

THE ARIZONA HOUSING NEWSLETTER

A Publication of the Arizona Housing Association

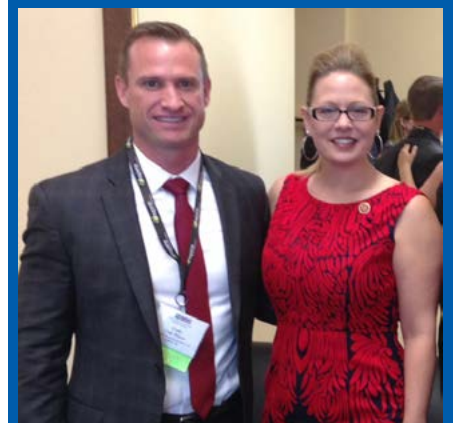
Volume 11, Issue 01

AHA TAKES DODD-FRANK/CFPB REFORMS TO CAPITOL HILL

Armed with briefing papers on necessary changes for the Dodd-Frank Amendment, I, Cody Pearce, Manuel Santana and Susan Brenton (representing Manufactured Housing Communities of Arizona) headed up to the Hill to visit our members of Congress. Other issues addressed were GSE Reform; Evolving Energy Standards; Tax Credits; and HUD Engagement.

The House Bill (HR 1779) has now been co-sponsored by 8 of our 9 House Members. We ask that you consider supporting those members of Congress later this year during their reelection process. They are:

- District 1 – Ann Kirkpatrick - <https://kirkpatrick.house.gov/contact/email-me>
- District 2 – Ron Barber - <https://barber.house.gov/contact/email-me>
- District 3 – Raul Grijalva - <https://grijalvaforms.house.gov/email-raul>
- District 4 – Paul Gosar - <https://gosar.house.gov/contact-me/email-me>
- District 5 – Matt Salmon - <https://salmon.house.gov/contact/email-me>
- District 6 – David Schweikert - <https://schweikert.house.gov/contact-form>
- District 8 – Trent Franks - <https://franks.house.gov/contact-me/email-me>
- District 9 – Kyrsten Sinema - <https://sinemaforms.house.gov/forms/writeyourrep/>



Cody Pearce, President, Cascade Financial Services with Congresswoman Kyrsten Sinema, co-sponsor of H.R. 1779.

The new Senate version of the Bill (S1828) was recently introduced by Senators Joe Donnelly (D-IN) and Tom Coburn (R-OK). We took the message to both Senator John McCain and Senator Jeff Flake. Both are considering our bill and will be advising if they could co-sponsor or support.



Andy Barr (R-KY) (pictured left) addressed the pre-Hill group by supporting our efforts to gain relief from the onerous provisions of Dodd-Frank that restrict consumers' ability to obtain financing. The bill also contains language that affords our retailers an opportunity to interface with customers relative to financing their home.

It is my opinion that these are the most important Capitol Hill visits our industry has ever made. While MHI and members worked tirelessly in attempting to get CFPB to ease their announced rules, they could not get them to budge and now requires legislative action via HR1779 and S1828.

Our House and Senate members listened intently as we described the negative impact on both customers and our industry members unless legislative changes are made. ***Just before press time of this newsletter, Senator John McCain agreed to co-sponsor S1828.**

[Click here for a copy of HR 1779](#)
[Click here for a copy of S 1828](#)



AHA Delegates w/ Senator John McCain (L to R): Manuel Santana, Cavco Industries; Senator John McCain; Ken Anderson, President, AHA; Susan Brenton, ED, MHCA.

FEATURED LEADER: DAVE STONE

CONTRACTOR/TRANSPORTER MEMBER TO THE BOARD



Dave Stone
Transporter

David L. Stone was recently elected to the AHA Board of Directors as Contractor/Transporter. Dave is a native of Arizona and started in the Manufactured Housing Industry in 1977 with Mosleys M.H. Movers in Chandler doing both transport and Set-Ups. In 1994 he started "Stone & Son Transport LLC" where he and his wife Jill and his team of exceptional Drivers have worked to provide safe and dependable Home Transportation for the factories in the Phoenix area and Dealers and Developers all over the Southwest. Dave is a straight forward hands on guy and still spends most days behind the wheel. Dave & Jill are most proud of their reputation of honesty, integrity and the ability to get the job done. Dave looks forward to serving on the Board and working with a great group of people committed to working through the problems facing our industry.

