July 24, 2026

The Honorable Bill Pulte
Director
U.S. Federal Housing (FHFA)
400 7th Street SW, 9th Floor
Washington, D.C. 20219

RE: Manufactured Housing Institute (MHI) Comments on U.S. Federal Housing (FHFA) Proposed Rule - Enterprise Duty to Serve Underserved Markets [RIN 2590-AB64]

Dear Director Pulte,

The Manufactured Housing Institute (MHI) submits these comments in response to the U.S. Federal Housing's (FHFA) proposed rule to reform the Duty to Serve (DTS) program, including the process through which Fannie Mae and Freddie Mac meet their statutory obligations to serve manufactured housing, affordable housing preservation, and rural housing markets, as well as the process FHFA uses to evaluate their performance.

These proposed changes represent a further step on your part to elevate manufactured housing as a critical tool in meeting our nation's significant housing affordability challenges. The rule's reforms would come in the wake of other recent critical developments and innovations that will help manufactured housing fulfill its role as the nation's most affordable homeownership option, including: (1) the elimination of the permanent chassis requirement from the federal definition of manufactured housing in the recently enacted *21st Century Road to Housing Act*, (2) a proposed HUD rule to modify the HUD Code to allow multi-story manufactured homes, (3) the President's March Executive Order on "Removing Barriers to Affordable Housing Construction," which directs federal agencies to promulgate best practices to eliminate discrimination by localities against manufactured housing based on zoning and other restrictions and which directs FHFA to reform regulations for home-only (a.k.a. chattel or personal property) manufactured home loans in order to promote more affordable housing construction, and (4) FHFA's leadership in recent years to facilitate industry innovations, such as the Enterprises' manufactured housing CrossMod programs. Taken together, these developments reflect a growing recognition across Congress, the Administration, HUD, and FHFA that manufactured housing must have a larger role in addressing the nation's housing supply and affordability challenges.

MHI is the only national trade association that represents every segment of the factory-built housing industry. Our members include builders, suppliers, retail sellers, lenders, installers, community owners, community managers, and others who serve our industry, as well as 48 affiliated state organizations. Our industry is on track to build more than 100,000 homes this year, accounting for approximately 9 percent of new single-family home starts. These homes are produced by 33 U.S. corporations in 147 homebuilding facilities located across the country. Today, MHI's home builder members represent over 90 percent of all manufactured homes constructed. Our industry provides an essential source of attainable homeownership in communities across the country.

Manufactured housing is the most affordable homeownership option for American families. Last year, the average price of a manufactured home was $123,300, compared to approximately $406,000 for a site-built home (excluding land). The average income for a manufactured home buyer was about $63,000, while the average income for a site-built home buyer exceeded $143,000. This underscores the importance of Fannie Mae and Freddie Mac actively supporting manufactured housing as a central component of their housing mission. We encourage you to ensure manufactured housing is specifically prioritized in this rule so that Fannie Mae and Freddie Mac are effectively fulfilling their statutory DTS obligations and expanding access to attainable homeownership through manufactured housing.

Proposed Changes to Enterprise Compliance and Evaluation with Duty to Serve

The proposed rule would reform DTS compliance by eliminating the prior process in which each Enterprise submitted a DTS plan, FHFA reviewed and approved those plans, and FHFA then evaluated the extent to which each Enterprise carried out its commitments under the approved plans.

The proposed rule states that it "aims to encourage and enable the Enterprises to better serve the needs of very low-, low-, and moderate-income families in the underserved markets through greater innovation and with less administrative burden" by replacing the current Plans-based framework with a more flexible approach that gives the Enterprises greater discretion in how they meet their DTS responsibilities and by evaluating performance based on how effectively they serve each underserved market.

Only time will tell whether this approach produces more effective Enterprise performance in each of the DTS markets. However, MHI would note the ultimate measure of success is whether Fannie Mae and Freddie Mac meaningfully expand liquidity, financing options, and homeownership opportunities for the families Congress intended the DTS to benefit. We welcome a renewed focus on measurable performance and market outcomes.

