

Creative Homebuyers, Inc.
1000 Cordova Pl #727 Santa Fe, NM 87505

May 26, 2015

MSR Task Force
Conference of State Banks Supervisors
1129 20th Street NW – 9th Floor
Washington, D.C. 20036

Re: Proposed Regulatory Prudential Standards for Non-Bank Mortgagees

Dear Task Force Members:

Creative Homebuyers, Inc. is a small locally owned business in Santa Fe, New Mexico that serves consumers who choose to purchase and reside in manufactured homes sited on land they do not own as their choice of residence. Santa Fe is a high cost real estate market and manufactured homes represent the only truly viable non-subsidized affordable housing option for consumers.

We engage in the purchase money financing of manufactured homes on a chattel basis solely for homes purchased by consumers from our company, we do not make “loans”. Chattel financing, unlike mortgage financing, is secured only by the state issued title for residences that are, in actuality, non-motorized vehicles which can be moved and relocated as the owner desires.

We believe the proposal issued by your group on March 25, 2015 would do irreparable harm both to the manufactured housing industry and the consumers who have chosen to own and reside in manufactured homes.

Accordingly, we are asking that chattel lending for manufactured homes be specifically excluded from your proposal. Chattel financing is quite different from mortgage lending in a number of ways:

1. There are a limited number of sources for chattel financing, with only three national lenders. The majority of the activity is done by entities doing fewer than 100 transactions in a year, and whose organization typically consists of part-time employees who are also employed by a related entity. In many of these organizations, the owner of the entity is the primary employee.
2. The majority of chattel financing and lending on manufactured homes is done by very small entities such as ours that could not survive the requirements you set forth in your proposal.
3. The majority of these financing operations are related to, and often subsidized by, sister companies engaged in the sale and/or leasing of sites of manufactured homes. Without the ability of these small finance operations to survive, the related businesses would also be endangered.
4. The overwhelming majority of these finance companies handle both their own origination and service of these transactions thus eliminating some of the problems that occur in the mortgage industry.

It is also important to note that the concerns addressed in the proposed regulation regarding safeguards, the Federal Trade Commission already has strong standards in place that govern non depository instituions. Regulatory demands have grown substantially since the inception of the SAFE Act and the Dodd Frank Act which created the CFPB that has substantial regulatory control over these type of operations.

There is no need to duplicate existing regulations.

5. The majority of chattel lenders utilize their own funds, rather than FDIC, or government insured funds with which to make these loans. If there is a risk in this type of lending, the risk is borne by the principals of the entity. Requiring a non-depository institution that uses no government, or government backed funds, nor any ABS or any other Wall Street financing as a source of funds to establish a mandatory capital requirement, makes no sense if the goal is to protect either the investors or consumers.

The proposed capital requirements serve no useful purpose, and the imposition of such would collapse the chattel financing market and harm consumers as well as those who have chosen to invest in, or lend to land lease communities, manufacturers, and many other businesses in the manufactured housing industry. It would also eliminate thousands of jobs as well as rob consumers of access to lower cost affordable housing that is free of government subsidy.

Questions for Public Comment

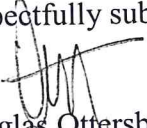
1. Should all non-bank mortgage servicers be required to have a full financial statement audit conducted by an independent certified public accountant?

Due to the deleterious impact that the *Proposed Regulatory Prudential Standards for Non-Bank Mortgage Servicers* would have on the vast majority of chattel lenders and finance companies financing manufactured homes, Creative Homebuyers, Inc. respectfully recommends that chattel lending and financing be recognized as a different from real estate lending, and be specifically excluded in writing in any recommendations made to the various states.

In addition to writing on behalf of Creative Homebuyers, Inc., I also write to you today in my capacity as a Board Member of the New Mexico Manufactured Housing Association on behalf of the tens of thousands of New Mexicans consumers who would be harmed by this proposal.

Thank you for your time and consideration.

Respectfully submitted,


Douglas Ottersberg
President, Creative Homebuyers, Inc.