Dave & Jill have 6 children and 3 grandchildren and one on the way. They are thankful for all of the opportunities the Manufactured Housing Industry has provided for them and their family. During their off time they enjoy a very active lifestyle with family and friends in the mountains or at the beach.

AHA BUILDING GETS A FACE-LIFT

The Arizona Housing Association Board of Directors recently authorized a "face-lift" to our building which included:

- Repairing Broken Roof Tiles
- Performing Preventive Maintenance to Roof
- Repairing & Replacing Soffits & Trim Boards
- Sanding & Repainting Entrance Sign
- Powerwash, Prime, & Repainting Entire Exterior of the Building

We elected to change the color to a more updated exterior paint color as well. All of these improvements will help prolong the life of the building and protect the association's investment, as well as assist in keeping occupancy at 100% in the units we lease.



AHA Leadership

Executive Committee

Joshua Wendt, Chairman
Cody Pearce, Vice Chairman
Jim Breen, Treasurer
Rick Busbee, Secretary
Keith Papham, Past Chairman

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Brian Brastad, Phoenix
Michael Bryant, Southwest
Scott Townsend, Tucson
Mark Coble, White Mountain

Gov't & Zoning Committee

Norman Ball, Chairman
Brian Brastad
Terry Gleeson
Cody Pearce
Lyle Richardson
Joshua Wendt

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THANK YOU FOR RENEWING YOUR MEMBERSHIP...

We Would Like to Thank and Recognize the Following Companies for Renewing their Membership for 2014! If you have not already done so, please send your membership dues renewal ASAP to ensure continuation of your membership benefits. *Thank You for your continued support!*

21st Mortgage Corp.
Adams Agency (The)
Adobe Homes LLC-Corp. Office
All American Mobile Homes dba Repo Depot
Alta Cima Corp dba The Home Outlet
Arizona Express Services
Arizona Home Supply
Arrowhead Ranch
Bennett Truck Transport
Blount's Mfd Hsg Contractors
Blue Ribbon Industries Inc
Bob Wallin Insurance Inc
Bronco Homes Inc
Buena Vista of Arizona LLC
Buffalo Ridge Mobile Estates
Busbee's M/H Sales Inc
Busbee's Schult Home Center - Chino Valley
Busbee's Schult Home Center - Kingman
Cascade Financial Services
Cavco Home Center - Mesa
Cavco Home Center - Tucson
Cavco Industries - Durango Div
Cavco West
Champion Home Builders Inc - AZ
Champion Home Builders Inc - CA
Clayton Homes #392
Clayton Homes #1005
Clayton Homes #281
Clayton Homes #297
CMH Arizona
CMH Mfg. - Golden West Homes CA
CMH Mfg. Karsten Homes New Mexico
CountryPlace Mortgage
CU Factory Built Lending
Dealers Network, LLC dba Value Plus Homes
Draperies By Muriel Inc
Factory Expo Home Center - Chandler
Factory Expo Outlet Center - Tucson
Far Horizons East LLC
Fidelity National Title
Five Star Home Center
Garcia Development LLC
Gleeson Mobile Home Svc

Home Source Inc (est 2001) dba The Home Source
Johnson Transport
Land/Home Financial Services Inc
Leisure Home Sales LLC
Little Dipper Transport & Crawler Service
MHC Sitebuilder LLC
MHVillage.com
Mohave Rancho Lumber Inc
Old Trails Mobile Home Transport
Oliver Technologies, Inc
OrePac Building Products
Pacesetter Homes
Pantano Vista MH Community
Petersen Communications Inc
Pine Lawn Ranch (office)
Pioneer Title Agency Inc
Prestige Homes
Quality Home Center, Inc
Raindance M/H Sales
Redmond Construction LLC
Resort Homes
RoadMasters Transport Co, LLC
Rodeo Home Sales LLC
Rogers Civil Engineering LLC
Sierra Pacific M H P
Silver King Companies
Silver Springs Homes
Southwest MH Service
Stewart Title & Trust
Stone & Son Transportation LLC
Sunwest Enterprises Inc
Tom Strand Homes LLC
Trend Star Homes, Inc
U.S. Bank Manufactured Housing Finance
USA Transporting
Valley of the Sun Home Sales
Valley Vista Homes Sales LLC
Valley Wide Awnings Inc
W5 Construction
Western American Housing Corp
Westland Distributing Inc
Weststar Mortgage
White Sheet



