Manufactured Housing Institute

House of Representatives Reaffirms
Support for Manufactured Housing

On July 6, 2016, in two bipartisan votes the U.S. House of Representatives voted to support manufactured housing. In particular, two amendments were defeated that would strip important language from the Fiscal Year 2017 Financial Services Appropriations bill that would make necessary changes to the Dodd-Frank Act to ensure financing is available for consumers of manufactured housing. By defeating these amendments, the language to strengthen access to safe, affordable, and available financing for manufactured housing, while preserving important federal consumer protections, is included in the spending package.

The defeated amendments would have struck two sections of the spending bill that were modeled after H.R. 650, the Preserving Access to Manufactured Housing Act. These critical sections of the bill had been inserted by an amendment offered by Rep. Fleischmann (R-TN) during the House Appropriations Committee's consideration of the legislation.

MHI has been working with Congress to pass the Preserving Access to Manufactured Housing Act (S. 682/H.R. 650), either as free-standing legislation or as a part of a larger legislative package, during the 114th Congress. The House vote is a critical step in reversing the decline in lending to this source of affordable housing. MHI's government affairs team worked tirelessly with Appropriations Committee members, Committee leadership, H.R. 650 cosponsors, and state association executive directors - resulting in over 1,500 contacts to the Hill since February - to ensure the manufactured housing language was included in the House appropriations bill. The successful votes were the result of these efforts, and inclusion of this language in the appropriations bill will help position the language for passage before Congress adjourns.

The first amendment, which was defeated by a vote of 167-255 (click here to see how your Representative voted), would have struck Section 637 of the bill that would prevent manufactured home retailers from unfairly being classified as "loan originators." Since the CFPB's rule on "loan originators" have gone into place, manufactured home retailers have been forced to stop referring consumers to different available lenders, and identifying potential lenders for the consumer, even

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though they do not make any money on the loan. Section 637 would ensure that manufactured home retailers are not unfairly considered "loan originators," provided they do not receive compensation for the referral.

The second amendment, which was defeated by a vote of 162-255 (click here to see how your Representative voted), would have struck Section 638 of the bill that addresses the thresholds for which mortgage loans are considered "high cost." Since the CFPB's rules consider costs as a percentage of a loan, smaller size manufactured home loans could violate points and fee caps and be inappropriately considered "high cost" - merely because they are lower balance loans. Under the Dodd-Frank Act, the CFPB has the authority to adjust this threshold, but has chosen not to. As a result of the "high cost" designation and increased lender liability associated with it, many lenders have stopped making manufactured housing loans altogether and others have stopped originating loans under $20,000.

Recent data from the Home Mortgage Disclosure Act tells the story about why this rule is harming consumers. Loans for site built homes have gone up by more than 5% while low balance loans for manufactured homes have gone down by more than 10% as a result of these regulations.

"This is an important milestone for millions of working families and retirees who are currently being shut out of the market for quality, unsubsidized affordable housing" said Lesli Gooch, MHI's Senior Vice President for Government Affairs and Chief Lobbyist.

H.R. 650, the Preserving Access to Manufactured Housing Act, is bipartisan legislation introduced by Reps. Fincher (R-TN), Sewell (D-AL), Barr (R-KY), and Sinema (D-AZ). The bill was passed by the House of Representatives on April 14, 2015 by a vote of 263-162. The companion Senate bill, S. 682, is sponsored by Senators Donnelly (D-IN), Toomey (R-PA), Manchin (D-WV), and Cotton (R-AR). The bill was included in S. 1484, the Financial Regulatory Improvement Act of 2015, which is sponsored by Senate Banking Committee Chairman Shelby (R-AL) and was passed by the Banking Committee on June 2, 2015.

If you have any questions, please contact MHI's Senior Vice President of Government Affairs and Chief Lobbyist, Dr. Lesli Gooch, at (703) 558-0660 or lgooch@mfghome.org.