# ***Preserving Access to Manufactured Housing Act: Myths vs. Facts***

| | Myth | Fact |
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| **1.** | ***Weakens Consumer Protections*** *– The bill would dismantle important consumer protections.* | The legislation not only preserves Dodd-Frank's core consumer protections, but it helps consumers by restoring access to financing that is now blocked. Such financing enables working families and retirees to obtain housing that is much cheaper than renting or conventional home mortgages. |
| **2.** | ***Allows excessive interest rates*** *– The bill would allow lenders to charge much higher interest rates.* | The bill's adjustment of HOEPA rates only go to the level Congress already authorized under DFA to provide CFPB flexibility for small loans. Even at maximum rates, monthly payments are often much cheaper than renting. Without this bill, working families and retirees with poor credit and/or limited income can't obtain credit at all, and are forced into more expensive housing options. |
| **3.** | ***Allows Steering*** *– The revised definition of a "loan originator" would enable retailers to "steer" customers to high-priced lenders.* | Retailers would be subject to similar standards in Dodd-Frank that are applied to real estate agents - they would be able to help consumers only if they are not being compensated by lenders to do so. |
| **4.** | ***Unnecessary*** *– The CFPB's recent report on manufactured housing says sales are up and credit isn't a problem, so this bill isn't needed.* | One major lender, US Bank, has left the industry citing the regulatory burden, which reduces competition and hurts consumers. Another top lender has stopped making loans under $20,000. The situation is crushing new home sales and the resale market, forcing existing homeowners to accept lowball, cash-only prices that drive down surrounding property values. |
| **5.** | ***Allows Predatory Lending****–The bill would open the door for abusive lending practices for those who need protection the most.* | Dodd-Frank stopped such abuses and will continue to do so under this bill. All this bill does is ease unintended financial restrictions that are limiting credit for working families and retirees seeking a more affordable housing option. The bill maintains CFPB oversight of manufactured housing lending and continues protections against predatory lending practices. |

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| <u>**6.**</u> | ***Customers will be placed in loans they can't afford.*** | As required by the Dodd-Frank Act**,** each borrower's ability to repay the loan is confirmed prior to loan approval. This will not change under the legislation. |
| <u>**7.**</u> | ***Manufactured housing loans have higher rates than the conventional market, which means they are predatory.*** | Some manufactured housing buyers could have qualified for a traditional mortgage on a site-built home. But just because the site-built rate is lower, the "all-in" cost for a manufactured home is significantly lower. The CFPB White Paper correctly points out that a manufactured home is more affordable: "Manufactured homes cost less than half as much as the estimated $94 per square foot for new site-built construction in 2013." |
| <u>**8.**</u> | ***The bill would exempt manufactured housing sales agents from rules intended to ban kickbacks to loan officers that steer borrowers into expensive loans.*** | The bill clearly states that a salesperson is not considered a mortgage loan originator so long as they are not compensated for those services – for example, being paid by a lender. The salesperson is paid the same amount regardless of the interest rate – their commission is NOT tied to financing. The salesperson will get paid the same amount regardless of whether the loan is financed or paid with cash.<br><br>The term "kickback" refers to RESPA, and the bill does not amend RESPA. The bill deals with the definition of a mortgage originator.<br><br>A kickback refers to someone receiving something of value in exchange for something (in this case a referral). The limited exemption that the bill provides for certain individuals explicitly applies only to individuals who are receiving <u>no compensation or gain</u> for the referral. |
| <u>**9.**</u> | ***Manufactured housing consumers need HOEPA protections.*** | HOEPA protections are preserved, but tweaked. Since lenders won't make loans over HOEPA thresholds as a matter of business practice, setting the levels too low deprives consumers of needed affordable loans. Moreover, the bill's APR and points and fees thresholds don't go higher than the flexibility CFPB was already given in Dodd-Frank. |

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| **10.** | ***It is better for these consumers to rent.*** | The regulations are impacting residents of rural counties where affordable housing options are more limited and where manufactured homes are more affordable than even a rent payment. |
| **11.** | ***The industry won't provide empirical evidence to support claims about a lack of access to credit.*** | The industry provided information (thousands of loan files) to the CFPB prior to the rule going into effect about the projected impact of the rule. The rule went into effect in January 2014. Now the industry is being accused of not having provided enough evidence to support the fact that consumers are being harmed.<br><br>How many consumers need to be harmed for opponents to be convinced? While there is anecdotal evidence of harm and information about loan rejections, it is impossible to capture the number of people who aren't purchasing a home or the number of people who aren't able to sell their home. That data doesn't exist. What we do know is that lenders have abandoned MH lending entirely and some won't do smaller loans, which is the focus of the legislation.<br><br>A study instead of action won't help a single person finance the purchase or sale of their manufactured home. |