MHI HOLDS 2014 LEGISLATIVE CONFERENCE & WINTER MEETING

MHI held its 2014 Legislative Conference and Winter Meeting February 9-11 in Arlington, Virginia – two days of business and division meetings that were followed up by a day of visits to Capitol Hill by MHI members and staff.



Well-known political pundit Charlie Cook, author of The Cook Political Report, kicked off the meeting with an hour long keynote address about the current state of political affairs in America. Cook, who is a regular on cable talk shows and the national speaker circuit, referred to notes only once providing the audience with a detailed analysis of the last presidential election and how those numbers would likely impact the upcoming mid-term elections.

Cook's analysis of the mid-term elections was that Republicans are well positioned to gain seats in the United States Senate this cycle, but it is still too early to determine if these gains would be enough for them to take control of the chamber. On the House side, Cook surmised that large shifts or a change in partisan control is unlikely. If the election were held today, he estimated a Republican gain in the House of upwards of ten seats – adding that pursuing certain unpopular policy strategies like a government shutdown could easily push those numbers towards a Democratic House gain.

Turning his attention to the national stage, Cook discussed the impact of what he called “presidential fatigue” – a fatigued electorate choosing a president from the other party following a two-term White House winner. Cook noted that since the sixties only once has the party holding the presidency for eight years won in the subsequent election. Regarding the presidential election for 2016, Cook marveled at the contest receiving so much attention this far out and gave his early take on possible candidates, including Hillary Clinton, Chris Christie, Jeb Bush, Ted Cruz, Rand Paul and Marco Rubio.



Dave Stevens, President & CEO, Mortgage Bankers Association (Photo courtesy of L.A. “Tony” Kovach)

Cody Pearce, President of Cascade Financial Services, was instrumental in getting Dave Stevens, President and CEO of the Mortgage Bankers Association, to speak at our Winter Meeting. After Cody introduced Stevens at our luncheon, Dave presented his theme, ‘Lending Today and the Path Ahead’, and led MHI members through detailed charts and statistics on the state of home lending in America. From historical charts following the collapse of the market to the current recovery in home prices, Stevens led the audience through the many factors – Federal Reserve holdings of Mortgage Backed Securities, consumer debt levels, recovery in household debt, etc. – converging on the current housing marketplace.

He noted that while many figures are improving, first-time homebuyers have still not returned to the market and speculated that the rapid increase of student loan debt is a factor. On the up side, Stevens predicted that household growth during the next 10 years should range between 12.5 million and 14.8 million. Stevens concluded his presentation discussing the added regulatory burdens resulting from the passage of Dodd-Frank, GSE Reform and the elements of housing and finance policy that will build momentum for the future.

On Tuesday morning Congressman Andy Barr (R-KY) addressed the gathering. A member of the House Committee on Financial Services, Congressman Barr talked about his support for the industry's efforts to gain relief from the onerous provisions in Dodd-Frank that are restricting consumers' ability to obtain financing for manufactured housing. Noting that Washington, DC is “Sixty-three square miles surrounded by reality,” Barr talked about his desire to bring common sense to the legislative process and rulemaking in Washington.



2014 NATIONAL CONGRESS & EXPO FOR MANUFACTURED AND MODULAR HOUSING



April 29 – May 1, 2014 Caesars Palace | Las Vegas, NV

Register Today for the 2014 National Congress & Expo for Manufactured and Modular Housing to be held on April 29 – May 1, 2014 at Caesars Palace in Las Vegas, NV. [Click here](#) to register for the 2014 Congress & Expo. Early-bird registration is available until March 28, 2014.

