



## **MHI Action Alert: Dodd-Frank Wall Street Reform and Consumer Protection Act Urge Congress to Preserve Affordable Manufactured Housing by Reducing Regulatory Burdens on Manufactured Homeowners**

**BACKGROUND:** The Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) is the most sweeping rewrite of rules governing banking and financial services in decades. It provides unprecedented authority to a new Bureau of Consumer Financial Protection (CFPB) to develop mortgage lending rules, including for manufactured home loans secured by personal property. The Act adds significant new requirements on residential mortgages, including limitations on origination activities, high-cost mortgages and appraisals. While the CFPB will not officially assume regulatory control over housing finance issues until July 2011, administration officials are already in the process of drafting regulatory changes required by the Act.

**ISSUE OVERVIEW:** In potentially restricting access to a critical category of financing, the Act will have the significant unforeseen consequence of limiting manufactured homeowners' ability to sell or refinance their homes and potential homebuyers' ability to purchase a home. Unless Congress passes legislation reducing burdens the Act places on low- and moderate-income manufactured homeowners, the availability of credit in the manufactured housing marketplace will be substantially curtailed (*See MHI's White Paper on Dodd-Frank impact on manufactured housing for additional details*). **To ensure financing for manufactured housing remains affordable and available, Congress is urged to enact legislation that will:**

- **Minimize burdensome "high-cost mortgage" standards placed on manufactured homeowners.** New high-cost mortgage triggers in Dodd-Frank restrict access to affordable manufactured housing financing for low- to moderate-income families.
- **Reduce uncertainty in "qualified mortgage" guidelines.** Dodd-Frank defines the terms of a "qualified mortgage," which are exempt from certain Dodd-Frank requirements. CFPB's ability to rewrite rules without Congressional oversight for a variety of loan products including smaller manufactured housing loans forces the manufactured home buyers to operate in an uncertain environment.
- **Eliminate conflicting federal mortgage originator standards.** Dodd-Frank establishes new mortgage loan originator definitions that conflict with pre-existing law and will cause significant confusion.
- **Eliminate unrealistic methods for appraisal manufactured housing.** Site-built oriented appraisal requirements have little applicability to manufactured housing and ultimately penalize manufactured homeowners.
- **Curtail potential prejudicial treatment of manufactured housing loan products.** Manufactured housing is arbitrarily subjected to new regulations ill-suited to the prevailing realities of the manufactured housing market.

## **Key Talking Points in Communicating the Impact of Dodd-Frank on Manufactured Homebuyers**

- **Availability of and access to financing is a persistent challenge** within the manufactured housing market, particularly for homes titled as personal property.
- **Lack of a secondary market or federal government support for manufactured housing loans** (particularly for homes titled as personal property) has played a central role in manufactured homeowners inability to access financing at rates that are comparable to the site-built housing market.
- **In order for manufactured homeowners to be able to sell or refinance homes, realistic and competitive financing options must be available.** Without access to financing, particularly for smaller balance loans, manufactured housing will cease to be an affordable housing option for millions of American families.
- **Provisions within Dodd-Frank are especially burdensome on low- to moderate-income families, particularly those seeking financing for smaller balance loans—including high-cost mortgage triggers and qualified mortgage criteria.** Out of nearly nine million manufactured homes, more than 3.5 million of these homes have a value of \$30,000 or less. Requirements within Dodd-Frank could potentially eliminate funding all together for homes with values of under \$30,000.
- **By potentially further constraining manufactured homeowner access to financing,** Dodd-Frank has the unintended consequence of limiting housing options available to millions of low- to moderate income families.
- **Unless key statutory changes are made to Dodd-Frank, manufactured homeowners, particularly low- to moderate-income families, access to sources of financing will become even more limited.** Dodd-Frank provisions have the real ability to essentially eliminate the availability of an entire class of affordable housing.
- **Confusing and contradictory treatment of mortgage originators at the federal level and lack of consistent standards** in the treatment mortgage finance products has the potential to create an unlevel playing field by penalizing those living in lower cost affordable manufactured homes over more expensive site-built housing.
- **Congress is urged to recognize the unique challenges faced by both the manufactured housing industry and ultimately manufactured homeowners** posed by provisions within the Dodd-Frank Act, including:
  - ✓ **Limited access to financing,** particularly smaller value manufactured homes
  - ✓ **Lack of technical assistance** for home buyers due to conflicting federal mortgage origination standards
  - ✓ **Prejudicial treatment of manufactured housing loans** specifically tailored to meet the needs of low- and moderate-income families
  - ✓ **Lack of regulatory certainty** and clarity facing manufactured homeowners

