Toi Roberts: Hello and welcome to the Federal Housing Finance Agency's 2022 Duty to Serve Public Listening Sessions. I am Toi Roberts, a member of the Duty to Serve Markets team, and I will be emceeing today's listening session, and the session is being recorded.

Thank you all for joining us here today. We are excited to be hosting a series of three public listening sessions this year that will focus on specific topic areas under each of the three Duty to Serve underserved markets. Today's listening session will be focusing on the manufactured housing market, and the topic is Manufactured Housing and Tenant Protections.

Before we get started, however, I'd like to first introduce you to our senior policy analyst on the Duty to Serve Markets team, Mr. Mike Price.

Mike Price: Thank you, Toi. So in turn, it is going to be my pleasure today to introduce Ted Wartell, Associate Director of Housing and Community Investment. So in that role, Ted oversees a lot of the housing goals for both the Enterprises and the banks, the Federal Home Loan Banks programs for Community Investment, Community Investment Cash Advances, and the Community Support Programs. I can tell you that any one of those would be a whole lot to handle.

But on top of that, Ted oversees the Enterprises' Duty to Serve, which is what we are about here today. And that covers quite a bit, rulemaking, monitoring the Enterprises' performance, evaluating their objectives, and then recommending final determinations on their performance. And of course, as into today, working with Duty to Serve stakeholders.

So Ted came to our agency with stellar credentials. He previously served as Director of Regulatory Affairs at the OCC, and as the Chief of Staff for Community Lending at Fannie Mae. Before that, Ted served as a budget analyst for affordable housing programs at OMB. Ted.

Ted Wartell: Thanks so much, Mike. And good afternoon, everyone, and welcome. Thanks also Toi, for getting us started today and for all the work you put in planning all the sessions that we're having this week.

You know, FHFA's oversight of Duty to Serve is one of our most important responsibilities, and we couldn't do it without input from stakeholders like all of you. Today, we're discussing the manufactured housing market, and specifically protections for manufactured housing community residents and owners.

Yesterday, we had a really interesting session about two issues related to affordable housing preservation. And tomorrow's session will focus on rural market and specifically Native American Housing.

Just a little bit of background. It was over a year ago, actually in May of 2021, when Freddie Mac and Fannie Mae submitted their initial Duty to Serve plans for 2022 through 2024. I think most everyone on this call knows those plans did not meet the agency's non objection standard.

We suggested a number of changes and after nearly a year of really intense effort by both Enterprises, they came back with revised plans that are much more comprehensive and build on lessons learned and progress made during the first four years of the Duty to Serve program.

It is important to remember that Duty to Serve as an ongoing process, the activities and the plans remain subject to our agency's review and approval to ensure compliance with the Enterprises' charter acts, safety and soundness, and other conservatorship and regulatory requirements.

Freddie Mac and Fannie Mae's work to expand access to credit in manufactured housing is critically important, and we hope over time, those efforts will help address the limited amount of affordable housing options available to families in the United States.

And the protection for homeowners and renters living in manufactured housing communities are of particular concern in this very, very difficult housing market. Duty to Serve tenant protections offer some safety net for tenants, and the Enterprises' have both announced they'll only purchase manufactured housing community loans that have these protections for all homeowners and that have applicable protections for renters.

But we know many community residents are facing serious challenges in this very difficult housing market. And we at FHFA are very interested to hear your views on consumer protections for these homeowners and renters.

So let me thank all of you who are taking the time to share your thoughts today and all of you who are attending. It's very much appreciated. And now I will turn things back over to Toi.

Toi Roberts: Thank you, Ted. Now before we move forward with the remainder of their agenda today, I have a few important housekeeping remarks. As you know, we have organized this webinar in order to

obtain your input on specific topic areas that fall under each of the three Duty to Serve underserved markets.

During today's session FHFA will not discuss the status or timing of any potential rulemaking. If FHFA does decide to engage in a rulemaking on any matter discussed at this meeting, this meeting would not take the place of a public comments process.

The rulemaking document would establish the public comments process and you would need to submit your comments, if any, in accordance with the submission instructions in that document.

FHFA may summarize the feedback gathered at today's session in a future rulemaking document if we determine that a summary would be useful to explain the basis of a rulemaking.

Also please keep in mind that nothing said in today's session would be construed as binding on or and final decision by the FHFA Director or FHFA staff. Any questions we may have -- are focused on understanding your views and do not indicate a position of FHFA staff or the agency.

Now with that said, we do have a great lineup of speakers today. We will be hearing from 22 guest speakers. And midway through we will have a short ten-minute break. Each speaker will have up to six minutes to speak, and we will try our best to stay on target -- to stay on schedule, and ask that everyone speaking help us to do so as well.

I will be chiming in to give each speaker a one-minute warning as their time draws to a close. If someone does go over their time, unfortunately, I will have to interrupt in order to keep us on schedule. However, if that does happen, speakers are welcome to submit written testimony and their full testimony will be included in the public comments record.

Each speaker will have the ability to mute and unmute their microphones throughout the session, but we ask that you keep your microphones muted until it is your time to speak. We also ask that all speakers be prepared to turn on your video cameras during your speaking segment.

Finally, as was mentioned earlier, today's listening session will be recorded. FHFA will also prepare a transcript of today's session, which will include the names of all speakers and the organizations they represent. We will post the recording and transcript on FHFA’s website and YouTube channel along with any materials being presented today.

Now before we begin hearing from our guest speakers, each Enterprise will speak briefly about today's listening session topic, Manufactured Housing and Tenant Protections. And first up, we will hear from Freddie Mac. And from the Freddie Mac Duty to Serve team, we will hear from Mr. Corey Aber.

Corey Aber: All right. Thank you so much Toi. And thanks, everyone for joining the listening session today. I'm grateful to see so many people on the agenda to talk about Tenant Protections and Manufactured Housing Communities.

This is a complex topic. And it's something we've put a lot of thought and effort into dating back to the first year of our Duty to Serve plan. But before we get into the discussions this afternoon, I'll give -- I'll just give some brief grounding in our history with the -- with the tenant protections in this space over the past few years.

So when the regulation came out identifying the specific protections, we first tried to understand to what extent these protections were present or even common in state law. And so we published a research paper in 2018 that showed that no state had all of these protections. And there was also a wide variety or wide range of adoption across the states. So some had very few of the protections in place and some had most of them. And some states had variations or different degrees of these protections as well.

So this showed us that if we were to design a loan offering to serve this market segment, we would have to be deliberate about it over time if we were to reach some significant scale. There were two questions that we really had to address with this.

So number one, how do we ensure that the protections in Duty to Serve that we would put in place, don't conflict with or weaken protections available under state law? So we created a no conflict provision in our loan documents to guard against that.

And then the second question was how would we facilitate adoption of all of these protections where there was really no precedent for doing so before? Right, so and to do that we started with incentives in the first couple of years, and we listened to feedback on operational hurdles, right. Leading us to enable the protections in either the lease or through community rules and regs, where that was allowed by the state.

So in 2019 and 2020, we rolled out the program and started to see some gradual uptake. In 2021, FHFA included a provision in the multifamily component of the conservative scorecard that gave

mission driven credit to MHCs, if they qualified for Duty to Serve. And so this aligned with the work we did looking for implementation flexibilities based on market feedback and working with FHFA to implement some of that, you know, consistent with the regulation.

This combination of factors helped to enable a really significant increase in the tenant protection business that we saw throughout 2021. In fact, by the end of the year, the strong majority of our loans really shifted towards protections. And we essentially saw the same pace of business with protections, as we've previously seen without them. So in the fall of 2021, we began requiring all of our MHC loans to have the protections.

In 2022, we also made relevant protections available to renters of homes and the MHCs, not just the owners. So now we're in our first full year of requiring tenant protections on MHC loans, and we continue to see broad adoption and volume levels consistent with historical performance. And we're also continuing to seek feedback on the program with an eye towards improving it in alignment with the regulation.

So we really look forward to hearing everybody's thoughts today, your feedback on the program and what you're seeing in the market. So thank you very much.

Toi Roberts: Thank you, Corey. So now, we will hear from Fannie Mae, and speaking from the Fannie Mae Duty to Serve team as Mr. William Stoker.

William Stoker: Thank you, Toi. Good afternoon, everyone. And thank you to Ted and his team at FHFA for convening this session. My name is Will Stoker, and I'm a member of Fannie Mae's Engagement and Impact Team, where I partner with members of our single-family and multifamily lines of business to accomplish the goals and objectives laid out in our Duty to Serve plan for the manufactured housing market.

Before discussing manufactured housing in greater detail, I am pleased to share with you today a quick overview of our major accomplishments from the first Duty to Serve plan cycle. And we did have some slides prepared for that, if we could get those going. Yep, thank you. So let's go through to slide number two.

Included among our MH accomplishments from 2018 to 2020 were the almost 16,000 rental pads that we financed, which included the tenant site lease protections. And in the single-family market, over

$5.5 billion in mortgages financed for manufactured homes titled as real property.

In the Affordable Housing Preservation space, we financed $1.7 billion of properties, furthering residential economic diversity. And through product enhancements and outreach to our lender partners and other market participants, we purchased qualifying shared equity loans in 15 states. And in the rural market, we financed over 20,000 rental units in high needs rural areas and purchased over $5 billion worth of loans originated by small financial institutions. Next slide, please.

Looking at our strategic priorities for the manufactured housing market in this plan cycle, from a single-family perspective, we are focused on efforts that deepen our support for the MH market, through increased loan purchases, and through loan product development and outreach.

These efforts include new financing products for homes sited in Resident owned communities, or those subject to long term leases. They also include efforts in partnership with the manufactured housing industry to encourage the use of MH in new construction developments, thereby inviting more consumers and more lenders into the manufactured housing ecosystem by offering a new path for selling and marketing these homes to consumers.

From a multifamily perspective, we plan to promote the adoption of the tenant pad lease protections outlined in the Duty to Serve regulation, as a required product feature on all of the pads that we finance in the multifamily space. And we continue to invest in community ownership models that protect residents, including nonprofit owned, government owned and resident owned communities through increased loan purchase activity relative to the first Duty to Serve plan. Next slide, please.

In the interest of time, I will highlight just one item from our Affordable Housing Preservation Plan. In support of residential economic diversity, we have launched this year a Housing Choice Voucher pilot program, which is currently available in select geographic markets, which do not have source of income protections. Next slide, please.

In addition to the single-family and multifamily priorities for the manufactured housing market that I outlined in the earlier slide, we do have a relatively new multifamily program designed to bring new investment to underutilized or blighted manufactured housing communities through a new product offering designed to

accommodate communities with higher than typical percentages of park owned homes, which we call MH rental. Next slide, please.

For the rural market, we have 127 actions spread across 12 objectives, as Ted mentioned at the top of the call. If you're interested in hearing more about some of the challenges and opportunities impacting the Native housing market specifically, please do listen in to tomorrow's listening session convened by the folks at FHFA at the same time tomorrow. Next slide, please.

So with that, I'll conclude my remarks. We look forward to executing on these ambitious plans in this year and in future years. And we welcome your comments and suggestions on how we can continually improve those plans over time. Thank you.

Toi Roberts: Thank you, William. All right, so I guess we'll get right into starting to hear from our guest speakers a little ahead of schedule. So without further ado, our first speaker we have is Ms. Susan Brenton. And Ms. Susan Brenton is from the Manufactured Housing Communities of American -- of Arizona. Very sorry.

Susan Brenton: Hello. MHCA, Manufactured Housing Communities of Arizona, has been communicating with FHFA, Fannie Mae and Freddie Mac since last October about several issues that we have with the tenant lease protections, or TLPs. We are grateful for the opportunity to continue our conversation about our concerns.

The landlord-tenant relationship is historically governed at the state level, and our industry is highly regulated. While we do acknowledge Freddie’s survey of the tenant protections across the 50 states, we know that there were significant omissions regarding Arizona law and some of the other states.

MHCA has recommended that the GSEs consider the applicable existing landlord-tenant acts in each state and determine and publicize those states with laws meeting the TLPs. A state-by-state approach would take into account the protections afforded by state law and eliminate any conflict with the TLPs.

We want to avoid that situation which one of our community owners becomes a guinea pig for litigation when the TLPs conflict with existing state law. We want to highlight the confusion that has occurred and will continue to be caused for tenants if the TLPs were not more state specific.

The GSEs have not adopted any process for borrowers to raise concerns about state law conflicts and the lenders our members have worked with require that the TLP verbiage be adopted and

incorporated without modification, even if legitimate issues are raised. Tenants have already pointed out the conflicts that we've all identified and litigation has already been threatened. Certainly this just doesn't improve the landlord-tenant relationships.

The concerns we are raising are based on our actual experience. In particular, the issues that we have with the TLPs are first the requirement that tenants are allowed to sublease their homes as just a poor policy choice. This was particularly interesting to note since on the past, GSEs were not interested in financing and communities were more than 20 to 30% of the park owned homes were leased. But now the TLP would allow 100 of our -- 100% of our tenants to sublease.

Second, the TLPs call for rental agreements of at least one year in length. Many communities find it more convenient to have an anniversary date, which is basically the same date each year when all rental agreements renew. Arizona State law says that a rental agreement may be for any length of time that both parties agree to. However, if the landlord and tenant cannot agree it will be for one year, except that initial rental agreement can be for less than a year if a landlord has an anniversary date.

In addition, the law also gives the tenant the right to a four-year written rental agreement which conflicts with the one-year rental agreement and the TLPs. Where state law specifically requires a certain lease term, we believe that the TLP can be eliminated without harm to the tenant.

Next, the eviction process in Arizona is a well-documented process administered by the courts in which tenants have the opportunity to protect their rights. Our eviction process allows an owner ample time to sell or move their home before a landlord can get title to the home and enter the home. It's a very minimum of 79 days by law, but typically at least three to four months.

