February 26, 2015

Dear Representative,

We, the undersigned organizations, ask you to oppose H.R. 650, the Preserving Access to Manufactured Housing Act. This bill would roll back vital Dodd-Frank consumer protections, and would be especially harmful to low and moderate income families.

Contrary to claims by its supporters, H.R. 650 would not expand access to sustainable credit and would not serve the interests of homeowners and communities. Instead, this bill would undermine already vulnerable homeowners by stripping away protections created by Congress and implemented by the Consumer Financial Protection Bureau.

These protections were put in place for a reason: to give manufactured-home owners the same protections as traditional home owners. The last housing crisis showed that loan-originator compensation and exorbitant loan pricing were particular areas of abuse. Congress and the CFPB decided to protect homeowners from those practices. But H.R. 650 would repeal those protections for the buyers of manufactured homes. In particular, H.R. 650 would reverse much of this progress by:

- Raising the interest-rate trigger for protections under the high-cost mortgage protections of the Home Ownership and Equity Protection Act (HOEPA).

  Under H.R. 650, chattel loans (the type used for most manufactured homes) that are less than $75,000 and that have an interest rate close to 10 percentage points above the prime rate would no longer receive HOEPA protections. In the current market, this would permit an interest rate of about 14**%** for a 15- or 20-year loan on a family's home mortgage without enhanced protections. In comparison, the going rate for traditional real-estate mortgages is around 4% or less.

- Raising the points-and-fees trigger for HOEPA protections.

  Currently, borrowers who sign high-cost loans get HOEPA's protections if the loan has points and fees totaling the lesser of 8% of the loan amount or $1000 for loans under $20,000 and 5% of the loan amount for larger loans. But under H.R. 650, borrowers would not be protected for chattel loans under $75,000 until the points and fees exceeded the greater of 5% or $3,000. This would weaken protections for low-income homeowners where they are needed most. This means that a homeowner with a $70,000 chattel loan could pay almost $3,500 in document fees or other junk fees without getting any of the federal protections intended for such borrowers.

- Exempting manufactured-home retailers from the definition of mortgage originators.

  This would perpetuate the conflicts of interest and steering that plague this industry and allow lenders to pass additional costs on to consumers.

In short, H.R. 650 would harm homeowners through weaker consumer protections and costlier loans that are harder to repay. It would make homeownership more costly for those who can least afford it. We strongly urge you to oppose H.R. 650.

Sincerely,

Alliance for a Just Society

Americans for Financial Reform

Center for American Progress

Center for Responsible Lending

Consumer Action

Corporation for Enterprise Development (CFED)

Empire Justice

Financial Protection Law Center

Housing Assistance Council

Leadership Conference on Civil and Human Rights

National Consumer Law Center (on behalf of its low-income clients)

National Council of La Raza

National Fair Housing Alliance

National Manufactured Home Owners Association

North Carolina Justice Center

U.S. PIRG