



February 12, 2020

To: Chair Davis
Vice Chair Dumais
Members of the House Economic Matters Committee

From: Lesli Gooch, Chief Executive Officer of the Manufactured Housing Institute

Re: Written Testimony for the Record
House Bill 93: Consumer Protection – Mobile Home Purchasers
Favorable, with Amendments

Introduction

The Manufactured Housing Institute (MHI) thanks the House Economic Matters Committee (the Committee) for the opportunity to provide comment in response to House Bill 93. We would also like to thank the Maryland Department of Labor (the DOL) and the Attorney General's Office for addressing our concerns.

MHI is the only national trade association that represents every segment of the factory-built housing industry. Our members include home builders, suppliers, retail sellers, lenders, installers, community owners, community operators, and others who serve our industry, as well as 49 affiliated state organizations. Taken together, our membership provides the largest form of unsubsidized affordable housing in the United States and the only type of housing built to a federal construction and safety standard. In 2019, our industry produced nearly 95,000 homes, accounting for approximately 10 percent of new single-family home starts nationwide.

In Maryland, approximately two percent of the state's occupied housing units are manufactured homes (which are still referred to as "mobile homes" under state law). Currently, there are over 35,000 manufactured homes in the state, representing nearly 100,000 Marylanders.

MHI supports "HB93: Consumer Protection – Mobile Home Purchasers," with the two changes previously agreed to with the Maryland DOL and the Attorney General's Office, as outlined below. We believe these amendments will strengthen the bill, further extending to everyone in Maryland the opportunity of affordable, attainable homeownership through manufactured housing.

First, MHI opposes illegal steering, which is where a party not licensed as a lender or loan originator is compensated or receives some other financial benefit for directing consumer borrowers to specific loan products or services. However, a manufactured home retail seller who discusses financing in general terms (such as helping customers understand the loan application process or answering a customer's basic questions about how financing works) is not steering. The language we have agreed upon with the Maryland DOL and the Attorney General's Office more succinctly clarifies this concept within HB93.



Specifically, we appreciate Section 14-4202, Subsection B, Paragraph 2, being changed as follows:

May not steer a prospective consumer borrower to financing products that offer terms that are less favorable than a comparable cash transaction; and

MHI also supports Maryland's proposed definition of "steer." We thank the Maryland DOL and the Attorney General's Office for working with us to define this term.

Second, MHI supports updating the term "mobile home" because it helps combat negative stereotypes associated with manufactured housing by eliminating the term "trailer" from the definition. In December 1974, President Ford signed the National Manufactured Home Construction and Safety Standards Act (MHCSS Act) into law. Approximately 18 months later, HUD finalized the first Manufactured Home Construction and Safety Standards, and since June 15, 1976, HUD has prohibited the manufacture of mobile homes and trailers. The definition under Maryland's Real Property Article is more precise and is more closely aligned with the federal definition under the MHCSS Act.

We appreciate the Maryland DOL and the Attorney General's Office for agreeing to amend Section 11-501, Subsection H-1 to better align the term with how it is defined elsewhere under Maryland law:

"Mobile home" means a structure:

- (1) Transportable in one or more sections;*
- (2) Eight or more body feet in width and 30 or more body feet in length;*
- (3) Built on a permanent chassis; and*
- (4) Designed to be used as a dwelling, with or without a permanent foundation, when connected to the required utilities.*

"Mobile home" includes the plumbing, heating, air conditioning, and electrical systems contained in the structure.

In closing, MHI appreciates the opportunity to offer our feedback on this legislation. Again, we thank the Maryland Department of Labor and the Attorney General's Office for working with us to address these important issues. We stand ready to work with the Committee on this legislation and other ways to ensure that manufactured housing remains an affordable path to homeownership for residents of Maryland.