



TAKING THE

Taking the positive developments in manufactured home loan performance to Wall Street analysts and investors and building support for increased industry financing capacity was the primary focus of the Manufactured Housing Finance Forum, held Oct. 4 in New York City. Organized and hosted by the Manufactured Housing Institute (MHI), the forum focused on home-only chattel finance and brought together direct lenders, brokers, analysts, investors, real estate investment trusts, and manufactured home producers to discuss how manufactured home chattel lending has improved and will offer a unique opportunity to future investors.



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– Regina Lowrie

INDUSTRY MESSAGE TO THE "STREET"

Forum Points Out Improvement in Manufactured Home Loan Performance

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"The timing for this forum couldn't be any better for the manufactured housing industry. The need for affordable housing and common sense lending has clearly emerged," stated MHI President and CEO Gail Cardwell. "As mentioned by our panelists and investors, the underwriting of manufactured home loans has been tight, with delinquencies and repossessions declining steadily. That's why we're here today, to let Wall Street know that manufactured home lending has come a long way."

Keynote speaker Regina Lowrie, CMB, President and CEO of Vision Mortgage Capital, LLC, spoke passionately about her belief that manufactured housing has tremendous opportunity to serve the housing needs of emerging markets: immigrants, "baby boomers," and all other first-time homebuyers.

"I believe understanding the changing demographics that will change the face of tomorrow's homeowners is the key to success for the manufactured housing industry," Lowrie stated. "It is estimated that the white U.S. population growth between 2000 and 2050 will decrease from 69 percent to 50 percent. At the same time, minorities, which accounted for nearly 40 percent of growth in homeownership over the past 5 years, are predicted to account for nearly 2 out of every 3 new households over the next decade."

"By focusing on the minority housing market, manufactured housing will prosper," Lowrie stated. "The housing and mortgage industries can capitalize on these market shifts by intensifying outreach to Hispanics, Asians, and African American households. The demand for mortgage debt this decade will produce 30 million more Americans through immigration and population growth, representing approximately 13 to 15 million new households. Immigration will account for 9 million of these new

Americans and represent 80 percent of the population growth."

"At the same time, there will be a 147 percentage increase in the 65-and-over population between 2000 and 2050," Lowrie noted. "By comparison, the population as a whole would have increased by only 49 percent over the same period. This is a new customer base for manu-

factured housing that can position the industry for dramatic growth."

As to first-time homebuyers, Lowrie noted that the current subprime lending crisis is pushing efforts to reform the Federal Housing Administration (FHA). "FHA's role has been diminishing due to its inability to adapt products to current

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announced a reorganization of the Manufactured Housing Institute (MHI), the national trade association representing the manufactured and modular housing industries. The move is designed to streamline the policy-making process so that its legislative, regulatory and technical activities are coordinated and synchronized to effectuate strategies aimed at delivery and maintenance of quality and affordable housing to America's existing population and its emerging markets. Under

the reorganization, Michael O'Brien, CAE, currently MHI's Executive Vice President, has been promoted to the position of Chief Operating Officer, where he will oversee MHI's day-to-day operations, ensuring all association activities support industry goals and MHI's approach to problem solving. MHI Vice President of Government Affairs Brian Cooney has been promoted to Senior Vice President of Public Policy and Government Affairs, where he will oversee the development of pub-

lic policy affecting the industries, as well as representing the industries on key legislative and regulatory issues. Tom Beers, MHI's Vice President of Economics, has assumed the new title of Vice President of Economics & Housing Finance. Jeff Inks has joined MHI as the new Vice President of Regulatory Affairs and Industry Relations. ■

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market demands and the growing obsolescence of its process," Lowrie pointed out. "With FHA reform, FHA has a real opportunity to grow—evolving to meet consumer demand in a changing marketplace. FHA will—and should—play a more important role going forward in helping to serve first-time homebuyers, as well as minorities and immigrant growth."

"There is a huge opportunity for manufactured housing to meet the housing affordability crisis facing our nation," Lowrie noted. "It will take a concerted effort by the manufactured housing industry, lenders and the investment community to work together. The positive outcome of this current housing market is the opportunities that are available to build a strong, sustainable manufactured housing business. Let's recognize this opportunity and seize it."

The forum also featured several panel presentations addressing the outlook for manufactured housing lending from different perspectives.

A panel composed of Wall Street analysts and investors provide their perspectives on the performance of Asset-Backed Securities' manufactured home deals and the outlook for manufactured home

lending. Their general consensus was that while there is a marked improvement in the performance of manufactured home loans, there is still uncertainty about the industry's lending due to a lack of historical data that clearly establishes improving performance. Panel members included Paul Humphrey, Director, Citigroup Global Markets; Rod Dubitsky, Managing Director, Asset-Backed Securities, Credit Suisse; Gary Gal, First Vice President, Consumer Asset-Backed Securities Group, AMBAC Financial Group; and Bill Wilson, Director, Single-Family Lending, Fannie Mae.

A panel of manufactured home retail lenders assessed the current business conditions facing manufactured home lending and explored the impacts of the recent reevaluation of the risks associated with mortgage-backed securities. The panel consensus was that loan originations are up and default rates have dropped significantly. However, other asset opportunities continue to compete with manufactured home lending and that timing in the capital markets is not on the industry's side. Panel members included Don Glisson, Jr., President and CEO of Triad Financial Services; Ron Klein, CEO of Origen Financial; Lyle Zeller, Executive Vice President, CountryPlace Mortgage, and Paul

Nichols, President of Vanderbilt Mortgage and Finance.

The final panel, composed of members coming from manufactured home communities and REITs with in-house lending programs, reported that they see lending as a primary means of gaining occupancy for manufactured home communities, and that they see a need to increase their access to the broader lending community, including possible joint ventures with other community lenders to gain access. Panel members included Michael Bowen, Sr., Vice President of American Modern Insurance Group; Stephen Braun, President of Hometown Homes and Financial Services; Michael Berman, Executive Vice President/CFO, Equity Lifestyle Properties; and Samuel Landy, President, UMH Properties.

Other presentations during the forum included a speech by Richard Peach, Vice President, Macroeconomic & Monetary Studies, Federal Reserve Bank of New York; and Tom Beers, MHI's Vice President of Economics and Housing Finance.

MHI offers a special thanks to the sponsors—Champion Enterprises, Hometown America Communities, Fleetwood Homes, Triad Financial Services, Vanderbilt Mortgage and Finance, and McGlinchey Stafford PLLC—who made the forum possible. ■