

MHI Issue Update

Texas Manufactured Housing Association

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Inc.



Manufactured Housing Issue Update

Presentation Overview

- About MHI
- Manufactured housing and the FEMA contracting process
- MHI activities to improve HUD's implementation of the Manufactured Housing Improvement Act
- MHI efforts to reform Dodd-Frank and SAFE Acts



- Strong and Stable
- Creative and Flexible
- MHI Manufacturer of the Year 2010 and 2011





About the Manufactured Housing Institute

- The Manufactured Housing Institute (MHI) is the national trade organization representing all segments of the factory-built housing industry.
- MHI members include those from every facet of the factory-built industry: home builders, lenders, home retailers, community owners, suppliers and 50 affiliated state organizations.
- MHI provides education, training and information to its more than 350 members. MHI lobbyists serve the industry across a broad array of federal issues, including construction codes and standards, tax incentives, access to financing and limiting regulatory burdens that serve as barriers to accessing affordable manufactured housing.



About the Manufactured Housing Institute

The Manufactured Housing Institute serves as the industry's key advocate by:

- ✓ **Regularly distributing in excess of \$100,000** per election cycle to federal candidates supportive of the factory-built housing industry.
- ✓ **Working to increase access to financing options**, including reform of the FHA Title I program, Ginnie Mae, and through Fannie Mae and Freddie Mac.
- ✓ **Establishing sensible and responsive construction codes and standards** including for formaldehyde and ensuring the HUD-Code remains attuned to the needs of consumers and is updated on a timely basis.
- ✓ **Protecting incentives for the production of energy efficient factory-built housing**—MHI has played a key role in renewing and preserving tax credits for producers of Energy Star manufactured and modular homes.

About the Manufactured Housing Institute

As part of its ongoing advocacy efforts, MHI is working to:

- **Reform the Dodd-Frank and SAFE Acts** to ensure onerous, unnecessary, and unfair standards that would reduce the number of manufactured houses sold are not implemented.
- **Eliminate duplicative enforcement standards** for manufactured housing for energy efficiency being developed by the Department of Energy.
- **Ensure federal efforts to reform the nation's housing finance system** provides a secondary market for manufactured home loans secured by personal property.
- **Protect the industry from unfunded mandates**, such as those requiring the installation of weather radios in manufactured homes





Implementation of Manufactured Housing Improvement Act

Manufactured Housing Improvement Act

MHI's HUD Code Activities

- In February, MHI testified before House Financial Services Committee on HUD implementation of Improvement Act.
- **Efficiency of HUD Rulemaking Process:** HUD's inability to keep HUD Code up-to-date has impacted ability of industry to serve customer needs
- **Preemption:** Improvement Act reinforced status of HUD Code as preemptive, yet HUD has not enforced. A single uniform code is critical to industry.
- **Appointment of a Non-Career Administrator:** Need for a true advocate of manufactured housing to oversee the HUD program.
- **MHI Activities Moving Forward:**
 - ✓ Congressional taskforce, increasing HUD/FHA engagement, development of legislative revisions to reform HUD code





Reform of Dodd-Frank and SAFE Acts

Reform of Dodd-Frank & SAFE Acts

About Dodd-Frank and SAFE Acts

- **Dodd-Frank imposes new regulations on mortgage lending** to cure abuses in the real property mortgage market. There is the unintended consequence of limiting the availability of credit available for the purchase of affordable manufactured housing.
- **SAFE Act enacted to reduce fraud through licensing of mortgage originators.** Regulatory misinterpretation has resulted in confusion at state level in applying law to those selling manufactured homes, particularly among:
 - Retailers and sellers of manufactured homes
 - Those financing the sale of their own homes
 - Those engaged in a minimal level of loan origination



