ILLINOIS MANUFACTURED HOUSING ASSOCIATION

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May 23, 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 Mortgagers

Dear Task Force Members:

The Illinois Manufactured Housing Association represents the interests of the manufactured housing industry in the state of Illinois as well as those of the consumers who choose to purchase and reside in manufactured homes as their choice of residence. 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 lending is quite different from mortgage lending in a number of ways:

1. The majority of chattel lending on manufactured homes is done by very small entities that could not survive the requirements you set forth in your proposal.
2. 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 normally borne by the principals of the entity.
3. There are a limited number of lending sources for these types of loans, with only three national lenders. The majority of the lending is done by entities making fewer than 100 loans in a year, and whose organization typically consists of part-time employees who are also employed by a related entity. In some of these organizations, the owner of the entity is the primary employee. In Illinois, over 50 of these smaller chattel lenders make 75% of the loans available to consumers who wish to purchase and reside in a manufactured home.
4. The majority of these chattel lenders 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 smaller captive lenders to survive, the related businesses would also be endangered.

5. The overwhelming majority of these chattel lenders handle both their own origination and service of these loans 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 lenders. There is no need to duplicate existing regulations.

Respectfully,

Frank Bowman, Executive Director
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