The TLP requiring post-eviction access does not clarify that the judgment must be paid, that rent must be paid while the homes occupy -- while the homes occupying a space in the park, or address the legal status of the evicted tenant. What is a reasonable time and who's to decide? At the end of the day evictions a matter of state law and state procedure and trying to overlay rights via the TLP is just extremely risky.

Then there's the requirement that all homes be allowed to be sold in the community. Does this mean that the new homeowner cannot be forced to move a home out of the community that no longer

meets the community requirements or is in rundown condition? If so, that will simply lead to a deterioration of our communities.

Then Freddie and Fannie both call for the right of a resident to have 60 days' notice of any planned sale or closure. MHC is opposed to giving residents 60 days' notice of a planned sale due to the fact that many sales fall through at the last minute for a variety of reasons.

MHC is not opposed to tenant protections. As a matter of fact, over the years we've routinely met with the state Manufactured Homeowners Association and worked together on legislative and issues -- and other issues.

In Arizona, state law prohibits landlords from using amendments to rules and regulations to change lease terms. The GSEs should be cautioned -- relation.

MHC also believes the TLP should not apply to those who rent park owned homes. A renter of a manufactured home in Arizona falls under the same laws as an apartment renter, as it should be. We believe it would only be fair and balanced if the GSEs would look at each state separately, due to the difference in our communities and laws and whether state law already meets the required TLPs.

As far as the GSEs purchasing loans on manufactured homes titled as personal property, if a GSE is financing the rental community why would they not finance homes in the community? Thank you.

Toi Roberts: Thank you, Ms. Brenton. Our next speaker is Mr. Dave Anderson from All Parks Alliance for Change.

Dave Anderson: Thank you. I offer these comments on behalf of All Parks Alliance for Change, the State Association for Minnesota's Manufactured Homeowners as well as the National Manufactured Homeowners Association, or NMHA. NMHA exists to promote the rights and interests of the 22 million people living in seven million manufactured homes around the country, including nearly three million who live on rented land.

The current rule creates a good basic framework with protections addressing renewable lease terms, notice that rent increases and payments, home sales and sub leasing rights and advanced notice of community sales. However, some changes both large and small are needed.

One change we recommend is simply extending this framework to additional households. One extension is to residents who rent community owned homes. They are currently given some

protection, notices of rent increases, rent payments and advance notice that sales. But given the increased scarcity of affordable housing, these residents should also be extended renewable leases.

The other extension is broader. The Enterprises should be required to support blanket loans for the purchase of smaller communities. Roughly half of manufactured homes are located in communities with fewer than 150 homesites.

We also suggest some changes to the existing framework of protections. For example, it's important to ensure the one-year renewable leases are in fact being renewed, except when there truly is good cause for them not to be. The community owner must have the ability obviously to evict a homeowner who doesn't pay rent or who persistently violates community rules. However, there can be an incentive to displace low-income homeowners in order to free up space to sell newer, higher value homes new residents.

Worst of all, in a scenario like that, if residents are unable to cover the significant cost of moving a home, they may even be forced to sell their home for a fraction of its value.

We believe the 60 days advance notice of a community sale may be sufficient, but it's far too short for a community closure. A closure presents a constellation of questions and challenges for homeowners. Can their home be moved without costly repairs, or can it be moved at all? Are there other communities in the area with available vacancies and rents they can afford? Would the other communities accept their home based on its age and condition? Can they afford to cover the numerous costs associated with moving and resizing a manufactured home?

For any of us, can we imagine answering these questions while competing with 100 or 200 other families for a limited number of vacancies and few moving companies and doing so within only 60 days?

We recommend a minimum of 180 days advance notice of closures. In addition notices should address important information may -- information such as the availability, location and potential cost of replacement housing in the area, and the probable cost of relocating a manufactured home.

Given the devastating impacts of a community closure, we also recommend that along with the 60 days advance notice of sale, the community owner be required to provide homeowners with a copy of a bonafide purchase offer, and an opportunity to submit their

own offer to purchase the community. Although the owner would be under no obligation to accept it.

It's important to recognize the impacts of displacement can also result from eviction. Over 75% of evictions result from nonpayment of rent. The median in -- household income for manufactured households are under $30,000 per year, which makes residents obviously extremely vulnerable to rent increases and falling behind on rent as a result.

As reported in The Washington Post in June, park rents are rising rapidly, and that's fueled in part by private equity firms purchasing community loans -- communities with loans, in some cases supported by the Enterprises. The article documents the widespread practice of significant, immediate rent increases which sometimes even double or triple the rents. And this kind of mercenary pricing for rents is actually endorsed in many real estate seminars such as those provided by mobile home university.

The vulnerability of homeowners is actually cited as a principal reason for buying a manufactured home park as they state on their website under, “Why Invest in Mobile Home Park”.

Another interesting barrier is the difficulty tenants have in moving their home out of a mobile home park. It costs around $5,000, which editorial comment, is low to move a mobile home. So virtually no tenants can ever afford to move. As a result, the revenues of mobile home parks are unbelievably stable.

But what happens when a tenant cannot afford to pay their rent, then they normally abandon their home and the park owner ends up with the title under abandoned property laws, which then again, an editorial comment on my part, becomes an additional source of revenue for the community owner.

The relationship between the landowners and the homeowners can be symbiotic with both parties benefiting. Too often it's, as I've described, more parasitic in nature. The value of the land is set by its income earning potential. When community owners raise the rent, they increase not only their income, but their property values.

But neither of these increases occur spontaneously out of thin air. Both are taken from the residents who end up with less income to live on a lower resale value for their homes.

We propose that during the time of loan, rent increases be limited to the local Consumer Price Index, unless it can be justified by an increase in the cost to operate, maintain or improve the community.

In addition, we recommend that communities be required to provide prospective tenants with a five-year rent history to allow residents to judge the potential stability of their future housing costs.

In addition with the increased shift to online payments, we also recommend community owners be required to provide residents with multiple options for paying rent, including check and cash, given that 63 million Americans are unbanked or underbanked, and this disproportionately includes manufactured homeowners.

Finally, there should be a system established for homeowners in these communities to report violations of these tenant protections without fear of retaliation from the community owner or others, including protections for homeowners to speak and associate in order to further their rights.

Without these kinds of affirmative protections, the residents may be afraid to speak up --

Toi Roberts: One minute.

Dave Anderson: And the whole framework of tenant protections may become meaningless. Thank you very much for your time and attention.

Toi Roberts: Thank you, Mr. Anderson. Our next speaker is Mr. MJ Vukovich, from Bellwether Enterprise.

MJ Vukovich: Thank you very much. Hi, everyone. I'm a lender with Fannie Mae on the multifamily side. And I will make my comments fairly brief. I think a number of things have been touched on that are -- that have been important. I think I will hit on a couple of the items that are particularly irksome to and difficult for borrowers and sponsors within the MHC space with the tenant protections.

And those relate to be subletting of -- the right to sublet, which is, as mentioned by the Arizona speaker, a problematic piece for both operational point of view as well as from a credit point of view.

In this -- in these particular cases, when you have a tenant that can sublease and continue to sublease, those are sometimes called block owners. And block owners take the rules the next -- another step further, it creates a process by which the owner of the community cannot necessarily create a safe and uniform environment for each of the different tenants. And that can, you know, sometimes get away -- give way to crime and the degradation of the community as a whole. So more kind of strict features around

that subletting item need to be considered as part of the tenant site lease protections.

Secondly, the notice of sale, any planned sale, as mentioned, planned sales go through, they don't go through. And that can be a problem not only for necessarily letting the tenants know but can be an issue with staffing, and can create turnover and a lot of disruption within the community itself.

Maybe some more structured ways to go about that would be welcome. And further discussion as to the specific nuances of that I would be welcome to have at a certain time.

I also thought of some other items, especially in relation to the potential of providing them to the renters, as well as the financing for homes within manufactured housing communities. In the future. I thought there was a couple of items that could be very beneficial to add there.

One is, because renters and homeowners have a slightly different set of living arrangements, there should be some tailorization to the renting side as opposed to the site lease side, and the ownership side.

The renting side would be much more leaning towards the Landlord-Tenant Act, which there is already fairly well legislated throughout the country. And the protections that are within those are similar to those that would be within that multifamily apartment complex. There are some things that I think are important to consider there, which is the ownership of the home itself is typically by the landowner. So those types of relationships between the renter and the homeowner, or I mean the landowner as well as the homeowner, are more better covered under the Landlord-Tenant Act, and are not necessarily held with the MHP Act of any individual states.

Secondly, as it relates to the purchase of mortgages for homes that are within a mobile home park or a manufactured home community, I think the tenant site lease protections afforded there are in pretty good stead. I would suggest that a couple other potential items be offered.

One being that FHFA considers as an augmentation of the Duty to Serve and giving an extended Duty to Serve credit considering allowing for the Enterprises to offer something similar that they do in the multifamily apartment space. Which is a sponsor elected rent increase maximums.

So if a sponsor elects to curb or create a maximum threshold of the amount of rent increase that they do on a percentage basis or a total dollar basis, that there would be additional credit given that could then be offset and incentivized by a reduced financing rate.

Secondly, the ability for a sponsor to --

Toi Roberts: One minute remaining.

MJ Vukovich: A sponsor to come in and to be able to help backstop or credit enhance tenants who want to get a loan within the community. And the additional credit enhancement from the sponsor of the land could prove beneficial in the rates and the terms for the tenant who is getting their loan purchased by Fannie Mae or Freddie Mac. That is all I have for today. Thank you very much for letting me speak.

Toi Roberts: Thank you, Mr. Vukovich. Our next speaker is Ms. Jennifer Hopkins, from the New Hampshire Community Loan Fund.

Jennifer Hopkins: Thank you, Toi. And thank you to the FHFA for holding this listening session and the invitation to offer comments today. The New Hampshire Community Loan Fund is a nonprofit CDFI. We provide loans and education for low-income people extending the reach of conventional lenders.

And first, by far the highest leverage overarching change that the FHFA could make, would be to adopt the plain language of the statute and allow the Enterprises to make targeted equity investments that support the Duty to Serve. Targeted equity investments to CDFIs could make a tremendous difference in all three Duty to Serve markets.

With a 39-year track record, our longest and strongest strategy at the New Hampshire Community Loan Fund is to transform the manufactured housing sector to better serve people with low incomes. Financing both residential communities, or ROCs, as well as individual mortgages for manufactured homes.

We focus on manufactured housing because it's among the most affordable homeownership options, yet it can fall through the cracks in the Federal Housing picture.

In New Hampshire, while the median home now costs $440,000, the median price for a manufactured home is about $85,000. This makes manufactured homes a good affordable home choice for the essential workers that our entire community needs, and the demographics most often served by manufactured housing. People

working in health care, education, food service, trucking, military service and our veterans.

One barrier to tenant protections in manufactured home communities comes up in federal financing for private equity park speculators and disadvantaged and community residents. The opportunity for residents to purchase manufactured home parks where their homes are located is an important element of tenant protection against park closures, upkeep failures or unreasonable rent increases.

New Hampshire's opportunity to purchase law, which requires owners of parks for sale to negotiate in good faith with their residents, has enabled the preservation of 143 ROC communities with nearly 9,000 households and most of whom are low income.

Federal GSE financing of the park owners can drive up prices, as well as being preferential financing for landlords that penalizes the residents. A lose-lose scenario for the very residents the Duty to Serve is meant to serve.

In a recent New Hampshire community sale, the park owner had low interest federal Freddie Mac mortgages. Another large investor buying the parks would have been allowed to assume those mortgages but the cooperative created by the residents to purchase the community was not. The disadvantage meant that the cost of defeasance of those loans added to the transaction cost increasing each by over $1 million paid by the ROC residents to Freddie Mac and directly affecting the affordability of those communities.

For any park -- for any investor park owners, the Federal GSEs should insist on resident protections, including long term leases at least the length of the mortgage, and resident opportunity to purchase when a park comes up for sale.

Another barrier to the Duty to Serve I want to mention today is the limited mortgage financing for individual homes through the GSEs and other federal program. The innovation needed in the market is not any special treatment for manufactured housing but fair access to conventional mortgage financing for manufactured homes.

For example, some conventional mortgage loans are available now for double-wide manufactured homes but not most single-wide, or for newer homes but not older ones, or newer foundations but not older ones, or for purchase but not home equity or home repairs. Or on the individual side, credit limits currently eliminate many manufactured home buyers.

While the federal GSEs can use a 620 minimum credit score, we lend for manufactured home mortgages with an average 600 credit score. Meaning that half of our borrowers would not be eligible for conventional GSE financing, just on credit alone. In both these cases, we know that the credit box can realistically be much wider because of the successful track record in payment of our portfolio of over 1,000 manufactured home mortgage borrowers with a 98% repayment rate.

Finally, I'd strongly recommend that the FHFA enhance your disclosure of scores and narrative assessment of progress at the objective level so the external stakeholders can engage in a meaningful dialogue with the Enterprises on where they are making progress and where they need a new approach.

Thank you very much for the opportunity to comment and we look forward to your advancing these important issues.

Toi Roberts: All right, thank you, Ms. Hopkins. Our next speaker is Mr. Nick Bertino from Wells Fargo.

Nick Bertino: Thank you, Toi. Hello, everyone. My name is Nick Bertino, and I am a Managing Director with Wells Fargo Multifamily Capital. We provide Fannie Mae and Freddie Mac financing for multifamily properties nationwide, with my office specializing in the manufactured home community sector.

I would first like to thank the FHFA for inviting me back to speak at this forum for the second time, and I look forward to building on the positive developments that came out of last year's listening session.

