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White House Announces New Actions to
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and more!



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During Joe Biden's latest State of the Union address many issues were discussed but Biden, who owns no mobile home parks, did not really reflect the opinions of mobile home park owners so we wanted to put together this official rebuttal of the President's remarks.



- **12 million new jobs and a low unemployment rate.** Good news for park owners, as high levels of employment mean plenty of customers who can afford to pay rent. Of course, this statistic is somewhat misleading, as it's not just about the creation of jobs but rather the creation of higher paying jobs, which did not actually materialize. In fact, roughly 218,000 of the roughly 500,000 jobs added in January were in the low-paying hospitality sector. This is particularly good news for mobile home park owners as the sectors that represent the bulk of mobile home park resident jobs have shown the most gains, including hospitality, food production, transportation, and similar venues. While high-paying tech companies lay off by the thousands, these are not mobile home park customers.
- **Inflation.** There are only two types of assets that do well in times of high inflation: 1) precious metals and 2) real estate. Of these two, real estate pays monthly dividends while precious metals do not. And of the real estate options, mobile home parks are the superior choice in times of high inflation for two main reasons including 1) the ability to raise rents aggressively to match increases in costs thanks to moms and pops "quantitative easing" rents by refusing to raise them for decades despite

the level of inflation and 2) the endless demand for affordable housing which is essential as high inflation typically leads to a recession or depression.

- **The infrastructure bill.** This is great news for park owners as the infrastructure bill disproportionately benefits the "rust belt" and similar markets where mobile home parks frequently can be found and need a shot in the arm. Additionally, the top industries that will receive big orders to rebuild worn-out infrastructure are such employers as John Deere and Caterpillar, which are in the states where there are a lot of parks and hire a lot of park residents.
- **Gun violence.** This is not a real issue for mobile home park owners as most mobile home parks are in suburbs and exurbs and not in urban centers where gun violence actually is an issue.
- **Fentanyl crisis.** This is a serious issue and one that needs to be addressed. It's not currently. But everyone hopes it will be.
- **Invasion of Ukraine.** America's approach to the Ukraine war is to supply it with endless weapons. Those weapons are built in factories. Those factories are mostly located in Texas, which is the largest military contractor state. Texas also is #1 in number of mobile home parks, and those parks directly benefit from all those munition orders.
- **Debt ceiling crisis.** America is over \$30 trillion in debt, which works out to the unsustainable amount of nearly \$100,000 per person. Considering the fact that less than 50% of Americans pay any taxes at all, the burden per actual taxpayer is around \$200,000 per person. Nobody has an actual plan to fix this. As a result, America's decline will be endless, and recessions will continue as a continual factor in U.S. living. This means an endless demand for affordable housing since Americans - whether they like it or not - are becoming poorer on a daily basis, and unable to pay current housing prices.

Of course, this is just the State of the Union from a park owner's perspective. But if you're looking at buying and operating a mobile home park, that's all that matters. And if you want to learn the correct way to identify, evaluate, negotiate, perform due diligence on, renegotiate, finance, turn-around and operate there's no better source than the

The State of the Union Rebuttal Cont.

guy the New York Times calls “the human encyclopedia of all things mobile home park”: Frank Rolfe. He sees the world from only one perspective and that’s the only one that should be important to you if you are serious about getting into the mobile home park business.

Frank Rolfe has been a manufactured home community owner for almost two decades, and currently ranks as part of the 5th largest community owner in the United States, with more than 23,000 lots in 28 states in the Great Plains and Midwest. His books and courses on community acquisitions and management are the top-selling ones in the industry. To learn more about Frank’s views on the manufactured home community industry visit the CREU University.



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5 Mistakes to Avoid in Small Claims Court

By Cynthia Schmidt

Even the most cautious landlord can end up with a tenant who does not pay their rent and does damage to the rental property that exceeds the security deposit. When renting your investment property, you should always plan ahead so that you are prepared for the eventuality that you need to sue a tenant for damages.



To help you win your case against an errant tenant, you should be careful to avoid the following five common mistakes many landlords make when they take a renter to small claims court.

