



Preserving the American Dream of Home
Ownership Through Regulatory Reform

MHARR

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MHARR SENATE TESTIMONY SEEKS EXPANSION OF CONSUMER FINANCING AND SECURITIZATION OF CHATTEL LOANS

Washington, D.C., October 28, 2013 – With Congress debating legislation that will ultimately determine the shape of the housing finance market for decades to come, and with the future of the manufactured housing industry – and consumers of affordable housing – hanging in the balance, the Manufactured Housing Association for Regulatory Reform (MHARR) has filed written testimony with the Senate Banking, Housing and Urban Affairs Committee seeking the mandatory inclusion of manufactured housing in a bi-partisan housing finance reform bill currently under consideration (copy attached).

Following the collapse and federal bailout of the Government Sponsored Enterprises (GSEs) and the ongoing taxpayer bailout of the Federal Housing Administration (FHA) looming, housing finance reform has become an increasingly urgent priority on Capitol Hill. And now, with reform bills introduced and pending in both houses of Congress – together with Obama Administration support for a GSE overhaul – the passage of final reform legislation during the current session of Congress could become a reality.

Of the two pending GSE reform bills, only the Senate version – “The Housing Finance Reform and Taxpayer Protection Act of 2013” (S. 1217) introduced by Senators Mark Warner (D-VA) and Bob Corker (R-TN) -- has attracted bi-partisan support as well as the backing of the White House. That bill would partially privatize the securitization of housing loans while maintaining a partial federal guarantee and specific federal programs to promote affordable housing. These features make S. 1217 a better fit for manufactured housing – as the nation’s most (and indeed only) affordable source of homeownership for middle-class Americans – and thus the primary focus of MHARR’s efforts. By contrast, the House version of GSE reform – “The Protecting American Taxpayers and Homeowners Act of 2013” (H.R. 2767), or “PATH ACT” – would totally privatize the housing market without specific, targeted affordable housing programs.

In its present form, though, even the Senate bill would exclude the 76% of all new manufactured homes that are financed as personal property (*i.e.*, chattel) and potentially all manufactured housing loans. Consequently, to ensure that all types of manufactured home loans (*i.e.*, both real estate and chattel) are included on a volume basis in the new structures, institutions and programs that would form the home financing market of the future – and simultaneously end the discriminatory federal policies that have allowed just two related entities to dominate an increasingly dysfunctional and non-competitive manufactured home financing

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market -- MHARR's testimony proposes a specific amendment that would include all such manufactured home loans on a clear, definitive and mandatory basis in S. 1217.

Such clear, definitive and mandatory language is essential because past industry experience has shown that discretionary legislative language will either be ignored or distorted by regulators – such as the discretionary inclusion of manufactured home chattel loans in the “Duty to Serve” provision of the Housing and Economic Recovery Act of 2008. Moreover, the MHARR-proposed amendment specifically (and necessarily) references – as defining criteria -- the unique character and federal regulation of manufactured housing that all too often, in the past, have been used by government at all levels to target manufactured housing and manufactured homeowners for various types of debilitating discrimination.

As part of its outreach seeking to end such discrimination and simultaneously expand the available sources of manufactured home financing, MHARR has engaged extensively – for nearly two years -- with the National Manufactured Home Owners Association (NMHOA), an organization representing more than 18 million manufactured home owners and residents across the United States. Based on that engagement, culminating in an October 3, 2013 meeting between the leadership of NMHOA and MHARR, it is clear that the nation's manufactured home owners agree that a legislative remedy to expand high-volume manufactured home loan securitization and an expansion of the availability of such financing – especially chattel loans – is absolutely essential.

And while the mandatory inclusion of all types of manufactured home loans in any final GSE reform law will not be a guarantee in itself, it is a necessary pre-condition for the expanded competition and expanded financing sources that are necessary to significantly increase manufactured home production and sales beyond the +/- 55,000-home level that has prevailed in recent years, to the hundreds of thousands of affordable homes that moderate and lower-income American families want, need and demand.

In Washington, D.C., MHARR Chairman, John Bostick, stated: “Today's post-2000 law HUD Code manufactured housing is the only segment of the residential construction industry with the proven capability to provide safe, decent and affordable homeownership for Americans on a high-volume basis without costly government subsidies. Over the past decade, though, the industry has been crippled by discriminatory policies in Washington, D.C. that have virtually eliminated competition from the manufactured housing consumer financing market. To reverse those policies, restore genuine competition to the manufactured housing finance market and return production to levels needed to satisfy the true demand for America's most affordable source of homeownership, Congress needs to ensure the mandatory inclusion of all types of manufactured home loans in any final housing finance reform legislation that it passes. MHARR's proposed amendment would do just that.”

The Manufactured Housing Association for Regulatory Reform is a Washington, D.C.-based national trade association representing the views and interests of independent producers of federally-regulated manufactured housing.