



The Latest Trends in Manufactured Housing

**98th Annual Arizona
Tax Conference**

**Little America Hotel
Flagstaff, Arizona**

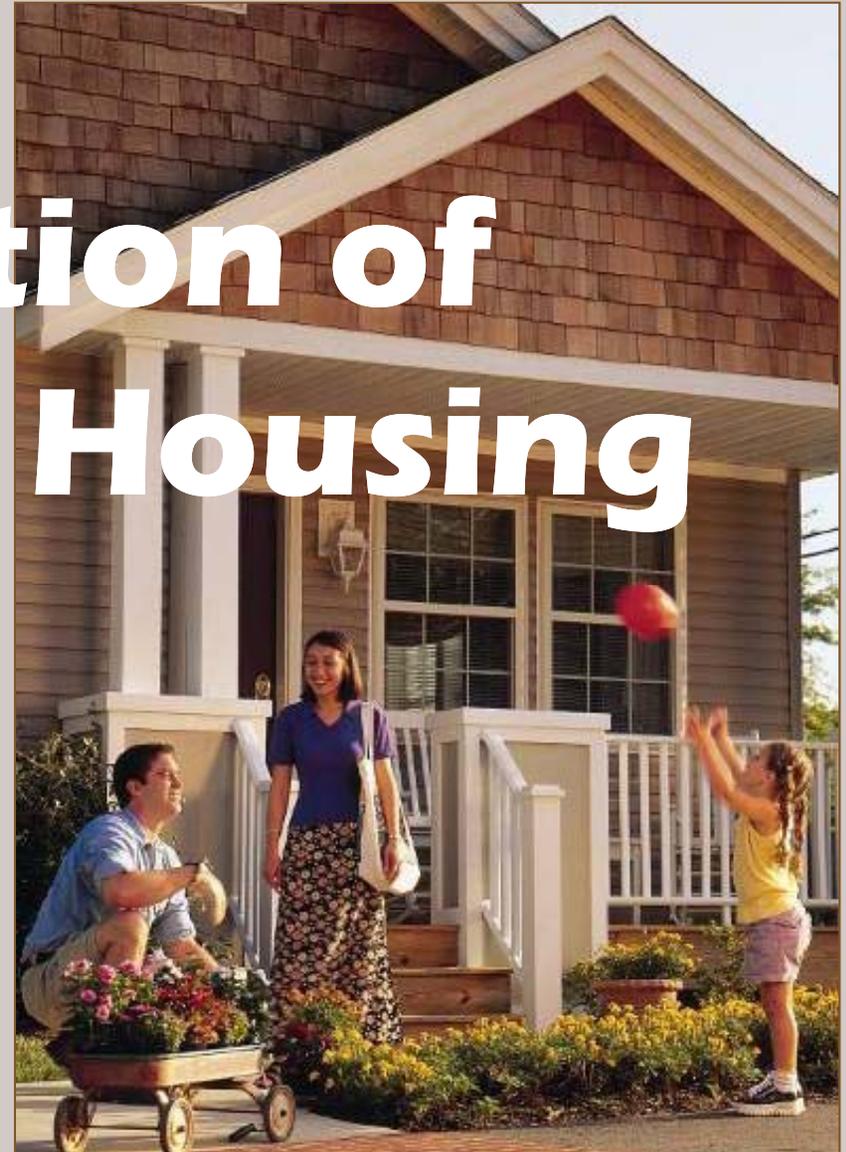




