

**Governor's Advisory Commission on Manufactured and Mobile Homes
Finance Issues Sub-Committee**

**APPROVED MINUTES
January 19, 2005**

Present: Caryl Stewart, Tom Candon, Dave Adams

Guests: Chris D'Elia, Vermont Bankers Association

Staff: Arthur Hamlin, Julie Kelliher

Introductions and Announcements

Chris D'Elia is Executive Director of the Vermont Bankers Association. He explained that the VBA has a mortgage committee and they are interested in manufactured housing issues.

Dave Adams asked if information is available about sales of mobile homes as personal property (w/out land). VHFA finds that mobile homes financed through the Agency in approved parks, include an assumed "site value". There is concern whether "site value" is real value particularly on older units where the park owner may prefer to see a newer unit in place in the event the unit is turned over from a subsequent sale, or in the event of a lender repossession. Frequently "site-value" evaporates on those situations. The NADA publishes a manufactured housing appraisal system. Arthur Hamlin mentioned that Chapter 72 requires mobile home appraisals to have a separate site value, if applicable.

Legislative Proposal RE: Title 9A

Arthur Hamlin gave out copies of the Department's proposal for legislation. The subcommittee okayed the Department's going forward with this proposal. Tom Candon asked if the Department has a sponsor. It is supposed to be taken up by the House General Affairs and Housing Committee. [Note: this proposal was included as section 1 of H.500. It corrects an unintended error contained in provisions relating to UCC security instruments for mobile home loans and has a retroactive effective date to cover any UCC's statements that have been filed during the period they have been unintentionally ineffective under law.]

Mobile Homes as Real Property

Dave Adams said that their bond counsel advised that VHFA does not have to file mortgages on mobile homes to meet the technical provisions of the mortgage revenue bond requirements. Eliminating the need to record a mortgage deed would be a savings in recording fees if VHFA does away with this practice, but will wait to make changes to

their requirements pending where the Commission lands on making a recommendation to consider all mobile homes as real estate. Mobile home loans account for roughly fifteen percent of VHFA's total loan volume, and a growing portion of their loan portfolio. Chris D'Elia said a big concern of theirs is the idea of mobile homes on leased lots being called real estate, and another interesting piece is the appraisal issue where mobile home owners get "upside down" on their financing because there is not enough value in the mobile home. In addition, loans for single-wide mobile homes are not going to the secondary market even when the homeowner owns the land.

Park – Lender Agreements

Tom Candon said he would like Stuart Bennett to go through the agreements and explain what each provision does. Caryl Stewart said she has talked to Bill Billado. This park owner wants to work with the lender.

Dave Adams and Chris D'Elia raised the problem of abandoned mobile homes in this context. The VBA is not confident in the existing notification process – the lender seems to be in last position when a mobile home is sold by the Court. (Note: process for sale of abandoned mobile homes is found in MH statute at 10 VSA sections 6248 – 6249.)

November 23, 2004 Meeting Minutes

Arthur Hamlin asked to get back to the agenda to look at the minutes. The minutes were approved with a change suggested by Dave Adams.

Julie Kelliher continued the discussion around abandoned mobile homes. She asked if VHFA repossesses or forecloses on mobile homes when the owner is in default. Dave Adams said he thought they probably repossessed when the mobile home is in a park and foreclosed if the mobile home was on owned land. All of their mobile homes in parks are in nonprofit owned parks. Caryl Stewart said she would like to see many models of park-lender agreements including from New Hampshire. Tom Candon wondered if a park lender agreement would supercede the abandoned homes statute, or maybe we could just fine tune the abandoned homes statute.

Dave Adams said what we really need is to make more financing options available in the State, by getting Fannie Mae and Freddie Mac to the table. We need to find out what it would take to get Freddie and Fannie Mae to finance mobile homes in parks in Vermont. Second, we need Vermont lenders to continue and to expand participation in mobile home lending programs, and third, we should look at rates and terms offered by lenders like Chase and Greentree to confirm what is being offered for financing now. Tom Candon said that there are only three major non-bank lenders in Vermont: Chase, Greentree, and CIT.

We decided to table further discussion until a future meeting due to many committee members being absent. Caryl Stewart said she could call Rick Bauerband at Fannie Mae. Tom Candon will call Ben Niles at Freddie Mac.