Manufactured Housing Duty to Serve Performance Priorities

Below are specific actions and priorities that MHI recommends FHFA focus on in evaluating the performance of Fannie Mae and Freddie Mac in meeting manufactured housing DTS obligations:

1. **<u>Eliminate the 50-Basis Point LLPA Add-On for Manufactured Home Loans.</u>**

MHI commends Director Pulte for the announcement regarding FHFA's review of the Loan Level Pricing Adjustment (LLPA) matrix used by Fannie Mae and Freddie Mac. We also appreciate the Director's transparency in acknowledging that LLPAs are essentially pricing fees that increase the cost of mortgage loans, and his commitment to evaluating changes that could make homeownership more affordable.

For years, MHI has consistently raised concerns with prior FHFA leadership —through comment letters and direct engagement—about the 50-basis point LLPA add-on applied to manufactured home real property loans. We have repeatedly called for a thorough examination of whether these loans truly present higher risk that would justify such a fee. Manufactured housing already serves households with substantially lower incomes than purchasers of site-built homes, making the impact of additional loan pricing particularly significant for the families DTS was intended to benefit. If the review finds that the risk does not warrant the add-on, we ask for the elimination or reduction of the LLPA accordingly. Removing this pricing penalty would be a meaningful step toward improving affordability for the homes that already offer the most cost-effective path to homeownership. We urge FHFA to act swiftly to review this fee, which we believe lacks a risk-based justification, and to eliminate it if that conclusion is supported by the Agency's analysis.

2. Maintain the Focus of Manufactured Housing Duty to Serve on Manufactured Housing

MHI appreciates FHFA's request for comment regarding whether modular housing should be included within the manufactured housing DTS framework. However, the question itself highlights an important distinction that should inform FHFA's approach. Indeed, modular homes and manufactured homes are both produced in factory environments. The critical difference is that modular homes are constructed to state or local building codes, while manufactured homes are constructed to the federal HUD Code and are subject to comprehensive federal oversight and inspection requirements.

Despite the fact that both manufactured and modular homes are constructed in the factory and transported to the home site, the Enterprises generally treat modular homes the same as site-built homes for financing purposes. Manufactured homes, by contrast, continue to be subject to distinct underwriting requirements, pricing adjustments, product limitations, and financial treatment based solely on the fact that they are built to the HUD Code.

For example, a manufactured home and a modular home may be substantially similar in appearance but the manufactured home would be subject to a loan-level price adjustment and other financing distinctions that do not apply to the modular home. This raises a fundamental question about whether current Enterprise policies appropriately reflect the quality, performance, and affordability of modern manufactured housing.

As policymakers increasingly recognize the role manufactured housing has in addressing the nation's housing supply challenges, FHFA should focus on eliminating remaining barriers to manufactured home financing rather than expanding the manufactured housing DTS mandate to housing types that already receive conventional treatment within the mortgage market.

The HUD Code is one of the greatest strengths of modern manufactured housing. It provides a uniform national building standard, promotes regulatory efficiency, supports innovation, and enables the production of high-quality homes at price points that remain attainable for working families. In many cases, modern manufactured homes meet or exceed consumer expectations for quality, energy efficiency, resiliency, and safety while providing a significantly more affordable path to homeownership than many alternatives.

Accordingly, MHI urges FHFA to focus its manufactured housing DTS efforts on ensuring that homes built to the HUD Code are not disadvantaged solely because they are constructed under a federal building code rather than a state or local code. The Enterprises should not maintain policies that contribute to outdated perceptions of manufactured housing or create unnecessary obstacles for consumers seeking one of the nation's most affordable homeownership options. Ultimately, a home should not receive better financing treatment by the Enterprises because it was built to a state building code rather than a federal building code, especially when the HUD Code is specifically designed to ensure quality, safety, durability, and affordability.