## **Grassroots Action Needed to Preserve the Availability of Manufactured Home Financing**

**MHI members, as well as homeowners and other industry stakeholders are asked to contact their U.S. Senators and U.S. Representatives** and urge they support activities to develop legislation that offsets Dodd-Frank's unintended consequence of constraining lending activities within the manufactured housing market, particularly among low- to moderate-income homebuyers, specifically:

- 1) MHI members, including state executives, manufacturers, suppliers, community owners and lenders, are asked to personally contact their Senators and Representatives and urge them help champion legislation** to minimize the impact the Dodd-Frank Act will have on low- to moderate-income families seeking affordable financing for manufactured housing.
  - a. A sample letter to Members of Congress is provided below (*Note: please fax or email the letter, do not mail*).
  - b. **Personally contact your Member of Congress or staff** responsible for housing issues and explain the impact provisions within Dodd-Frank will have on the availability manufactured home financing.
  - c. **MHI has developed sample legislation** that proposes several remedies to the Dodd-Frank Act. If your Member of Congress is interested in introducing legislation, please have them follow up with MHI staff (Jason Boehlert at 703.558.0660 or [jboehlert@mfghome.org](mailto:jboehlert@mfghome.org)).
  
- 2) If you have a Member of Congress in your delegation that serves on either the House Financial Services Committee or Senate Banking Committee**, please personally contact their offices as soon as possible (*in addition to sending the letter mentioned above*)—membership rosters for the committees, with staff contact information, is provided below—and urge they:
  - a. **Help champion and/or introduce legislation** that ensures low- and moderate-income manufactured homeowners will continue to have access to financing to buy, sell or refinance manufactured homes.
  - b. **Contact the Chairman and/or Ranking Member of the Senate Banking or House Financial Services Committees** and specifically request the provisions that address the specific financing needs of manufactured homeowners be included in any Dodd-Frank corrections bill.
  
- 3) If you are a manufactured home community owner, please urge community resident to also contact their Members of Congress** (*a separate sample letter for community residents/manufactured homeowners is also provided below*).
  
- 4) Please forward copies of correspondence to MHI**, specifically, MHI Vice President of Government Affairs Jason Boehlert at [jboehlert@mfghome.org](mailto:jboehlert@mfghome.org). Providing this information will allow MHI staff to follow up with Congress staff and provide additional information and guidance on action needed to remedy the unintended consequences of the Dodd-Frank Act.
  
- 5) For additional information or questions**, please contact MHI Vice President of Government Affairs Jason Boehlert at [jboehlert@mfghome.org](mailto:jboehlert@mfghome.org)

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**Sample letter for MHI members to send to Members of Congress**  
**Requesting Reforms to the Dodd-Frank Act**  
*(Please copy letter to your organization's letterhead)*

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**For U.S. Senators:**

The Honorable [**First Name**] [**Last Name**]  
United States Senate  
Washington, DC 20510

**For U.S. Representative:**

The Honorable [**First Name**] [**Last Name**]  
U.S. House of Representatives  
Washington, DC 20515

Dear **Senator** or **Representative** [**Last Name**]:

On behalf of the [**insert organization name**] I am writing to respectfully request your assistance in serving the nearly nine million American families that depend on manufactured homes as a safe, reliable and affordable housing option. **Specifically, help is needed to champion or sponsor legislation to correct one of the most significant unintended impacts of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203)—the potential elimination of financing available for the purchase of affordable manufactured housing, particularly for low- to moderate-income families.**

For 75 years, the manufactured housing industry has provided quality affordable housing to America's families. Because of their reliability, durability as well as amenities offered, manufactured housing has accounted for more than 20 percent of all new single family homes sold since 1989.

However, a lack of available financing for manufactured homeowners and growing regulatory burdens threaten to further destabilize the already distressed manufactured housing market and limit a critical housing option for many low- and moderate-income families.

The Dodd-Frank Act's substantial new restrictions on housing finance activity disproportionately impact the smaller sized loans that are relied on by manufactured homeowners. The Act's ultimate consequence will be limited credit availability for the purchase, sale or refinance of affordable manufactured housing. It is estimated that as much as half of the lending activity for manufactured housing could be wiped out by these provisions—loans primarily relied on by low- to moderate-income to access affordable housing.

