CMHA REPORT

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Bipartisan Bill to Preserve Access to Manufactured Housing Introduced in the Senate

A bipartisan bill was recently introduced in the Senate to alleviate the regulatory burdens that have impeded consumers' ability to purchase manufactured housing. The *Preserving Access to Manufactured Housing Act,* addresses recent federal regulations of the Dodd-Frank Act that do not reflect the unique nature of the manufactured home financing and sales process. The underlying consumer protections of the Dodd-Frank Act will remain in place under this legislation.

In the 113th Congress, S. 1828 was cosponsored by 16 Senators. Companion legislation in the House, H.R. 1779, was cosponsored by 114 Representatives and was passed by the House Financial Services Committee by a voice vote on May 22, 2014. Despite having broad-based bipartisan support, the bill did not make it through the process prior to adjournment.

The *Preserving Access to Manufactured Housing Act* amends the thresholds that have caused small-balance manufactured home loans to be classified as high-cost loans. Due to the increased lender liabilities associated with making and obtaining high-cost mortgages, many lenders have exited the manufactured housing market, denying access to necessary credit for new and existing manufactured homes. While the cost of originating and servicing a $250,000 loan and a $25,000 loan are generally the same in terms of real dollars, the cost as a percentage of each loan's size is significantly different. This difference causes the smaller-sized manufactured home loan to potentially exceed the new thresholds and be categorized as high-cost, even though there is nothing predatory about the features of the loan.

The bipartisan legislation also clarifies that manufactured home retailers and salespersons are not loan originators. The new CFPB definition of a loan originator is based on traditional mortgage market roles that do not equate with the business model of the manufactured housing industry, including lending and retail sales practices. While they are in the business of selling homes and do not originate loans, manufactured home retailers and sellers currently run the risk of being considered mortgage loan originators. This bill excludes manufactured housing retailers and sellers from the definition of a loan originator, so long as they are only receiving compensation for the sale of the home and not engaged in financing the loans.

"Folks on the Hill need to know how important access to credit is for our customers and that these federal rules are having a negative impact on their ability to become homeowners," Nathan Smith, Chairman of the Manufactured Housing Institute said. "Congress has the opportunity to make this right for consumers before it is too late."

Companion legislation, H.R. 650, was introduced in the U.S. House of Representatives in February.

You can make your voice heard on this important issue by visiting MHI's website (www.manufacturedhousing.org), and using their contact system to email Congress.

Inside this Issue