Make your hotel reservation online or call Caesars Palace at 866-227-5944. To receive the low rate of \$119 per night, ask for the MHI Congress & Expo room block or mention our group code SCMHI4. The deadline for the early-bird rate expires on March 28, 2014.

The Congress & Expo is the largest annual gathering of industry leaders featuring outstanding speakers, workshops, exhibits, and networking opportunities! Visit www.congressandexpo.com for details on this event. The theme for this year’s event is Creating Opportunities – Building Success.

Your Congress & Expo registration fee includes:

- Full Access to the Exhibit Hall
- Welcome Reception in Exhibit Hall
- Wednesday Breakfast and Keynote Speaker Ken Segall
- Awards Luncheon
- Educational Workshops
- Networking Reception in the Exhibit Hall
- Thursday Breakfast and General Session Speaker Chris Fisher
- Coffee breaks throughout each morning
- Complimentary WiFi in the Exhibit Hall, General Sessions, & Educational Workshops

The 10th Annual Oliver Technologies, Inc. Golf Tournament on Monday afternoon, April 28th and Tuesday’s MHI-National Communities Council Spring Forum, April 29th are available for additional fees.

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PHOENIX CHAPTER CHARITY EVENT

This past Holiday Season, the Phoenix Chapter members, led by Chapter President Brian Brastad, collected donations of much needed supplies for the Area Agency on Aging / DOVES program. DOVES President & CEO, Mary Lynn Kasunic, sent the following letter in appreciation.



January 6, 2014

1366 East Thomas Road

Suite 108

Phoenix, AZ 85014

PHONE

(602) 264-2255

FAX

(602) 230-9132

E-MAIL

doves@aaaphx.org

Brian Brastad
CAVCO Home Center
8355 E. Main St.
Mesa, AZ 85207

Dear Brian:



On behalf of our DOVES[®] residents and the Area Agency on Aging, thank you very much for your recent donation of toiletries, paper goods, laundry and dish soap and other necessities to be used by the residents in DOVES[®] program. We are truly grateful for your support, enabling us to provide safety, shelter and services to older adults who are victims of domestic violence and elder abuse.

DOVES[®] provides a fresh start in life for older adults who would otherwise remain with their abuser because they have no other option available to them. Through this unique program, older adults receive the support they need to overcome trauma and live violence-free, many for the first time in their adult lives.

We know we cannot do this work alone, but with support from caring individuals and organizations in our community, we can continue to offer life-saving, life-changing services to older victims of abuse. Thank you again for your thoughtful donation. Please pass on our sincere thanks to all the members of your group who so generously donated these essential items.

Sincerely,

A handwritten signature in purple ink that reads "Mary Lynn Kasunic".

Mary Lynn Kasunic
President & CEO
Area Agency on Aging Director

FINANCIAL SERVICES COMMITTEE MEMBERS PRESS CORDRAY FOR MANUFACTURED HOUSING RELIEF

On January 28th, the House Financial Services Committee held a hearing reviewing the regulatory activities and operations of the Consumer Financial Protection Bureau (CFPB). CFPB Director Richard Cordray, provided committee members with an update on the Bureau's mortgage rulemaking. He was pressed by committee Republicans on the agency's large-scale data collection efforts and budget expenditures made relative to upgrading the department's headquarters office building.

Led by Rep. Stephen Fincher (R-TN), several members scrutinized Director Cordray over the impact CFPB rules would have on the manufactured housing market. The Bureau's treatment of manufactured housing was a theme echoed throughout the hearing. Ten committee members, on a bipartisan basis, specifically urged Cordray to continue working the manufactured housing industry to resolve key lending issues. All requested that Cordray go back to representatives of the industry to resolve issues or institute a (retroactive) delay in the rules for manufactured housing (as requested by Rep. Fincher).

Ranking Member Maxine Waters (D-CA) is included among those that spoke in support of the industry's concerns. Others included: Reps. Spencer Bachus (R-AL), Joyce Beatty (D-OH), Bill Clay (D-MO), Keith Ellison (D-MN), Greg Meeks (D-NY), Steve Pearce (R-NM) and Terri Sewell (D-AL).

