

NDMHA NEWS

N.D. Manufactured Homes Association

May 2012

HUD Tries Shortcut on Wood Design Values

In the April 26, 2012 letter, HUD unilaterally announces that effective June 1, 2012, the significantly increased design values of the NDS Addendum for Southern Yellow Pine (SYP) will become a mandatory part of the Federal Manufactured Home Construction and Safety Standards as an update to an incorporated reference standard. MHARR, in its reply, requests that any action to implement the NDS Addendum be delayed for at least six months, or longer, pending full Manufactured Housing Consensus Committee (MHCC) review and formal notice and comment procedures under the Manufactured Housing Improvement Act of 2000.

As the self-explanatory MHARR response makes clear, there are compelling legal and factual reasons for HUD to withdraw this ruling and defer further action pending full compliance with all of the procedural safeguards of the 2000 law.

First, as MHARR emphasizes, the 2000 law procedure for all new standards requires: (1) MHCC consensus review; (2) notice and comment rulemaking; (3) adoption via an “order” by the Secretary; and (4) an effective date not sooner than 180 days after the issuance of that “order,” and makes no distinction between reference standards or any other kind of proposed standard.

Thus, there is no valid legal basis for the attempted implementation of a new standard (or regulation) via an informal letter issued to one or more PIA – as MHARR has consistently maintained in connection with HUD’s effort to implement expanded in-plant regulation without complying with all the procedural safeguards of the 2000 law. Indeed, it is partly out of concern that implementation of expanded in-plant regulation could create a precedent for similar abuses elsewhere within the program, that MHARR has aggressively pressed HUD for full compliance with letter and intent of the 2000 law in connection with that issue.

Second, as a practical matter, MHARR stresses that irrespective of the statutory 180-day minimum waiting period or other applicable procedures, it is simply unrealistic to expect that manufacturers will be able to re-evaluate, re-test and re-certify all affected designs within a less than 30-day period, subject to enforcement action and potential penalties for failure to comply as of June 1, 2012.

Accordingly, MHARR letter requests that HUD defer any action on this matter pending full MHCC review and rulemaking as required by the 2000 law – or, at a minimum, a delay of at least six months prior to the implementation of any new values required by the NDS Addendum.

MHARR will keep you updated on this matter as new developments unfold.

Manufactured Housing Association for Regulatory Reform email dated 5/8/2012

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4,696 New HUD Code Homes Shipped in March 2012 – Up 16.4 Percent from March 2011

In the month of March 2012, 4,696 new manufactured homes were shipped, up 16.4 percent from March 2011. Increases were across the board with shipments of both single-section and multi-section homes up compared with the same month last year. As with the first two months of 2012, single section homes accounted for the largest portion of the increase, with shipments up 23.5 percent compared with the March 2011 figures.

Compared with the prior year, 2012 recorded shipment increases in January, February, and March. For the first three months of this year, shipments totaled 12,780 homes compared with 9,696 homes in 2011, a net increase of 31.8 percent.

The seasonally adjusted annual rate (SAAR) of shipments was 57,268 in March 2012, down 9.3 percent from February 2012 which had 63,111 shipments. The SAAR corrects for normal seasonal variations in shipments and projects annual shipments based on the current monthly total.

Total floors shipped in March 2012 were 7,132, an increase of 14.4 percent over March 2011. A total of 122 plants reported production in March and the number of manufacturing companies stands at 46, both unchanged from last month.

MHI Monthly Economic Report 5/8/2012

Banking Industry Split Over Qualified Mortgage Rules

In May 2011, the Federal Reserve Board issued proposed rules implementing provisions of the Dodd-Frank Act requiring lenders to verify a consumer's ability to repay a mortgage. Under the law, a loan that meets the definition of a "qualified mortgage" (QM) is presumed to have met Dodd-Frank's ability to repay requirements. The CFPB is expected to issue a final rule during the coming months.

Last year's proposed rules developed two alternatives for those originating a QM: 1) a safe harbor that the lender has complied with ability to repay requirements; or 2) a rebuttable presumption of compliance. Loans that meet the QM standards are also exempt from being classified as "higher-risk" and thereby not subject to appraisal requirements outlined in the Dodd-Frank Act (section 1471).

Both the American Bankers Association and the Mortgage Bankers Association sent comment letters in favor of the creation of a safe harbor. A position that was reiterated when the two organizations were joined by more than 20 other national housing associations in a letter to CFPB Director Richard Cordray asserting that the adoption of a rebuttable presumption, over a safe harbor, "can be expected to result in the exit of lenders—large and small—from the market and a reduction in credit from those remaining. In a formal comment letter, MHI supported the adoption of a safe harbor for lenders originating QMs.