The Evolution of Factory Built Housing

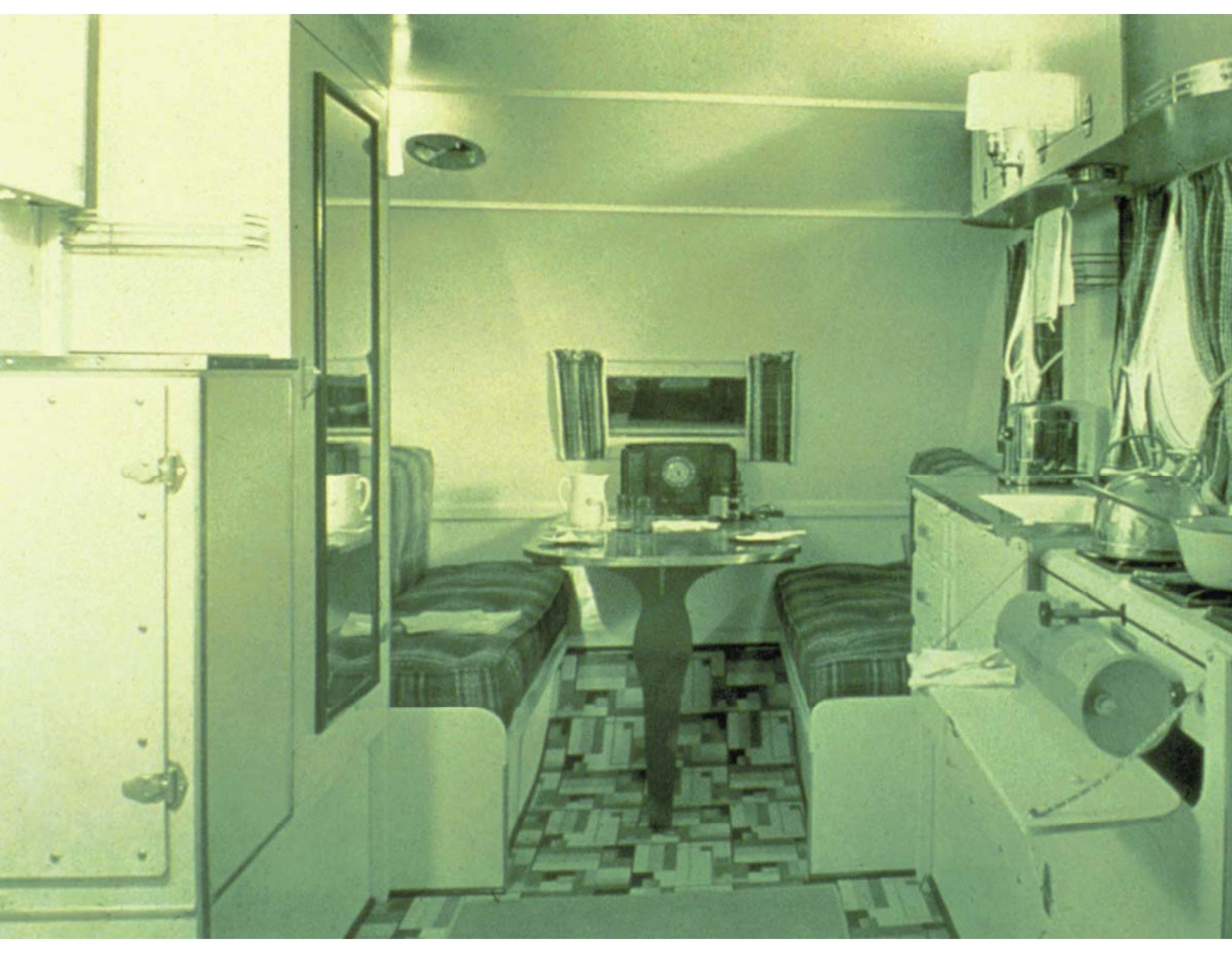
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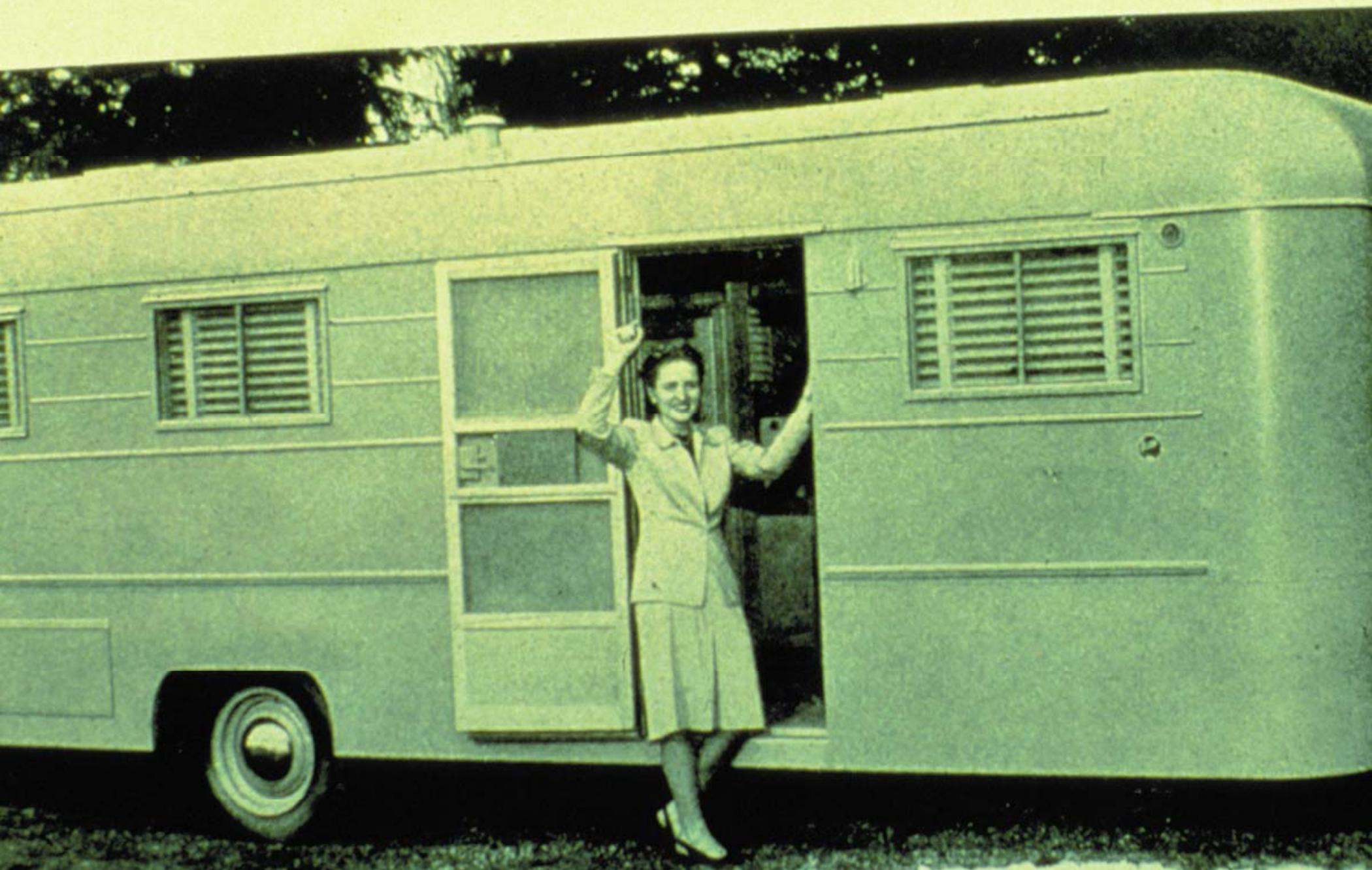