***[If possible, please provide local/state example of how increased regulation will impact manufactured homeowners and buyers access to credit]***

The manufactured housing industry fully supports efforts to enhance consumer protection. However, the elimination of responsible lending options for low- and moderate-income families should not have been the intended consequence of the Dodd-Frank Act.

**It is for these reasons we urge you to work with our industry partner, the Manufactured Housing Institute (MHI), and help champion legislation to minimize the impact the Dodd-Frank Act will have on the nine million American families that rely on manufactured housing to provide a safe and affordable home.**

Sincerely,

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**Sample Letter for Manufactured Homeowners and Community Residents  
Requesting Reforms to the Dodd-Frank Act**

*(Please copy and paste letter on to personal letterhead)*

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**For U.S. Senators:**

The Honorable **[First Name]** **[Last Name]**  
United States Senate  
Washington, DC 20510

**For U.S. Representative:**

The Honorable **[First Name]** **[Last Name]**  
U.S. House of Representatives  
Washington, DC 20515

Dear **Senator** or **Representative** **[Last Name]**:

**As one of the nearly 20 million Americans that rely on a manufactured home as a safe, reliable and affordable housing option, I am writing to respectfully request your assistance to sponsor legislation to offset one of the most significant unintended impacts of the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203)—the potential elimination of financing available for affordable manufactured housing, particularly for low- to moderate-income families.**

Like any other homeowner, I depend on readily available financing options in order to sell or refinance my home, or to purchase new one. Unfortunately—unless corrections are made to the Dodd-Frank Act—as much as half of the financing upon which manufactured homeowners rely, could be eliminated.

As a consumer and homeowner, I fully appreciate the need for responsible and transparent lending practices. However, owners of lower cost homes—particularly affordable manufactured housing—bear a significantly higher share of Dodd-Frank’s regulatory burden. In fact, nearly half of all manufactured homes could potentially be unable to qualify for financing due to the regulatory burdens imposed by the Dodd-Frank Act.

Ultimately the need for regulatory oversight should be tempered by the need to preserve access to affordable finance options that responsibly serve the needs of low- and moderate-income manufactured homeowners. Manufactured homeowners and buyers should not be penalized for choosing a housing option that is sustainable, affordable and fits within their budget constraints.

It is for these reasons I respectfully request your help in championing legislative efforts to ensure affordable financing options remain accessible to the nearly nine million families that rely on manufactured housing. For further information, we urge you to contact staff at the Manufactured Housing Institute (MHI).

Thank you for your thoughtful consideration of this request.

# Senate Banking Committee

(As of 03/03/11)

## Majority Members

Tim Johnson (D-SD), Chairman

*Staff Contact: Erin Barry*

Jack Reed (D-RI)

*Staff Contact: Kara Stein*

Charles E. Schumer (D-NY)

*Staff Contact: Jonah Crane*

Robert Menendez (D-NJ)

*Staff Contact: Michael Passante*

Daniel K. Akaka (D-HI)

*Staff Contact: Matt Pippin*

Sherrod Brown (D-OH)

*Staff Contact: Graham Steele*

Jon Tester (D-MT)

*Staff Contact: Alison O'Donnell*

Herb Kohl (D-WI)

*Staff Contact: Karolina Arias*

Mark R. Warner (D-VA)

*Staff Contact: Michelle Maiwurm*

Jeff Merkley (D-OR)

*Staff Contact: Will White*

Michael F. Bennet (D-CO)

*Staff Contact: Joy Silvern*

Kay Hagan (D-NC)

*Staff Contact: Andrew Devlin*

## Minority Members

Richard C. Shelby (R-AL), Ranking Member

*Staff Contact: Graham Smith*

Mike Crapo (R-ID)

*Staff Contact: Gregg Richard*

Bob Corker (R-TN)

*Staff Contact: Michael Bright*

Jim DeMint (R-SC)

*Staff Contact: Jeff Murray*

David Vitter (R-LA)

*Staff Contact: Chris Stanley*

Mike Johanns (R-NE)

*Staff Contact: Sarah Novascone*

Patrick J. Toomey (R-PA)

Mark Kirk (R-IL)

*Staff Contact: Devin Meyer*

Jerry Moran (R-KS)

*Staff Contact: Dave Oxner*

Roger F. Wicker (R-MS)

*Staff Contact: Lenwood Brooks*

## House Financial Services Committee

(As of 03/03/11)