This public demonstration of Congressional concern would not have happened were it not for the bipartisan support the industry has worked to garner for legislation that provides regulatory relief to the manufactured housing market. MHI will continue to press on these issues of critical concern to the industry. Click on the links below to watch the hearing or read the synopsis of the full hearing.

Hearing: <http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=367345>

Synopsis: <http://www.manufacturedhousing.org/webdocs/012814%20HFSC%20hearing%20synopsis.pdf>

2014 NATIONAL INDUSTRY AWARDS

Enter the 2014 Land-Lease Community and Retail Sales Center of the Year and Manufactured and Modular Home Design Awards through MHI's Online Awards System

Click here to enter or view information on the 2014 Land-Lease Community and Retail Sales Center of the Year and Manufactured and Modular Home Design Awards. Through the online system, you can enter the National Industry Awards competition, find eligibility information and submission requirements, view the contest rules, pay entry fees, and upload all of your entry files for judging online. The deadline for submitting entries, paying the fees and submitting materials online for judging is March 12, 2014.



Please note the following membership requirements for entering the competition:

- Manufacturers that enter the Manufactured and Modular Home Design Awards competition must be a member of the Manufactured Housing Institute (MHI).
- Retailers and Communities that enter the Awards must be a member of the state association of the state where the sales center is located.

2014 SPENDING BILL PASSES CONGRESS: INCLUDES MANUFACTURED HOUSING PROVISIONS

As was widely reported in the press in mid-January, Congress passed and the President signed into law (P.L. 113-76) an omnibus spending package for the federal government for fiscal year 2014. The legislation keeps the government operating for the next year and avoids the shutdowns and sequesters experienced in the previous fiscal year.

There were several provisions in the bill related to manufactured housing.

While the legislation provides for the salaries and expenses at the Office of Housing, appropriators also added important MHI-backed language relative to the industry:

... that the Secretary shall ensure that an administrator of the Office of Manufactured Housing has been selected and begun such administration within 120 days of enactment of this Act: Provided further, That the funds made available under this heading shall be reduced by \$50,000 for each day that the Department is in violation of the previous proviso and any such funds shall be rescinded.

With the inclusion of this language into the Omnibus, Congress is putting pressure on HUD Secretary Shaun Donovan to get an administrator in place – quickly. In the event Secretary Donovan fails to do so, his budget will be reduced \$50,000 a day. With this language in place, MHI will continue its efforts to lobby HUD to appoint an Administrator to fully implement the manufactured housing program.

The legislation also provides up to \$7,530,000 for the necessary expenses to operate the Manufactured Housing Program. \$6,530,000 is to be derived from the Manufactured Housing Fees Trust Fund and \$1,000,000 from the government’s general fund. The law also requires HUD to modify fees collected under the Act as necessary to ensure the FY2014 appropriation of up to \$7.5 million. Additionally, the bill specifies that HUD may collect fees from any program participant for the installation and dispute resolution programs.

Finally, the report accompanying the Omnibus directs the Department of Energy to work closely with HUD, the industry and tenant groups in developing energy efficiency standards for manufactured housing, as mandated by the Energy Independence and Security Act of 2007 and “that any proposed standards take equally into account the up-front cost of housing as well as lifecycle operating costs.”

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For more information on our programs and services, please contact:
Jean Lewis | 866.595.7228 x.6215 | jlewis@sacu.com



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THE IMPACT OF DODD-FRANK ON THE MH INDUSTRY

NOTE: This article was previously emailed to Members in January

Disclaimer: The information in this newsletter is being provided to you for your information only. This information is not intended, and should not be construed, to be legal advice. Before taking action based on this information, you are strongly encouraged to consult with a qualified legal professional to whom you have provided all pertinent facts and information as to your individual situation. There is no guarantee to the timeliness, completeness or accuracy of the information contained herein.