THE CORONADO









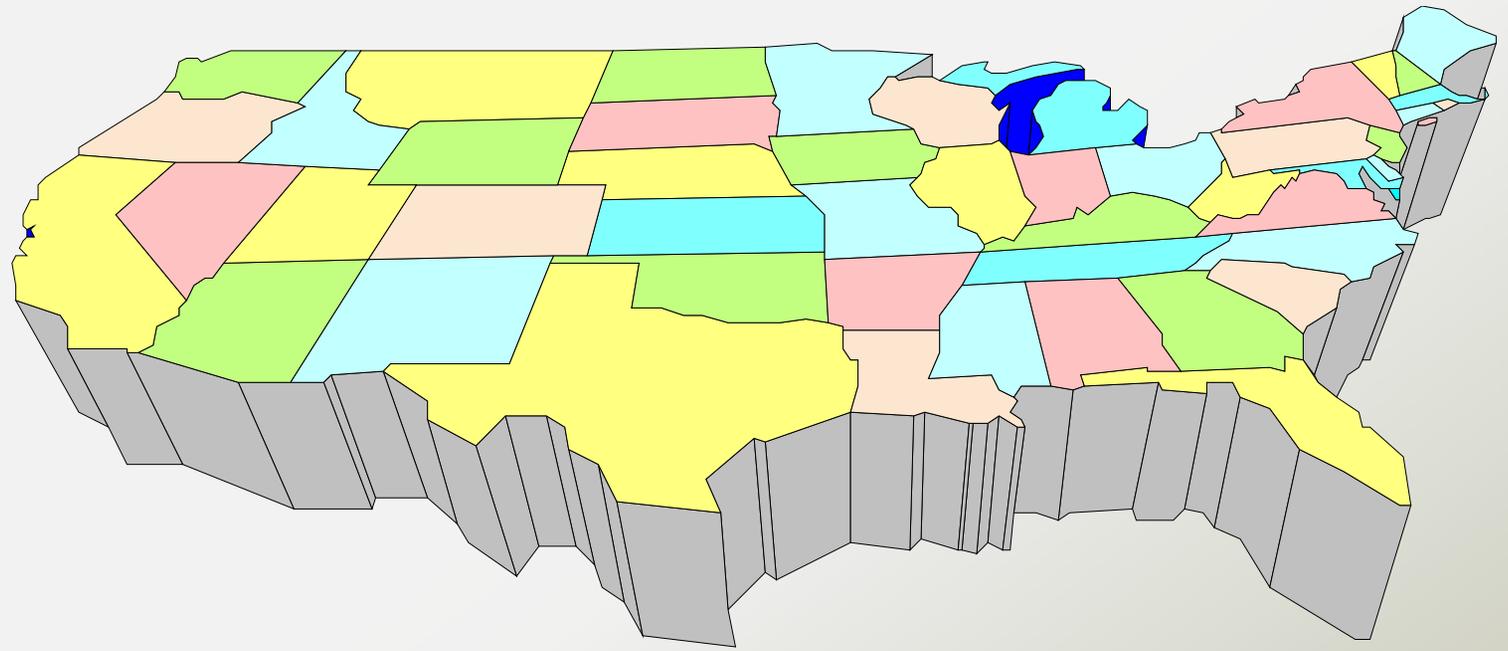




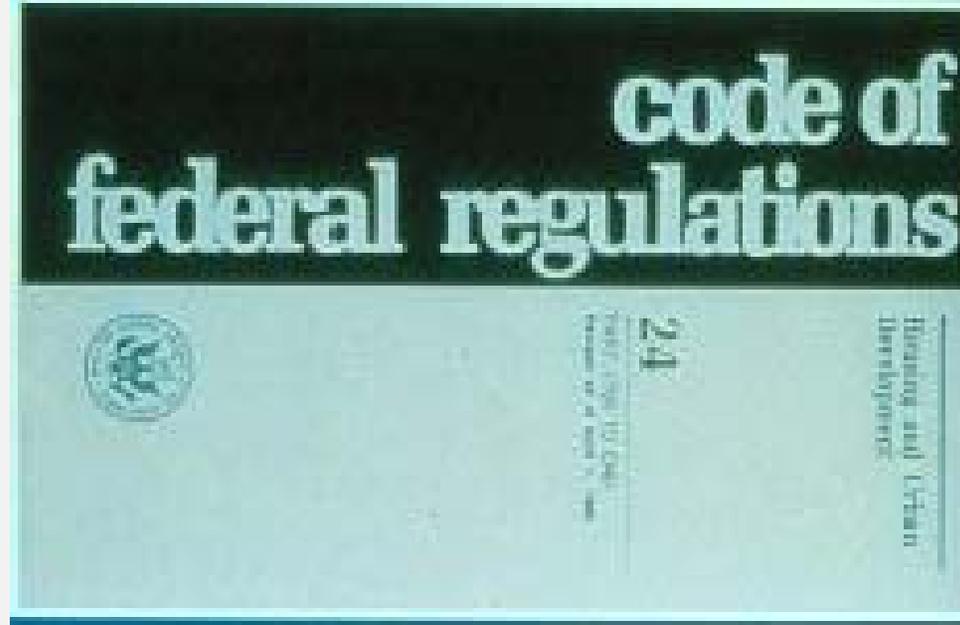
Growing Popularity Increases Scrutiny



***Voluntary ANSI
Code Adopted
by 45 States***



***However, Building
Codes Continued to
Vary By State***



***Federal Involvement Leads
to Single Preemptive
Building Code***



How to determine the difference between a modular home built to the International Residential Code (same as site built) and the HUD Code (Federal Code for Manufactured Homes)



Terminology, Design & Construction

Modular Manufacturer Certificate

A modular certificate is affixed to a unit in the location specified in the Quality Assurance (QA) Manual or on plan. Typically the insignia is placed at the rear of the unit, at or in the panel box, or sometimes above the grid ceiling on commercial units.

MODULAR MANUFACTURER CERTIFICATE
THIS INSIGNIA IS THE PROPERTY OF THE STATE OF ARIZONA
DEPARTMENT OF FIRE, BUILDING AND LIFE SAFETY
OFFICE OF MANUFACTURED HOUSING.

MANUFACTURER

ADDRESS

DATE OF MANUFACTURE

ROOF LOAD WIND LOAD SEISMIC ZONE

THE MANUFACTURER OF THIS UNIT CERTIFIES THAT THIS UNIT IS IN COMPLIANCE WITH STATE OF ARIZONA ADOPTED BUILDING CODES

PLAN # OCCUPANCY USE

HAZ M000001 SN



Terminology, Design & Construction

HUD Label

A HUD Label is affixed to manufactured homes built on June 15, 1976 or later at the rear end of each section of home, 1 foot in and 1 foot up from the road side. It may also be affixed to the side on the rear end of each section when home configuration requires it.