Today I'll be commenting on tenant pad leases protections which are not required by both agencies when financing MHCs. A couple of questions posed to us ahead of today's session were what impact these protections have had on MHC the owners decision to pursue agency financing, and if there have been any issues surrounding the implementation of these protections.

Now it's worth noting that at this time last year, the process by which MHC owners had to go by to implement lease protections was to either amend their tenants existing leases or send notices to their tenants listing the protections being provided.

In either case, the tenants were then required to sign an acknowledgement of the lease amendment or notice. This proved to be a cumbersome process, not only for MHC owners, but also their residents and the agency lenders who were required to audit this activity.

During last year's listening session, we suggested that the FHFA and the agencies modify the methodology of implementing lease protections so that it MHC owners only had to notice residents of the protections and add them to the rules and regulations, but not obtain counter signatures from the tenants.

The FHFA and the agencies adopted this modification shortly after last year's listening session. And this has alleviated the concern of most MHC owners as it relates to their ability to successfully implement lease protections at their properties. So we just wanted to thank -- to take this opportunity to thank the FHFA and the agencies for not only listening to the concerns and suggestions of MHC market participants, but also taking meaningful action that has been -- has had a positive impact.

This simple modification has resulted in more MHC owners getting comfortable with the concept of lease protections in general, which in turn has provided more MHC residents the benefits of these protections.

Now having said all that, we have experienced, at least in our office, several MHC owners who have closed loans with Fannie and Freddie in the past but are no longer pursuing agency financing because of the now required lease protections.

More specifically, there is one lease protection that MHC owners struggle with that comes up time and time again. And that is the right of tenants to sublease their homes. As we talk with MHC owners and think about this particular protection, we see a few potential negative consequences that, although they may not be intended, should be taken into consideration by the FHFA.

First, from the MHC owners perspective, this protection impedes their ability to effectively manage their properties and control the tenant base. Although the right to sublease is predicated upon the understanding that home sub lessees must pass the same credit and background checks that MHC owners require of their homeowner residents, it is ultimately the homeowners' responsibility to perform these checks, and there is no guarantee that they will or really any effective way for MHC owners to ensure they do.

In other words, new residents can move into homes without the MHC owner knowing until after the fact. With the ultimate risk being that undesirable or problem tenants begin moving into the property in increasing numbers with the without the MHC owner's approval.

Secondly, the right to sublease may motivate investors to purchase homes within MHCs with the sole intention of renting them out. The investor acts as landlord of the manufactured home and is not required to provide the same tenant protections for renters, as the MHC owner provides a homeowner investor.

This can be especially problematic in MHCs that are subject to rent control. Because while the homeowner investor benefits from rent increase restrictions on the home site, they can then turn around and increase the rent on the home as high as the market will bear, thereby negating the affordability that was tend -- that was intended by the rent control ordinance in the first place.

Finally, subleasing may also result in the conflict with Fannie Mae and Freddie Mac's current underwriting guidelines which stipulate that only a limited percentage of home sites within a community can be rentals. By providing the homeowners and MHC the right to sublease their homes, results could be that the MHC exceeds the agency's limitations on rental homes.

One must ask the question, if you had an MHC where 100% of the residents were renting out their homes would the agencies be willing to finance that property? I suspect the answer would be no. And ironically, it would be a direct result of the homeowner tenants exercising one of their lease protections.

In summary, it is our position that the right to sublease could end up causing more harm than good to the MHC sector.

When all is said and done, we maintain that the most effective way to entice MHC owners to enter into financing transactions with the agencies and implement lease protections is to incentivize them. And we feel the best way to do this is by offering better terms, i.e., lower interest rates, then what can be found through other lending sources.

Because manufactured home communities on the whole have performed so well from a credit quality perspective, we see CMBS lenders, life insurance companies, commercial banks and debt funds aggressively pursue MHC loans. And since these lenders do not require lease protections, it will prove difficult for the agencies to win MHC business by simply matching the term that these lenders are quoting.

And unfortunately, we’ve actually seen the agencies pull back on MHC loan pricing over the past year. In our conversations with those agencies, the reason they have not been pursuing MHC loans more

aggressively, is because while MHC loans do fulfill mission goals, they do not provide the agencies with credit toward housing goals. Therefore, we would ask that the FHFA explore ways to create a pathway for MHC loans to count toward the agency's housing goals.

Because manufactured housing is such a critical component in providing affordable housing in this country, and because manufactured home community loans have performed so well throughout all economic cycles, we believe the agencies along with the -- with support from the FHFA, should aim to expand their lending volume within the MFC sector. I appreciate the opportunity to speak today. And I thank you for your time.

Toi Roberts: Thank you, Mr. Bertino. Our next speaker is Mr. Paul Bradley, from ROC USA, ROC USA.

Paul Bradley: Thank you very much. Good afternoon, everyone. Thank you for this opportunity to comment on the Duty to Serve questions you've posed. I just want to start, since I haven't commented on tenant site lease protections before, that I would strongly urge the FHFA to change from using tenant to describe homeowners and manufactured home communities. Historically and presently, the largest percentage of homes in communities are sold to homebuyers and occupied by homeowners.

And I really wouldn't want to use this language to deemphasize or cloud what's been accomplished for affordable homeownership by this sector. It's incredible actually, when you think about the affordability of homeownership in this community space.

And I know thousands of hard-working families who have achieved the American dream of homeownership in manufactured home communities. And our language ought to reflect the dignity that's in that and really strive as an industry to produce more affordable homeownership possibilities through factory-built HUD code, manufactured housing, and high-density single-family developments. What effectively are manufactured home communities.

As regard to your specific questions, I'll just address three of them in the short time that I have. One, regarding the adequacy of the current tenant site lease protections.

If you speak with homeowners, what you'll hear is the site protections lack three basic elements. Really limits on site fee increases I think would be the principal concern you'll hear from homeowners, it's the one I principally hear.

Secondly, real protections from community closure, from redevelopment, obviously, highly disruptive and significant loss -- losses that community closures create.

And by some you'll hear an interest in protections around the community is sold and being provided an opportunity to purchase that community, as resident ownership has become better known, and we've demonstrated its viability across the country.

Two, regarding state and local legislation, what I see and probably not surprising to many on the call, are states and localities falling into those three basic categories, site fees, community closures and opportunity to purchase.

First, in terms of site fees, you've seen a couple of states, New York and Oregon and obviously, Massachusetts and California on a municipal or county level, expanding in those states. And remarkably I hear conversations among advocates and legislators in other states talking about statewide or local rent control options, specifically now, including the manufactured housing community sector.

In terms of community closure, you've seen some activity, I think principally in the Pacific Northwest of municipalities, adopting MHC only zoning as a way to limit the potential of change of use, redevelopment of communities. I have every reason to expect that will continue as the pressure is turned up in terms of the affordable housing crisis.

And in terms of opportunity to purchase legislation, there's certainly conversations in a lot of places, and we saw Colorado pass OTP legislation in 2020. And we're hearing conversations in surprising places in terms of opportunity to purchase legislation.

In terms of borrower protections for personal property loans. You know, it always has struck me that single-family lenders, they're going to want to see the borrower's financial outlook in order to underwrite the loan. And in the manufactured housing space, obviously, that takes you to what's the outlook for site fees? Is there an annual cap? What's the term of the land lease?

You know, in terms of the longevity of the community, you know, what is the long-term outlook for the community? Will borrowers be subjected to displacement due to community closure or redevelopment? And when a community is being sold, will borrowers have an opportunity to purchase the land? And I think

the single-family lenders, as they lean into this sector, are going to ask those basic questions.

And what I would really urge in the earliest conversations, is the GSEs, Fannie and Freddie, work together to define a standardized national lease so that the lending activity, ideally by both GSEs, can be scaled. And we don't run into state-by-state differences, substantial differences in leases.

Toi Roberts: One minute remaining.

Paul Bradley: Thank you. And lastly, I would simply ask that our 20,000 plus homeowners have access to that same home only financing, and operate under those leases as well.

And last, while not one of your questions, I do want to encourage the FHFA to adopt plain -- the plain language interpretation of the statute and permit the GSEs to make targeted equity investments and grants that support Duty to Serve. These targeted investments could make a tremendous difference, obviously in the manufactured housing market, the ROC market, and as I understand it from across the Duty to Serve priorities. Thank you very much for your time and always happy to have any follow up. Thank you.

Toi Roberts: All right. Thank you, Mr. Bradley. Our next speaker is Mr. Bruce Thelen from Sun Communities.

Bruce Thelen: First off, thank you for providing me the opportunity to comment on manufactured housing and tenant protections today. I'm proud to again speak alongside so many others that share similar passion for ensuring that there is sufficient supply of high quality, affordable housing in this country. We all know the need is great.

As a brief introduction, I'm Bruce Thelen, Executive Vice President of Operations and Sales at Sun Communities. I'm responsible for the operations of about 283 communities nationwide. Providing high quality communities of affordable housing to more than 300,000 people across the country is something that we take great pride in at Sun and something we fully appreciate the responsibility that comes along with it.

As a large publicly traded owner operator nationally, I can say unequivocally the need for high quality attainable housing is greater than it's ever been. Applications to live in our manufactured housing communities continues to run at close to seven times the number of available home sites.

Our residents are seeing the value of living in a community that treats them fair and one that continually reinvests in the properties. Our average tenure of an MH resident is over 14 years, which is significantly higher than the broader national housing average.

I'd like to address some of the specific questions you laid out in preparation for today's session. Sun is a large supporter of the current program with 32 properties and almost 12,000 sites under the program today. As a matter of normal operations at Sun, we were already compliant with the vast majority of the tenant protections prior to the program rollout. And the interest rate break was a nice incentive for us to grow the use of the program.

My concern is comparatively, the administrative burden of conducting these lease audits is real. And I understand the interest rate break is no longer part of the program. For example, we must modify leases at each finance community and approach all existing tenants to sign new terms that explicitly call out the protections. Doing this on a rolling basis, or through an initial more general, unsigned notification could help alleviate some of the initial challenges with implementation and thus help to grow the program. I understand that adding the protections to the community rules will now make this much easier. So thank you for that.

We've seen relatively competitive loan terms in the market, but the audits result in companies having to choose a more difficult program to administer without an economic incentive to do so. The market for manufactured housing lending is relatively mature and strong operators have other choices for financing.

On the protections themselves, I would not recommend additional standards as it could result in slowing program adoption more broadly, due to the point that I made earlier about the administrative burden. Good operators largely meet these standards today.

I believe the focus should be on expanding the reach of the program to encourage more attainable housing development in the future, and greater access to affordable housing. Our perspective is that more favorable zoning is the way to grow this program, not additional administrative processes and restrictions.

The greatest challenge our resident population faces continues to be a lack of new supply coming out of the market. The median household income of a manufactured housing homeowner is about $40,000, half the median annual income of a site-built homeowner. More than one-fifth of MH homeowners earn less than $20,000

annually. These families cannot afford to purchase a $350,000 to $400,000 entry level single-family home at around nine times household income.

This has become a structural problem in our country that is making upward mobility more and more challenging. We believe that manufactured housing is a time-tested, proven solution to this problem as the largest form of unsubsidized attainable housing in the country.

It is imperative that we make lower priced homes available for Americans everywhere. New development makes sense economically and socially, however, nimbyism continues to restrict our ability to build the needed amount of new attainable housing units. This lack of development places an even greater burden on the lower income households that need it most driving up prices on existing inventory.

There could be -- could there be a form of this program directed at encouraging new supply? That's a question I'd like to pose to everyone on this call and seek a solution for it.

We believe the Duty to Serve programs should focus on the consumer. More specifically, those are not being met -- those that are not being met by the market. This means expanding access to consumer lending and using policies and terms to encourage new development of manufactured housing.

Both should be coordinated on a systematic flow basis to get the scale needed to make a meaningful impact. It is the responsibility the GSEs to meet this obligation, which we ultimately -- which will ultimately put more families in homes.

In closing, I would like to thank you for the time. We appreciate all of your efforts to improve access to attainable housing, but so much more needs to be done. I look forward to continuing this ongoing dialogue. Thank you.

Toi Roberts: Thank you, Mr. Thelen. Our next speaker is Mr. Mark Weiss from the Manufactured Housing Association for Regulatory Reform. Mr. Weiss.

Mark Weiss: Yes, thank you. Again, my name is Mark Weiss. I'm President and CEO of the Manufactured Housing Association for Regulatory Reform. MHARR is a national trade organization representing primarily smaller independent producers of manufactured housing. I've offered comments in many previous FHFA listening sessions

related to the Duty to Serve and its manufactured housing component.

MHMRR has also submitted written comments on multiple occasions with respect to DTS generally, the proposed the DTS implementation plans offered by Fannie Mae and Freddie Mac, and with respect to various proposed DTS plan revisions.

In addition to those statements and comments, we've also met on multiple occasions with FHFA officials responsible for DTS and its implementation. In fact, we welcome the opportunity to have Director Thompson engage directly with a group of MHMRR manufacturers in 2020.

Those meetings we believe provided significant factual support for the position that we've espoused consistently since DTS was first enacted nearly 15 years ago.

In each such instance, we've consistently maintained that DTS can only have a market significant impact within the manufactured housing sector if it includes homes finance with personal property, or chattel-based loans.

Those loans, as the US Census Bureau data establishes, constitute nearly 80% of the total manufactured housing consumer finance market, and it comprises the vast majority of all manufactured home consumer loans on a consistent basis for many years.

Furthermore, because personal property loans don't include funds for the purchase of the land on which the home is situated, those loans axiomatically account for the largest proportion of the industry's most affordable homes.

Yet nearly 15 years after Congress declared that Fannie Mae and Freddie Mac were not serving the manufactured housing market and manufactured housing consumers as they should, and directed the Enterprises to begin serving that market and it's significant in effective manner. the chattel financing sector of the manufactured housing market remains completely unserved. And that fundamental point is unacceptable to us.