3. Reassess Enterprise Approach to Support for Manufactured Home Communities.

Manufactured housing communities are one of the nation's most important sources of affordable housing. They provide millions of households with access to attainable homeownership and affordable rental housing while supporting housing stability in communities across the country. Manufactured housing communities represent decades of private investment in affordable housing. Community owners have acquired land, developed infrastructure, maintained essential services, and created neighborhoods that provide affordable housing opportunities in markets where conventional housing is increasingly out of reach. MHI supports Enterprise engagement in the manufactured housing community sector. DTS policies should encourage continued private investment in these communities and support financing structures that promote long-term affordability, sustainability, and resident stability.

a. Reassess Tenant Pad Lease Protection Framework

The Enterprises' current tenant pad lease protection framework deserves careful review. While intended to promote resident stability and consumer protections, these requirements often duplicate or conflict with existing state and local laws governing landlord-tenant relationships and manufactured housing communities.

The compliance and monitoring systems associated with these requirements have proven costly, complex, and administratively burdensome. In many cases, the requirements impose significant operational obligations on community owners without providing meaningful additional consumer protections beyond those already available under state law. As a result, some community owners have elected not to pursue Enterprise financing, reducing participation in Enterprise loan programs and limiting the Enterprises' ability to support manufactured housing communities through the DTS program.

A policy intended to encourage affordability and community preservation should not inadvertently discourage use of the very financing programs designed to support those goals. MHI therefore urges FHFA to review the Enterprises' tenant pad lease protection requirements and consider alternative approaches that better align with state laws, reduce unnecessary compliance burdens, and focus on measurable resident outcomes. In states with robust statutory tenant protections, the Enterprises should avoid imposing duplicative requirements.

The ultimate objective should be ensuring resident stability, transparency, and fair treatment, not establishing a uniform federal lease framework regardless of local legal requirements and market conditions.

b. End GSE Support for the Limited Equity Ownership Community Model

Enterprise policies should be guided by measurable resident outcomes and long-term community sustainability rather than by favored ownership structures or policy labels. To that end, MHI is particularly concerned that, in recent years, the Enterprises have pursued support for certain Limited Equity Ownership (LEO) community ownership models, usually characterized as "Resident Owned Communities," as a preferred means of fulfilling DTS obligations. Again, GSE performance should be measured by consumer outcomes, resident benefits, and long-term community sustainability, not by whether a particular ownership model carries a preferred label. Where residents do not receive meaningful ownership of the underlying land or meaningful participation in appreciation such arrangements should not receive favorable treatment within the DTS framework merely because they are characterized as "resident owned."

While the Enterprises have implemented burdensome compliance and monitoring systems to enforce pad lease protections for private owners, consumer protections, transparency, and Enterprise due diligence have been lacking in Enterprise loans to communities operating under the LEO model. In the past, Enterprise support in this area was directed to communities that were presented as resident ownership opportunities but did not provide residents with meaningful ownership of the underlying land. Residents may reasonably believe they are acquiring ownership interests comparable to traditional ownership structures when, in reality, they are acquiring financial responsibilities without such ownership interest.

FHFA should evaluate whether residents receive meaningful ownership rights, meaningful economic participation, meaningful governance authority, and transparency regarding the nature of their interest in the community. Communities that fail to deliver these benefits should not receive support from the Enterprises, let alone priority treatment within the DTS framework. For any loans already made to communities using the LEO model or similar "resident owned" arrangements where residents do not truly own the land or benefit from its appreciation FHFA should review these loans to ensure transparency and protection for the residents. This review should assess whether residents were adequately informed of the ownership limitations, the performance of the community following the conversion, the role of affiliated organizations and service providers involved in the transaction, financing, governance, or ongoing management of the community, and whether the financing ultimately aligns with the Enterprises' affordable housing mission. FHFA should also evaluate whether residents were adequately informed regarding limitations on equity accumulation, participation in appreciation, governance rights, and disposition of community assets.

FHFA should reassess prior Enterprise policies that effectively prioritized certain Limited Equity Ownership structures within the manufactured housing community sector. DTS was established to expand housing opportunities, financing access, resident stability, and sustainable homeownership benefits. It was not intended to preference one ownership structure over another. With condominium associations, FHFA has rightly begun questioning whether these entities have the financial capacity to maintain aging infrastructure and respond to emergencies. Similar scrutiny should be applied to manufactured housing communities operating under Limited Equity Ownership structures. Unlike private community owners, communities operating under the LEO model often lack access to capital for critical repairs to roads, sewer and water systems, and other essential infrastructure. As these communities age, deferred maintenance leads to deterioration, directly harming homeowners through declining home values and reduced quality of life.

