



**GSE DUTY TO SERVE MANUFACTURED HOUSING:  
REQUEST FHFA EXPAND GSE PERSONAL PROPERTY LENDING ACTIVITY  
CONTACT FHFA AND CONGRESS IMMEDIATELY TO REQUEST MODIFICATION OF  
ENTERPRISE DUTY TO SERVE UNDERSERVED MARKETS PROPOSED RULE**

**BACKGROUND:** Originally established to enhance the availability, efficiency and transparency of capital in targeted economic sectors, including housing, and to reduce the cost of credit in these sectors, government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac have had little involvement in financing manufactured housing. Less than one percent of GSE business comes from manufactured housing.

To increase the liquidity of mortgage investments and improve the distribution of investment capital available for mortgage financing, Congress, through, the Housing and Economic Recovery Act of 2008 (HERA; P.L. 110-289), specifically established a duty for GSEs to serve underserved markets, including manufactured housing.

In determining whether the GSEs were complying with this “duty to serve” requirement, the Federal Home Finance Agency (FHFA)—which serves as regulator and conservator of the GSEs—was given strong legislative guidance to consider the level to which GSE were developing products and services for loans secured by both real and personal property. HERA provided specific direction that GSEs “develop loan products and flexible underwriting guidelines to facilitate a secondary market for manufactured housing.”

**ISSUE ANALYSIS:** On June 7, FHFA released a proposed rule (*Enterprise Duty to Serve Underserved Markets*; 75 FR 32099) that excludes personal property lending in the GSE duty to serve the manufactured housing market. Specifically, the proposed rule would “consider only manufactured homes titled as real property for purposes of the duty to serve the manufactured housing market...FHFA is proposing that only loans titled as real property be considered towards the Enterprise’s duty to serve.”

In the proposed rule, FHFA identifies three key reasons for declining to include personal property lending as part of the GSE duty to serve manufactured housing, including:

- **A lack of existing business activity** in purchasing personal property loans and to develop a business in purchasing or guaranteeing personal property loans would require GSEs to develop operational capacities and risk management processes not currently in place
- **Extensive consumer protection requirements** would have to be developed by the GSEs to ensure that personal property lending was done responsibly
- **Personal property lending is inconsistent with GSE conservatorship** and requires too much effort to ensure safe and sound operations in this area

**KEY TALKING POINTS:** MHI opposes FHFA’s proposed rule that refuses to include personal property lending in the GSE duty to serve manufactured housing requirement and urges FHFA and Congress to expand GSE activity in this area. Given the prevalence of personal property lending, FHFA’s proposed rule essentially ignores the needs of both the manufactured housing industry and consumer.

- **FHFA and the GSEs have an obligation** to serve manufactured housing and the 18 million Americans currently residing in manufactured homes
- **GSEs cannot fulfill their “duty to serve” the manufactured housing by ignoring 21 percent** of the total housing market and manufactured homebuyers who are in desperate need of this source of affordable housing
- **More than 60 percent of manufactured home owners rely on personal property loans** in order to finance their home purchase; it is exceptionally difficult to faithfully serve any market if more than half of it is excluded from consideration
- **The charters of both Fannie Mae and Freddie Mac have always allowed for the purchase of personal property loans** and in the past, in limited quantities, purchased Asset Backed Securities (ABS) collateralized by manufactured home loans and have purchased loans directly from lenders for their portfolios; Congress recognized their limited activity in this area and specified FHFA consider loans secured by both real and personal property in assuring the GSEs dutifully serve the total and complete needs of the manufactured housing market
- **Industry lenders operate responsible and profitable programs for personal property lending** and follow all appropriate laws such as Truth in Lending (TILA), and the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act), as well as all appropriate state laws, however they have been shut out from a secondary market due to GSE policies; industry lenders can provide GSEs and the American taxpayer adequate protection from any loss

**ACTION NEEDED:**

1. **MHI members are asked to submit comments to FHFA.** Comments must be submitted by July 22, 2010. Submit comments via email to [regcomments@fhfa.gov](mailto:regcomments@fhfa.gov) (include “RIN 2590-AA27” in the subject line of the email). Please forward copies of comments submitted to MHI Vice President of Government Affairs Jason Boehlert at [jboehlert@mfghome.org](mailto:jboehlert@mfghome.org).
2. **MHI members are urged to personally contact their Representatives and Senators and ask they:**
  - a. contact FHFA directly to request the agency modify its proposed rule to require GSE’s develop personal property lending in their duty to serve manufactured housing
  - b. contact leaders of the House Financial Services and Senate Banking Committees and specifically request FHFA amend its proposed rule; Senators and Representatives serving on these committees are especially urged to make this request

For more information, contact MHI Vice President of Government Affairs Jason Boehlert at 703.558.0660 or [jboehlert@mfghome.org](mailto:jboehlert@mfghome.org).