### **Majority Members**

Spencer Bachus (AL), *Chairman*  
Peter T. King (NY)  
*Staff Contact: Adam Paulson*  
Ed Royce (CA)  
*Staff Contact: Michael Ahern*  
Frank Lucas (OK)  
*Staff Contact: Courtney Box*  
Ron Paul (TX)  
*Staff Contact: Paul-Martin Foss*  
Donald A. Manzullo (IL)  
*Staff Contact: Kelli Nelson*  
Walter B. Jones (NC)  
*Staff Contact: Glen Downs*  
Judy Biggert (IL)  
*Staff Contact: Nicole Austin*  
Gary Miller (CA)  
*Staff Contact: Bret Manley*  
Shelley Moore Capito (WV)  
*Staff Contact: Dan Casto*  
Jeb Hensarling, (TX)  
*Staff Contact: Kristen Mork*  
Scott Garrett (NJ)  
*Staff Contact: Chris Russell*  
Randy Neugebauer (TX)  
*Staff Contact: Cliff Roberti*  
Patrick McHenry (NC)  
*Staff Contact: Jennifer Flitton*  
John Campbell (CA)  
*Staff Contact: Wes McClellan*  
Michele Bachmann (MN)  
*Staff Contact: Paul Blocher*  
Kenny Marchant (TX)  
*Staff Contact: Scott Cunningham*  
Thaddeus McCotter (MI)  
*Staff Contact: Artur "Art"  
Suchorzewski*  
Kevin McCarthy (CA)  
*Staff Contact: Kyle Lombardi*  
Steve Pearce (NM)  
*Staff Contact: Kate Schmucker*  
Bill Posey (FL)  
*Staff Contact: Nicole McCleary*

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*Staff Contact: Kyle Whatley*  
Lynn Westmoreland (GA)  
*Staff Contact: Ellen Johnson*  
Blaine Luetkemeyer (MO)  
*Staff Contact: Chris Brown*  
Bill Huizenga (MI)  
*Staff Contact: Marliiss McManus*  
Sean Duffy (WI)  
*Staff Contact: Bryan Blom*  
Nan Hayworth (NY)  
*Staff Contact: John Van Etten*  
Jim Renacci (OH)  
*Staff Contact: Brain Werstler*  
Robert Hurt (VA)  
*Staff Contact: Kelly Simpson*  
Robert Dold (IL)  
*Staff Contact: Hab Siam*  
David Schweikert (AZ)  
*Staff Contact: Matthew Tully*  
Michael Grimm (NY)  
*Staff Contact: Richard Hoffman*  
Francisco Canseco (TX)  
*Staff Contact: Brian O'Shea*  
Steve Stivers (OH)  
*Staff Contact: Lindsay  
Vogtsberger*

### **Minority Members**

Barney Frank (MA), *ranking  
member*  
Maxine Waters (CA)  
*Staff Contact: Charla Ouertatani*  
Carolyn Maloney (NY)  
*Staff Contact: Kristin Richardson*  
Luis Gutierrez (IL)  
*Staff Contact: Evelyn Rodriguez*  
Nydia Velazquez (NY)  
*Staff Contact: Aixa Aleman-Diaz*  
Melvin Watt (NC)  
*Staff Contact: Hilary West*  
Gary Ackerman (NY)  
*Staff Contact: Steven Boms*

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*Staff Contact Rebecca Korman*  
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Ruben Hinojosa (TX)  
*Staff Contact: Greg Davis*  
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*Staff Contact: Richard Pecantte*  
Carolyn McCarthy (NY)  
*Staff Contact: Georgette Sierra*  
Joe Baca (CA)  
*Staff Contact: Jack Cummins*  
Stephen Lynch (MA)  
*Staff Contact: Cara Camacho*  
Brad Miller (NC)  
*Staff Contact: Michael Canning*  
David Scott (GA)  
*Staff Contact: Alysson Vogt*  
Al Green (TX)  
*Staff Contact: Greg Orton*  
Emanuel Cleaver (MO)  
*Staff Contact: Cassandra Young*  
Gwen Moore (WI)  
*Staff Contact: Andrew Stevens*  
Keith Ellison (MN)  
*Staff Contact: Carrie Johnson*  
Ed Perlmutter (CO)  
*Staff Contact: Amanda Slater*  
Joe Donnelly (IN)  
*Staff Contact: Jessica McEwen*  
Andre Carson (IN)  
*Staff Contact: Nida Zaman*  
Jackie Speier (CA)  
*Staff Contact: Erin Ryan*  
Jim Himes (CT)  
*Staff Contact: Brian Kelly*  
Gary Peters (MI)  
*Staff Contact: Jonathan Smith*  
John Carney (DE)  
*Staff Contact: Sam Hodas*