June 6, 2016

Mr. Robert Mulderig
Associate Deputy Assistant Secretary for Single Family Housing
U.S. Department of Housing and Urban Development
451 7th Street, S.W., Room 9282
Washington, D.C. 20410

RE: Title I FHA Single Family Housing Policy Handbook Comments

Dear Associate Deputy Assistant Secretary Mulderig:

The Mortgage Bankers Association (MBA)[1] thanks the Department of Housing and Urban Development (HUD) for its efforts in developing a new comprehensive Federal Housing Administration (FHA) Single-Family Housing Policy Handbook (Handbook). As the single authoritative source for HUD's single-family policies, this resource has been beneficial for lenders to ensure compliance with FHA program guidelines. MBA appreciates the opportunity to comment on the recently released draft Title I section of the Handbook and the chance to contribute to the issuance of additional written guidance in the development of clear, concise, and consistent FHA policies.

MBA has worked with a cross-section of diverse lenders to identify a list of questions and concerns regarding the draft Title I program guidance. FHA's Worksheet for Title I section feedback with this compiled list of questions and comments is attached.

The top three-origination issues that require attention in the newly published draft Title I section include:

- **Direct Endorsement Processes.** MBA recommends alignment between the Title I and Title II direct endorsement process. Currently, for every loan submitted for Title I insurance, lenders are required to package all loan information to send to HUD for review. However, the Title II process does not require the submission of any files, unless by HUD request. By streamlining, the Title I direct endorsement process to mirror Title II requirements, both HUD and Title I lenders will benefit from improved efficiency and resource management.

- **Site Lease Terms.** MBA recommends that FHA reduce the initial required lease term for a leased site from three-years to one-year. Park owners are often unfamiliar with the terms of FHA financing. In particular, park owners often believe the three-year lease

[1] The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 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 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 over 2,200 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, thrifts, REITs, Wall Street conduits, life insurance companies and others in the mortgage lending field. For additional information, visit MBA's Web site: www.mortgagebankers.org.

term is binding regardless of whether tenants pay their park rent. As a result, many park owners refuse to sign the agreement due to their own risk management concerns. This discourages park owners from renting to FHA financed tenants. A reduction would enable lenders to better negotiate with park owners, increase access to the Title I program, and still allow HUD to maintain its additional tenant protections through the required lease term renewal and notice of termination requirements in the case of early termination.

- **Nationwide Title I Loan Limits.** Currently the loan limits of $69,678 and $92,904 limit access to manufactured housing in higher cost areas due to financing difficulties. These limits were originally to be indexed annually for inflation based on the consumer index funds but have not been adjusted since 2008. Increased nationwide loan limits would ultimately allow lenders to increase credit access to affordable housing and utilization of the Title I program nationwide.

MBA also recommends additional clarity and guidance regarding Title I servicing policies, most significantly:

- **Further Alignment with Title II Program Guidelines.** Further alignment with Title II servicing guidelines would better streamline servicing requirements between Title I and Title II loans. MBA also encourages additional alignment between the Title I Property Improvement Loan Program and Manufactured Home Loan Program sections for additional clarity and consistency throughout the Title I Section of the Handbook.

- **Clarification of Loss Mitigation Options.** MBA recommends the specification of an order for Title I loss mitigation options that is comparable to the loss mitigation sequence under the Title II program. This approach will remove the need for individual servicer discretion to determine the appropriate order of loss mitigation options and ensure a consistent standard for borrowers. In addition, MBA suggests the alignment of loss mitigation options and definitions between the Title I Property Improvement Loan Program and the Manufactured Home Loan Program to improve clarity and consistency throughout Title I program guidance.

MBA greatly appreciates the efforts HUD has put into developing the Handbook's draft Title I section. Should you have questions or wish to discuss these comments, please contact Tamara King, Vice President of Residential Policy and Member Engagement, at (202) 557-2758 or TKing@mba.org, or Katherine Tung, Policy Advisor of Residential Policy at (202) 557-2870 or Ktung@mba.org. For questions or concerns regarding servicing, please contact Justin Wiseman, Director of Loan Administration Policy, at (202) 557-2854 or JWiseman@mba.org.

Sincerely,

Stephen A. O'Connor
Senior Vice President Public Policy and Industry Relations