These concerns are not merely hypothetical. In Cañon City, Colorado, manufactured home communities operating under the LEO model experienced financial instability, mounting mortgage debt, and management challenges. The residents did not receive an equity payout from the sale of the land that they had "purchased." This situation erodes the fundamental concept of ownership: residents take on long-term financial obligations (mortgage debt, costs of infrastructure maintenance like streets, water, and sewer systems, and costs to preserve home inventory) without the financial gains of equity, resale value, or the autonomy that generally accompanies homeownership (i.e. appreciation). Effectively, they pay into a system that provides no tangible return once they move on.

We urge you to stop the Enterprise practice of supporting these LEO entities. Manufactured housing policy must be grounded in outcomes and financing should support models that deliver real stability, equity, and affordability to residents.

c. Expand Support for Rental Housing Within Communities

Finally, MHI notes a growing trend where community owners and operators include rental homes within their land-lease communities or they are developing all-rental communities. These developments reflect evolving consumer needs and market realities, particularly in areas where homeownership may not be immediately attainable. Historically, Fannie Mae and Freddie Mac have been reluctant to purchase loans for manufactured housing communities with higher levels of rental units. In some cases, their underwriting practices have failed to appropriately recognize the value of the rental units, resulting in loan-to-value ratios that do not reflect the full economic value of the community. Fortunately, in recent years, Fannie Mae has taken steps to develop innovative loan products that better support these types of communities. MHI commends these efforts and encourages both Enterprises to expand their support for affordable rental housing within manufactured home communities. We ask that you ensure that Enterprise loan policies support affordable rental units in manufactured housing communities and that financing is available to support their continued development and preservation.

Taken together, these issues underscore the urgent need for FHFA to reassess the Enterprises' approach to manufactured home community financing. We appreciate your leadership to ensure policies are grounded in transparency, aligned with state laws, and focused on delivering real consumer benefits—not just well-intentioned frameworks. Whether addressing pad lease protections, misleading ownership models, or the treatment of rental units, the Enterprises must ensure their financing supports sustainable affordable housing outcomes. Manufactured housing communities have a vital role in serving lower-income families and Enterprise efforts should reflect that reality.

4. **Increase the Enterprises' Volume of Purchases of Real Property Manufactured Home Loans.**

As FHFA assesses Enterprise activities in meeting DTS obligations, MHI urges you to reinforce the Enterprises' commitment to manufactured housing. Fannie Mae and Freddie Mac should fully leverage existing tools to support manufactured housing, which has long served as a critical pathway to homeownership for lower-income families. Manufactured housing is a proven solution to increasing housing supply with quality homes at attainable price points. Enterprise support must reflect that reality not just through product innovation, but through increased loan volume, broader accessibility, and full enforcement of DTS obligations.

A central component of the DTS plans is the numerical targets for purchasing real property manufactured home loans. These targets are not mere technical metrics; they reflect a statutory obligation to support affordable homeownership through manufactured housing. Historically, declines in Enterprise purchases of these loans were a key factor that led Congress to establish the DTS mandate in 2008. We hope FHFA will scrutinize and enforce this aspect of the DTS framework to ensure the Enterprises are meeting their responsibilities.

In addition to increasing loan purchases, we appreciate the Director's leadership in ensuring the Enterprises support our industry's innovation in expanding access to homeownership. MHI appreciates the Director's support for CrossMod homes through the MH Advantage and CHOICEHome programs. We applaud recent steps to address appraisal challenges and expand eligibility to include single-section CrossMod homes, which will help broaden the reach of this product. MHI urges FHFA to continue the push with the Enterprises to make the MH Advantage and CHOICEHome programs mainstream by abandoning the current confidential "manufacturer" and "trademark" agreements where many elements of the programs and home construction are detailed, in favor of fully incorporating the program details into the Selling Guides. Doing so will create more clarity and transparency for new lenders and developers who are interested in entering the market. These efforts are constructive, and they must be scaled and sustained. With the recent update to the HUD Code allowing for 2-4 unit homes, the Enterprises should work to ensure these homes, and future HUD Code innovations such as homes built without a permanent chassis, are supported through their programs.

