

From: Wisconsin Housing Alliance, Ross Kinzler  
Proposal: 1443 (RIN 7100 AD 90) Higher Risk Mortgages  
Subject: Reg. Z - Interagency appraisal requirements for higher-risk mortgages

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Comments:

The Wisconsin Housing Alliance is a state based trade association representing the manufactured and modular housing industries.  
Comments regarding Question 11.

The Agencies request comment on whether this proposed exclusion is appropriate, and if not, reasonable methods by which creditors could comply with the requirements of this proposed rule when providing loans secured solely by a residential structure. In particular, the Agencies request comment on whether, rather than an appraisal performed by a certified or licensed appraiser, some alternative standards for valuing residential structures securing higher-risk mortgage loans might be feasible and appropriate to include as part of the final rule.

Appraisals have become burdensome for purchasers of manufactured homes in many respects:

**Finding Comparables** - In Wisconsin and we assume many other states, the type of dwelling a home is, ie. manufactured, modular or site built, is not recorded in available public documents. Therefore finding appropriate comparable properties is often dependent upon the personal knowledge of the local market by the appraiser. Appraisal rules that don't allow for deployment of appraisers familiar with the manufactured housing market are a disservice to consumers.

**Cost of the Appraisal** - Requiring a costly appraisal for a manufactured home that is not real property (home only sales) is generally out of proportion with the value of the home. Therefore we support excluding home only sales from the definition of higher risk mortgage.

**Alternate Standards** - Use of field guides such as NADA and others is helpful to an appraiser but as noted above local market and industry knowledge is still key to a good appraisal. Excluding these homes from some of the requirements and definitions is appropriate.

Comments generally about regulation of manufactured home only loans:

There is no generally available loan market for manufactured home only loans. It is a rare financial institution that will make a loan on a manufactured home, no less one that is home only. Recent statutory changes and the Agencies' rules have exacerbated that problem. Manufactured home community owners (mobile home park owners) have stepped into the breach by providing seller financing only to find themselves subject to mortgage banking regulation and licensing even though no real estate transaction is involved. These sellers are ill equipped to comply with the regulations. For example, FinCen's Anti-money Laundering Rule requires a compliance officer and an annual independent audit. Community owners generally are mom and pop operations with no ability to segregate duties in the manner the rule contemplates. Alternatively, we recommend that the Agencies provide a separate manufactured housing centric regulatory framework that set out principles that can be

followed by the states. Those principles would be a state based license similar to the sales finance license most states have and model transaction documents that would better protect consumers in these low dollar transactions as compared to providing mortgage disclosures most of which contain items that don't apply.

We urge the Agencies to reach out to the Manufactured Housing Institute and its state affiliates to create a workable regulatory framework.

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Wisconsin Housing Alliance