

Posturing vs Doing - Follow the Facts, Law, and Provide What Congress Required

To Whom It May Concern at FHFA, Fannie Mae, Freddie Mac, Manufactured Homeowners, Affordable Housing and Manufactured Home Advocates, Lawmakers, Legal, and Other Interested Parties.

RE: Request for Information (RFI) DUTY TO SERVE (DTS) INPUT: PROPOSED 2022-2024 MANUFACTURED HOUSING, RURAL, AND UNDERSERVED MARKETS PLAN

Let me start with the obvious need for simplicity on the various issues in question.

- Enforce the law.
- Follow the facts.
- Stop the posturing.
- Do your respective jobs as Congress required.
- Provide the path to more affordable home ownership that the Housing and Economic Recovery Act (HERA) mandated for Fannie Mae and Freddie Mac established in the so-called Duty to Serve (DTS) Manufactured Housing.
- Give manufactured home independents in retail, communities, production, services, etc. their *independence back*.

Those six bullets sum up what should happen. It would be easy to stop right there.

But obviously more candor is apparently needed. Because when someone keeps doing the same things over and over for years on end with a demonstrable lack of productive outcomes, it is clear that something has gone wrong.

I've had a chance to see the comments by husband, L. A. "Tony" Kovach, Mark Weiss on behalf of MHARR, and that others have submitted relating to this FHFA RFI.

I am hereby referencing those linked items, because they make several important points. They could be boiled down to this.

- **There are no good reasons or excuses for Fannie and Freddie not to provide the required support for personal property lending (chattel loans, home only loans) on manufactured homes. That is near the heart of what Congress mandated by enacting the Duty to Serve (DTS) manufactured homes.**

Because there are no reasons or good excuses, that suggests that something else is going on.

For all the talk and posturing about giving minorities and women (I am both) their fair shot at the American Dream of homeownership, the evidence suggests that pretty words are not matched by practical deeds.

The fact that FHFA has not mandated that Fannie and Freddie provide home only (chattel, personal property) lending on manufactured homes under DTS suggests that the regulators and the regulated are ignoring the law for some unstated reason.

On one level, frankly, the RFI and listening session processes by FHFA with respect to manufactured home lending by the Government Sponsored Enterprises (GSEs) of Fannie Mae and Freddie Mac are apparently window dressing. This may be legally required window dressing, but that is what the process has been. Let us look at the evidence to see if it supports that contention.

13 years after a widely bipartisan Housing and Economic Recovery Act (HERA) of 2008 mandated that Fannie and Freddie have a “Duty to Serve” (DTS) manufactured housing, rural, and underserved markets, the law have been ignored and turned on their head.

Residents like Fred Neil make the point that manufactured home community giants are using DTS to get cheaper financing on communities. Those consolidators then routinely turn around and “gouge” their customers. Restated, they make housing less affordable, not more affordable.

While it is repugnant that some nonprofits with dark money funding apparently are indirectly benefiting the very people they claim to be criticizing, nevertheless their critiques on that point are largely valid.

Some personal background will help readers of this RFI to understand where I am coming from.

My name is Soheyla Kovach. My husband L.A. “Tony” Kovach and I co-founded Manufactured Home Pro News (MHProNews.com) and Mobile and Manufactured Home Living News, (MHLivingNews.com), and manufactured home industry related professional services.

Our services have been praised by professionals and are followed by thousands in manufactured home professionals daily. Additionally, manufactured home residents and advocates follow our publishing too. People in Washington, D.C., states, and other ‘capitals’ where manufactured home related activities are concentrated follow us too. This we know from their direct input and from software.

My personal higher education and professional experiences spans three continents.

In my world, one looks for the root cause of issues, not just the superficial.

Much of my work has been behind the scenes in the web-tech, finance, video, and services aspects of the operation. I prefer that most of the time.

In order to understand something, it is obviously useful to have firsthand experience.

