

## Serving a Need for Affordable Manufactured Housing Financing

### LOAN CHOICES

By Amilda Dymi



**T**he crisis may have pushed out of the spotlight the need for affordable housing, manufactured or built on site, but it has not lessened the urgency to provide it.

Renewed government and private sector efforts are bringing affordable manufactured housing options to areas where such demand persists. Greg Aplin, president of CountryPlace Mortgage Ltd., Addison, Texas, who has 34 years of experience financing manufactured homes, sees “great opportunity” for new demand.

CountryPlace is targeting 18 states in five crucial regions. Currently, as in the past, manufactured homes are popular in most Southern states, the Southeast and Texas, he says. In fact the 2006 U.S. Census shows the states with most residents living in manufactured housing were South Carolina 19.1%, New Mexico 17.2% and Mississippi 15.7%.

Nonetheless a small number of lenders are originating these loans. “They are smaller loans but obviously the originator has to do the same title work and processing,” Aplin says. It makes the origination process more labor intensive compared to larger, more profitable loans.

Borrower interest on the other hand has always been there and has the potential to build up. According to Ginnie Mae manufactured housing comprised 12% of the new housing market in 2008, while the average sales price of a manufactured home was \$64,900, compared with \$292,600 for site-built homes.

The CountryPlace Manufactured Home Community Lending Program focuses on providing conventional and FHA loans for buyers purchasing manufactured homes in rural and suburban areas.

The firm originates and services loans that are fully verified as to employment,

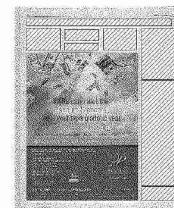
income, downpayment amount and source. Its stated goal is to enable community banks and credit unions to provide real property loans for manufactured housing for low- to moderate-income buyers and further promote and enhance customer-specific relationships.

The program includes both new and resale manufactured housing “that is classified as real property.” Buyers also have the option to convert construction loans for the purchase and installation of MH into permanent mortgages. Buyers need to have at least a 620 credit score.

While borrower interest seems to have outpaced lender interest so far, a new incentive from Ginnie Mae may bring more lenders to the market. Ginnie has started approving lenders for its MH mortgage-backed securities program for Title I mortgages to expand affordable housing options in high-cost and rural areas. Ginnie president Theodore Tozer said this vehicle will increase secondary market liquidity for MH lenders and reduce borrower costs.

Aplin is offering Title I lending, which is for the manufactured house, not for the Title II program. The difference between these two options is that Title I is financed as personal property and Title II involves a home mortgage, he said, meaning the home and the land together.

Title I has the option to pool loans under a custom type Ginnie Mae II MBS program. It only applies to MH loans with an FHA application date of June 1, 2009, and thereafter; the guarantee fee for MH MBS pools will be 30 basis points; the minimum pool origination balance is increased to \$1 million; and issuers are required to maintain a minimum net worth of \$10 million, plus 10% of the amount of manufactured housing securities outstanding.



**Issuers are required to re-apply in order to participate since the new program is implemented in conjunction with changes to the FHA MH Title I program and the Recovery Act of 2008. Full program guidance will be available no later than Sept. 1. ♦**