Open Letter to CFED regarding Dodd-Frank and its impact on affordable Manufactured Housing

May 24th, 2011

To: Kathryn Gwatkin Goulding
Cc: CFED Federal Policy

Kathryn,

I am receipt of CFED's newsletter earlier today in which praises were heaped upon the Dodd-Frank Bill and its related Consumer Financial Protection Bureau. Analysis of the bill by numerous manufactured housing industry financial services consultants have concluded that without modifications, this bill could destroy our industry which is currently only hanging on by a thread anyway.

The Dodd-Frank Bill is far too typical of Congress' meddling with our system with devastating effects on lower income families. While boasting about protection for consumers, the results of the bill without alteration will be to eliminate the availability to finance home loans lower than $78,000. Since our loans average about $60,000, more than half of our market will be eliminated. Those unable to get loans will be the ones at the lower portion of our client base. I don't think these wanted Congress to legislate them out of the ability to purchase a home. Rather than promoting the infallibility of the Dodd-Frank Bill, CFED should be rallying to support the changes needed to protect the lowest income home purchasers in our nation. Just because they are low income, they should not be forced out of the ability to purchase a home. As I assume you are aware, our industry is already at the lowest level of shipments since record keeping began in 1961. Unmodified, the Dodd-Frank Bill will most likely destroy any hope for a recovery. The sad thing is that the death of the industry will not result from the Free Enterprise rejection by the market; it will be the result of an ignorant Congress legislating low income consumers out of the ability to borrow the funds necessary to finance their home. Of course, Congress did the same thing to the US light bulb manufacturers so maybe we should have seen it coming.

Please note the comments below in a column written by industry expert and Industry Person of the Year, George Allen. Please join our industry to encourage Congress to make the modifications necessary to preserve the ability of our lowest income homeowners to achieve their goal of homeownership. I appreciate the efforts CFED has taken over the years to protect low income families. Removing their ability to purchase a home will not be to their benefit.

George Allen–
Dodd-Frank Fallout. Geesh! This bill isn't even law yet, and finance-related businesses are closing, simply to avoid having to put up with the more onerous of its proposed/planned regulations. Already, 'former employees,' perhaps even potential

borrowers, are paying the price for what, to many of us, appears to be excessive regulatory reach into the financial sector. Here's the plaint of one blog flogger (i.e., reader) writing to us this past week…
'Dodd-Frank forced us to close our mortgage company in ___________ , and lay off several employees. Reason? Our capitalization with _______________ (a major bank) as our JV partner, was slightly in excess of $1,000,000. We were not a broker, but a direct lender, using the bank's money. Under Dodd-Frank, unless you have a ten million dollar capitalization, you get classified as a broker. And as a broker, you have additional disclosures, the required language of which pretty much scares your customers away to a direct lender. So, we are out of business. Multiply that many times, in every community in America. An apt example of 'the law of unintended consequences,' as well as job and prosperity killing legislation!' (lightly edited. GFA)

…the Dodd-Frank bill is maybe the 'final nail in the coffin of chattel finance,' where manufactured housing is concerned? Whereas the necessity of added fees will necessitate a minimum manufactured housing loan of $78,000.00, to simply ensure the return of basic and added fees to a chattel lender. And outside certain high-priced local housing markets, how many times do we see manufactured home loans, especially on resale homes, in excess of $78,000.00? # #

Thanks,

Doug Gorman
Home-Mart, Inc.
9516 East Admiral Place
Tulsa, OK 74116
800-364-4663 Toll free
918-835-0500 Office
918-835-8146 Fax
918-250-6867 Home
918-640-1357 Cell
doug@homemart.us
www.homemart.us

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Action Alert

Take Action

Tell Congress to support consumers and families through a strong Consumer Financial Protection Bureau

House considering bills to weaken Consumer Financial Protection Bureau, Senators vow to block any CFPB Director nomination

Less than one year after historic financial reform legislation was signed into law, some lawmakers are trying to undermine and weaken the new Consumer Financial Protection Bureau (CFPB). Some members of Congress want to prevent CFPB from carrying out its mission to ensure that American consumers and families are not harmed by unsafe or predatory mortgages, credit cards and other financial products.

You can help ensure that CFPB is a strong, independent agency with the power to protect the financial interests of American households. Email your legislators and tell them that we need an effective CFPB.

The House Financial Services Committee last week approved three bills that would weaken the new agency before it even has its full powers; CFPB does not have authority to issue regulations or take enforcement actions until July 21, 2011. The House leadership may now schedule the bills for debate and votes by the full House of Representatives.

Meanwhile, 44 of the 47 Republican Senators recently sent a letter to President Obama vowing to block any nominee to be the director of CFPB. This would leave the new agency in legal limbo at a critical time. If a director is not in place by July 21, CFPB will not acquire some of the powers granted under Dodd-Frank.

These tactics to undermine CFPB will harm working families. As Elizabeth Warren, the Harvard professor who proposed creating the agency, said, "Many in Congress have made clear their intention to defund, delay and defang the consumer agency before it can help one family."

Click the Take Action link above to email your Representatives and Senators today!