Background on Dodd-Frank's Loan Originator Compensation Rule



New rules effective Jan. 1, 2014, implement the Dodd-Frank Act, federal legislation aimed, in part, at protecting consumers from financial problems relating to home mortgages. One of the new rules relates to loan originator compensation (“LO Comp Rule”). Similar to the SAFE Act, which deals with state mortgage loan originator licensing, the LO Comp Rule deals with loan originators. Think in terms of the SAFE Act dealing with the mortgage activity that requires a license and the LO Comp rule impacting a wide range of activities that subject you and your business to additional federal regulation. The activities regulated by each law are not the same.

First, the LO Comp Rule applies to both individuals and entities. By contrast, the SAFE Act’s MLO licensing requirements apply only to individuals. Second, the LO Comp Rule’s coverage is determined by federal law, while SAFE Act licensing requirements are determined by state law. As a result, the determination of whether you are a MLO required to be licensed under the state SAFE Act is separate and apart from the determination of whether your activities are governed by LO Comp Rule. While it is a separate analysis, if an individual is a loan originator under the Rule, the individual will likely need to be licensed as a mortgage loan originator under the SAFE Act’s licensing, testing, and continuing education requirements.

The LO Comp Rule defines specific activities that make an individual or entity a loan originator and contains restrictions on compensation for covered individuals and entities. Furthermore, if a retailer or its employees engage in LO activities, the compensation paid to the retailer for loan origination activities is included in the “points and fees” calculation for determining whether a loan is a high-cost mortgage and whether the loan is a qualified mortgage.

Finally, the compensation received by the individual and retailer would be subject to the Rule’s compensation restrictions. **You do not want to be considered a loan originator unless you do so knowingly and purposefully.**

Even if your salespeople are independent contractors, you are liable if they violate the rules, and you may be considered a loan originator organization.

(Continued on Pages 10 - 13)

THE IMPACT OF DODD-FRANK ON THE MH INDUSTRY (CONTINUED)

What Does the LO Comp Rule Mean?

The CFPB revised the LO Comp Rule as part of a series of new regulations applicable to the mortgage industry. The new LO Comp Rule, along with the other regulations, are aimed at preventing perceived abuses in the mortgage industry that contributed to the recent financial crisis.



Consumer Financial
Protection Bureau

Much of Dodd-Frank, as well as its implementing regulations, deals with how creditors and servicers will make, underwrite and service loans. Since those issues are beyond the control of retailers in our industry, they will not be addressed here. Each creditor is making its own arrangements on how to deal with Dodd-Frank and those with whom you have done business will be in touch with you. We have been told that creditors are considering the development of a common, generic loan application form that will be accepted by many creditors to avoid steering and referral issues.

The LO Comp Rule is designed to protect consumers by reducing incentives for loan originators to steer consumers into loans with particular terms and by ensuring that loan originators are qualified.

Keep this in mind: ***Employees of a manufactured housing retailer are not LOs under the LO Comp Rule if they do not take applications, offer or negotiate credit terms, or advise a consumer on credit terms.***

Credit terms mean rates, fees and other costs. Credit terms are selected based on the consumer's financial characteristics when those terms are selected based on any factors that may influence a credit decision, such as debts, income, assets or credit history. If a retailer or its employees are considered LOs under the LO Comp Rule, here are some clear rules about what a retailer and its employees **cannot do**:

- Be compensated based on transactions terms, except the loan amount.
- Be compensated by both the creditor and a consumer or another party.

The following page (Page 10) includes an Executive Summary and includes a few things a Dealer or Salesperson can do under the LO Comp Rule and things a Dealer or Salesperson must avoid saying or doing.

Page 11 is a more comprehensive list of activities that **may be** conducted by a retailer's employee without the employee being considered a loan originator.

Page 12 is a more comprehensive list of activities that **must not** be conducted by a retailer's employee without the employee being considered a loan originator.

(Continued on Page 11)

THE IMPACT OF DODD-FRANK ON THE MH INDUSTRY *(CONTINUED)*

Executive Summary

Under the LO Comp Rule, a Dealer and Salesperson **can**:

- Describe the loan process to a customer
- In response to an inquiry from the consumer, describe what credit language and terms mean
- Give general application process instructions
- Provide the consumer with a list of lenders likely to make manufactured housing loans
- Allow lenders to advertise their products in the retailer's office as long it is done in a neutral manner
- Discuss sales information with lender personnel
- Administer the loan closing, but scheduling the closing must be done by the lender
- Pull a consumer's credit report but for only sales related proposes such as whether they are a bona fide prospect.
- A community can pull a credit report for residency qualifying proposes only.

