July 23, 2026

The Honorable Bill Pulte
Director
U.S. Federal Housing
(Federal Housing Finance Agency)
400 7th Street SW, 9th Floor
Washington, D.C. 20219

UMH Properties Comments
Federal Housing Finance Agency Proposed Rule
Enterprise Duty to Serve Underserved Markets
[RIN 2590–AB64]

Dear Director Pulte,

UMH Properties ("UMH") writes to submit comments on the Federal Housing Finance Agency (FHFA) (U.S. Federal Housing) proposed rule to reform the process under which Fannie Mae and Freddie Mac fulfill and are evaluated for compliance with their statutory Duty to Serve responsibilities for manufactured housing, affordable housing preservation, and rural housing.

UMH Properties is an owner and operator of manufactured home communities nationwide. UMH Properties is publicly traded on the New York Stock Exchange, with a 55-year history of providing quality affordable housing in manufactured home communities. UMH currently owns and operates 145 manufactured home communities in 12 states, with approximately 27,100 developed homesites.

UMH supports the proposed rule changes to revise Duty to Serve to focus more on actual Fannie Mae and Freddie Mac performance in serving the needs of very low-, low-, and moderate-income families in underserved markets. Manufactured homes are the Nation's most affordable homeownership option.

UMH also supports the proposed rule focusing on innovation in evaluating Duty to Serve performance. With regard to FHFA's evaluation of the Enterprises' Duty to Serve Performance in manufactured housing, UMH recommends a focus on performance in two critical priority areas of innovation:

(1) Manufactured housing community loans with rental units.
(2) Personal property (chattel) home purchase loans.

Manufactured home mortgage and community loan purchases by the Enterprises arguably have the greatest Underserved Market impact of any loan purchases that the Enterprises could make, due to the fact that manufactured housing is our Nation's most affordable homeownership and rental housing option.

In addition to fulfilling the Manufactured Home prong of the statute, these loans have a significant impact in serving Rural Underserved Markets, since a majority of manufactured homes and communities are located in rural areas.

Finally, manufactured home community loans to communities with rental units also have a significant impact in serving the Underserved Market of Affordable Housing Preservation. Put simply, a manufactured home community loan in a rural area with rental units is the trifecta in meeting the objectives of the Duty to Serve statute.

Manufactured Housing Community Loans with Rental Units.

One of the great opportunities for innovation and impact in the Duty to Serve manufactured housing area is the purchase of manufactured housing community loans for communities that include rental units. This can occur either in a hybrid community (a land-lease community containing a mix of units owned by homeowners and homes leased from the community) – or in an all rental community.

Over the last 10 years, Fannie Mae and Freddie Mac have started to purchase community loans with a hybrid of owned and rented units and have increasingly shown flexibility regarding the percentage of rental units that can be located in a community.

However, these loans were underwritten without consideration of the value of the rental units and the rent they generate. As a result, the Loan to Value (LTV) was lower than sound underwriting would otherwise support. This has a material negative impact on the financing of rental units, discouraging the deployment of manufactured homes in a community as rentals – even when rentals are the highest and best use and the most effective way to meet local affordable housing needs.

In 2022, Fannie Mae created an innovative new loan product titled "housing community loans benefitting from rental flexibilities." These loans financed manufactured housing communities that were hybrid (part ownership, part rental), but also gave fairer consideration to the LTV and loan amount for the rental units. This was achieved while still using conservative and safe and sound underwriting.

This loan product was explicitly cited in FHFA's 2023 Annual Housing Report as a Fannie Mae Duty to Serve highlight – a true innovation.

Unfortunately, Fannie Mae has apparently subsequently withdrawn this loan product from the market. UMH urges both Fannie Mae and Freddie Mac to utilize this loan product – and urges FHFA to place a high value for its use in their evaluation of their Duty to Serve performance.

