Ask Congress to Support the Preserving Access to Manufactured Housing Act (H.R. 1779)

U.S. Representatives Stephen Fincher (Republican, Tennessee), Bennie Thompson (Democrat, Mississippi) and Gary Miller (Republican, California) have introduced House Resolution (H.R.) 1779, the *Preserving Access to Manufactured Housing Act* which, if passed will reduce regulatory burdens that impede access to affordable manufactured housing finance. The bill would remedy provisions of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) that impact a consumer's ability to obtain the mortgage financing (including chattel or personal property loans) needed to purchase a manufactured home.

Under the present rules adopted by the Consumer Financial Protection Bureau (CFPB), a chattel or personal property loan on a manufactured home is considered a mortgage for the purpose of enforcing the Dodd-Frank and SAFE Acts. As we are aware, financing on manufactured homes, particularly older homes, is very hard to find and in some cases, community owners are making such loans. Under the present rules and laws, there are many restrictions to how financing must be handled, including mortgage loan originator licensure.

If passed, H.R. 1779 would:

(1) Earlier this year, the CFPB ruled that all purchase loans – including mortgages on manufactured homes considered personal property – will be covered by the Home Ownership and Equity Protection Act (HOEPA). Effective January 2014, a large percentage of small-balance loans for manufactured homes would be unfairly classified as predatory and high-cost. Due to the increased lender liabilities associated with making a HOEPA high-cost mortgage, it is unlikely that these loans would be offered.
According to the present HOEPA rule, a mortgage is considered "high-cost" if the Annual Percentage Rate (APR) exceeds the Average Prime Offer Rate (APOR) by more than 6.5%, or, if the home is considered personal property and the transaction is less than $50,000, the APR cannot exceed the APOR by more than 8.5%. H.R. 1779 would amend these to create a tiered trigger structure for personal property transactions under $75,000. The maximum allowable spreads (APR vs. APOR) for dwelling-only loans would be:

$75,000 - $50,000 = 8.5%
$50,000 - $30,000 = 10.5%
$30,000 and less = 12.5% (with the ability for CFPB to increase to 14.5%)

The current rule states that for a transaction of $20,000 or more, points and fees charged may not exceed 5% of the transaction amount. For transactions less than $20,000, points and fees must be the lesser of 8% of the transaction amount or $1,000 (or another amount if established by CFPB).
H.R. 1779 would establish separate points and fees triggers for all dwelling-only transactions and allow lenders to charge the greater of 5% or $3,000.

(2) In January 2012, CFPB issued a final rule implementing Dodd-Frank's loan originator requirements (and loan originators must be licensed; in Arizona, MHCA is working with the Department of Financial Institutions that handles the licensure). This rule becomes effective January 10, 2014. The issue is that the final rule's definition of "loan originator" is based on traditional mortgage market roles that do not fully equate with the business model of the manufactured housing industry.
The definition of "loan originator" in the CFPB's final rule *excludes* employees of manufactured home retailers if they assist a consumer in obtaining or applying to obtain a residential mortgage by preparing residential mortgage loan packages, or collecting information on behalf of the consumer with regard to a residential mortgage loan, *provided they do not:* take a residential mortgage loan application; offer or

negotiate terms of a residential mortgage loan; **or** advise a consumer on loan terms (including rates, fees and other costs). The change proposed in this area would clarify that manufactured home retailers and salespersons are not considered loan originators unless they receive compensation from a lender, mortgage broker or loan originator.

PLEASE CONTACT ARIZONA'S CONGRESSIONAL MEMBERS AND ASK THEM TO SUPPORT H.R. 1779! Below are their contacts. Ask them if they will co-sponsor H.R. 1779, the Preserving Access to Manufactured Housing Act and, if they will co-sponsor it, they should contact Erin Bays in the office of Representative Stephen Fincher at 202-225-4714.

District 1: Ann Kirkpatrick (Democrat); U.S. House of Representatives, 330 CHOB, Washington, DC 20515
202-225-3361; Kirkpatrick.house.gov

District 2: Ron Barber (Democrat); U.S. House of Representatives, 1029 LHOB, Washington, DC 20515
202-225-2542; Barber.house.gov

District 3: Raul Grijalva (Democrat); U.S. House of Representatives, 1511 LHOB, Washington, DC 20515
202-225-2435; Grijalva.house.gov

District 4: Paul A. Gosar (Republican); U.S. House of Representatives, 504 CHOB, Washington, DC 20515
202-225-2315; Gosar.house.gov

District 5: Matt Salmon (Republican); U.S. House of Representatives, 2349 RHOB, Washington, DC 20515
202-225-2635; Salmon.house.gov

District 6: David Schweikert (Republican); U.S. House of Representatives, 1205 LHOB, Washington, DC 20515
202-225-2190; Schweikert.house.go

District 7: Ed Pastor, Democrat; U.S. House of Representatives, 2465 RHOB, Washington, DC 20515
202-225-4065; Pastor.house.gov

District 8: Trent Franks (Republican); U.S. House of Representatives, 2435 RHOB, Washington, DC 20515
202-225-4576; Franks.house.gov

District 9: Kyrsten Sinema (Democrat); U.S. House of Representatives, 1037 LHOB, Washington, DC 20515
202-225-9888; Sinema.house.gov