You Can Say:

"Lenders offer rates as low as 3 percent to qualified customers."

A Dealer or Salesperson who wants to avoid violating the LO Comp Rule **must not**:

- Discuss credit terms that may be available from a creditor or loan originator based on the consumer's financial status.
- Tell a consumer a specific interest rate that can be offered.
- Answer direct questions that would sway a consumer to choose a creditor or loan originator. For example, you cannot respond to questions such as, "Which lender is best? Which lender would you use? Which lender will make my monthly payments lowest?"
- Provide an application form for only one creditor.
- Quote rates, fees, costs, payments, required down payments or other credit terms that may be available for loan products that are offered by creditors.
- Assist a consumer in selecting which credit terms to choose or which loan product to choose when he or she has obtained multiple approvals.
- Advertise estimated monthly payments; that the retailer can provide or help find financing; or terms dealing with rates.
- Have signs that discuss the ease of getting financing.

Avoid saying:

No credit, no problem - Buy here, pay here - No credit check financing - Your land is your down payment

(Continued on Page 12)

THE IMPACT OF DODD-FRANK *(CONTINUED)*

What is Permissible?

Here are some activities that **will not** make an employee a Loan Originator under the LO Comp Rule:



- Generally provide credit application instructions to consumers so that consumers can complete an application, such as describing the meaning of the terms: “assets, primary residence, monthly income, declarations (legal terms such as bankruptcy, alimony) liabilities and recurring debts.” When providing application instructions, you should avoid the appearance that you are telling the customer what information to put on the application.
- Generally describe the credit application process without advising on credit terms.
 - The lender, with your approval, will pull your credit report to let them understand your financial profile.”
 - The lender will need to verify your income sources and employment.”
 - The lender will take your income, job and debt information and evaluate whether you might qualify for their loan.”
- In response to an inquiry, describe credit language and what those terms mean, such as what is an interest rate, what is the APR, or the meaning of common fees in a transaction.
- Provide general application instructions to consumers so they can fill out their applications and highlight on the application the places they need to complete. Answer specific questions asked by the consumer about the application process as long as the responses do not deal with credit specifics or in any way direct a consumer to, or influence a consumer to choose, any creditor or loan originator.
- Provide to the consumer a list of creditors that likely will make manufactured housing loans in the general area. When compiling a list of potential lenders, do it by alphabetical order and hand that list with the fax numbers, addresses, website addresses and email addresses for lenders and loan originators to the consumer.
- Allow lending institutions to advertise their products within the retailer’s offices through flyers and brochures as long as it is done in a neutral manner and does not rise to the level of referral or steering.
- Discuss sales related details with creditor personnel.
- Administer loan closing, including making sure the borrower has signed all forms contained in the closing packet. However, a retailer employee cannot arrange/schedule the closing and should not discuss credit terms or answer question relating to credit terms at the loan closing. A duly licensed MLO employed by the lender should be available in person or by telephone during the loan closing to answer the borrower’s questions.
- Pull a consumer’s credit report for sales-related purposes, such as qualifying a customer for a sale by matching a customer with the correct home and determining whether the customer is a bona fide prospect, but not credit related purposes. A retailer employee should not pull a consumer’s credit report to direct the consumer to a particular lender or loan terms or use it to determine what credit terms may be available. The retailer employee also should not use the contents of the credit report to determine the names of available lenders that the retailer employee will provide to the consumer. When obtaining a credit report, it is advisable that you have the consumer’s prior signed authorization and that you not provide the consumer with a copy of the credit report. The authorization instructions may include instructions to the consumer on how the consumer can pull his or her own credit report.
- A community may still pull a consumer credit report for residency qualifying purposes. Again, it is advisable that you have the consumer’s prior written signed authorization.
- A consumer may go to a lender’s website from your office and fill out the lender’s application; however, the consumer should transmit the application to the lender.

