State of the Manufactured Housing Industry
November 29, 2011
Congressman Stephen Fincher
Statement for the Record

Mr. Chairman,

Thank you for holding this hearing today. I truly appreciate your good work on this issue. While I had hoped to attend the hearing this morning, I had a prior commitment in Tennessee.

I'd like to extend a warm welcome to Kevin Clayton –President and CEO of Clayton Homes which is headquartered in Tennessee. Clayton Homes produces more new homes than any other lender in the nation. Clayton homes employs over 10,000 people nationally with over 1/3 of its employees located in the State of Tennessee. They have 33 home building facilities that support more than 1,000 retail home centers - one of which is located in Jackson, TN. They finance more than 325,000 customers and insure 160,000 families. Clayton Homes also owns and operates 18 subdivisions. Bottom line – they help a lot of people not just in the state of Tennessee but throughout the nation both through producing affordable homes and employment opportunities.

Manufactured housing is important to Tennessee's 8th Congressional District because it provides quality housing options and is an economic job creating engine. The manufactured home industry includes not only companies who build quality manufactured homes, but also thousands of suppliers, lenders, and retailers.

One of the strongest attributes is the average cost of a new manufactured home is $62,800, enabling low to moderate-income people access to quality and affordable family homes. These quality homes are located through-out the United States in rural and suburban areas, providing homes to roughly nineteen million residents.

The manufactured home industry is currently facing several regulatory challenges. Specifically, there is a key difference in lending practices between mortgages secured by personal property versus real property. Manufactured housing is a unique asset class with smaller sized loans. Unfortunately, under the current law manufactured home loans are thrown together with site built home loans, leading to many unintended consequences that could potentially limit capital flows and inhibit access to credit particularly for low-to moderate income families. While I support consumer protections, I have strong concerns with this "one-size-fits-all" approach.

Under the Dodd Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203), the new mortgage lending restrictions will increase regulations that will limit financial options and trigger increases in manufactured housing costs. Additionally, regulations under the SAFE Act (P.L. 110-289) so vaguely define "loan originator" that manufactured home retailers that provide even the most basic level of technical assistance and service to customers could be considered "loan originators" pursuant to the SAFE Act. These regulations continue to lead to a lack of clarity in State interpretation and supervision of compliance thereof.

There has been a significant decline in both the manufactured housing industry and financing options. With a decline of nearly 80 percent since the late 1990's, the manufactured home sector has lost over 200,000 jobs and this number will continue to grow if policy is not amended to recognize the uniqueness of the manufactured home buying process and financing. Congress has a responsibility to address many of the unintended consequences of such policy. I have been working with my colleague, Congressman Gary Miller (R-CA), to craft legislation that addresses many of these concerns. A one-size fits all regulatory approach to mortgage lending does not meet the housing needs of my constituents and negatively impacts job growth. We need responsible lending products that take into consideration consumer protection, while ensuring access to credit and flow of capital.

Again, thank you for your attention to the manufactured home industry.