Mistake #1. Failure to have a move-in checklist at final inspection with the new tenant.

The landlord and tenant should walk through each room to evaluate the home's condition. They both must sign the move-in checklist and the new tenant receives a copy. When the landlord sues for damages above the security deposit, the judge will want to know the condition of the rental. Presenting the signed checklist gives the judge a more detailed review. You can download the American Apartment Owners Association's [free move-in/move-out checklist here](#).

Mistake #2. Filing the small claims case without sending a Demand Notice prior.

Before the landlord files the Small Claims Complaint and Summons, a Demand Notice needs to be sent to the tenant by certified mail. The Demand Notice will state the amount of money owed and gives the tenant 30 days to respond. If the former tenant fails to pay, a Small Claims case will be filed. The Demand Notice should be sent to the last known address on record.

Mistake #3. When suing for back rent, the landlord fails to add an extra month.

The former tenant failed to submit a 30-day written notice before the due date. Some states require a 60-day notice to end a tenancy, which would add two month's rent onto the original amount. This is a big one because you could be leaving money on the table.

Mistake #4. No plan in place for how to present pictures to the judge.

Many times, I have witnessed the litigants bombarding the judge with pictures of the damages. Reduce the pictures to a minimum and zero in on the specific damage. Present the pictures in the order that makes most sense. We do not want the judge to get confused or frustrated.

Mistake #5. Not bringing a witness to the small claims hearing when suing for damages.

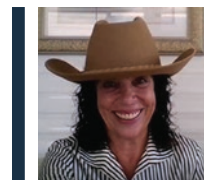
The party bringing the action has the burden of proof. After the tenant moves out, the landlord must present pictures and receipts of the damages. The judge can make a clearer decision if there is a witness to the damages, such as a maintenance professional.

Conclusion

If you follow these five simple steps, in addition to conducting a thorough tenant credit report and background screening, you will have a better chance of recouping the money owed to you.

This is exactly why your membership in the American Apartment Owners Association (AAOA) is so important. With more than 139,500 members nationwide, AAOA offers an innovative approach to managing properties. As the nation's largest landlord organization, a variety of services to assist with new applicants including [tenant screening](#) and state-specific landlord forms. [Contact us](#) today to learn more.

This article originally appeared in the American Apartment Owners Association's [RENT Magazine](#).



Cynthia Schmidt
Founder
[Collect Back Rent LLC](#)

*Cynthia has been a landlord for 30 years with over 500 tenants. After going through several evictions and successfully collecting court judgments herself, she started buying court judgments. Since then, she has made over \$250,000 in judgment collection and today shares her collecting tips with thousands of landlords. Read Cynthia's latest book, *Ultimate Rent Collection and Judgment Recovery Manual* to learn how you can collect the money tenants owe you.*



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Texas Manufactured Housing Closes Year on Cool Note, but Optimism Grows for 2023

By Wil Ferguson
ManufactureHomes.com



The Texas manufactured-housing industry ended the year on a low note, according to the latest Texas Manufactured Housing Survey.

Respondents unanimously noted a decrease in business activity relative to November. The industry extended a year-long pullback on production as higher interest rates shocked demand and reset the housing market more broadly.

"Housing manufacturers are still grappling with decreased demand, forcing them to cut payrolls and reduce workweeks," Wesley Miller, senior research associate at the Texas Real Estate Research Center, stated in a press release. "Inventories are building up on the retail side, resulting in fewer orders for manufacturers until more homes are moved."

Despite ongoing monetary tightening by the Federal Reserve and recessionary concerns, survey respondents are more confident regarding the next six months.

"As Texas population continues to grow, so will the market for manufactured housing," TRERC Research Economist Dr. Harold Hunt stated in the press release. Although manufactured-housing sales aren't currently as robust as they have been, the state will always have a need for affordable housing."

The TMHS reflected the optimistic outlook, with the future sales index increasing from 40 to a record-high of 78. The survey's future general-activity index reached its second-highest value at 68.

Housing manufacturers plan to ramp up production and hiring activity to respond to the rebound. Additionally, supply-chain smoothing, and input-price stabilization contributed to the industry's optimism.