Reform of Dodd-Frank & SAFE Acts

Why High Cost Mortgage Provision is of Concern

- Treats/regulates a \$20,000 MH loans and \$200,000 residential loans in identical fashions (*if APR exceeds Prime Offer Rate(APOR)/Freddie Mac Select by 8.5%="high cost mortgage"*)
 - ✓ Lack of securitization & high cost of funds for MH
 - ✓ APOR not adequate basis of comparison in MH lending
- As percentage of loan, servicing and origination costs have a greater impact on small loan than big loans/the smaller the loan the greater the impact on APR
 - ✓ \$2,000=10% of 20,000
 - ✓ \$2,000=1% of \$200,000
- According to 2009 American Housing Survey (AHS) data
 - ✓ Median value of all MH=\$27,000
 - ✓ Out of 8.8 million homes more than 4 million families potentially unable to sell homes to due to onerous liabilities lenders must assume

Reform of Dodd-Frank & SAFE Acts

Why SAFE Act is of Concern

- Final HUD rule in June 2011 provides productive clarification on:
 - ✓ “and” vs. “or”/compensation and gain /seller financing
 - ✓ Rule 18 months too late to meet deadline for state laws
 - States relied on a model law and incomplete HUD guidance
- Need for statutory revision to better define the activities of those selling, including individual retailers, manufactured housing
 - ✓ Clearer guidance in statute that basic information during home selling process does not rise to level of mortgage origination
 - ✓ Clearer statutory guidance that compensation received from home sale is NOT mortgage origination activity
 - ✓ Clarification that minimal level of activities can be exempted by states





Reform of Dodd-Frank & SAFE Acts

Preserving Access to Affordable Housing Act

- On Jan. 31 Reps. Stephen Fincher (R-TN), Joe Donnelly (D-IN) and Gary Miller (R-CA) introduced H.R. 3849 to make targeted changes to Dodd-Frank and SAFE Act.
- Reduces threshold by which small balance personal property MH loans would be considered “high-cost” or predatory loans under Dodd-Frank Act and reduce the number of loans subject punitive liabilities.
- Excludes those selling manufactured from *federal* SAFE Act definition of mortgage originator, if:
 - Compensation does not exceed what would be received in comparable cash transaction, or
 - Sale/distribution of residential mortgage loans is NOT individual’s primary business activity or source of income

Dodd-Frank Wall Street Reform and Consumer Protection Act

Urge Members of Congress to Co-Sponsor H.R. 3849

-Bipartisan legislation would:

- Preserve consumer protections
- Minimize growing regulatory disincentives to serving the financing needs of low- and moderate-income manufactured home buyers
- Without revision, access to financing would be eliminated for millions of families and millions would see home value evaporate
- Without change, industry that has declined 80% and lost 200,000 jobs over past decade would decline further
- Lessen the discriminatory treatment of small size MH loans





Manufactured Housing and FEMA



Federal Emergency Management Agency

FEMA-MHI Initiatives

- MHI developed an Task force on Disaster Housing in Spring of 2010
- Participated in FEMA industry Day July 2010.
- Developed recommendations for FEMA to enhance and improve its disaster housing and recovery program.
- Presented MHI recommendations during MHI Legislative Conference and Winter meeting in February 2012.
- ***FEMA Priority #1: Maximize use of available local housing resources***
 - ✓ Identify available site in existing communities for temporary housing units (THUs)
 - ✓ Identify existing local manufactured housing inventory of homes for sale that could be purchased by FEMA



Federal Emergency Management Agency

FEMA-MHI Initiatives (Cont.)

- **FEMA Priority #2: Utilize manufactured temporary housing units**
 - ✓ Utilize HUD Code homes
 - ✓ Require licensed installers for the installation of homes/streamline standards for onsite installation
 - ✓ Support waiver of transportation and other regulations that impede quick delivery of homes
 - ✓ Simplify FEMA procurement procedures
 - ✓ Utilize homes and designs that are commercially marketable after a disaster
- **MHI recommendation for state association involvement**
 - ✓ Develop relationships with state emergency management agencies
 - ✓ Participate in state disaster planning efforts
 - ✓ Participate in FEMA's Joint Housing Solutions Group Tool
 - ✓ Register with FEMA as a vendor



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