Newport Beach, California

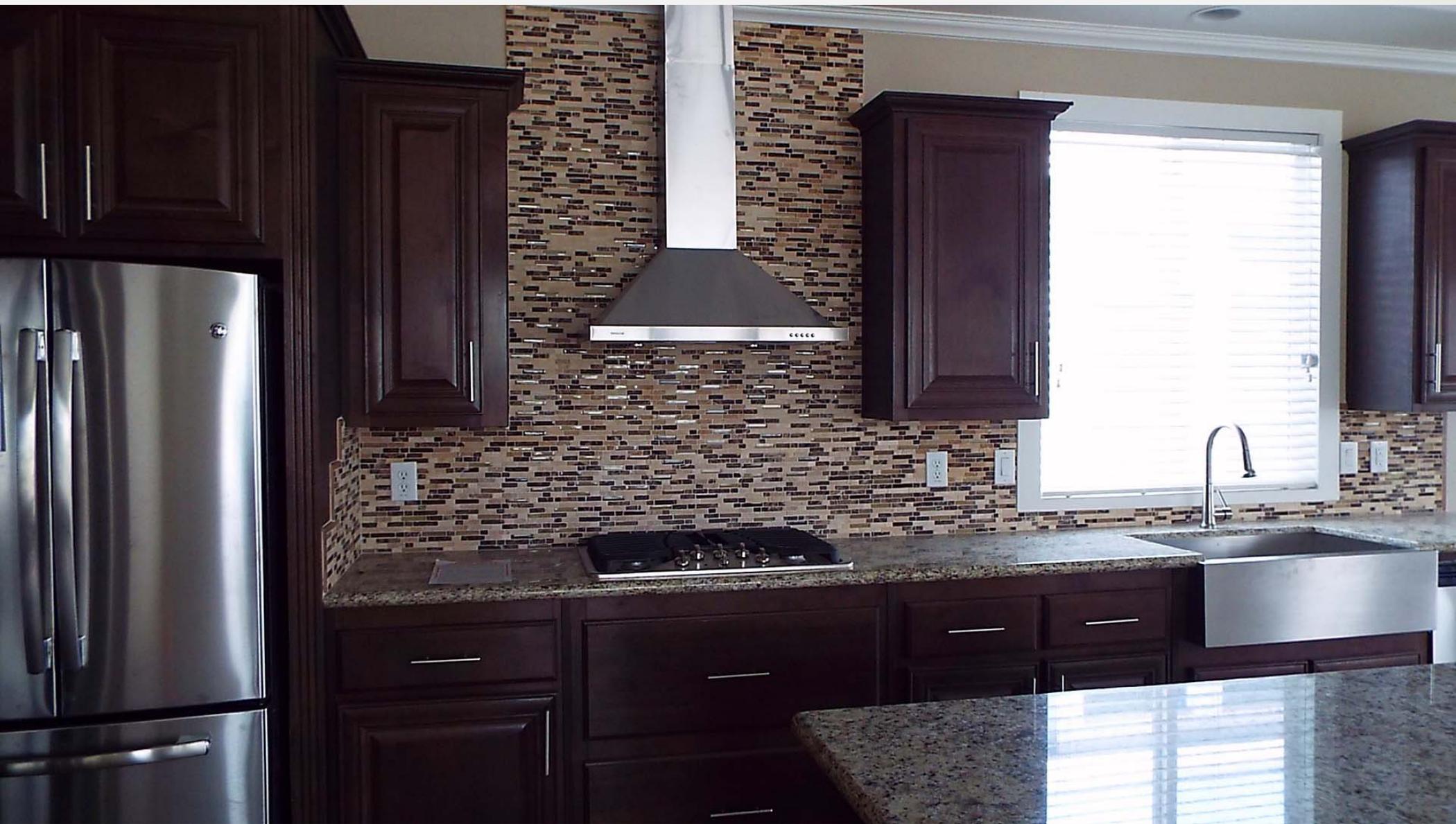


Tucson, Arizona





Germantown, Wisconsin





Tampa, Florida



T & E Development LLC - Caldwell, Idaho













General Information & Demographics

- **22 million Americans live in manufactured homes**
- **There are 8.6 million manufactured homes which represent almost 10% of the nation's housing stock**
- **2 out of every 3 manufactured homes are in rural areas**
- **Average price of a new manufactured home is approximately \$64,000 (excluding land)**
- **Average price for a new single-section manufactured home is approximately \$43,000 (excluding land)**
- **Manufactured housing is a critical component to solving the affordable housing challenge**



Quick Facts

Annual Household Income

Less Than \$10,000	5%
\$10,000-\$19,999	14%
\$20,000-\$29,999	21%
\$30,000-\$39,999	18%
\$40,000-\$49,999	16%
\$50,000 and over	27%

Median Annual Income of Manufactured Home Owners is \$32,000 – Half of Traditional “Site Built Home Owners



Quick Facts

Age of Household Head

Less Than 30	8%
30-39	20%
40-49	25%
50-59	25%
60-69	16%
70 and older	8%



General Information

Top Ten States # of Manufactured Homes	
Florida	864,762
Texas	747,975
North Carolina	605,418
California	533,975
Georgia	396,354
South Carolina	373,534
Alabama	311,866
Arizona	305,355
Tennessee	282,699
Louisiana	255,334