Proposed regulatory requirements, however, remain a constant concern for TMHS respondents heading into 2023.

"Manufacturers have five more months to prepare for the Department of Energy's new conservation standards and the Environmental Protection Agency's updated Energy Star program requirements," Rob Ripperda, vice-president of the Texas Manufactured Housing Association, stated in a press release. "These adjustments require a lot of retooling, design updates, new materials sourcing, and a host of other process changes for each of Texas' 26 manufacturing plants. The final impact on construction costs is unknown."

Funded by real estate licensee fees, TRERC was created by the state legislature to meet the needs of many audiences, including the real estate industry, instructors, researchers, and the public.

SOURCE: Odessa American, Texas



Texas' Housing Manufacturers Ready for a Rebound

By Bryan Pope

COLLEGE STATION, Tex. (Texas Real Estate Research Center) - Manufactured housing sales have slumped for 15 consecutive months, according to the Texas Manufactured Housing Survey (TMHS), but the latest data indicate improvements on the horizon.



"Supply-chain disruptions and surging demand in 2021 and early 2022 forced housing manufacturers to turn customers away due to capacity constraints," said Wesley Miller, senior research associate at the Texas Real Estate Research Center (TRERC). "The tables turned in April of last year when demand dropped in response to higher interest rates. Manufacturers slowed production and subsequently shrank payrolls."

While sales and production remained subdued in January, expectations elevated for the third straight month, and the TMHS business-activity index swung 60 points upward—its largest monthly movement in either direction since the survey started in June 2020.

"The supply chain has been steadily improving over the last six months," according to TRERC Research Economist Dr. Harold Hunt. "Freight and fuel costs have dropped, although we are seeing fuel prices rebound slightly as of late."

The TMHS corroborated these developments through consistent decreases in the supply-chain disruptions and raw-materials price indices.

"Mortgage interest rates have also come down from their highs, and the combination of these factors are contributing to the recent optimism," said Hunt.

Despite improved sentiments regarding macroeconomic factors, housing manufacturers are increasingly concerned about regulatory costs and the impact on their operations.

"The Department of Energy's (DOE) efficiency standards for manufactured homes are scheduled to go into effect May 31 of this year," said Rob Ripperda, vice president of the Texas

Manufactured Housing Association. "The Department of Housing and Urban Development (HUD), however, administers the manufactured-housing program and opted not to recommend the wholesale adoption of the DOE standards into the HUD code."

Ripperda said the Manufactured Housing Consensus Committee (MHCC) instead proposed energy efficiency updates that more appropriately considered the cost impacts of the changes and preserved the program's statutory obligation to affordability. He said that with MHCC submitting recommendations, HUD is expected to draft and publish proposed rules that will process through the formal comment and finalization periods.

"There is little chance that all those steps occur before the May 31st implementation deadline," Ripperda said, "and members of Congress are calling for DOE to delay implementation and to work directly with HUD to ensure the standards between the two agencies are not contradictory."



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Thousands of pages of data are available at the Center's website. News is available in our twice-weekly electronic newsletter RECON, our Real Estate Red Zone podcast, our daily NewsTalk Texas feed, on Facebook, on Twitter, on LinkedIn, and on Instagram. To request a free press subscription to our quarterly flagship periodical TG magazine.

From the TRERC news release #11-0223.

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The Topic that Nobody Wants to Talk About

By Ben Ivry

There are a huge number of news stories online regarding manufactured home communities. Most of them complain about owners raising rents. Others are about properties that are being torn down for redevelopment and displacing residents. Still others illuminate communities that are needing extensive capital improvement and can't provide reliable utilities until that's accomplished. The problem is that all these topics share the same grassroots theme. And the media refuses to acknowledge it, because it's not the narrative that they want you to hear. But it needs to be heard.

Real estate has two components. The earth and what sits on top of it. While dirt makes the steady foundation for all the other uses, structures can be built or torn down with ease, and what sits on land is in a constant state of flux. Everyone can think of a prime corner that has been farmland, a drive-in theater, and now serves as a Home Depot. In each reiteration, that land takes on a new identity in search of more profitable use. And every piece of property in the U.S. has that freedom of opportunity, as long as zoning allows for it.