The vast bulk of the manufactured housing consumer financing market has effectively been left untouched by the Duty to Serve. Consequently, by any objective parameter, the failure of the Enterprise to serve the manufactured housing market has continued unabated regardless of DTS and the DTS mandate. The DTS mandate, I'm sorry, remains by definition unfulfilled with respect to manufactured housing and manufactured housing consumers.

At first, the rationalization for Fannie Mae and Freddie Mac, which was accepted by FHFA, was that there was insufficient information and data regarding the performance of manufactured housing chattel loans to include them within DTS, even though Congress expressly envisioned and authorized their inclusion.

This delay, based on the extensible lack of relevant market information, was despite the fact that multiple private lenders within the manufactured housing market obviously have been and remain profitable within the existing chattel dominated market.

Based on this alleged lack of information and data, chattel pilot programs originally included in the Enterprises' initial DTS plans were ultimately eliminated again with FHFA's acceptance. Subsequently, despite chattel loan performance data apparently being provided or becoming available to Fannie and Freddie, personal property loans continued to be excluded from the extensive DTS implementation plans filed and accepted by FHFA during the 2020 to 2021 timeframe.

And now on the latest DTS plans, chattel loans are once again relegated in Freddie Mac's plan to a small out year pilot program, while they continue to be completely excluded from Fannie Mae's plan altogether.

And as we have seen before, unfortunately, programs included in the out years of the Enterprises' DTS plans have a way of disappearing before they're ever implemented.

In point of fact, chattel pilot programs had been proposed by the Enterprises and multiple original and modified iterations of their respective DTS implementation plans, but have never come to fruition even once.

With new leadership at FHFA, this needs to change. If the Biden Administration is intent on fulfilling its pledge to advance housing and home ownership for all Americans, including low, lower and moderate income families, then the DTS mandate must be met and fulfilled with respect to the inherently affordable manufactured housing financed through personal property loans.

Toi Roberts: One minute remaining.

Mark Weiss: I'll be done in just one second. In 2018, a team of scholars from the Urban Institute including now Ginnie Mae, President Alana McCargo, and former HUD official, Edward Golding, found that "restrictive or unavailable financing" was one of the main impediments to the greater utilization of affordable manufactured

housing. The same team in a separately published urban institute study pointed out that, appreciation rates for HUD code manufactured homes and site build homes, "are actually similar after adjusting for geographic differences".

Put simply, if the urban institute team could reach these critical conclusion some four years ago, there's no legitimate reason to further delay programs at both Enterprises to provide market significant support for manufactured home chattel lending. That sort of support is essential to the growth of the HUD code market, and to addressing the affordable housing shortage that President Biden has pledged to tackle through an other -- among other things, his housing supply action plan. Thank you very much.

Toi Roberts: Thank you, Mr. Weiss. All right now, next speaker is Ms. Kate MacTavish from Oregon State University.

Kate MacTavish: All right, thank you, Toi. Thank you for -- I really appreciate the opportunity to join this conversation and appreciate the comments of those who've come before me. As well indicated, this is a complex issue, and I think having these multiple perspectives on it is very informative and useful.

So I'm joining the session today as someone who has spent the last 20 years engaged in research around rural manufactured home communities. Most of that work has centered on trying to understand how this unique neighborhood form works for the families and the estimated five million children who live there.

As a researcher, I am much better at identifying problems than solutions. But I'm going to make an attempt to speak specifically to the tenant pad lease protections today, given my observations over those two decades.

I'm going to start with a little background and then speak more directly to those to those protections. As all of you know, for more than half a century, buying a manufactured home and citing it in a park has provided families and real families, especially with the pathway to homeownership. The status of mobile homeowner brings to low-income families raising children a sense of progress towards the American dream.

But that sense of progress is diminished or dies, in essence, for an estimated 12 million US families who currently live in manufactured home communities, if they get caught up in what is a very private and profitable system.

That privacy and profitability translate into security for families, communities, and I would argue for our democracy. So let me just quickly sketch out how that works and then I'll get to talking about the protections that are before us.

So mobile home parks are often referred to as our nation's leading source of naturally occurring affordable housing meaning unsubsidized by the federal government. Early on, of course, many of those parks were developed and owned by mom and pops kind of operations. More recently, as you all know, mobile home parks have emerged as a hot commodity in the real estate investment market.

A Financial Times article that was published recently reported that they can bring in a reliable 4% or more in annual returns, putting them about double what we see for other real estate investment trusts.

The opportunity for profit seems to hold strong and is expected to persist as new mobile home shipments continue to boom. And as the housing crisis has left so many priced out of conventional home markets. And as our national shortage of mobile home park sites persists as well.

The entry of profit seeking investors has also ushered in another set of issues. The rent spikes that we've heard about that press low-income residents to choose between paying the rent and putting food on the table. The shabby park conditions that can ensue when a profit focused owner is lax in their upkeep. Those conditions certainly impact the quality of life for families and can work to draw the wrath of the entire -- the focus of the entire communities wrath, which gets at that you -- what we've already heard mentioned about the stigmatization of marginalization.

The hands-off complaint only approach that communities often take, if only for lack of fiscal resources, reinforces a power hierarchy that privileges the resident leaving -- privileges the landowner rather, leaving residents with subpar conditions.

HMC residents can do little, of course, as voicing their concerns too loudly can lead to eviction, and given the prohibitive cost of relocating their home, moving means leaving that home behind. And then of course, there's the most egregious threat that comes from with profitability for MHC residents having to deal with the threat of disposition from the land and their home when a park sells for what's often termed as higher and better use.

This is a threat increasingly present where land values are rising. We see that happening out here in the Pacific Northwest. Park closures combined with zoning restrictions on new park development are part of what's fueling the national shortage of sites on which a household might locate their home or relocate their home when a park does close.

When that park closure happens the community is left to absorb the housing needs of those who are displaced, whether elderly on fixed incomes, or working-class families critical to the local economy.

So I've sketched out a few of the costs to families and to small towns that occur when the very private nature of mobile home parks is combined with profitability. These private -- this private and profitable model worsens the character of housing, the housing form long considered or misunderstood as only temporary housing.

The choice of losing -- or the cost of losing a toehold on the American Dream leaves families disillusioned, the cost of losing a home is financially devastating to families. The cost is also significant with small towns who are left to manage the health and safety needs of a population left behind when a declining park whose ownership is focused more on the bottom line than quality of life. Or to absorb those displaced when a park is closed for profit and redevelopment.

So certainly those costs are meaningful. And I think I would argue that there is an additional cost to our democracy that can result from high profit -- highly profitable private solutions to our approach to a nationwide public need for affordable housing options.

The kind of forcible resignation of property rights and human rights by individuals in favor of a private profit seeking entrepreneur associated with manufactured housing points to a crucial mismatch in the power and purpose of governance. Namely that those with a mind to live on the land and be a part of a community possess fewer rights than those who want to use the land and the community to generate profits.

So in terms of the pathways protections, I would echo some of what has already been mentioned, certainly thinking about how can we best use those protections to address the kinds of issues that come up with private and profitable nature.

Toi Roberts: Less than one minute remaining.

Kate MacTavish: Great, thank you. I would say anything we can do to help move or open opportunities for park ownership to move towards non-traditional approaches would be imperative, especially addressing that 60-day notification of sale of a park. I love Dave's idea of extending that to 180.

I also would echo what's already been said about caps on like rent increases, anything we can do there it's going to have huge impacts on the -- on families abilities to realize the benefits of this housing form. Thank you.

Toi Roberts: All right. Thank you, Ms. MacTavish. Our next speaker is one of our own previous Duty to Serve team member, Mr. Jim Gray, who's now with I'm Home, Lincoln Institute of Land Policy.

Jim Gray: Thank you so much, Toi. Boy, it's hard to follow Kate, who so effectively made the case that there's a lot more to this than just dollars and cents and what is the most commercially practical solution. And so I do hope that you all will consider that.

I'm a senior fellow at the Lincoln Institute. And the Lincoln Institute seeks to improve the quality of life through effective use of tax, stewardship of land, and healthy manufactured housing is a really important part of that mission. That's why we have taken over the I'm Home network which works collaboratively with nonprofit and for profit sector people to try to increase the availability of safe and affordable manufactured housing.

But before I go into my specific comments on manufactured housing, I'm going to associate my remarks with a couple of other speakers who have pointed out that by far the highest leveraged thing that FHFA could do to make Duty to Serve work as well as possible would be to finally adopt the plain language interpretation of the statute and permit the Enterprises to make targeted equity investments that support Duty to Serve, and also that support equitable housing finance plans.

Targeted equity investments could make a really big difference in all three Duty to Serve markets, and not just for CDFIs. Second, FHFA needs to seriously consider enhancing your disclosure, releasing scores and your narrative assessment of Enterprises progress at the objective level is critically important. Only by releasing information at the objective level, will external stakeholders be able to assess what's working and what's not, empowering us to engage in meaningful dialogue with the Enterprises on where they're making progress and where they're falling short, and they need a new approach.

We would also encourage you to make clear that it will be FHFA's practice going forward to promptly release this information at the objective level every year. And, you know, this will strengthen the program over the long term, and when there are directors who are less sympathetic to the program than Duty to Serve, by having that information out there, it will better empower stakeholders to weigh in.

So turning to the manufactured housing market. On the tenant pad lease protections, I guess the first thing I want to say is that we think that tenant pad lease protections are critically important. It's important that the pad lease protections establish a national floor for protecting tenants, regardless of state law. We disagree with those industry groups who seek to minimize tenant protections to increase the opportunity for their members to take advantage of tenants.

Responsible manufactured housing community owners support pad lease protections. These protections offer basic fundamental least security. The current protection requirements have been implemented by the Enterprises and they have not been an impediment to loan volume.

In 2021 Fannie Mae purchase $2.3 billion in loans. Freddie Mac has completed 22 loan purchases with a value of $160 million in 2019, in 2020, 2,500 lease pads. Clearly this has not been an impediment.

And hearing some of the other speakers who represent owners and investors complain about various pad lease protections, reminds me that many stakeholders initially opposed tenant pad lease protections all together, claiming that imposing pad leases protections would cause even worse problems than those speculated on today, including that the mortgage-backed securities would not trade freely.

If FHFA does decide to dilute the protections, say by limiting sublease protection, you should consider balancing that by strengthening other protections. Given the success that the Enterprises have had in generating qualifying loans with the pad lease protections, and the broader market acceptance, you should consider further protections to address new challenges.

So one example of a challenge is that many tenants face owners who attempt to maximize their profits by shifting responsibilities for maintenance and services, that were previously done by the ownership to the tenants, such as discontinuing rates removal services or requiring tenants to contract for their own services.

These reductions in services occur without a corresponding decrease in the pad rent, and sometimes even the rents are increased. Tenant protections against this type of action by owners would provide additional security for homeowners that would protect the value of their homes and increase their financial security, better empowering them to be a good credit risk for chattel loans.

Our view is that some of the current protections are inadequate. In particular, the first one, the one-year renewable lease term could be extended for multiple years. And then item eight, the 60-day advance notice of sale really doesn't allow sufficient time for community residents to make alternative arrangements. So the notice period should be extended to six months or a year, particularly when there is a community closure.

Now that we know that imposing mission requirements on MBS does not impact the liquidity of these securities, we suggest you consider extending tenant protections to site-built rental properties, including multifamily buildings.

Second, FHFA should encourage --

Toi Roberts: On minute remaining.

Jim Gray: The Enterprises to purchase loans for manufactured homes titled as personal property or chattel. I wish I could say it as well as Bruce Thelen did, but we do applause Freddie Mac for exploring credit risk transfer as an alternative vehicle to manage the risk to credit risk of chattel.

I also agree with Paul Bradley, that providing cost predictability for site leases will strengthen chattel borrowers' position making it easier to create a secondary market for chattel. FHFA should ensure that borrower protections align with those provided the homes titled as real estate as required by RESPA, including limits on kickbacks, requirements for disclosure of settlement costs and rules regarding loan servicing.

As much as possible, FHFA should seek parity in the borrower protections offered to borrowers for manufactured homes titled as real property relative to personal property. Thank you very much for this opportunity.

Toi Roberts: Thank you, Jim. And this now brings us to the midway point where we will have a ten-minute break. So it is now 2:22 p.m., we'll be back here at 2:32 p.m. All right, thanks.

[break session]

Hello and welcome back. We will go into the second half of hearing from our guest speakers. And the first up, next speaker is Mr. Ronald Grove, from the Federation of Manufactured Home Owners of Florida.

Ronald Grove: Sorry, I was on for a later time, but that's okay. We'll get started. I'm president of the FMO, the Federation of Manufactured Home Owners in Florida. And we basically represent mobile homeowners who have their home, permanent place on a rented lot.

Now in that case here, that's both older folks retired and new folks who are snowbirds. Now this group that we’ve helped establish what's called the Florida Statute Chapter 723. These are all the rules about folks who are in this business, when they can raise rents, when they can close a park, what they had to do and so forth. And I understand that we have some of the most comprehensive rules in the US.

However, they're old. And they're not very enforceable. Now we have kind of a double-edged problem. What I started to say there, in that we've been around here a long time, lots of our parks are from the ‘70s and ‘80s. So we have folks who have been retired here for a long time on fixed income. And so that's one concern.

Now the other concern is that here we have folks who we refer to as snowbirds up north, and they've got a second home down here, because we have very reasonable prices for a second home. And we've got great weather, of course. So that kind of, you know, makes things difficult on who you want to serve.