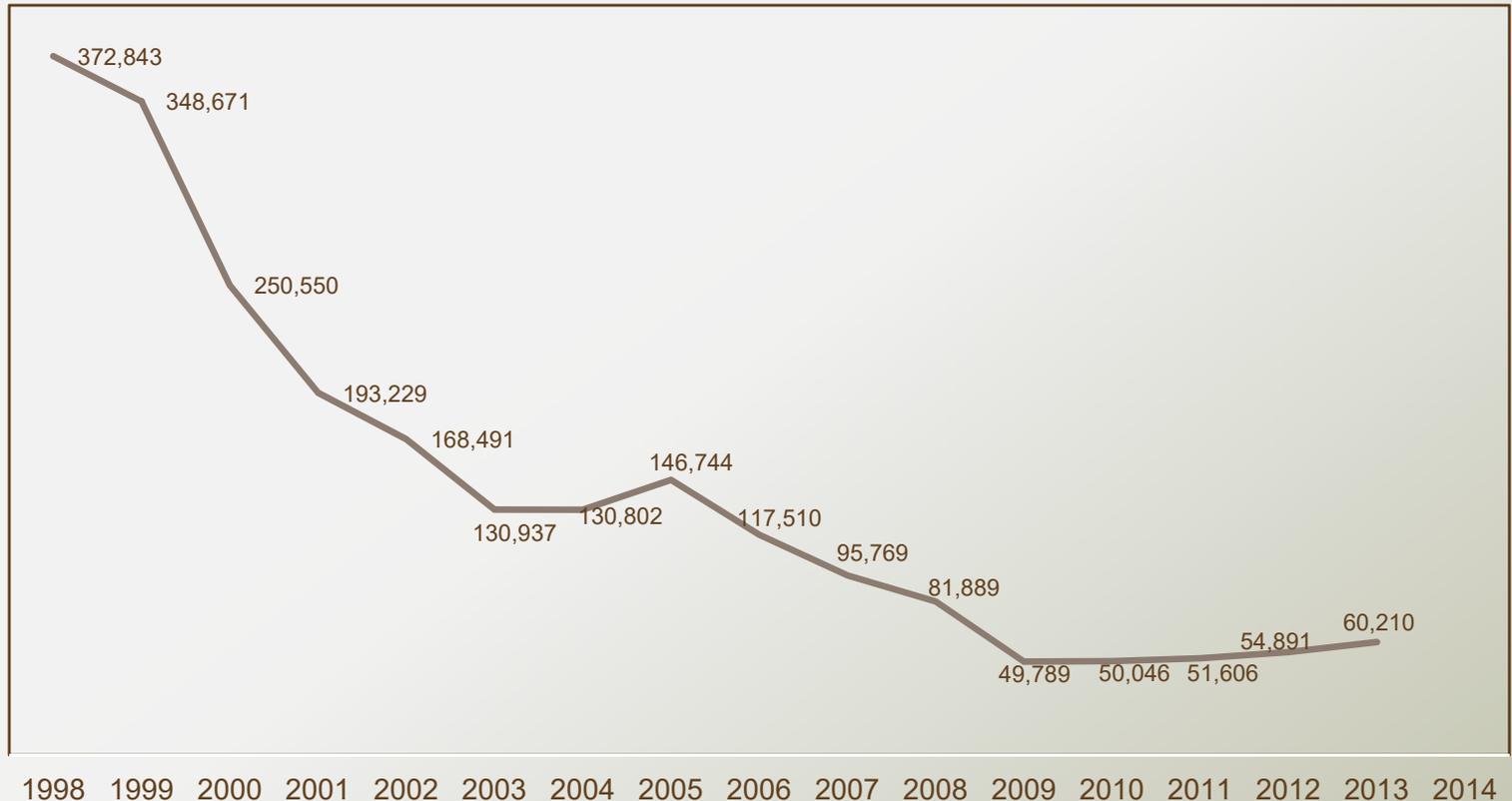
Manufactured Homes as % of <i>Total</i> Housing Units	
South Carolina	17.9
New Mexico	16.7
Mississippi	15.3
West Virginia	14.9
Wyoming	14.6
Alabama	14.5
North Carolina	14.3
Louisiana	13.4
Arkansas	13.0
Kentucky	12.4

