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October 10, 2017

The Honorable Andy Barr  
1427 Longworth Office Building  
Washington, DC 20515

Dear Representative Barr:

On behalf of the over 1.2 million members of the National Association of REALTORS® (NAR), I thank you for introducing H.R. 1699, the “Preserving Access to Manufactured Housing Act of 2017.” NAR is proud to support this legislation, which will alleviate regulatory burdens that have impeded consumers’ ability to purchase manufactured housing.

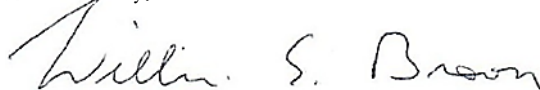
In rural areas, as well as many other communities around the country, manufactured housing provides one of the few affordable options for homeownership, and in some areas, manufactured homes are the only type of quality affordable housing available. Yet, unrealistic rules have limited Americans’ ability to obtain credit for these homes.

The “Preserving Access to Manufactured Housing Act of 2017” alters the definition of “high cost” loans so that manufactured home loans are not classified under this designation simply because of their small size. The Dodd-Frank Act established parameters for which mortgage loans are categorized as “high cost” and included more flexible annual percentage rates as well as points and fees provisions for small loans. This was based on an acknowledgement that fixed costs on smaller loans translate into higher percentages of the total loan. In practice, this flexibility has not been adequate to address market realities. Increased lender liabilities associated with making and obtaining high cost mortgages have caused lenders to exit the manufactured housing market, denying consumers mortgage credit.

Your bipartisan legislation also clarifies that manufactured home retailers and salespersons are not loan originators. The Consumer Finance Protection Bureau’s (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.

REALTORS® believe that consumer protection is a key component in maintaining a sustainable housing market, but these efforts must be monitored and balanced against unintended consequences that restrict the availability of credit options for consumers requiring affordable housing options. NAR appreciates the efforts you have made in addressing this important issue and we will continue to work and partner with you to improve the consumer experience in real estate and mortgage transactions.

Sincerely,



William E. Brown  
2017 President, National Association of REALTORS®