Now I want to mention that the volume we're talking about here. When we say we're under Chapter 723 Parks, that is a mobile home park that has ten or more homes in it that are on lots and rented. We have 2,288 of those parks, and that's over 290,000 lots. So we're talking about a lot of people just in that case. You know, this is not someone who has a mobile home on their private property. These are all folks who are on rented lots. So they are at the mercy, basically, of the park owners.

Now between COVID and the rental increases that have gone across the country, over the last couple of years, we have had a tremendous influx, first of people who want to move here, and second of companies wanting to buy parks here.

Now one of the problems that comes along with this is that the people who are buying parks are not paying attention to our

Chapter 723 laws. And like I said, they're not being very well enforced unfortunately.

When they were put together, they were had, you know, fines. But those fines are probably not been revised for like 20 years. So when you're talking about multinational -- multimillion dollar companies, a $200 fine doesn't really mean much.

But we have, you know, a good bunch of people, including Sun, who was speaking earlier, who own a lot of parks here and do the job. They have an organization called FMHA, the Florida Manufactured Homebuilders Association. And between us, we try to cooperate on what we want to do to make things better, change the laws, do whatever we can to make life better here for this lifestyle.

But in the last couple of years, we've had these new companies coming in, paying exorbitant prices for the parks and raising rents, unbelievably. Now in 723, you know, it says, okay you have a lease, or you have a contract agreement over the years. To me it seems like Sun typically goes for contracts that might be three to five year times. I'm with -- lifestyles and they seem to go along the line of the CPI or the $5, whichever is greater. So that gives some, you know moderation market to the rent increases that we deal with.

Now, at the same time, besides the rent you pay, in Florida you're allowed to pass through -- the owners allowed to pass through, their taxes and any other expenses like water and sewer. In my case in my park, that amounts to a month's rent. And it's in January. It includes the ad valorem tax, the fire tax, the water and the sewer.

When these parks are bought by these folks at these exorbitant prices, their taxes are going to go up. So at least they can pass through that, making a big increase in the cost, annual costs for a homeowner. Besides the fact they're making rents unbelievable.

Toi Roberts: One minute remaining.

Ronald Grove: Okay. So we are having a hard time figuring out just who it is we should serve, because we tend to think that we have a lot of folks here who are on fixed income, been here for a long time, and we need to protect. But they're being forced by these new folks coming in, these new companies coming in, buying these parks and making life a lot more difficult for the people who've been here for a while. Thank you.

Toi Roberts: Thank you, Mr. Grove. Our next speaker is Ms. Lesli Gooch from Manufactured Housing Institute.

Lesli Gooch: Thank you so much. And thank you to the team from FHFA, Fannie Mae and Freddie Mac and everyone joining the call today. My name is Lesli Gooch. I'm the CEO of the Manufactured Housing Institute. MHI is the only national trade association that represents all segments of the factory-built housing industry. MHI has been a leader in working to support quality homeownership through land lease manufactured housing communities. And this includes the value and support of our residents.

Through MH's national communities council, MHI has a -- or was an early adopter of a code of ethics which outlines eight principles that NCC members must subscribe to as a part of their membership. These principles focus on promoting the benefits of manufactured housing, and land lease communities as well as customer and resident relations.

MHI was an early proactive participant in working with consumer groups and the FHFA to develop the resident protections for Duty to Serve that resulted in the guidelines that are the subject of today's session. As a part of that process, MHI endorsed balanced protections on -- during our comment letters for Duty to Serve.

In fact, the protections we're discussing right now, like I said, were originally put forth by MHI's national communities council, as a way to encourage Fannie and Freddie to support a secondary market for chattel loans.

It's important to note that the vast majority of community owners follow these protections, regardless of whether they receive Enterprise loans. It is the industry norm. At the same time, we have heard from some of our community owner operator members, that there are specific technical issues in complying with these requirements that we believe need to be addressed or clarified.

One example is that in some states, the requirements conflict with state law and that creates difficulties. To address this, we would ask the FHA -- FHFA and the Enterprises to clarify that the requirements apply except where the condition conflicts with state law. Another useful clarification is that when the state law is stronger, the requirement is satisfied already, so owners don't have to follow different rules that add no benefit.

Other concerns involve vagueness in the requirements. For example, in the broad range of provisions that give residents the opportunity to sell their unit within a reasonable period of time. This objective can be accomplished while at the same time protecting community owners and other homeowners in the community. For example, by

clarifying it is permissible to require substandard homes to be brought up to code.

MHI would welcome the opportunity to work with the Enterprises, FHFA and seller servicers to address these ambiguities and concerns. MHI cannot support expanding these requirements for the simple reason that this action is not needed to protect residents in manufactured housing communities. Going further than the existing requirements we think would be counterproductive.

If FHFA in the Enterprises substantially rewrite or expand the existing protections to seek a wish list of gold-plated provisions that add little consumer value, but substantially increase compliance complexity, that will greatly impact program participation. Based on the feedback from our members, any such effort would likely result in community owners deciding it is simply not worth seeking Enterprise loans for manufactured home communities.

At the end of the day, FHFA policies should encourage capital investment into land lease communities to increase the supply of quality, affordable homeownership options.

The reality is that the great majority of communities are very well run, providing the most affordable home -- form of homeownership available in America today. Combined with a strong commitment to residents.

Residents of professionally managed land lease manufactured housing communities value their communities' extensive offerings of amenities and the ongoing investments that are made by community owners and operators.

Communities offer quality, value, experience and housing benefits, which has resulted in satisfied residents who choose to remain in these communities long term.

It is easy in any form of housing to come up with isolated incidences of outsized rent increases or questionable practices. MHI condemns the practices of a few actors, but it is important to note that the evidence is clear, they are outliers.

Toi Roberts: One minute remaining.

Lesli Gooch: You haven't heard anyone provide data to counter this fact today. To the contrary, MHI research demonstrates that consumers absolutely love living in manufactured housing communities. Data shows that rent increases in manufacturing home communities

across the country today are well below the cost increases in other forms of housing.

According to Data Comp, the average site rent increase in 2021 was 3.6%. The average housing -- manufactured housing community rent increase is substantially below increases we're seeing in other forms of housing. Nationally rents have -- apartment rents have jumped 20% year over year and single-family home prices are also surging.

The notion of big national companies buying up communities and imposing huge rent increases for no justifiable reason runs against the simple economic fact that doing so is a bad business model. The preservation of manufactured housing communities is critical. It is a good thing for residents when a new owner comes in with the resources to address long neglected infrastructure problems and communities.

When a community changes hands, oftentimes it's because of a significant need for improvement and a lack of capital. It benefits the residents when owners do this needed infrastructure so that we can preserve manufactured housing communities for the long term. With that I close my presentation and I thank the FHFA for this opportunity to present our views and perspectives. Thank you.

Toi Roberts: Thank you, Ms. Gooch. All right, so our next speaker is Mr. Doug Ryan from Prosperity Now.

Doug Ryan: Thank you, Toi. I'm Doug Ryan, with Prosperity Now. For about 17 years, we have managed the innovations and manufactured home program which you heard about earlier, which was the first resident facing initiative that focused on the sector's potential to provide stable and secure home ownership and wealth building opportunities for low and moderate income families.

At Prosperity Now we envision an economy that is just, fair and free from structural racism. One where every family, person and community has the power to build a sustainable wealth and prosperity.

You have heard, or you will hear, from our partners including Jim Gray with the Lincoln Institute which is taking over I’m Home. We plan to remain active in housing finance and land use issues which are fundamental to housing access.

As you know, I'm Home has had substantial success in advancing good policy for homeowners and blocking bad ones. We have shaped successful legislation in Congress and in state houses and

provided key resources for homeowners, researchers, advocates and policymakers.

These have led to a broader acceptance of manufactured homes as part of the solution to the housing crisis, and for better security for residents. The scale of our success is reflected in that think tanks, academics, legislators and practitioners now include manufactured housing in their work. This is a direct result of I'm Home and one that was unthinkable just 15 years ago or even ten years ago.

The subject of today's session, the Enterprises' support for the financing of manufactured housing communities with meaningful lease protections is fundamental. If the housing financial system, which is essentially backed by the public, is to meet its Duty to Serve to this market, it is important to restate that many industry players and organizations oppose tenant protections as part of the Duty to Serve program.

Let me start with some overarching comments. The proposed plans are a significant improvement over the proposed -- the earlier proposed ones, which FHFA correctly rejected earlier this year. All of the plans should be further improved, the changes do reflect real efforts by the GSEs to consider the inputs of residents and advocates and to meet their obligations under what is now a 14-year-old statute.

One of the most meaningful changes that FHFA could make would be to finally adopt the plain language of the statute and permit Enterprises to make targeted equity investments that support Duty to Serve as well as equity housing finance plans.

Such equity investments would make a real difference in each of the markets, especially if those programs which beyond CDFIs. As the cost of borrowing have -- has grown equity investments will be a vital resource to advance Duty to Serve goals.

Furthermore, FHFA must enhance its Duty to Serve disclosure, as Jim Gray noted earlier this afternoon. And the scores in the narrative assessments of the Enterprise progress should be on the objective level, that will allow advocates and homeowners to better understand the progress and the changes that the GSEs need to pursue.

We are pleased that Freddie Mac has proposed moving forward with the chattel program. This is essential to addressing the financing gap in the manufactured home market, including for many families wishing to purchase homes and communities. We are very

disappointed that Fannie Mae failed to advance the idea in their plans. And we suggest that they revisit that decision.

In their reporting on the objective that they purchase loans that institute the tenant protections, both Enterprise detail that in 2021 they easily exceeded their goals. This is a positive development, but suggests that the 2021 goals were underwhelming.

Fannie Mae has suggested that the eight tenant protections may deter lenders from participating in the program. Freddie Mac suggests otherwise. While both Enterprises proposed increasing these transactions, they still may not be aggressive enough, especially in years two and three. It is imperative that FHFA work with the GSEs and others to ensure that these targets are increased as demand and conditions vary. The take up in 2021 suggests the demand is there.

The lease protections that are now required in all MHC transactions are important though they are not enough. Indeed, while such protections exceed what states require under applicable landlord tenant law, this simply reflects less the robustness of the FHFA's requirements than the absolute legal inadequacy in so many states. Reflecting the power imbalance between property owners, including manufactured home community owners, and renters at state capitals across the country.

Fannie and Freddie have demonstrated that there is a market appetite for these protections. Furthermore, the Enterprises should lead the market, FHA should expand the protections. Specifically FHFA and its Duty to Serve program should support longer term leases. These are particularly important to Freddie, and we hope Fannie, if those channel programs were to gain traction.

Similarly, FHFA should extend the written notice of rent increases to at least 60 days, reflecting the bare minimum to help renters adjust their budgets, especially in today's environment of excessive rent increases. But also the challenges that homeowners face when relocating.

FHFA should also extend the advance notice of a planned sale or closure of a community to 180 days. Again, also reflecting the challenges families face to relocate, while more importantly, in some markets, giving community members the opportunity to purchase their communities, or to work with a nonprofit or government entity to secure community stability.

The right to organize, meet and raise concerns to local, state and federal officials also needs to be included in the program. Without such rights, the access to the enumerated protections is, at best, uneven and at worse impossible.

Also, as stated by some of our partners, we strongly advocate for the addition of a new provision that would facilitate the opportunity to purchase the community -- the communities by resident associations or mission driven property owners. It is widely accepted that such ownership models provide better security, stability and value to homeowners. And this of course, would complement a related component of the Duty to Serve program.

Finally, if this objective of Duty to Serve is enhanced, as recommended by remarks, the entire manufactured housing program would benefit. For example, lenders and borrowers participating in a chattel program would benefit if the underlying community loans included the tenant protections identified in these remarks.

In closing, we believe that the Enterprises has made progress in 2021, and the proposed plans are a further step to realizing the legislative intent in the Housing and Economic Recovery Act of 2008. But there is still a lot of work to do.

Thank you to FHFA for the opportunity to address these issues and thank you to the Enterprises as well.

Toi Roberts: Thank you, Mr. Ryan. Our next speaker is Mr. Ron Haynie from the Independent Community Bankers Association.

Ron Haynie: Thank you. Good afternoon. My name is Ron Haynie, I am Senior Vice President for Housing Finance Policy at the Independent Community Bankers of America, which represents this nation's community banks.

I would like to thank the FHFA for conducting this listening session and for the opportunity to speak today. ICBA members are primarily local lenders and mostly operate in suburban, small town and rural markets. Most community banks specialize in small business lending and commercial lending. Some do agricultural loans, but all provide consumer and mortgage lending services as well.

While community banks utilize the secondary market for liquidity and mortgage loan sales, there are many community banks that only portfolio their mortgage loans. This is due in part to the nature of local lending, because those loans just may not fit the box for secondary market sales.

However, community banks with their local knowledge are very comfortable in making these types of loans and putting them in portfolio as they work with their customers on an individual basis forming long term relationships.

Since community banks are local lenders they're also familiar with the financing of manufactured home communities, or mobile home parks. Community banks that provide this financing, do so through their commercial lending operations for the most part.

In discussion with some of our lenders, some of our members, they generally do not get involved in the issues around tenant protections and rely on the park owners to comply with local laws and requirements.

Further, if -- when they were asked if they were interested in participating in a blanket loan program or various programs through the Enterprises to provide financing for manufactured home communities, most were not interested due to the complexity of those programs.

Also, there was concern with FHFA and the Enterprises setting rules and standards and target -- regarding tenant rights and protections, and question FHFA's and the Enterprises authority in that area, especially where those requirements conflict with state and local laws.

There are questions also as to how FHFA and the Enterprises would enforce those rules, and under what authority do they have to impose them. It's obvious that this would increase the compliance burden for those seller servicers who choose to participate in this program, making it less desirable, especially for community-based lenders. And of course, there's always the question of the resources that are available at the Enterprises to do this as well.