5. **Preserve the Market for Responsible Home-Only Manufactured Home Lending.**

MHI appreciates FHFA's recognition that home-only manufactured home lending is an important component of consumer access to affordable manufactured housing. For purposes of these comments, MHI uses the term "home-only manufactured home lending" to describe financing for the home itself when the underlying land is not included in the loan. While FHFA's proposed rule discusses this market using the term "chattel lending," MHI believes "home-only lending" more accurately describes the product and avoids unnecessary confusion for consumers, policymakers, and market participants.

MHI welcomes continued dialogue about how Fannie Mae and Freddie Mac can responsibly support this market. At the same time, Enterprise participation must begin with a clear understanding of the existing home-only lending market. Experienced manufactured housing lenders are currently serving consumers through specialized origination, underwriting, servicing, and compliance systems that differ in important ways from conventional real estate mortgage lending. Any Enterprise role should therefore be additive to the existing market, expand sustainable consumer choice, and avoid disrupting responsible sources of credit that are already available to qualified borrowers.

MHI also encourages FHFA to interpret denial-rate data carefully. Home-only manufactured home lending does not function in the same way as the conventional site-built mortgage market. While the Agency's Market Context highlights a higher rate of denial for home-only loans, it does not consider the circumstances that contribute to this higher rate. For example, the quoted denial rate does not consider that much of the home-only lending industry does not pre-qualify consumers like traditional site-built lending, which results in an unfair comparison of access to credit relative to conventional mortgage lending (and denials under pre-qualifications are not reportable to HMDA). In fact, where many consumers applying for a conventional mortgage may apply to the one lender by whom they were prequalified before starting their home buying process, many consumers of manufactured housing will apply to a number of lenders in the industry once they select a home they want to purchase from a retail location, leading to multiple reportable denials. As a result, denial rates reflect differences in application patterns and borrower credit characteristics, rather than a simple lack of available credit. Many denials are also tied to federal and state ability-to-repay requirements or credit profiles that may fall outside current Enterprise underwriting parameters. Accordingly, any Enterprise home-only lending program should be evaluated based on whether it expands responsible access to credit, not simply on comparisons to conventional mortgage denial-rate data. In addition, if the Enterprises apply current conventional mortgage credit standards to home-only lending, their programs will fail to reach many manufactured housing consumers due to the credit profile of manufactured housing consumers.

MHI encourages FHFA to recognize that one of the greatest impediments to manufactured housing growth is not solely access to financing, but the persistence of state and local zoning, placement, and land-use restrictions that limit where manufactured homes may be sited. These restrictions prevent manufactured homes from being used as infill housing in many urban and suburban areas and constrain the development and preservation of manufactured home communities in locations where affordable housing is urgently needed. MHI strongly supports the Enterprises using their DTS activities to identify and address these barriers.

MHI welcomes the opportunity to work with FHFA, Fannie Mae, and Freddie Mac on preserving and promoting responsible home-only manufactured home lending as an important component of consumer access to affordable housing. Any Enterprise-supported home-only lending program should be developed carefully and should be guided by the following principles:

a. A home-only manufactured lending program supported by the Enterprises must be a permanent program to be sustainable and promote responsible growth. It must not be temporary or experimental. Our industry is strong, resilient and currently self-sustaining. Introducing a temporary or pilot program that would leave a wake of unserved consumers and negative perceptions around home-only lending should the Enterprises choose to exit the market would be detrimental. A temporary pilot that is later withdrawn could create confusion for consumers, uncertainty for lenders and retailers, and negative perceptions about home-only lending. If the Enterprises enter this market, they should do so through a durable program that supports long-term liquidity, responsible growth, and market confidence.