Duty to Serve was enacted into law to address this very type of loan product: profitable loan types that can be purchased in a safe a sound manner. Fannie and Freddie, however, appear less interested in making these loans both because they are low volume and involve more work than cookie cutter real property mortgage loans. Use of this innovative loan product, however, would have a powerful impact in facilitating the construction of extremely affordable manufactured housing – a major goal of both the President's March Executive Order on affordable housing construction and the recently enacted "21st Century Road to Housing Act of 2026."

<u>Personal property (chattel) home purchase loans</u>

The Duty to Serve statute states that ***"In determining whether an enterprise has complied with the [manufactured housing] duty . . ., the Director may consider loans secured by both real and personal property."***

The proposed rule states that 70 to 80 percent of new manufactured homes are financed as personal property (chattel) loans. Yet, despite the statutory provision above - and despite both Fannie Mae and Freddie Mac promising in their 2016-2018 Duty to Serve Plans to purchase thousands of personal property loans - **neither Fannie nor Freddie have purchased a single personal property mortgage loan in the 18 years since Duty to Serve was enacted into law.**

The proposed rule states concludes that chattel borrowers face a 65.6% denial rate compared to just 8.8% for site-built homes, and approved borrowers pay an average 9.24% interest rate versus 6.63% for traditional mortgages.

Thus, the impact of Fannie and Freddie purchasing single family personal property loans would be significant, in ensuring that the proven cost efficiencies of the manufactured home manufacturing process maximize homeownership affordability for low- and moderate income families seeking to buy a manufactured home.

Therefore, UMH strongly commends the President for his March Executive Order on Removing Barriers to Affordable Housing Construction, which directs FHFA to ***"consider eliminating unduly burdensome rules and reforming programs that constrain residential development and impede housing affordability. . . , , including, as needed. . . the FHFA's guidelines and regulations regarding chattel lending for manufactured housing and incentivizing low-balance home mortgages."***

UMH also strongly commends FHFA for implementing this Executive Order in the proposed rule, through language which states that the rule:

> ***"would remove any perceived barriers to chattel lending in the existing regulation and present a new opportunity for the Enterprises to direct their attention to establishing appropriate underwriting standards, risk management protocols, and the securitization infrastructure necessary to expand their impact in the chattel lending market. Consistent with E.O. 14394, FHFA expects the Enterprises to develop and implement robust, responsible chattel financing initiatives and will assess them on their progress in expanding liquidity, supporting sustainable credit, and enhancing consumer choice in the manufactured housing market."***

Some question whether Fannie Mae and Freddie Mac can serve this market in a safe and sound manner. The answer is an emphatic yes. In fact, UMH has proven this is possible, as UMH has over the last decade financed thousands of personal property mortgage loans, totaling over $100 million. These loans have performed very well. Moreover, many other private lenders actively and safely and soundly finance personal property loans.

Compliance by Fannie and Freddie with the bolded directive above would serve three highly impactful purposes. First, this would have a significant impact in increasing affordability for first-time manufactured home buyers, as loans would carry much lower rates than non-federal agency loans. This is particularly impactful because FHA, RHS, VA, Fannie Mae, and Freddie Mac are simply not purchasing or insuring personal property loans

Second, this would fulfill one of the Enterprises statutory purposes of providing leadership and uniformity in this loan product area, which will also benefit private, non-federal agency manufactured home loans.

Third, this would help achieve one of the clear homeownership priorities in the recently enacted "21st Century Road to Housing Act" – which is to encourage small dollar mortgages (below $100,000). Personal property manufactured home loans represent the best source of small dollar mortgages in today's market.

Finally, we would note that while the proposed rule states an expectation that the Enterprises would develop a securitization infrastructure for chattel loans. However, we recognize that until sufficient volume is created to make such a structure cost effective, the Enterprises might have to hold newly purchased loans in portfolio. This could easily be accomplished. The volume of such portfolio loans would be very limited compared to their overall portfolio, and both Fannie and Freddie have been increasing their portfolio purchases over the last year.

Sincerely,

UMH Properties, Inc.