ICBA has long supported the Enterprises' programs that can -- that encourage manufactured housing as a way to prevent -- as a way to provide decent, safe and affordable housing when title is real estate. We have urged the Enterprises to adjust their underwriting and appraisal requirements to remove any barriers, including pricing barriers that disadvantage borrowers wishing to purchase a manufactured home, or to refinance a mortgage on a manufactured home.

However, ICBA continues to have concerns and cautions against the Enterprises' acquiring loans where the unit is titled as personal property or chattel. Chattel loans tend to have higher levels of credit

risk, which require the Enterprises to hold higher levels of capital, which they do not today have. Chattel financing of new units is dominated by the captive financing entities of the mobile home manufacturers and it's handled through their network of dealers, and generally not through community banks at all.

However, community banks do make loans on used units or older units, and they retain those loans in portfolio. Since many times these units financed as chattel tend to lose their value over time, community banker underwriters rely more on the borrower's ability to repay than the value of the unit as collateral for the loan.

The loan conditions and terms also reflect those risks as well. Since even chattel loans on new units carry higher interest rates to reflect the increased credit risk one has to wonder, why would the Enterprises' accept that credit risk, that same credit risk and lower rates? Are the goals in the DTS framework to expand the use of chattel financing over standard mortgage financing?

Also, consumers do not have the same level of consumer protections as they do in standard mortgage financing. Mobile home dealers and their loan originators aren't -- are not subject to the CFPB mortgage loan originator compensation rules either.

So as stated earlier, ICBA encourages FHFA and the Enterprises to work to remove any barriers in their underwriting appraisal and pricing requirements which make it more difficult to finance a manufactured home as real estate, and more challenging than say stick built or site-built properties.

ICBA remains opposed to the Enterprises acquiring chattel loans on a manufactured home units. We believe these loans carry elevated levels of credit risk, requiring much higher capital levels at the Enterprises, which today they do not have and will not have for some considerable period of time.

Further, we believe that consumers are better served by encouraging the titling of these units as real estate which provides consumers with better loan terms, a more robust consumer protection framework, and an asset that appreciates and provides for generational wealth creation.

Thank you for conducting this listening session and allowing me to speak today.

Toi Roberts: Thank you Mr. Haynie. Our next speaker is Mr. Adam Cook from the Commonwealth Real Estate Services.

Adam Cook: Good afternoon and thank you for the opportunity to speak today. My name is Adam Cook and I'm President and Principal of Commonwealth Real Estate Services. We are a third-party management fee company. We're very familiar with regulatory environments in these states which are very favorable to tenants.

With all due respect to a prior speaker, our communities are affordable for residents because they do not have to buy the land or taking any of the financial risk associated with land ownership. Typically, our tenants are hardworking families or retirees who either do not have the resources to -- This does not mean their housing choice is holding them back.

We call your attention to and incorporate by reference previous comments we submitted to FHFA dated July 15, 2021 in connection with a prior -- the tenant protections that simply could constitute very bad policy and are harmful to the future viability of our affordable housing communities. These protections are a disincentive to seeking GSE financing.

Tenant Protection number four, tenant has the right to sell the home without first having to relocate it out of the community. This is a very poor policy that does not take into consideration, age, quality, condition, compliance and health and safety factors related to the home. In general, homes are sold in place in our communities and broker transactions just like in any other single-family home, and this right is protected by state law.

However, state law also recognizes that many homes in our communities today were constructed before 1976 as a pre-HUD approved home and not built to today's standards. These homes are old and obsolete, may be in poor condition and may not meet health and safety standards. While these homes have served their owners well for close to 50 years, at this time it may no longer be in anyone's interest for those homes to be sold. In many instances it should be removed from the community and replaced with a new HUD code approved home.

Providing a tenant the absolute right to sell a home in place without consideration of these concerns does not benefit anyone, especially the incoming buyer.

Tenant protection number seven, the right to sell the home in place within a reasonable time after eviction, this is a very poor policy that does not take into account the expensive time consuming legal processes that a landlord must go through to obtain eviction and many notices, rights and time that the defaulting tenant has pre-

eviction to protect its rights by either curing the default or by selling the home.

This tenant protection also conflicts with state law, which typically terminates a tenant's access to the property upon eviction. The TLP does not require the tenant to pay the judgment amount or to pay for this access. It does not define the tenant's legal status during this reasonable time, which would be a matter of state law anyway, and it will negate the landlord's eviction order, requiring the landlord to go through the expensive process again if the tenant does not sell the home and leave.

Tenant protection number five, the right to sublease or assign the pad lease for the unexpired term to the new buyer without reasonable restraint. Again, this is a very poor policy for the following reasons: (a) homeownership and occupancy have historically been tied to higher quality properties with pride of ownership and stronger cash flow. In other words better collateral value, and (b) homebuyers are offered new leases. There's no reason to sublease or assume the remaining lease term in order to facilitate sales.

It should be noted that GSEs limit the rental of park owned homes by the landlord but allow 100% of homeowners in the community to sublease. This makes little sense and serves no purpose.

Further, it contradicts lease protection number one which requires all tenants to have a one-year renewable lease. Certain of the tenant protections are best practices. Notice of rent increases, right to cure defaults, right to post for sale signs that are also covered by state law.

Finally applying the TLPs to renters also creates unnecessary overlap and potential for conflict and confusion with state law. Renters do not have the same interest as homeowners. This is a poor policy to impose on our communities.

We believe that tenant protections are a matter of state law and our industry is highly regulated at the state level and that the tenant protections required by the GSEs not only implement policies that are detrimental to the future of affordable housing provided by our communities, but are also confusing for tenants, contradict state law and create a level of operational and legal risk for borrowers that is unwarranted.

We respectfully suggest that the FHFA abandon the one size fits all approach to tenant protections and do a more thorough study of

the rights afforded by state law. Thank you very much for this opportunity to share my thoughts and for your time.

Toi Roberts: All right, thank you, Mr. Cook. And also Mr. Cook, I think you were breaking up a little bit during your session. So if you could just kindly give us some written comments, that will be helpful. Just want to make sure that your full testimony and statement is on record. Thank you. All right. And so our next speaker is --

Adam Cook: Thank you.

Toi Roberts: Ms. Gail Travers, from MH Action.

Gail Travers: Hello, my name is Gail Travers. I'm a homeowner in a park owned by the largest owner and operator of manufactured home communities in New York state. The owner achieved this distinction with the help of GSE funding.

I am a resident leader with MH Action. MH Action is the nation's largest advocacy organization that works with resident leaders like me in manufactured home communities. Our primary focus is building multiracial, primarily women led leadership teams, that push for local, state and national public policies that better guarantee that families like mine have a safe and affordable place to call home and a decent and vibrant community.

We appreciate the opportunity to provide remarks today as our organization feels that the opinions of those with the lived experience would always take preference and be front and center in these conversations.

Mine is one of the many families that is a witness to the harms that can be caused to relatives and neighbors as predatory real estate investors have descended into our communities. Our community was bought by one of these private equity investment firms, Sunrise Capital Investors. The rent was immediately raised and the maintenance of the park began its long climb into disrepair.

This is an all-too-common occurrence that has been well documented by our organization and others for a number of years. I've included some links to numerous articles that lift up the names of some of those predatory investors that sadly, Fannie Mae and Freddie Mac have fueled in terms of providing capital to those investors.

When we were purchased by SCI, we didn't sit back and take it, we became a part of a statewide movement that has won needed protections for our communities, like rent justification protections.

But our work remains unfinished. Unbelievably, our community was once again sold to another predatory real estate investor, Cook Properties. Their purchases have been fueled by Fannie Mae backed loans. One of the communities they own has recently gone on rent strike due to lack of proper community maintenance, water and septic problems and a slew of other maintenance issues.

As we have notified FHFA directly in the past, the pad protections outlined in the current Duty to Serve plans are important, but woefully inadequate when it comes to protecting families that call communities like mine home. We need to further require clear rent setting protections, community maintenance plans, through the development of yearly community improvement plans so residents can be aware of what needed improvements will be invested in.

And a standardized lease includes fair and reasonable rules and also written in language that can be accessed by non-English speakers to ensure greater racial equity.

MH Action would like FHFA to enact some greater scrutiny on the background processes that designated lenders use. For example, MH Action has worked with hundreds of residents in multiple states that live in Haven Park community owned properties. Their buy up of communities was fueled by Fannie Mae loans that were serviced by Bellwether Enterprise.

There has been a massive amount of press coverage on the rent gouging and lack of community maintenance that residents in those communities face once Haven Park moves in. We outlined that and said in multiple press sources in our report, Displacement, Inc. and we'll include those in our attached testimony.

The most shocking and disturbing aspect to the Bellwether scenario is that the executives of Haven Park communities previous business experience was linked to a company called Newskin. Newskin was -- notoriously that got in trouble for running an illegal multilevel marketing scheme. Bellwether clearly did not do any due diligence when these investors showed up at their bank to get the necessary cash to buy unsuspecting communities.

Unbelievably, even after this all been revealed, Bellwether has taken little to no responsibility to correct the harms that have come upon those residents who reside in Haven Park communities. We see the regulations as currently written to provide and preserve affordable housing and manufactured home parks as having an adverse impact from what is intended.

Borrowers who are casually approved for loans, despite their form of failures or wrongdoings, often make life worse for the families who reside in these communities. Regulations and programs that are intended to save affordable housing as they claim are instead profiting from stripping away services, personnel and maintenance while raising the rent, eliminating the sense of safety and home that all communities need to sustain a vibrant life.

Bellwether is a subsidiary of Enterprise Community Partners. Enterprise did develop a revolving loan fund of $20 million to be used for the purchase of cooperatively owned communities, but that will do nothing, absolutely nothing to assist the families for the initial lending negligence when they were providing Fannie Mae backed loans to Haven Park. They didn't establish a rent relief fund of $20 million to correct their harmful decision making.

Clearly FHFA needs more oversight and resident feedback on their designated lenders. This could include having residents to be able to weigh in on entities that should be placed on the suspended list.

MH Action believes that there should be dollar for dollar match from Fannie and Freddie. For every dollar that goes to a private equity investor or a publicly traded entity like Sun Communities, there should be a dollar that goes to community funding models if we truly care about the long term viability of the sector.

When we invest in community friendly models, there needs to be better long term guarantees and racial equity standards established to ensure the viability of these models. In Florida, MH Action is working with residents in cooperatively owned communities that are being propositioned by legacy communities.

In the past, legacy communities has provided Freddie Mac loans for community purchases. MH Action has heard of similar concerns about legacy communities and a business model. Those concerns can be taken care of by what we have outlined above.

However, we also feel that if a community friendly model is brought out of circulation, that the co-op owners are simply provided a refund on their initial share price, and any resulting increase in the worth of the community should be set up as a community trust that is then used to promote affordable housing in that geographic area.

Our country already has a precedence in one place -- in place in the conversion of nonprofit healthcare entities to for profit loans. The same should hold true in the sector to ensure that co-ops and

nonprofit land trusts don't simply become temporary vehicles for the future land speculation that leaves harm in their wake.

MH Action believes racial equity must be present in this sector. A vast number of the community friendly models relate to majority pf white communities. FHFA needs to do -- to better assess and develop markers were the community friendly loans that directly encouraging investment and BIPAC communities that have seen greater levels of harm historically in the housing market.

That is often sadly an afterthought in terms of lending patterns. Better analysis and execution around this needs to be front and center. Some argue that if we push forward on these items that investors will go elsewhere for their investments or leave the market entirely.

Presenting an argument around, not trying, is not an acceptable argument, given the rampant land speculation that is continuing to leave a trail of harm to families in their wake. We appreciate some of the incremental steps that have been put in place but we can and need to do better. Thank you for your time and attention to these urgently important issues.

Toi Roberts: Thank you, Ms. Travers. Our next speaker is Mr. Steven Martini, Cabrillo Management Corporation.

Steven Martini: Thank you for the opportunity to speak today. My name is Steve Martini and I'm principal of Cabrillo Management Corporation. We own and operate manufactured housing communities in five states, primarily in California.

We call your attention to and incorporate by reference previous comments dated July 15, 2021, which we submitted to FHFA in connection with the prior requests for comments on tenant protections.

Today, my comments will focus on why the tenant protections are a disincentive to seeking Enterprise financing particularly in California. California has adopted its own comprehensive regulation of manufactured home communities, known as the Mobile Home Residency Law, or MRL, and is found at Civil Code Section 798.

The MRL contains more than 25 pages of tenant protections and disclosures and creates a regulatory tightrope for operators. Creating a federal overlay not only contradicts California law, creates confusion for tenants, but also elevates the risk to operators. This increased legal risk is a disincentive to taking GSE financing at any price because the fines and penalties created by the

MRL for any violation are severe. We believe the GSE function is to support affordable housing and encourage capital for our communities. The TLPs do the opposite.

My comments focus on the protections found in the MRL in California and I'll provide you a citation to each provision of California law that conflicts with or overlaps each tenant protection. It's not enough to simply state the conflicting tenant lease protections do not apply, who's to make this determination? To meet time constraints, I will not elaborate on each protection, but it will be available upon further detailed -- upon request to provide further detail.

The GSEs provide -- the GSEs require a one-year renewable lease unless there's good cause for non-renewal. This conflicts with MRL section 798.18A which requires us to offer both a 12-month lease and leases for a lesser period, including a month to month. The MRL also disfavors leases that automatically renew, see Section 798.18C.

The MRL also prohibits tenants from waiving any of their rights under the MRL, see Section 798.19. MRL Section 798.30 requires 90 days' notice of rent increase, the GSEs required 30. Merely providing California homeowners with a document that does not reference their 90 days, puts the borrower at risk for a class action lawsuit based on a violation of the MRL.

