

Alabama Manufactured Housing Association

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April 3, 2008

Ms. Jennifer Johnson
Secretary Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, DC 20551

RE: Regulation Z; Docket No.R-1305

Dear Ms. Johnson:

The Alabama Manufactured Housing Association (AMHA) is the trade association representing all segments of the manufactured housing industry in the State of Alabama. AMHA represents manufacturers of all factory-built housing, lenders, retailers, suppliers, community owners and developers. Alabama was second in the nation in total production of manufactured homes last year. The manufactured housing factories in Alabama export 75% of the homes built to other states in the nation. According to the 2000 and 2004 Census one-half of all residential manufactured homes in the U.S. are located in the South, with 320,640 located in Alabama.

As an industry we know that the proposed rule is intended to address the predatory practices of the traditional mortgage industry, yet the proposed definition as a "higher price mortgage loan" (HPML) as drafted will incorrectly classify the majority of personal property loans on manufactured homes as HPMLs. The proposed standard would classify one in four conventional site-built mortgages originated in 2006 as HPMLs yet the same standard would classify over 70% of manufactured home personal property loans and almost 85% of low-balance manufactured home personal property loans (less than \$25,000 at origination) regardless of the credit quality of the borrower.

We suggest the following:

(1) A personal property loan should be considered a HPML if the APR on the loan exceeds by at least 6 percentage points the yield on Treasury securities with comparable maturities; and for low-balance personal property loans the standard should be set to 8 percentage points above Treasury securities with comparable maturities.

(2) The requirement of lender to escrow taxes and insurance for HPMLs would be an undue cost to the lender because there is no unified systematic process for the collection of personal property taxes at the state and local government level. We recommend that personal property taxes be exempt from consideration under the escrow requirement for HPMLs.

As an association for the manufactured housing industry we believe in protecting the consumer from unfair lending practices and believe the suggestions we have made in this comment letter would achieve this goal and at the same time provide for affordable housing to consumers.

Thank you for allowing comment on this proposed change. You may contact me at snorris@alamha.org or 334-244-7828 ext 22.

Sincerely,

Sherry Norris
Sherry Norris
Executive Director