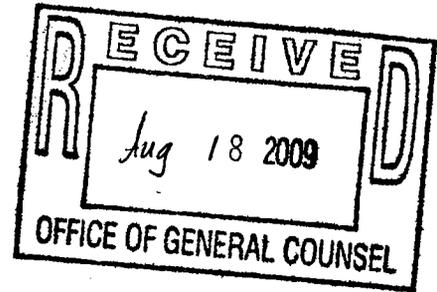


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10 August 2009



TO: Alfred M. Pollard, General Counsel
Attention: Comments/RIN 2590-AA27
Federal Housing Finance Agency
Fourth Floor, 1700 G. Street, NW,
Washington, DC 20552

FROM: George Allen, Realtor™, CPM™ & MHM
Founder (1980) & President of GFA Management, Inc.
&
Consultant to the Factory – built Housing Industry &
The Landlease Community Real Estate Asset Class

A handwritten signature in blue ink, appearing to be "G. Allen", written over the "FROM:" section of the letter.

SUBJ: **Comments Relative to GSE Duty to Serve Underserved Markets**

REF: a) Federal Housing Finance Agency's 12 CFR Part 1282 & RIN 2590-AA27 'Advance Notice of Proposed Rulemaking & Request for Comment' Relative to (GSE) Duty to Serve Underserved Markets for Enterprises', *not dated*.

Following paragraphs recommend clarification of three foci to be soon addressed in the subject Request for Comment and within referenced source document. Reference a.

Pages 7 & 8. "FHFA specifically invites comment on three aspects of the manufactured housing market further discussed below: manufactured home parks; personal property loans; and land – home and real estate manufactured housing loans."

Manufactured Home Parks. Page 8. Suggest rewriting first two sentences of this paragraph as follows:

"Most owners of manufactured, modular and other types of factory – built housing routinely site their homes in landlease (*nee* manufactured home) communities and rent the underlying land. Most landlease communities are investor – owned and some are resident – owned."

Here's why.

1. Manufactured Home Park, while still common trade and government lingo in Florida and California, is near universally referred to as landlease (*nee*

manufactured home) community throughout the rest of the U.S., and in most trade publications, e.g. *Manufactured Home Merchandiser, Journal*, the *Allen Letter*, and *The Grissim Report* (an online business newsletter).

2. Why 'landlease (*nee* manufactured home) community' or 'LLCommunity' for short? Because at least six types of factory – built housing are commonly sited within this unique income – producing property type: mobile homes (pre – 1976 vintage), HUD Code manufactured homes (post – 1976 vintage, modular homes (See Baywood in Eastern Delaware & elsewhere), 'park model' RVs used as housing, 'RVs for a season' (e.g. \$250,000 luxury RVs sited in the Midwest during Spring & Summer; in the Rio Grande Valley area of TX during the Winter); even production site built homes fabricated to look like HUD Code manufactured homes – see Florida, post – Hurricane Andrew)
3. Why '*most* LLCommunities are investor owned and *some* resident owned' (?) There're approximately 50,000 LLCommunities (again, formerly manufactured home communities, and before that, mobile home parks) throughout the U.S; 85 percent of which are properties containing 100 and fewer rental homesites. The vast majority of the properties in this investment realty asset class are investor owned, maybe 1,000+/- resident – owned. *How to know for sure?* Contact Florida Manufactured Housing Association (850)-907-9111 and ask Jim Ayotte or Ken Shouse; also ROC-USA (603) 856-0709 – Paul Bradley (investor – to – resident conversion specialist).
4. Relative to the question whether '...loans secured by landlease communities... should be considered under the duty to serve the manufacture housing market....?' With exception of resident – owned LLCommunities, I doubt more GSE – secured mortgages would directly or indirectly benefit homeowners leasing rental homesites within investor - owned properties, other than to make it easier for would – be investors to obtain financing for said realty transactions.

Personal Property Loans. Page 8. Here I think, the clearing – up of a misunderstanding will make a positive contribution to upcoming 'comments relative to GSE duty to serve underserved markets'. The bugaboo is this sentence:

“In some jurisdictions manufactured homes are financed as personal property, and the loan to the homebuyer is secured by a lien only on the manufactured home.”

A more accurate rendering of this sentence is as follows:

“In almost all jurisdictions, manufactured homes sited in landlease communities, are financed as personal property; and the loan to the homebuyer is secured by a lien, only on the manufactured home.”

Point? It's a rare exception to market reality to find any home in a LLCommunity *not* financed with chattel or personal property loans! (Only in a couple states, has this 50 year practice evolved to quasi - conventional mortgage status, via use of long term loans). *Why?* Because the underlying realty is not owned by the homeowner/lessee! Given the accuracy of the first statement (*How to know?* Contact the Manufactured Housing Institute @ 703/558-0678 & talk to Thayer Long), it would/could be a very very good and timely practice for GSEs to 'purchase personal property loans on manufactured housing on a flow basis'!

Affordable Housing Preservation. Page 9. I look forward to the day when arbitrary, unspecific sentences, like to following, are footnoted and qualified:

“...the Enterprises are required to develop loan products and flexible underwriting guidelines to facilitate a secondary market to preserve **housing affordable** to very low, low, and moderate – income borrowers, including **housing projects subsidized** under....” (Emphasis added. GFA)

What is the definition/description of **housing affordable**, a.k.a. affordable housing & housing affordability, to be used in the above - referenced Advanced Notice of Rulemaking...? I couldn't find one. Here're a few alternatives and parameters:

- 30% Housing Expense Factor or HEF; be it 'loaded' (e.g. PITI & utility expenses), barebones (e.g. PI alone), or somewhere in between, or a different – usually 'higher percentage' altogether to delineate 'affordable' owned and rental housing.
- Housing Opportunity Index or HOI; formerly the Housing Affordability Index or HAI. Today, a proprietary 'affordable housing & housing affordability' measure controlled by NAHB/Wells Fargo, and at times, NAR/Wells Fargo.
- Housing Wage or HW, and how 'affordability' measure relates to Federal Poverty Guidelines and other related parameters.
- Workforce Housing or WFH, 'affordable' for nurses, firefighters, policemen and teachers in local housing markets.
- Or One Who Simply Believes, "Ownership housing is 'affordable' when the price is right." *Shelterforce* magazine.

Above five alternatives and parameters describing 'affordable housing & housing affordability' are quoted from *HOUSING AFFORDOGRAPHY*, Study of Affordable Housing Formulae & Measures of Housing Affordability', published by PMN Publishing, June 2008. So, which definition/description of **housing affordable** will be used during the proposed rulemaking and comment period? I'd really like to know!

Another bugaboo within the same Affordable Housing Preservation paragraph has to do with the apparent assumption **housing affordable** is synonymous with **subsidized housing**. At least that's the way it reads, with no other alternatives listed. I don't think it is; do you? Among realty professionals (e.g. Realtors™, CPMs™ & others) it's almost a given anymore, that 'affordable housing' - however you say or write it, has been hijacked by the housing subsidy crowd. And that's a shame, because it could and should mean so much more! But this Advanced Notice of Proposed Rulemaking, as it's presently worded, continues the sham at worst, the confusion at best.

In conclusion; I hope you see the wisdom of fine tuning terminology and concepts, described in previous paragraphs, relative to **manufactured home parks cum** landlease communities; there being a far greater number of **personal property loans**, relative to manufactured housing, than maybe expected; and a crying need for definition/description of **housing affordable** - 'affordable housing & housing affordability', used in the Advanced Notice of Proposed Rulemaking & Request for Comment Relative to GSE Duty to Serve Underserved Markets for Enterprises.

GFA/cc