

Washington Report
May 2007
By Pamela Beck Danner, Esq.

MHI Selects New President and CEO

MHI has announced that it has selected Gail Cardwell as its new President and Chief Executive Officer. Cardwell, who officially took the helm during the first week of April, succeeds MHI President Chris Stinebert who left MHI in October 2006 to become President of the American Financial Services Association. MHI's new President will be introduced to the membership during the 2007 National Congress & Expo in Las Vegas, Nevada. Cardwell's previous position was as Senior Vice President of the Commercial/Multifamily Group of the Mortgage Bankers Association, where she coordinated a 30-member board and managed all commercial and multifamily industry relations and regulatory affairs. The Commercial/Multifamily Group deals with a wide range of issues that encompass matters ranging from government regulation to setting "best practices" and industry standards. According to MHI Chairman Barry McCabe, "[MHI] selected Gail primarily for her sterling track record of association management, but she brings the added benefits of over 15 years of Washington public policy experience and financial markets expertise. Gail is absolutely the perfect choice to lead MHI at this point in the history of manufactured housing."

House Science and Technology Committee Approves "Energy Technology Transfer Act"

Last month, H.R. 85, the "Energy Technology Transfer Act", was approved by voice vote by the House Science and Technology Committee. This legislation would amend the Energy Policy Act of 2005 by requiring the Department of Energy to establish a network of "advance technology transfer centers" to streamline technological advancements between the public and private sectors. The Secretary of Energy would award grant contracts for five-year periods to nonprofit institutions, state and local governments, cooperative extension services, or universities to establish a geographically dispersed network of Advanced Energy Technology Transfer Centers, with preference given to those applicants already operating or partnered with an outreach program capable of transferring knowledge and information about advanced energy efficiency methods and technologies. According to MHI's *Just the Facts*, H.R. 85, contains positive language with regard to manufactured housing, and the legislation is supported by the industry. MHI believes H.R. 85 "provides an opportunity and outlet to share product development as well as enhance the public's understanding of manufactured housing and the role it plays in energy efficiency."

Proposed Legislation Includes "Duty to Serve Manufactured Housing Industry"

H.R. 1427, the legislation which would create a new federal regulatory regime for Fannie Mae, Freddie Mac and the Federal Home Loan Banks, was recently reintroduced in the House of Representatives. The legislation contains language which would impose upon Freddie Mac and Fannie Mae "a duty to serve the manufactured housing industry", and

includes the development of new loan products and flexible underwriting guidelines which would apply to both real and personal property loans. Fannie Mae and Freddie Mac would be evaluated annually as to how well they are meeting this duty, with the evaluation to include the volume of manufactured home loans they have purchased and the extent of outreach to new lenders. Sanctions which could be imposed for failing to serve the manufactured housing market include cease and desist orders, civil fines, and other appropriate remedies.

Tennessee Supreme Court Rules in Favor of Modular Home Owner

In a decision issued on March 15, the Supreme Court of Tennessee reversed the decision of the Court of Appeals affirming an injunction prohibiting a homeowner from erecting a modular home on his property. After a hearing before the trial court to determine whether a subdivision's restrictive covenant that specifically prohibited "mobile homes" and "trailers" included a restriction on "modular homes", the court held that the subdivision's restrictive covenant included modular homes as well. The court granted the plaintiffs' request for a permanent injunction and the defendant was ordered to remove the partially erected structure from his property. The Court of Appeals affirmed the injunction. On appeal by permission to the Supreme Court of Tennessee, the Supreme Court reversed, holding that "modular homes" are distinct types of structures from "mobile homes" and "trailers" and because the restrictive covenant did not expressly prohibit "modular homes", the courts cannot expand the plain wording of the covenant to include the defendant's modular home.

HUD Releases Draft Final Rule on Installation Program

On March 16, HUD released a draft final rule for the federal manufactured housing installation program for review by the Manufactured Housing Consensus Committee (MHCC). The rule includes the requirements for state administered installation programs and the requirements that HUD will implement in default states for training and licensing/certification of installers and home installation inspections. The draft is to be the subject of the MHCC conference call scheduled for April 10. Both MHI and the Manufactured Housing Association for Regulatory Reform (MHARR) are in the process of review and analysis of the draft rule.

Bipartisan Legislation Introduced to Extend Energy-Efficiency Tax Credits

According to MHI's *Just the Facts*, two bills which have the support of MHI have been introduced to extend many of the energy-efficiency tax credits set to expire at the end of 2008, namely, S.288, sponsored by Senators Olympia Snowe (R-Maine) and Dianne Feinstein (D-Calif.), and H.R. 1385, sponsored by Representatives Jim McDermott (D-Wash.) and Jerry Weller (R-Ill.). In particular, MHI supports the energy efficient homes language permitting the builders of manufactured homes to qualify for the \$1,000 tax credit by either building to the Energy Star standards or exceeding the International Energy Conservation Code (IECC) by 30 percent. Site-built, modular, and manufactured homes can qualify for a \$2000 credit by exceeding the IECC by 50 percent. In addition, Sen. Jeff Bingaman (D-N.M.) is expected to introduce his own legislation that would extend certain

energy efficiency tax credits. MHI will seek to ensure that any such bill will include manufactured housing language.

This article is produced monthly by Danner & Associates, 1364 Beverly Road, Suite 101, McLean, VA 22101, 703/734-2793, fax 703/903-8949, email at pbdanner@IDEAMATICS.net, or visit their web site at www.dannerandassociates.com.