Source: U.S. Census Bureau 2013



Industry History

Manufactured Home Shipments



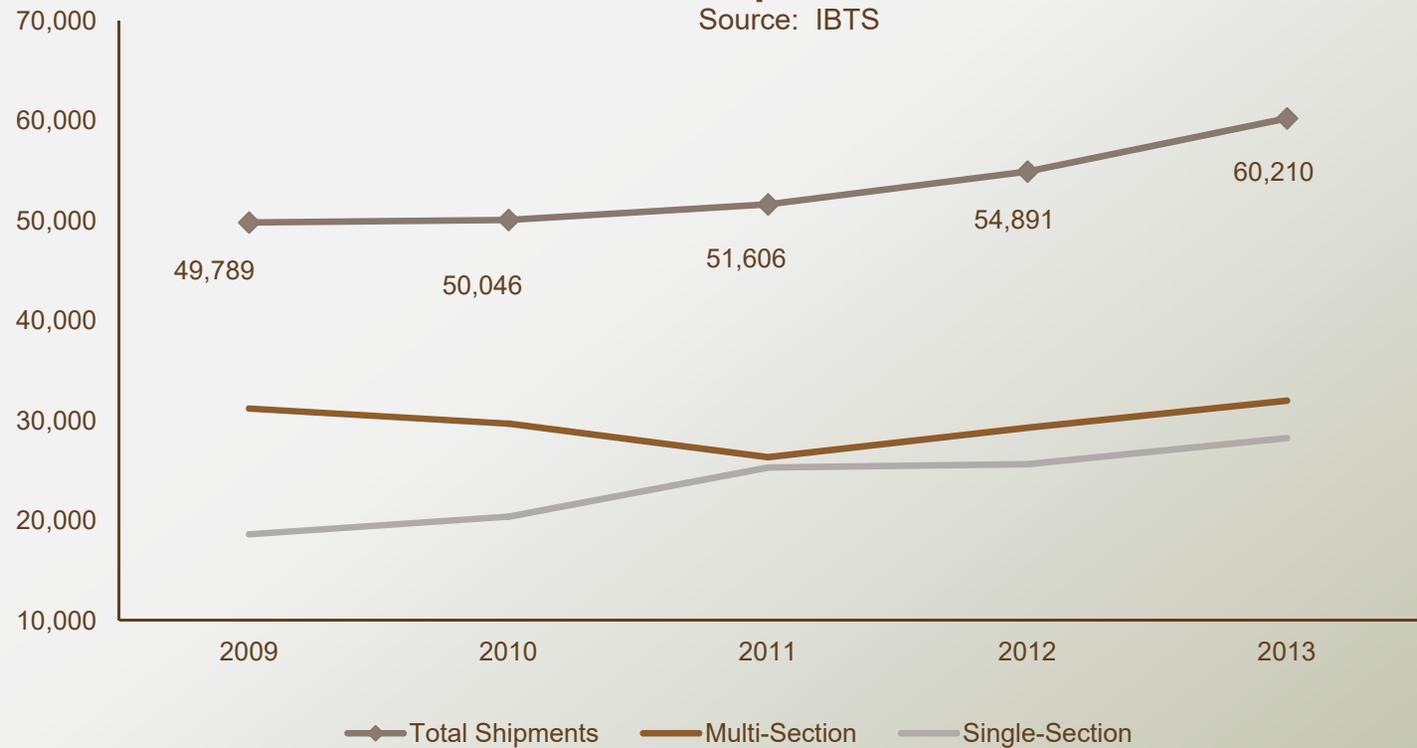
As new manufactured home production has fallen, the dynamics of the industry as well as the regulatory environment have shifted dramatically over the last 15 years.



