“Giving credit to Fannie Mae and Freddie Mac for the purchase of chattel manufactured home loans is a positive step for manufactured housing consumers,” said Richard Ernst, President of Financial Marketing Associates, Inc. and Chairman of MHI’s Financial Services Division. “This country is facing an affordable housing crisis and anything the agencies can do toward the purchase of

manufactured housing loans, including chattel loans, will do a great deal to help solve that crisis. Since chattel loans constitute 70 percent of the manufactured home loans and are the most underserved segment of that market, the GSEs cannot fulfill their statutory responsibilities without a significant program to purchase chattel loans. We look forward to fully participating in the process in which the GSEs develop and submit their plans to FHFA to comply with the manufactured housing duty to serve. Our ongoing discussions and efforts with the GSEs should help them in this process to develop a secondary market for chattel loans.”

“While MHI would have preferred a broad and immediate Duty to Serve chattel requirement, we recognize that the GSEs need time to work through risk and operational issues. The rule’s approach accomplishes the goal of encouraging the GSEs into the chattel lending market and allows for the development of a full and robust secondary market for chattel loans in the near future,” said Dr. Lesli Gooch, MHI Senior Vice President for Government Affairs and Chief Lobbyist.

“Getting Fannie and Freddie back into the chattel market would strengthen homeownership opportunities and offer an alternative to consumers who are hurt by unaffordable rents or the shortage of adequate housing,” Williams added.

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