The Clearing House Association, which represents nearly 20 of the world's largest banks including Bank of America and Wells Fargo, initially filed comments in favor of the safe harbor alternative. However, the group reversed course in March and joined with consumer groups Center for Responsible Lending and Consumer Federation of America in making joint recommendations for a broad QM standard as well as a rebuttable presumption approach.

One facet of the joint proposal would allow QMs to have points and fees that do not exceed the greater of \$3,000 or three percent of the total loan amount—so long as it is not a Home Ownership and Equity Protection Act (HOEPA) loan. MHI has advocated for the greater of three percent or \$2,000 and has urged the CFPB to provide variance in applying HOEPA triggers to manufactured home loans.

While it is unclear when the QM rules will be released by the CFPB, under the Dodd-Frank Act the rules must be issued in final form by January 21, 2013 (with implementation by January 2014) or the statute itself goes into effect.

MHI Week In Review -- May 4, 2012

INDUSTRY PRODUCTION NUMBERS CONTINUE TO TREND UPWARD

Washington, D.C., May 7, 2012 – The Manufactured Housing Association for Regulatory Reform (MHARR) reports that according to official statistics compiled on behalf of the U.S. Department of Housing and Urban Development (HUD), the manufactured housing industry rebound that began during the second half of 2011 has now continued into March 2012, posting its eighth production increase in as many months. Just-released statistics show that in March 2012, HUD Code manufacturers produced 4,671 homes, up from the 4,035 HUD Code homes produced during March 2011, representing a corresponding month increase of 15.7%. Cumulative 2012 industry production now totals 12,799 homes for the first quarter, up 31.6% from cumulative industry production of 9,723 homes during the first quarter of 2011. By contrast, 2011 first quarter production was 13% below the 9,723 HUD Code homes produced during the first quarter of 2010.

The industry rebound, beginning in August 2011, has seen corresponding monthly production increases of 5.9% in August 2011, 14.1% in September 2011, 40.7% in October 2011, 54% in November 2011, 38% in December 2011, 42.5% in January 2012, 43.3% in February 2012 and now 15.7% in March 2012.

A further analysis of the official industry statistics offers a glimpse of the states that have had the highest demand for new manufactured homes since August 2011. According to that data, the top ten shipment states for the period of August 2011 to March 2012, with cumulative shipment totals are:

1. Texas -----	6,701 homes
2. Louisiana -----	2,787 homes
3. Alabama -----	1,958 homes
4. North Carolina -----	1,686 homes
5. North Dakota -----	1,652 homes
6. Florida -----	1,645 homes
7. Kentucky -----	1,374 homes
8. Mississippi -----	1,289 homes
9. Maryland -----	1,172 homes
10. Oklahoma -----	1,049 homes

With industry production continuing to trend upward, it is essential that the interests of the industry and American consumers of affordable housing be advanced, protected and defended in Washington, D.C. against unnecessary and unnecessarily costly mandates, requirements and restrictions affecting either production or the consumer financing of manufactured home purchases. As MHARR has – and continues – to maintain, this fragile recovery makes it even more important that the industry remain vigilant, and guard against complacency, regarding the full and proper implementation of the good laws it has regarding both production and financing, as Congress intended all along.

The Manufactured Housing Association for Regulatory Reform is a Washington, D.C.-based national trade association representing the views and interests of producers of federally-regulated manufactured housing. *Manufactured Housing Association for Regulatory Reform email dated 5/7/2012*

Fiscal Year 2013 Energy and Water Appropriations Bill Approved by Appropriations Committee

The House Appropriations Committee has approved the Fiscal Year 2013 Energy and Water Appropriations bill. The legislation provides the annual funding for the various agencies and programs under the Department of Energy (DOE) and totals \$32.1 billion – a cut of \$965 million below the President’s budget request.

With the support of Congressman Alan Nunnelee (MS-1st- R), a key member of the Appropriations Committee, MHI staff was able to include legislative language in the bill to better direct the Department of Energy’s efforts in developing the new energy standards for manufactured homes. Special thanks go to Jennifer Hall, Executive Director of the Mississippi Manufactured Housing Association, for her outstanding advocacy efforts on behalf of our industry. MHI will continue to work with congressional staff to seek relief from burdensome energy regulations imposed by the Energy and Security Independence Act (EISA) of 2007.

MHI believes that the new standards need to strike a balance: minimize energy use and costs for the next generation of manufactured homes while preserving affordability. Given the economic climate, the effect of the new energy efficiency standards should be evaluated for overall additional costs to already burdened consumers and to small businesses who are struggling to survive the highly uncertain economic environment.

MHI Week In Review -- May 4, 2012

Manufactured Home Shipments per Year

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
166	203	300	449	600	707	897	940	775	671	503
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
308	311	297	258	288	287	315	403	261	739	1867

Homes Shipped into North Dakota 2012

	Single Section	Multi Section	Monthly Total	
January	62	20	82	
February	89	26	115	
March	120	28	148	
TOTAL	271	74	345	Year to Date