Mobile home parks are no different. In fact, they make for excellent redevelopment parcels. They typically have great road frontage, good locations and are just the right size in acres for a number of competitive uses. They may be parking lots for mobile homes today, but they can easily be a Lowe's or an apartment complex or a strip center tomorrow. And re-zoning is not a problem, as most city governments would love to eradicate each and every manufactured home community from their city limits.

Which brings me back to the basic problem that nobody wants to talk about. And that's the simple fact that lower mobile home park lot rents increase the likelihood of both redevelopment and parks not being able to provide basic infrastructure needs. And higher lot rents reduce the risk of redevelopment and utility problems. You can't have it both ways. And that's a tough message for the media to swallow. Because it's hard to get behind a concept and push really hard, when you know that by pushing that button, you self-destruct the housing for millions of Americans.

Take the case of Oak Hill Mobile Home Park in Belton, Missouri: <https://www.kmbc.com/article/belton-missouri-mobile-home-park-residents-ask-for-help-after-receiving-notice-to-move/40157975> It needs lots of work, and suffered from low lot rents. And now it's being demolished. How could Oak Hill have been saved from the wrecking ball? Well, higher lot rents would have gone a long way to deter owners from changing its usage. And higher rents would have also allowed for renovation of



critical infrastructure systems. But instead, this longtime home to many households goes back into the mix as raw land looking for a new, more profitable, future.

Is there no narrative in which mobile home park owners can be publicly shamed and beaten into submission to keep their rents low without running the risk of lowering resident quality of life and creating a pathway to redevelopment? No, there really isn't.

There are basic truths in life that cannot be negotiated. And one is that lower rents are not sustainable, and without higher rents mobile home parks come crashing down after years of poor living conditions. Trying to fight this basic tenet is a waste of time. Instead, the media should embrace it and work within those confines. There are many ways to improve the lives of manufactured home community residents, but they all require higher lot rents. And there's nothing wrong with that. Let's explore what can be done if you simply accept the natural order of economics.

There is a point in lot rents in which there is adequate cash flow to cover basic needs of maintaining infrastructure as well as providing a high enough return to ensure that mobile home parks stay in that exact use category. Once this level is achieved, then lot rents only rise with the rate of inflation, just like every other product in America. The key is to find that point of equilibrium and to better explain to residents why it's important for their need of a nice place to live and preventing them from being ousted for redevelopment.

Mobile home park lot rents are ridiculously low in the U.S. The average lot rent is thought to around \$300 per month at a time when apartment rents are nearing \$2,000. And at a moment when home prices are nearing \$400,000. That can't go on. And the only reason that it exists is because mom and pop owners did not raise them to meet inflation over the

The Topic that Nobody Wants to Talk About Cont.

decades. Case in point: the average lot rent in the U.S. in 1950 – adjusted for inflation – would be \$500 per month in today's dollars.

That means that mobile home park residents were not taken advantage of, but were the beneficiaries of below-market housing costs for decades due to the benevolence of mom and pop owners. But that can't continue forever. The time has come for the rents to go up substantially, and the big beneficiaries of those increases are, once again, the residents who will enjoy a higher quality of life and have a permanent home.

If manufactured home community rents doubled – which they most definitely will in the years ahead – then they will still amount to one of the greatest bargains in the history of housing. They will provide privacy, a yard, and a sense of community at a price 75% less than apartments. They are the only form of affordable detached housing in the U.S. and their owners should be celebrated, not pelted with stones.

The manufactured home community business has a bright future. Rents will definitely be going up. Old properties will be brought back to life. And those properties that raise rents to necessary levels will be safely out of reach from redevelopment. But it all begins with accepting the simple law of economics. This industry must spread the message to the media and politicians to make residents understand and embrace it. It's time to discuss the topic that nobody wants to talk about.



Ben Ivry has written for The Economist, The Wall Street Journal, Newsweek, Time, The New York Times, Bloomberg.com, and The Washington Post.