More Recently

New Home Manufactured Home Shipments

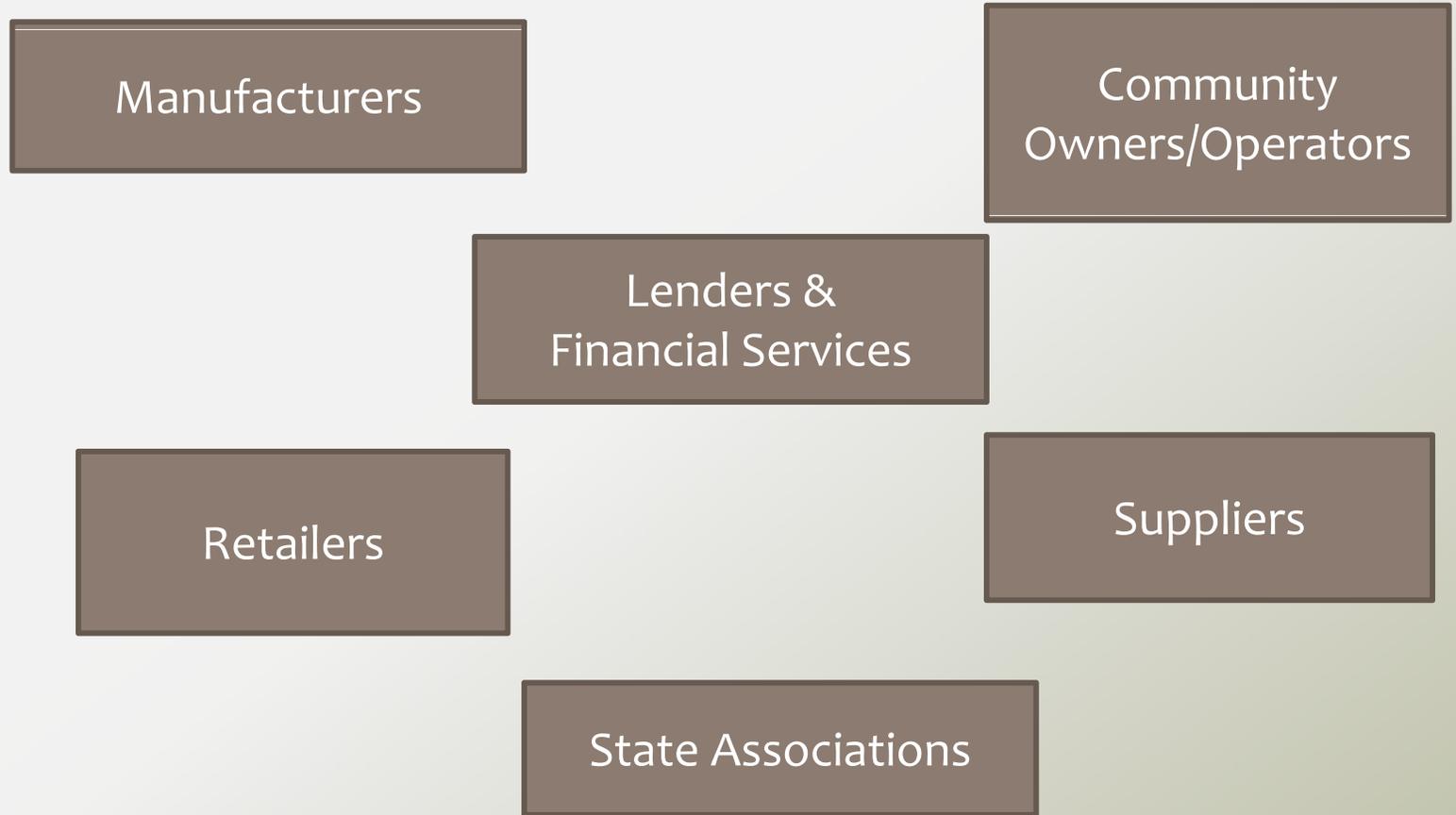
Source: IBTS



The record high of 372,843 was in 1998 and the record low of 49,789 was in 2009. There is optimism that 2015 will be the sixth year of consecutive growth.



Industry Segments



MHI is the only national trade association that represents all aspects of the industry.



Industry Segments

Manufacturers

- May or may not own its own retail distribution
- May or may not own its own lender
- Production is dominated by a small number of manufacturers

Manufacturer Market Share 2012

Clayton Homes	44%
CAVCO	12%
Champion Home Builders	12%
Legacy Housing	4%
Skyline Corporation	3%
Others	25%
(data from IBTS, Inc.)	



Current Legislation Before U.S. Congress

Preserving Access to Manufactured Housing Act

Status in 114th Congress

**H.R 650 passed House, April 19, 2015
263-162**

**S. 682 included in Financial Regulatory Improvement Act
(Section 108)**

**Reported from Senate Banking Committee
May 21, 2015**

**Awaiting introduction to Senate Floor in
Omnibus Bill RE: Dodd Frank**

7 of 9 House Members have co-sponsored. We are awaiting co-sponsorships from Senators McCain and Flake based on their co-sponsorship with the 113th Congress.



Appraisal Rule for Manufactured Housing

**2015 Arizona Manufactured
Housing Conference**

**Wild Horse Pass Hotel
Chandler, Arizona**



Appraisal Rule

- Effective July 18,2015
- New and Pre-Owned home and land transactions will require a full USPAP (Uniform Standards of Professional Appraisal Practices) Appraisal. *New Homes will not require a physical inspection of the interior of the home.*
- Higher Priced Mortgage Loans (HPMLs) that are not Qualified Mortgage Loans (QM) are subject to regulatory requirements
 - Generally, HPMLs are loans with an APOR of more than 1.5% over the APOR
- Loans less than \$25,000 are exempt from the following requirements.
- Qualified Mortgages are exempt.
- **Lenders are required to provide appraisals to the borrower 3 days in advance of closing!**



Business Impact of New Appraisal Rules on Land Home Transactions