After I married Tony, four of the first five residences we lived in were manufactured homes.

Some today manage manufactured home communities without ever living in manufactured housing or living in a land-lease community.

By contrast, we made the conscious decision to live in those land-lease manufactured home communities. We know the management and the resident sides of the industry firsthand.

We have interacted with large numbers of manufactured home residents, a few of whom were essentially renters, but most were manufactured homeowners.

Those manufactured homeowners and residents were our neighbors.

I have attended years of meetings and events with residents, public officials, and industry professionals.

Additionally, we have been in communities and manufactured homes in dozens of states from north to south and east to west.

Additionally, as a professional service provider, we've been engaged in providing services plus doing interviews with actual residents, homeowners, and various professionals.

Those manufactured homeowners included people of all backgrounds living in a land-lease as well as living on privately owned land that they owned. While some may fit an economic stereotype, many do not. For instance, we have interviewed millionaires living in a manufactured home or a manufactured home community.

Manufactured homes offer a potentially appealing lifestyle. But when good laws are subverted and twisted, what is otherwise positive can be turned on its head.

We have done focus group videos with actual manufactured home residents that were live on camera and unscripted. In a well run community that treats residents fairly with respect, the relationships are routinely positive.

Most consumers are reasonable people. Most people only complain if they feel pushed so far that they feel that they have no other choice but to push back.

So, it is one thing to read data about the percentage of manufactured homeowners that previously owned a conventional housing. It is entirely different to interview them or live among them.

It is one thing to read a comments letter from a professional. It is entirely different to know what their work actually entails.

With that understanding, the following should be more insightful.

- At the time my comments are being written, the minority of the RFI comments letters are by people who have or owned or actually lived in a manufactured home.
- The minority of RFI comments are by people who have years of direct experience working in the manufactured home profession or living in manufactured homes and communities.

As noted, to truly understand something, it is useful to have hands on, direct experience.

Next to hands on experience, it is useful to ask questions and listen to people involved in something. That may be particularly true in an interview setting.

We have done video interviews with lenders who have rapidly become significantly and successfully involved in home only lending. Logically, that means there are no excuses for the GSEs not to be provide the systems needed to make more affordable loans available to manufactured home buyers and customers.

The recent CFPB report on manufactured home loans makes it clear that the GSEs failure to make such loans has by accident or design made Berkshire Hathaway owned 21st Mortgage Corporation and Vanderbilt Mortgage and Finance the #1 and #2 personal property lenders in the industry.

Some people who may lack a conscience, right or wrong, will only do what is right or just when they are compelled to do so.

The GSEs obviously know that manufactured homeowners and numbers of industry professionals have been asking for home only (chattel, personal property) lending on manufactured homes for years. Many have asked for safeguards on lending on commercially owned manufactured home communities.

The fact that both GSEs have announced that they are dropping their plan to even do a pilot program for manufactured home lending speaks volumes. Fannie and Freddie are essentially thumbing their nose at Congress and the will of the people expressed by legislation.

Additionally, all those years of RFIs like this have clearly been ignored by Fannie, Freddie and FHFA as the regulator of those GSEs.

The FHFA is about to demonstrate if they are the rubber stamp for Fannie, Freddie, and the larger brands in our industry, or if they are going to enforce the law that clearly can be done in a sustainable fashion.

My husband does the bulk of the writing and public speak. Tony is misunderstood by some, perhaps because those he has critiqued through MHProNews/MHLivingNews reports and analysis like to spin a counter-narrative directly or through proxies. I do not think anyone will find more objective information and analysis that authentically portrays the views of the various camps than MHProNews/MHLivingNews provides.

With my support and involvement, Tony has worked tirelessly to promote the good news about manufactured housing. But when it became obvious that there were problems in our industry that were not being properly addressed, we pivoted to highlighting those issues. Sunlight is supposed to be a good disinfectant.

No one else tells the authentic story of the good, bad, and ugly as we have done.