The TLPs require a five-day grace period and right to cure defaults. MRL Section 798.56E(1) provides that a tenancy may not be terminated unless rent is past due for five days, and the tenant has been given a three-day notice to pay or quit. As with most states, grace periods, cure rights and other notices are a function of state law.

MRL section 798.73 prohibits management from requiring a home to be removed from the property upon sale, except that management may require removal where the home does not meet certain age and quality standards.

Similarly, the MRL regulates subleasing by specifying certain cases in which management must allow subleasing, such as a medical emergency and otherwise does not limit landlord's right to restricting subleasing. Homeowners in California have no need to assume remaining periods of the lease because management is required to offer them a new lease. See MRL Section 788.23 with respect to subleasing, and 798.18 with respect to required leases.

Civil Code Section 798.70 governs the right to post for sale signs. Civil Code Section 788.55 and 56, provide extensive explanation of the rights of tenants and the eviction process, including the right to sell the home or remove it from the property during the period 60 days before eviction. Following eviction, possession of the site has returned to the landlord.

Finally, 798.80 and 788.56G, provide extensive rights to the tenant in the event of sale of the park or planned closure or conversion to another use. Section 798.86 governs penalties available to homeowners in the event of landlords default under the MRL. For example, in addition to the damages provided by law, a tenant may be awarded either punitive damages or $2,000 for each willful violation.

As I have demonstrated, California law covers 100% of the identified protections. We respectfully suggest that the contradictory or duplicative TLP should be specifically tailored or eliminated in California, and highly other -- and other highly regulated states, since tenants are more than adequately protected by state law. And unlike the TLPs, state law addresses landlord rights when necessary to protect our interests.

It's not enough to provide that state law is more protective because this can be a matter of judgment. For example, which is more protective or favorable, a one-year renewing lease or a month to month, that may only be terminated with cause? Who decides this? Thank you for your time.

Toi Roberts: All right. Thank you, Mr. Martini. Our next speaker is Mr. Philip Schulte, former HUD retiree. Mr. Schulte.

Philip Schulte: Yes, good afternoon. My name is Phil Schulte. Even though I'm designated as a HUD retiree, I'm not representing that Department of Housing and Urban Development with my comments. Though I worked extensively at two consumer protection programs while at HUD.

First, I'd like to add my support for the eight tenant consumer protections that are now being required by Fannie Mae and Freddie Mac, in their multifamily loans. I see these protections as a step forward in an area where there has been a lacking of equity and other types of protections. And I see the glass as half full on these. And I think that there is some fine tuning that needs to be done. But I would not support elimination or scaling back of consumer protections.

The other thing I'd like to talk about more generally in the area of consumer protection is how the Enterprises and FHFA could look at some other alternatives to improve consumer protection. And government really functions in three primary ways to regulate the real estate industry.

One is in the area of mandates, laws, regulations, and those types of things and requiring model codes. The second is in the area of imposing financial fees and certifications and various types of activities. And the third is in the area of disclosure, where there are a number of extensive consumer protection programs that, like the Interstate Land Sales Full Disclosure Act, RESPA, Truth and Lending, that have been effective in informing consumers to become more rational purchasers of manufacture -- whatever transaction they're proposing to get into.

And the fourth and the last area that's come in is the area of environmental, social and governance standards, which is an area that businesses themselves have taken on to look at more broadly at their responsibilities as businesses for the overall good of society and the community.

And so each of those areas, I think presents some opportunities to consider steps that would foster consumer protection for leasehold community residents.

In the first area in the area of model standards, I believe one of the speakers mentioned the Shared Equity Program, which is a section I think 4502 of the Fannie Mae or Freddie Mac Seller Servicer Guide. And that program uses model standards and documents that were developed by a 501C3 nonprofit by the name of Grounded Solutions Network.

And I think a similar approach of looking more broadly at partnerships with other organizations interested in consumer protection might be an effective way to get these practices more broadly applied.

And the second area of fees of course, there's incentives that could be used by the Enterprises to lower fees and costs for guarantees and other types of things. But also in the area of certification, I think there's a substantial opportunity to look at some other very successful certification programs.

The most successful I'm aware of is EPA, or Environmental Protection Agency’s Energy Star program. And just three statistics from that program are very impressive, at least to me. And that is,

number one, the top 20 home builders in the United States are all Energy Star Partners, that's 100% participation. Secondly, 30%, or more of the manufactured homes being built in the United States today are built to the EPA, Energy Star standards. And third, 90% of the households in a survey, were aware of the Energy Star requirements and what the Energy Star designation meant.

So I can't think of a more successful model of how a certification of Energy Star has really influenced the future course of consumer behavior and improved energy efficiency in the United States.

And the third area on consumer disclosure information, there's a good deal of information that's being published in various reports and other things are being done by government agencies and private organizations. But it isn't being digested and distributed very effectively to the people who would benefit from it the most.

So FHFA could perhaps look at performing an inner-agency working group or other types of things to try and see if the -- this information can be more effectively implemented and distributed more broadly to assist with consumer protection.

And finally, with the area of ESG goals, I've noticed that both Sun Communities and Equitable Lifestyle properties are -- both have existing ESG programs where they're looking at the social impact of their businesses on society. It's quite possible that these consumer protections could become part of corporate ESG plans, and could be a very effective way to make sure that this -- these improvements are propagated throughout the real estate industry.

And finally, I'd just like to echo some of the other speakers who've said that, it's time to consider the financing of personal property manufactured home loans.

I was involved for many years with a loan program that did finance manufactured home purchase loans. Doing safe and sound loan programs and financing manufactured home purchase loans are not mutually exclusive. It just has to be structured properly so that the number of defaults are carefully controlled, and that there's proper program controls to prevent the kinds of unwarranted practices that may have existed in the past and cause difficulties.

But I do believe that it's very important that the chattel or personal property loans become part of the Enterprise Duty to Serve plans. I think there'll be incomplete without them. So thank you for listening. And I'll be posting these comments, you know, on whatever place the FHFA designates. So thank you very much.

Toi Roberts: Thank you, Mr. Schulte. Our next speaker is Mr. Grant Beck from Next Steps.

Grant Beck: Great. Thank you, Toi. Good afternoon, and thank you to FHFA for the opportunity to provide comments on the Enterprises' manufactured housing activities. We also thank the Enterprises for their ongoing work to support the housing needs of all Americans under Duty to Serve.

Next Step network is a national nonprofit housing intermediary that works to promote expanded use of factory-built housing as a viable solution to address housing affordability. Our organization works with partners across the country to provide a pathway to sustainable homeownership for low and moderate income families through housing counseling services, financial and homebuyer education and leveraging new Energy Star manufactured homes.

For generations the blueprint of wealth creation and equity building have been predicated on the financial gains afforded by owning a home. In millions of households, particularly those individuals living in lower income, communities of color, on tribal lands and in immigrant communities, have been barred from this point, essentially American path to prosperity by a lack of affordable housing choice.

Our organization remains firmly rooted in the belief that manufactured housing is a primary solution to address both the supply and affordability gaps.

Continued and expanded participation by both Enterprises in the manufactured housing space can help bring scalable solutions to better address the supply and affordability needs of American homebuyers.

I want to start my comments with recommendations that echo those other speakers today. First, we recognize that by far the highest leverage change that FHFA could make would be to finally adopt the plain language interpretation of the statute and permit the Enterprises to make targeted equity investments that support both the Duty to Serve and equitable housing finance plans. Targeted equity investments can make a tremendous difference in all three Duty to Serve markets, not just for CDFIs.

Second, FHFA must enhance their Duty to Serve disclosure, release scores and their narrative assessment of Enterprise progress at the objective level. Only by releasing information at the objective level will external stakeholders be able to assess what's working and

what's not, empowering stakeholders to engage in meaningful dialogue with the Enterprises on where they are making progress and where they need a new approach.

We are pleased to see that the Enterprises and their revised Duty to Serve plans have committed to enhanced and additional activities to support the manufactured housing market. In particular, Next Step applauds both Enterprises for their willingness to incrementally increase their loan purchase goals for manufactured homes. While our view is that the Enterprises need to be more aggressive in their loan purchase volumes to help move this market toward higher quality, more energy efficient homes, we do recognize the impact of current vulnerabilities in the homebuilding market.

Additionally, we greatly appreciate Freddie Mac's willingness to conduct a systemic and incremental risk management assessment to develop a product before entering the personal property or chattel loan market. This market is essential for individuals and families seeking to purchase homes in manufactured housing communities across the country.

An analysis of 2020 HUMDA data from the CFPB shows that around 42% of manufactured home loans are chattel loans. In addressing this loan market, Freddie Mac's work will hopefully yield opportunities for increased consumer protections for prospective borrowers, particularly for those seeking to purchase a home in a manufactured housing community.

We would ask that as Freddie Mac works to determine the feasibility of entering this market, that they consider opportunities that increase consumer protections for chattel borrowers and explore the impact of pairing loan product development with certified housing counseling and homebuyer education services.

Prospective homebuyers who receive education and counseling services are empowered to make the best finance and purchase decisions for themselves and their families, creating a path to greater prosperity through homeownership.

We also recognize that purchase volume is not the only way to move this market. Both Enterprises should consider the needs of individuals seeking to purchase a manufactured home, particularly first-time homebuyers, by creating opportunities for expanded access to housing counseling services and homebuyer education.

CFPB analysis of 2020 HUMDA data shows that only 27% of manufactured home loan applications ended up resulting in a loan

being financed as compared to 74% of those applications for site-built homes.

Housing counselors support prospective borrowers as they work through the home shopping and finance process better ensuring that loan applications result in successfully financed loans.

The development of pilot programs in these spaces can help determine the effectiveness in creating a more sustainable homeownership by leveraging counseling services, educational resources, particularly in communities.

In recognition of the racial and ethnic disparities and homeownership rates, we appreciate FHFA directing the Enterprises to develop equitable housing finance plans and the Enterprises' timely delivery of those plans. The inherent affordability of manufactured homes can help close the homeownership gaps in these communities, fostering improved racial equity in the housing market.

2020 HUMDA data shows that Hispanic, Black and African American, American Indian and Alaskan Native and elderly borrowers are more likely than other consumers to take out chattel loans for manufactured homes even after controlling for landownership. Enhanced education will help individuals and families make the most informed finance decisions that will allow for equity building and wealth creation.

We would ask that FHFA encourage both Enterprises to explore how manufactured housing can help support the activities proposed in their equitable housing finance plans. By building a supporting coalition of housing and community-based organizations, the Enterprises can ensure that prospective manufactured home buyers and communities have access to tools and wraparound services that they need to achieve homeownership success.

Thank you again for this opportunity and to both FHFA and the Enterprises for their continued work in this space.

Toi Roberts: Thank you, Mr. Beck. All right, our next speaker is Ms. Jill Borders.

Jill Borders: Hello, everyone. My name is Jill Borders. And I'm speaking to you today from San Jose, California where I was born and raised. Today, July 12th, marks the exact date back in 2013 that my husband and I and our, then nine-year-old daughter moved into our very first home that we have ever been able to afford to purchase and not rent.

It's the beautiful Energy Start manufactured home that I'm speaking to you from now. We have been here nine years today. We are finally stable and able to benefit from all the wonderful privileges that stability brings.

The reason I wanted to speak to you today is because though these nine years have been stable and allowed us to finally escape the never-ending, relentless displacement due to rent hikes and/or landlords displacing us for their own personal investment purposes, it has been anything but peaceful. Let me explain.

Almost two years after we moved in, on July 12, 2013, I received a phone call from the city of San Jose's Housing Department. The woman on the phone said hi, I've been directed to contact you to ask you if you will attend a focus group on mobile home conversions. She made it sound like a picnic. But I knew exactly what it meant.

Conversion means the bulldozers are coming. We would be out of a home get again. We had finally gotten stable and bought our own home only to be called by our own government to talk about displacing us. We once again might lose our home.

That focus group led me down the path of total astonishment as to the unjust nature and downright predatory behavior of my local government. I'm a researcher by nature and so my life has not been the same since.

That one phone call on July 7, 2015 changed me. For the past seven years I have studied the San Jose's 24 to General Plan, it's past 2020 General Plan. I've listened to 52 audio tapes of three and four hour meetings of a taskforce that changed all the land uses. And gathered information on just how it came to be that all the designations of mobile home parks were changed to things like neighborhood commercial or high density residential or industrial or even single-family residential. The most lucrative of all the land use possibilities here in San Jose.

My park was one of five singled out and added into what is called now an urban village. It makes us a first target for potential redevelopment. I fought alongside 80- and 90-year-olds for the right to keep their homes in their park after being first on the list of parks to be redeveloped. I've watched these 80- and 90-year-olds, these seniors, climbing carefully with canes down 30 steps and approach the podium at city council to speak. They passionately asked each and every time in their public comments to protect them from losing

their homes and being displaced from the community that they loved.

My daughter and other children also spoke, asking not to lose their homes. I had seniors knocking on my door at 7:00 a.m., oftentimes in tears in their eyes asking me for reassurance that they would not be the next -- that we would not be the next park to go. The saddest conversations were when they would say I just hope I die before they make me leave.

Our city has made no secret of its disdain for housing, any housing. I had to sit and listen in meeting after meeting, have them talk about how housing is a drain on the city. And we need more jobs and less housing. Can you imagine, to our faces and on a regular basis, we are told we are a drain on the city's fiscal position.

So back to the matter at hand here today. One of the questions posed to the speakers to discuss was the following. Are you seeing new state, county or municipal legislation regarding tenant protections in manufactured housing communities? My answer for the municipality of San Jose is a resounding, no.

I'm here to tell you that any protections you read about in San Jose are superficial. In March of 2020 on the very eve of the Coronavirus shutdown, and after five years of work, the mobile home communities gathered at City Hall, hundreds of mobile homeowners, and told their stories.

