



MHI 2010 Year in Review

✓ Full Implementation of FHA Title I Loan Program

The Federal Housing Administration (FHA) finalized and fully implemented changes to its loan program for personal property manufactured homes (or Title I) in June 2010. At the same time, Ginnie Mae lifted its 15-year moratorium and announced it was accepting applications for new Ginnie Mae lenders.

Ginnie Mae released its pooling guidelines for loans insured under the new FHA Title I program in November 2010. The issuance of these guidelines provides Ginnie Mae the ability to securitize manufactured home FHA Title I loans. This will allow lenders to obtain new capital, which can then be used to fund new loans for our customers. Without MHI's diligence and advocacy activities, implementation of this important program would most certainly have been delayed.

✓ Favorably Amending Formaldehyde Legislation

In July 2010, legislation was enacted requiring all finished wood products to comply with the California Air Resources Board (CARB) standard for formaldehyde by 2011. MHI achieved a victory for the industry by amending the bill to make the compliance date for manufactured and modular homes tied to a "manufactured by" provision instead of a "sell by" provision. This is vitally important because the original proposal would have made thousands of manufactured and modular homes in inventory unsellable once the law became effective. Without MHI's lobbying, it would have cost the industry and our customers thousands of dollars per home to comply with this new standard.

✓ Energy Star Tax Credit for Manufactured and Modular Homes Extension

MHI obtained a huge win for the industry with the 2010 tax bill. Contained within the package is a two-year extension of the Energy Star tax credit (know as 45L) for manufactured homes which expired in December of 2009. The extension allows manufacturers to claim a \$1,000 federal tax credit for each Energy Star qualifying manufactured home built in 2010 and 2011. A \$2,000 credit is available to all homes (site built, modular and manufactured) that exceed by 50 percent the requirements of the International Energy Conservation Code (IECC). In 2010, MHI estimates this tax credit is worth \$3.5 million to manufacturers and our customers. In 2011, MHI conservatively estimates this credit will be worth \$5.0 – \$7.0 million. MHI is already working towards improving the credit amount and securing the extension for 2012 and beyond.

✓ Extending the New Home Buyer Tax Credit

MHI joined with other industry groups and successfully extended the new home buyer tax credit through April 2010. The extension provided up to an \$8,000 tax credit to first-time homebuyers who met certain income tests and signed a sales contract to purchase a principle residence by April 30, 2010. When the extension passed, it required homebuyers to provide a HUD-1 settlement statement as proof of purchase in order to prevent fraud. In manufactured housing "home only" transactions, retail sales contracts are used as opposed to HUD-1 settlement statements. With the assistance of key Senators, MHI ensured that the IRS would accept retail sales contracts in the case of manufactured home purchases.

✓ **HUD Regulatory Action**

This year, the U.S. Department of Housing and Urban Development (HUD) released three proposed changes for public comment. These changes include roof truss testing protocol, rules governing the on-site completion of homes, and updates to the HUD-Code. These changes, which have been delayed for over five years, are now in the process of being finalized thanks to continued pressure from MHI. An updated HUD-Code is vitally important for the industry and our customers. MHI has also taken a strong leadership role in resolving sprinkler requirements in manufactured homes.

In addition, MHI was instrumental in protecting the industry from remedial action (Subpart I) regarding an issue over the appropriate party responsible for supplying materials for the installation of air combustion inlets and venting ductwork through crawlspaces. MHI's continued dialogue with industry regulators to address these types of issues is a critical part of the association's mission.

✓ **Protection from the Bureau of Consumer Financial Protection**

A major issue in 2010 was Congress creating a new federal agency to regulate the financial services industry and protect consumers. MHI was successful in exempting, on a limited basis, manufactured and modular housing industry salespersons and retailers from the scope of the new agency if they are only: 1) acting as an agent or broker for a buyer or seller of a manufactured home or a modular home, or; 2) facilitating the purchase by a consumer of a manufactured home or modular home, by negotiating the purchase price or terms of the sales contract, not the financial arrangement. In 2011, MHI is going to be aggressively acting to expand this exemption and ensure proper and fair regulation of the industry by the Bureau.

✓ **Relief from the SAFE Act**

The Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act was not intended to require the licensure of individuals, like manufactured and modular home salespersons or realtors, who are simply engaged in the business of selling homes. In 2010 MHI had a bill introduced in Congress to clarify the licensing requirements of the SAFE Act. While not enacted, MHI's bill prompted Congressional leadership to send a letter instructing HUD that the SAFE Act was not intended to apply to retail sellers in our industry. MHI believes these actions will positively influence the outcome of pending regulations both at HUD and the state level. In 2011, MHI will continue to strongly pursue appropriate application of SAFE Act requirements for our industry, in particular those only engaged in personal property transactions, not home mortgages.

✓ **Protecting Consumer Choice in Weather Radios**

For the past four years, weather radio legislation introduced in Congress has unfairly targeted our homes. Proposed legislation would have required every manufactured home sold to have a weather radio. Weather radios are quickly becoming antiquated, so MHI advocated for the enactment of a new warning system which notifies all individuals in an area of impending natural or man-made disasters. Even though the weather radio bill passed the House of Representatives, it was never considered in the Senate due to efforts by MHI. MHI does not expect this issue to be raised in Congress again next year, however, if it reemerges, we will be ready.

✓ **MHI-PAC Support of Pro-Industry Candidates**

MHI has a political action committee (PAC) which contributes to campaigns of pro-manufactured housing Members of Congress. In a difficult election year where over 70 existing members of Congress either retired or were voted out of office, 84 percent of the candidates MHI supported were re-elected. This is a stellar record, and MHI looks forward to working with the new members of Congress next year in advancing the MHI agenda.