- **None of the national lenders have given any indication that this new rule will change their internal lending guidelines with respect to their maximum allowable loan advance.**
 - **Conforming loans - those sold to Fannie, Freddie or Title II FHA all required appraisals before...so no change.**
 - **Loans held in portfolio that allowed the tax value of the real estate to be used; or land in lieu transactions also using tax values can still be done but will now require a full USPAP Appraisal.**
 - **Rural locations where comps are not easily found on average have about a 30% fail rate...so if more land home transactions are subject to full appraisals more loans will fail the appraisal requirement.**
 - **The question is if the appraised value is less than the selling price of the home, will the borrower go through with the purchase even if the lender is still willing to make the loan?**



Appraisal Rule

- New and Pre-Owned home loans **without** land will be exempt from USPAP appraisals **if** the creditor provides the borrower one of the following three types of information or valuations about the home.

Valuation for Home Only Transactions

- **The Manufacturer's Invoice**
- **An Independent Cost Service Unit Cost (Value)**
- **A valuation conducted by an individual or company who has no financial interest in the property or credit transaction and has training in valuing manufactured housing.**





Valuation Options for Home Only

- **At this point the industry has three options:**
 - **Provide the customer the manufacturer's invoice**
 - **NADAguides or Independent Appraisal**
 - **DATACOMP**

Options

- **DATACOMP- Market based Valuation Provider**
 - Provides market valuations based on a data base of other comparable home sales in the same area by community; zip code; or county basis.
 - Neither company has had to provide valuations on new homes because of the advance calculation that all industry lenders have always used and it has not been a requirement to provide a valuation to the borrower.







Thank You!