At the end of a long night, an ordinance was unanimously passed. It was going to make all mobile home parks in San Jose zoned as mobile home parks only. This was a remarkable achievement and many celebrated.

But two years later, no such thing has taken place. Every other month, I mentioned it at City meetings. Finally two council members advocated for the city to finally get it done. And our mayor said the words, did we actually say we would do that? And he refused, again, in the budget to make the change, to give the necessary budget for the change.

He is a Harvard educated lawyer. He knows exactly what he is doing. He did vote to apply mobile home park zoning designation to protect us. It's public record. He even said before he voted that he wanted us all to sleep better at night. I'm not sleeping better at night, by the way.

Our city has preyed upon us and intentionally set signals to big corporations to swoop in, buy, then demolish where we live in favor

of something more financially advantageous for the city so that it won't be such a financial drain. My message today is this. Demolishing entire neighborhoods is wrong. I may not own the land under my home, but I'm the one living on it. I'm working on it. I'm volunteering on it. I'm raising a child on it. And I want to know, when are the landless people, who actually live in our city, going to matter as much as faceless corporations that own land but don't even live here. Thank you.

Toi Roberts: Thank you, Ms. Borders. For our next speaker we will hear from Mr. Raul Noriega. Mr. Noriega? Mr. Raul Noriega are you there.

Raul Noriega: There, can you hear me now?

Toi Roberts: Yes.

Raul Noriega: All right. The video is not showing on me so I don't know if you can see me. But anyway, let me start. Good afternoon ladies and gentlemen, my name is Raul Noriega. I first thank Ms. Toi Roberts for the invitation to speak here today, despite my best efforts to dissuade her from offering this invitation to me.

I start by telling you that I have titled my presentation to you as my bias against manufactured housing. I started practicing law as a civil rights attorney for my first ten years of practice, and was then appointed as an assistant attorney general in the Consumer Division at the Texas Attorney General's office, where I represented the Texas Department of Housing and Community Affairs, Manufactured Housing Division. There you go.

I recognize that -- and then after that, I worked with Texas Rio Grande Legal Aid for the last 12 years. I recognize that manufactured housing is a wonderful house -- is wonderful housing for business owners who can use a manufactured house as a less expensive and cost-effective way to set up an office.

Internal Revenue Code provides deduction for the depreciation on this type of housing, which is great for business. This is not the use of manufactured housing which I am concerned.

The issue for me starts with the issue of depreciation. And that is kind of the start of all the problems. The clients I represent are below the federal poverty level for legal services corporation legal aid programs. These folks are the working poor.

I'm very biased against manufactured homeownership for these folks. And even for folks who are not poor, but think they are buying a less inexpensive -- inexpensive housing.

My general advice to these folks is this. Renting a manufactured home can be a good and inexpensive way to house your family and do everything -- about your family -- but do everything that you can to avoid buying or owning a manufactured home. And I know that goes against the majority of people speaking here.

But I have like I say this bias against why. They depreciate at a rate of about 25% to 35% the first year of ownership and continue depreciating after that. They are a terrible investment, they do not have the same level of workmanship as a regular house. They many times have many defects and problems even when new, and even worse when used. And they will be upside down on the note the second after they sign it. And we can quibble about that, maybe it's six months.

But -- so I tell them stay away from owning them like the plague, especially if you must rent the land to put them on. More recently, many manufactured housing parks are being purchased by investors and the cost of lot rentals is substantially increasing, along with the risk of losing the house, the down payment and all the money that has been spent on the house. And if you lose your job or get injured and cannot work, the consequences are disastrous.

I know there is a small community of manufactured homeowners who own manufactured homes in beautiful parks, they have ponds and waterfalls and swimming pools with some even overlooking the ocean or a lake. Those are not the folks I'm talking about the ones I represent. Those folks tend to conflate the appreciation value of the lot or the park with the depreciation value of the house.

I represent the working poor who hold two to three jobs just to survive and still end up getting foreclosed upon or evicted from dilapidated parks because they can't keep up with the lot rent or the house payments. Most parks will try to evict a homeowner with short summary eviction proceedings rather than litigate lengthy foreclosure lawsuits, so they can rent or sell the house to the next hapless consumer.

The focus for manufactured should -- manufactured housing should be on strictly enforcing laws and regulations against the manufactured housing parks.

I recognize that my bias against manufactured homeownership is based, in part, from my skewed perspective in dealing almost exclusively with financial horror stories that I'm routinely trying to fix. But that does not make these issues any less real, nor does it is change the issue of depreciation for this type of housing.

I have reviewed the questions of interest that I was provided, and for which I am asked to suggest solutions. For me, these questions and answers or any solutions to those questions are a little more than small bandages for the gaping financial wounds to be suffered by homeowners who think they are buying inexpensive housing.

Although the Duty to Serve program for the financing of manufactured homes as personal property was meant with good and noble intention, my prediction is that because of the great depreciation of manufactured housing, the federal government will suffer huge losses on these homes in the years to come.

Ms. Roberts, could you please put up that graph that I sent you if you have it available? There you go. All right, well we can quibble about this, this supposedly is -- it should be like a $55,000 home with this pink curve here, starting right about there.

But the point I'm trying to make with this graph, the blue line here represents the loan balance on a $50,000 loan. Whereas the pink curve here represents the value of the home. So we can quibble about the depreciation value within the first say 12 months that would drop radically. We can quibble about what that home is going to be worth at the very end, it might be $8,000 or $10,000.

The problem I have is all the time in between, most of the time people live in a home for two or three years, and at that point, the difference between the value of the home, which is down here, and the balance on the loan, which is up here can be huge. And so immediately after signing the --

Female Speaker: [Inaudible].

Toi Roberts: On minute remaining.

Raul Noriega: I apologize for that. So that you can see that right away almost after -- immediately after signing the loan on the home that you're -- they're going to be upside down on. And most people never go through the whole 20 years or 30 years of paying for the home. So as an investment, it's terrible because you're buying into something that’s going to drop and depreciate, that's going to depreciate terribly.

So, okay, the only suggestion that I can offer based on the fact that these homes are going to be sold as personal property, and they're going to be financed. The only suggestion that I can offer at this part -- at this point is that apart from the amortization table that is routinely required by Regulation Z, the disclosures require -- and the

disclosures required by the Truth in Lending Act. And then the document requiring disclosures at the time of sale.

I suggest that another separate document should be acquired for signature by the buyer. This document would attach a graph showing the depreciation curve of the house, showing its value at the time of sale. And which would be superimposed under the curve showing the balance on the loan, at the same time period.

And this is -- it's probably not practical that every loan would have such a graph, although I suspect that software could be developed for something like that to be done every time. But the purpose of doing this is to inform a home buyer of the great difference and how badly they're going to be upside down on the balance if they lose their job, or if they -- even if they have to sell it. If they have to sell it they're going to be terribly upside down.

So I suggest that as long as this project is going to continue with enhancing personal property -- well manufactured homes as personal property, that at least the homeowners be given the opportunity to know how badly they're going to be upside down on this note once they get into it.

I hope I've made my point about depreciation in manufactured housing. And thank you for listening to what I have to say about it. And with that I bid you good afternoon.

Toi Roberts: Thank you Mr. Noriega. All right, so our next speaker is Mr. Tony Kovach, Kovach, and his statement will be read by a member of our Duty to Serve team. This is Tony Kovach from MHProNews.

DTS on behalf of Tony Kovach: Thanks, can you hear me?

Toi Roberts: Yes.

DTS on behalf of Tony Kovach: Stating obvious facts and evidence can be Duty to Serve status quo insanity harming millions, including minorities, seniors, and lower income Americans.

A Freddie Mac post on 9-2-2021 explained the four C's of good sustainable credit used by a lender will evaluate in determining whether they will make a loan - capacity, capital, collateral and credit. Majority of consumers say they would consider purchasing a manufactured home said Freddie Mac research on 6-29-2022. It stated 77% of people who are aware of manufactured homes expressed a positive sentiment towards these homes describing them as new, efficient, affordable and easy.

Most agree that there are tangible benefits to manufactured homes, including the following: Allow a wide range of customization, affordable without compromising on quality, eco-friendly and energy efficient, a good investment. Sixty Two percent per their survey, would consider a manufactured home. Regardless of ethnic or age groups, income under $50,000 were more favorable toward contemporary manufactured homes.

Per Lending Tree on 11-30-2021, and analysis of their public research, mobile home values are rising faster than single-family home values. Years of third-party research support their conclusion.

HUD Secretary Ben Carson, citing FHFA's data, noted in an address archived on the HUD website made to the Manufactured Housing Institute. Our nation's shortage of affordable housing is ultimately an issue of supply and demand. With millions of people in need, high demand is already guaranteed. Noting that mainstream manufactured homes are about half the cost per square foot versus site-built housing, Carlson said even at this lower price, manufactured homes appreciate in value at a rate similar to the site-built homes, according to the FHFA's housing price index. Sustainable homeownership is the number one builder of financial capital for most American families. For example, the average net worth of a renter is $5,000, while the average net worth of a homeowner is $200,000.

That's an extraordinary 40-fold difference. But with comparable home appreciation rates to site-built homes, manufactured homes exhibit their own extraordinary potential to be a wealth creation tool for ordinary, everyday American families.

Housing costs have risen since 5-7-2019, but the percentage of savings is the same, per federal data cited by the Tampa Free Press and MH Living News.

AP reported Freddie Mac, on 9-1-2021, saying researchers from mortgage buyer Freddie Mac estimate that the United States needs an additional 3.8 million homes to meet housing demands. Critiquing that, Mark Weiss, JD President and CEO of MHARR remarked that some sources assert that manufactured -- I'm sorry, the housing shortage was significantly higher than Freddie claimed. Weiss pointed out the mortgage giant during FHFA's conservatorship played a role in the housing shortage. Said Weiss, Freddie Mac unwittingly proves its own failure.

David Dworkin, CEO of the National Housing Conference, in federal comments stated manufactured housing was necessary for

affordable housing. Dworkin worked for Fannie Mae as a vice president. On 12-10-2019, Dworkin said we, NHC, have full confidence in both Enterprises' ability to reach existing benchmarks.

Triad Financial Services, ECN Capital, provides a similar function for lenders they partner with in manufactured housing as Fannie -- Freddie Mac or Fannie Mae would provide. Triad's proven model reveals over 50 years of sustainability.

Kevin Clayton, CEO of Berkshire Hathaway owned Clayton Homes said under truth in testimony certified remarks to Congress MHI and its members --

Toi Roberts: One minute remaining.

DTS on behalf of Tony Kovach: Have long demonstrated to rating agencies, investors, Fannie Mae and Freddie Mac, FHA, Ginnie Mae and others that manufactured housing lenders operate within a disciplined lending environment. Despite the performance, the government sponsored Enterprises, the GSEs, have little – have had little involvement and little interest in financing and securitizing manufactured homes.

Less than 1% of GSE business comes from manufactured housing and none of that comes from manufactured home personal property loans.

My previous remarks on 3-25-2022 should be considered part of the factual and evidentiary foundation for this thesis. Such quotes, facts evidence and claims merit a summary.

From the vantage point of implementing DTS for all mainstream manufactured homes, particularly in home-only or so-called chattel loans, the collateral value for investment and acceptance meets the four C's of sustainable lending. The logic and evidence are clear. The GSEs can and should sustainably originate and provide secondary market support under DTS for manufactured home loans.

MHI and Kevin Clayton assert that they want DTS fully implemented. If so, why haven't they sued either FHFA and/or the GSEs to get the DTS rule for personal property lending on all manufactured homes fully and properly enforced?

MHI's Lesli Gooch denies his claims, but Doug Ryan with Prosperity Now--

Toi Roberts: Another minute remaining.

DTS on behalf of Tony Kovach: Then CFED, in an op-ed on American Banker, asserted the system currently discourages Fannie and Freddie from investing in

manufactured housing. Ryan claimed MHI's reluctance was to protect Clayton's headlock on manufactured home lending.

Apparently supporting Ryan's contention, a high-ranking MHI source, told MHProNews months before the GSEs announced withdrawal of their chattel pilot projects the following. Tim Williams, CEO at 21st Mortgage Corporation, told dozens of members during a meeting that he was "happy that the GSEs pilot had failed." Clayton, 21st, MHI and their attorneys declined commenting on that or other controversies.

Is it any wonder that some like MHARR are calling for congressional or other federal/state investigations into the apparently corrupted DTS process harming millions including minorities?

The remarks have concluded.

Toi Roberts: All right, thank you. All right, there are now -- I'm sorry. To give closing remarks, I'm sorry, we'd like to now hand it over to the lead of our Duty to Serve Market Team, the Managing Director of Duty to Serve Market, Ms. Marcea Barringer.

Marcea Barringer: And hi everyone. Thanks for hanging in here. I don't know what happened to my camera, but I seem to have disappeared. So you can just see the same background that Toi had, which is our office headquarters.

I really wanted to take a moment to thank all of our presenters today for sharing their comments and for the audience for attending today's session. I think the commenters provided a really robust and different views on a wide variety of issues. We really appreciate at FHFA the diversity of views expressed on the manufactured housing market and tenant protections.

We will take all of the remarks that we heard today, as well as the comments posted on FHFA.gov into consideration. As Toi will tell you in a minute, we will be getting back to about the best way to submit any written comments that you may want to send to us.

We very much look forward to continued collaboration with all of you and thank you once again. Toi.

Toi Roberts: Thank you, Marcea. That now concludes today's session. Thank you all again for joining us today. And if you would like to submit written comments, please visit our Duty to Serve website at www.FHFA.gov/DTS. And so that concludes today's session. Thank you.