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MORTGAGE BANKERS ASSOCIATION

December 18, 2024

The Honorable Julia Gordon
Assistant Secretary for Housing and Federal Housing Commissioner
U.S. Department of Housing and Urban Development
451 7th St SW Rm 9132
Washington, D.C. 20410-0001

**RE: Draft Title I Letter: Adoption of the Uniform Residential Loan Application (URLA) for Title I Loan Programs**

Dear Commissioner Gordon:

The Mortgage Bankers Association (MBA)[1] appreciates the opportunity to comment on the Federal Housing Administration's (FHA) draft Title I Letter (TIL) regarding the proposal to modernize the Title I loan application process by replacing outdated forms (HUD-56001 and HUD-56001-MH) with the industry-standard Uniform Residential Loan Application (URLA, Fannie Mae Form 1003/Freddie Mac Form 65), along with the introduction of a new HUD Addendum for Title I Loans (HUD-92900-TI). MBA commends FHA's commitment to improving the accessibility and utility of the Title I manufactured housing and property improvement programs, which are critical tools for addressing the nation's affordable housing needs.

Manufactured housing provides an affordable and innovative solution to affordability challenges, offering a critical pathway to homeownership for first-time buyers, families, and retirees — particularly in rural and underserved areas. With over 22 million Americans relying on the product, manufactured homes can offer high-quality alternatives to site-built homes, often at a lower cost than renting or purchasing a site-built house. Continuous advancements in manufacturing techniques have significantly enhanced the quality and

[1] The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 275,000 people in virtually every community in the country. Headquartered in Washington, D.C., the association works to ensure the continued strength of the nation's residential and commercial real estate markets, to expand homeownership, and to extend access to affordable housing to all Americans. MBA promotes fair and ethical lending practices and fosters professional excellence among real estate finance employees through a wide range of educational programs and a variety of publications. Its membership of more than 2,000 companies includes all elements of real estate finance: independent mortgage banks, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies, credit unions, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

energy efficiency of these homes, aligning with the FHA's objective of broadening access to affordable homeownership opportunities.

MBA applauds FHA's previous decision to increase the lending limits for the Title I program in March 2024 — the first adjustment in over a decade. This change aligned with the recommendations MBA outlined in our October 2022 comment letter and marked an important step toward revitalizing the program. FHA's current proposal to modernize the Title I loan application process by replacing outdated forms with the industry-standard URLA and introducing a new HUD Addendum for Title I Loans (HUD-92900-TI) represents important additional progress. MBA lender members support these updates and believe they will help attract greater lender participation by creating more consistency between Title I and the more common Title II loans, thus expanding financing options for manufactured homes and vacant lots.

While these measures represent substantial progress, additional steps are needed to maximize the effectiveness of the Title I program and attract new participation from lenders and borrowers alike. To this end, MBA offers the following recommendations:

1. **Amend the Lender Origination Fee Cap:** The current two-percent cap on origination and underwriting fees for Title I loans limits lenders' ability to recover costs, particularly given the lower dollar values of manufactured homes. The cost to originate a lower-balance Title I loan is nearly the same as a larger mortgage. MBA recommends adjusting the cap to the greater of two percent or $2,000. This change would make Title I loans more economically viable for lenders, increasing their willingness to participate and expanding borrower access to financing.
2. **Ensure Consistent Definitions:** Inconsistencies between FHA's handbook definitions, the Manufactured Home Construction and Safety Standards Act, and the HUD Code create unnecessary confusion for lenders and borrowers. Aligning these definitions would streamline underwriting and compliance, fostering greater confidence among lenders and investors that they could avoid compliance hurdles.
3. **Create Underwriting Parity with Title II Loans:** Title I underwriting requirements are significantly more restrictive than Title II loans, particularly regarding financing closing costs, guidelines for gifted funds, DTI ratios, and bankruptcy requirements. Harmonizing many of these guidelines would reduce barriers for borrowers and lenders, promoting greater participation in the program.
4. **Establish Designated Manufactured Housing Loan Pools:** Investors face challenges identifying manufactured housing-specific pools, except for pools backed by FHA Title I loans. MBA recommends working with Ginnie Mae to create separate pools for Title II FHA manufactured home loans (including modular homes) or adding a suffix to designate manufactured housing loans. Clearer designations would

enhance the marketability of these loans, attract more capital, and align with investor preferences for transparency.

5. **Allow e-Signature and e-Notarization of Construction Conversion Agreements***:* Borrowers using one-time close construction-to-permanent loans for manufactured housing must wet-sign and notarize Construction Conversion Agreements, creating delays. MBA urges FHA to modernize this policy by permitting electronic signatures and remote notarization for these agreements, as allowed for other documents by Ginnie Mae (e.g., loss mitigation forms under APM 21-07). This change would streamline loan processing, reduce administrative burdens, and improve efficiency—with these benefits being particularly impactful for borrowers in rural and underserved communities.

MBA believes these enhancements would strengthen the Title I program and align it with FHA's mission to expand access to affordable housing while fostering lender and investor participation. We welcome the opportunity to collaborate with FHA to discuss these recommendations and explore their implementation. Together, we can ensure the Title I program is a robust and reliable tool for advancing affordable homeownership. Should you have questions or wish to discuss these comments, please contact John McMullen, AMP, at (202) 557-2706 and jmcmullen@mba.org.

Sincerely,

Pete Mills
Senior Vice President
Residential Policy and Strategic Industry Engagement
Mortgage Bankers Association