b. The program should be additive and should not destabilize the existing market. For a home-only lending program to be viable for supporting the affordable housing needs in the market, the program must serve a broader range of credit scores similar to that accounted for in the industry's current credit profile. Otherwise, there is a risk of creating a vacuum of certain credit profiles that would have otherwise had options for a home-only loan. For example, in 2025, Fannie Mae and Freddie Mac reported weighted average FICO credit scores above 750. Removing the mix of high-quality credit loans from the current home-only lending ecosystem without offering programs for the full-range of credit scores at a similar level to what the industry currently supports could lead to instability in the market, a reduction in loan options, and ultimately, could force some home-only lenders to exit the market, preventing loans being offered to consumers who would otherwise qualify for that same loan today and who are most in need of more affordable housing options. Enterprise participation should not simply draw the highest-credit borrowers out of the existing home-only lending ecosystem while leaving other qualified consumers with fewer options. If the Enterprises serve such a narrow segment of borrowers, their involvement will weaken the broader market that currently supports consumers across a range of credit profiles. FHFA should therefore ensure that any program is structured to expand access responsibly, rather than shift volume in a way that reduces overall credit availability.

c. Any home-only financing program developed should be supported by durable secondary market execution. Such program must be supported by loan securitization so that it stands on its own versus being the product of a government subsidy that remains on Enterprise balance sheets. A sustainable Enterprise program should include a path toward reliable secondary market execution, including securitization where appropriate, rather than relying indefinitely on limited balance-sheet activity. Durable secondary market infrastructure is essential to long-term liquidity, market confidence, and scalability.

d. Enterprise origination and servicing standards would need to be tailored to home-only lending. Guidelines for lenders and servicers should account for the differences in home-only lending and servicing, from the licensing and laws that govern home-only lending, to how the servicing practices and processes differ for home-only loans versus typical mortgage loans. Managing these differences effectively contributes to the overall loan performance and portfolio risk and should be accounted for in the development of any home-only financing program. Otherwise, poor portfolio performance caused by a lack of understanding of home-only loan origination and servicing could unfairly prejudice the secondary market's perception of home-only loan performance overall. At a minimum, the Enterprises must increase their allowable costs for origination and servicing to account for smaller loan balances associated with home-only loans.

In short, MHI supports responsible Enterprise engagement in home-only manufactured home lending, but that engagement must be practical, permanent, and market-informed. FHFA should ensure that any Enterprise activity expands consumer access, preserves existing responsible lending capacity, supports sustainable secondary market liquidity, and reflects the role home-only lending plays in making manufactured housing available to families who may not have access to traditional real estate-secured financing.

Conclusion

Manufactured housing is not simply one housing option among many. It is the nation's most affordable path to homeownership and an essential part of any serious strategy to address America's housing supply challenges. As federal policymakers continue to embrace manufactured housing because of the regulatory efficiency of the HUD Code and the efficiencies of factory-built construction, it is imperative that Enterprise policies fully support, rather than hinder, the ability of consumers to choose manufactured housing.

We commend you for continuing to elevate the role of manufactured housing in discussions about housing supply and affordability. As FHFA establishes a new framework for evaluating DTS performance, we urge you to ensure that manufactured housing remains a central pillar of that effort. Success should be measured by tangible outcomes: expanding access to financing, increasing loan purchases, removing unnecessary regulatory and pricing barriers, encouraging innovation, supporting both homeownership and rental housing opportunities, and ensuring that families who choose manufactured housing receive treatment equal to consumers purchasing other forms of housing.

We look forward to working with FHFA, Fannie Mae, and Freddie Mac to ensure that Enterprise policies reflect the realities of today's manufactured housing market and the critical role it has in expanding attainable homeownership. The DTS mandate presents a unique opportunity to modernize housing finance policies, eliminate outdated assumptions about manufactured housing, and help millions of American families achieve the stability, security, and wealth-building opportunities that homeownership provides.

Ultimately, DTS success should be measured by whether more families are able to purchase a manufactured home, whether more capital is flowing into the manufactured housing market, and whether the Enterprises are meaningfully expanding affordable homeownership opportunities as intended by Congress in establishing the DTS responsibility.

Sincerely,

Lesli Gooch, Ph.D.
Chief Executive Officer