Public statements and behavior by a nonprofits, corporations, or public officials over time create a body of statements, trends, and evidence. Examining those records takes time. Putting those various fact- and evidence-based puzzle pieces together in reports in intelligible way that others can double-check to verify claims is something that no one else has done in our profession to the same degree that we have.

Our site statistics and other input tells us that our readers apparently value that process. We in turn strive to not jeopardize the trust we have earned with our readers at MHProNews and MHLivingNews.

Years of sometimes frustrating experiences, tips from insiders, interviews, third-party and other research made it clear that there are stubborn reasons manufactured housing is operating at about 20 to 30 percent of its last high in 1998.

Kevin Clayton essentially admitted that the industry's independents have been hollowed out since Berkshire Hathaway directly entered our profession in 2002 and 2003. That may seem like a coincidence, but evidence suggests that it is not coincidental.

Good laws like DTS have been thwarted and apparently redirected to purposes not originally envisioned by Congress. Berkshire brands are not the only beneficiaries, as our reports have documented and commented on.

Years of evidence suggests the following.

- There is either a massively inept system in Washington, that happens to benefit certain groups while ignoring all others.
- Or there is a high degree of corruption that happens to benefit certain groups at the expense of most others.

Given the fact that degreed, experienced, and educated people are involved at FHFA, Fannie, Freddie, et al, the evidence and common sense each suggest that corruption is the culprit.

As a disclosure. Like any business, we exist by providing services that generate revenues and profits. While we have been paid to serve MHI and some of their dominating brands in the past, that did not keep us from reporting authentically about vexing issues that intersect with this DTS process and other federal laws.

Our views reflect our views. My views are my own, and as this reflects, compliment but are distinct from that of Tony or others. With those disclaimers in mind, let me draw this to a conclusion as follows. Because while I prefer to stay in the background, providing technical support for what we do. But I watch, listen, and learn.

Millions think that DTS only impacts manufactured homeowners. That impression is not true. Let me briefly link and explain why.

- The lack of affordable housing that manufactured homes could be providing in a free-market fashion costs taxpayers tens of billions annually in the form of subsidized housing.
- Furthermore, research reveals that the lack of affordable housing near where it is needed is about a \$2 trillion dollar drag on the U.S. economy.
- That means that a small minority are benefiting from the status quo, while the vast majority are being harmed by a lack of proper and legally mandated support to affordable manufactured homes.

In an article on *WND*, Tony made several useful points.

<https://www.wnd.com/2021/05/solution-big-tech-oligarchs/>

I'd like to add one thing that Tony did not specifically mention there. The law provides for a corporation or chartered institution to lose its charter. It is not commonly done, but it can be done. The FHFA should let the GSEs know that if they do not enforce the law, that they risk their Congressional charter.

There are also laws that provide for civil and/or criminal penalties for violations of federal or state laws.

“Equal justice under law is a phrase engraved on the West Pediment, above the front entrance of the United States Supreme Court building in Washington D.C.,” says Wikipedia.

If there is truly equal justice under law, then the leaders of Fannie and Freddie need to be held to account. They should be compelled by the FHFA to do their job.

If the FHFA refuses to compel the GSEs to do their Congressionally mandated job, then let whatever authentic mainstream media that may be out there investigate and report accordingly. Let any and all found guilty of wrongdoing be held to account.

Let Congress hold transparent hearings. Let them make criminal referrals as the evidence suggests.

But for FHFA, the GSEs, MHI, their state affiliates, and other corporate winners to keep pretending that this is an authentic process is arguably ludicrous. The popular definition of insanity is keep doing the same thing the same way and expect a different result.

If the laws aren't enforced, let there be transparent investigations and accountability for all involved.

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Enforce the law. Do what all thinking people know is possible.

Or let whatever honorable public officials, media, legal, and other minds do what is necessary to make sure that the laws are enforced and that We the People get what the law requires.

Thank you.

Soheyla Kovach