



July 21, 2010

Mr. Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
1700 G Street, N.W.
Fourth Floor
Washington, DC 20552

Re: RIN 2590-AA27

Dear Mr. Pollard:

On behalf of the *Tennessee Manufactured Housing Association* please consider these formal comments in response to the Enterprise Duty to Serve Underserved Markets Notice of Proposed Rule Making and Request for Comments (RIN 2590-AA27) released June 7, 2010.

Let us first state, the lack of liquidity in the manufactured housing market has directly affected Tennessee consumer's access to our homes and closed many Tennessee production facilities resulting in the loss of hundreds upon hundreds of Tennessee jobs, both in the direct and indirect servicing markets.

Additionally, Tennessee has thousands of consumers which currently access, or wish to access, the amenities of our vast number of manufactured housing communities; but are unable to buy new homes, purchase used homes or sell their existing homes, because those financial transactions are considered 'personal property loans'. As personal property loans are the highest percentage of our financing activity, this is one of many reasons in which the full and proper implementation of 'duty to serve' is so critical for Tennessee.

In developing regulatory guidelines to implement duty to serve provisions outlined in the Housing and Economic Recovery Act of 2008 (HERA; P.L. 110-289), initial rules developed by the Federal Housing Finance Agency (FHFA) do not fully reflect, in our opinion, congressional intent on the duty government-sponsored enterprises (GSEs) have to serve the manufactured housing market.

HERA tasked the GSEs with developing loan products, flexible underwriting guidelines and a secondary market for mortgages for very low-, low- and moderate- income families for three underserved markets: 1) manufactured housing; 2) rural housing; and 3) affordable housing. Congress further specified that FHFA, in considering whether GSEs have fulfilled their duty to serve obligation, consider loans secured by both real and personal property.

In its proposed rule, FHFA indicates it will consider only manufactured homes loans secured by real property for purposes of the duty to serve the manufactured housing market requirement. We feel this decision misinterprets legislative intent as well as industry realities with respect to the prevalent role personal property lending plays in the manufactured housing market.

The manufactured housing industry serves a vital segment of the housing market. In fact, since 1989, manufactured housing has accounted for 21 percent of all new single family housing sold in the United States. A significant portion of this is in the form of affordable housing, specifically:

- In 2009, 43 percent of all new home sales under \$150,000 and 23 percent under \$200,000 were manufactured homes
- 73 percent of those living in manufactured housing earn less than \$50,000
- 45 percent of manufactured housing borrowers earn 80 percent or less of Area Median Income (AMI)

More than 60 percent of manufactured home owners have relied on a personal property loan in order to finance their home purchase. Therefore, FHFA's initial decision to exclude personal property lending considerations from the GSE's duty to serve obligation, effectively eliminates more than half the market to efficiently sell their homes at any price due to the lack of available financing. In many cases, families that needed to move for family, health, job, or economic reasons have been unable to sell their homes at any price due to the lack of personal property home loans.

While the charters of Fannie Mae and Freddie Mac have always allowed for the purchase of personal property loans, they represent only one percent of all loans purchased by the GSEs. Congress recognized this reality and through HERA, provided FHFA the authority to consider loans secured by both real and personal property, in assuring GSEs dutifully serve the needs of the manufactured housing market.

While we appreciate the concerns raised by FHFA to ensure GSEs remain viable economic institutions and that adequate consumer protections are in place, FHFA and the GSEs have an obligation to serve the 18 million Americans that currently reside in manufactured homes. The manufactured housing industry stands ready to address

personal property lending issues identified by FHFA in the proposed rule, in a substantive and productive manner.

However, the decision to potentially eliminate personal property lending from GSE duty to serve requirements not only fails to serve the underserved manufactured housing market; it fails to serve the larger underserved affordable housing and rural housing markets.

It is for these reasons FHFA is urged to amend its proposed rule to also consider manufactured home loans secured as personal property towards the Enterprise duty to serve requirement.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "Maria Y. Jackson". The signature is fluid and cursive, with a large loop at the end of the last name.

Maria Y. Jackson
Executive Director