(Continued on Page 13)

THE IMPACT OF DODD-FRANK *(CONTINUED)*

What You Cannot Do!

Without being considered a Loan Originator under the LO Comp Rule, a retailer's employees cannot:



- Fill out a loan application, or in any way physically assist the applicant in filling out the application. Two interpretations of this rule should make it clear. You cannot fill out an application form for a blind customer; you cannot provide a foreign language translator that completes an application form for a person who does not speak English. You can, however, provide a translator for a non-English speaker, but they cannot fill out the forms.
- Input application information into an online application or other automated system.
- Take a loan application over the phone and then put that information into a form to be sent to a creditor or email a completed application to a creditor that the customer completed on the retailer's computer.
- Discuss specific terms of a loan.
- Present credit terms for the consumer's consideration that are selected based on the consumer's financial characteristics, or communicate with a consumer for the purpose of reaching a mutual understanding about prospective credit terms. This means a creditor or loan originator, as opposed to a retailer or its employees, should provide credit approvals with credit terms to the consumer in the first instance.
- If a bank owns the home and offers a special financing package for you to transmit to consumers, you will be in violation of the act if you do so because that could be seen as offering credit terms and steering.
- Don't arrange/schedule loan closings with consumers. Retailer employees can still administer a loan closing and make sure the consumer properly completes all forms in a closing packet; however, the lender, not the retailer employee, should discuss credit terms and answer a borrower's questions relating to credit terms at closing. A duly licensed MLO employed by the lender should be available in person or by telephone during the loan closing to answer the borrower's questions.
- Direct, refer or steer a customer to any creditor or loan originator.
- If you are a dealer and have an in-house MLO, then you can recommend your own MLO to the consumer, just like any other lending institution, but your loan originator cannot "steer" a consumer to a loan based on the fact that the loan originator will receive greater compensation from the creditor in that transaction than in other transactions the originator offered or could have offered to the consumer, unless the consummated transaction is in the consumer's best interest. There are detailed rules about what loans would be in the consumer's best interest. In this situation, the MLO and non-MLO need to be employees of the same entity and the non-MLOs cannot make the referral based on an assessment of the consumer's financial characteristics. The non-MLO should also not discuss credit terms that are or may be available.
- Negotiate terms of the loan.
- Ask for or collect consumer information such as the customer's debts, income, assets, or credit history for the purpose of determining his or her financial characteristics to then select credit terms or the creditors or loan originators that you will provide information about to the consumer.
- Examine the consumer's credit history.
- Discuss credit terms that may be available from a creditor or loan originator based on the consumer's financial status.

(Continued on Page 14)



Initial Meeting with Customer



- Meet & Greet
- Feature Benefit Homes
- Collect Customer Information
- Discuss Prices
- Discuss Home Installation

- Discuss Credit Terms that Might be Available
- Promote buy here, pay here or other lending aspects
- Display signs about the ease of getting financing
- Discuss Credit Terms based on the Customer's Information
- Advertise monthly payments



Later On with Customer



- Pull a Credit Report for Sales Purposes Only
- Give List of Likely Lenders to Make MH Loans
- Describe the Loan Process
- Give General Loan Process Instructions
- Allow Lenders to Display their Information in a Neutral Manner

- Tell a Customer What specific interest rates from lenders are available
- Provide an Application Form From Just One Lender
- Quotes, rates, fees, downpayments or other Credit Terms
- Discuss which Lender is Best



After Customer Has Signed the Purchase Contract



- Administer the Loan Closing such as making sure all document are signed

- Schedule the Closing (the lender must do this with the customer)



CALENDAR OF EVENTS

MARCH

4th Northwest Chapter Meeting, 6:00 pm
 Calico's Restaurant, 418 W Bealle, Kingman
 Shane Willson, Chapter President
prestigehomes@citlink.net

APRIL

2nd Tucson Chapter Meeting, 6:30 pm
 Old Pueblo Grille , 60 North Alvernon
 Scott Townsend, Chapter President
stowndsend@westernamericanhousing.com

Visit our website www.azhousing.org for an archive of past newsletters, shipment reports and other information!

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