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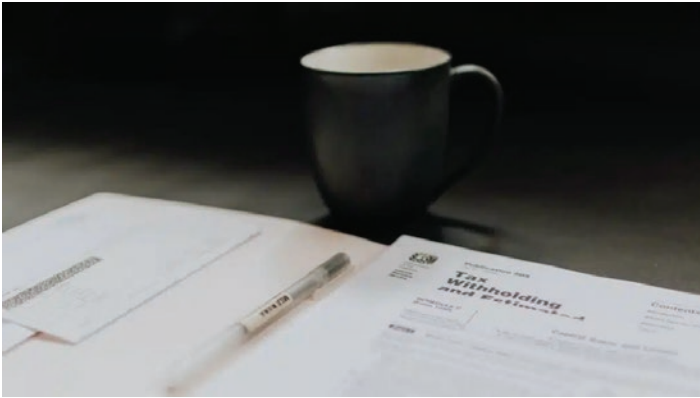
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Real Estate Tax Forms You Didn't Know You Needed

By Cody Rudolph,
[AZIBO](#)

Learn about these often-overlooked real estate tax forms, including when they might be able to save you money.



You've worked hard to make it in real estate. And wouldn't it be nice if Uncle Sam cut you some slack every now and then?

Good news – you might be able to save a bundle in taxes using real estate tax forms that many people ignore (or haven't even heard of till now).

In this article, we'll share some of our favorite, often overlooked real estate tax forms, as well as explain what they are, who they're for, and give examples of how they might be used.

Form 8582

Form 8582 is used by real estate professionals to report passive activity losses and credits from rental properties.

Who is it for?

Real estate professionals, agents, and brokers.

Example of Form 8582 in use:

Jane is a real estate agent who owns several rental properties. She rents out a duplex, a triplex, and a single-family home. During the year, Jane earns a total of \$50,000 in rental income from all three properties, but she also incurs \$60,000 in expenses, including mortgage interest, property taxes, and repairs. As a result, Jane has a passive activity loss of \$10,000 from her rental properties (\$60,000 - \$50,000).

To report this information to the IRS, Jane would use Form 8582. On the form, she would report the rental income and expenses for each property, as well as any passive activity losses. If Jane has no passive income, she can only offset \$25,000 of the passive losses against her ordinary income in the current year – any remaining loss will be carried forward

to offset passive income in future years.

Form 8824

Form 8824 is used to report like-kind exchanges of real property. A like-kind exchange allows a taxpayer to defer paying taxes on the gain from the sale of a property by using the proceeds from the sale to purchase a "like-kind" replacement property. This is often used by real estate investors to trade up to a more valuable property without paying taxes on the gain from selling the original property.

Note: This form is used in a 1031 Exchange.

Who is it for?

Real estate investors.

Example of Form 8824 in use:

Mike is a real estate investor who purchased a rental property for \$200,000 many years ago. The property has appreciated significantly in value and is now worth \$500,000. Mike is interested in trading up to a larger rental property that will generate more income, so he finds a suitable replacement property that he wants to purchase for \$600,000.

Instead of selling the original property and paying taxes on the \$300,000 gain (\$500,000 - \$200,000 original purchase price), Mike chooses to do a like-kind exchange and use the proceeds from the sale of the original property to purchase the replacement property. To report this exchange to the IRS, Mike would file Form 8824, which includes information about the properties involved in the exchange and the amount of gain deferred.

Form 8993

Form 8993 is used by Qualified Opportunity Funds (QOFs) to report their investments in Qualified Opportunity Zones, which are designated low-income communities that are eligible for certain tax benefits to encourage investment. Learn more about this and other [government incentive programs](#).

Who is it for?

Real estate investors, non-profit organizations, etc.

Example of Form 8993 in use:

David is a real estate developer who wants to invest in a Qualified Opportunity Zone (QOZ) to take advantage of the tax benefits. He sets up a Qualified Opportunity Fund (QOF) and raises \$1 million from other investors to invest in a QOZ-designated property.

David uses \$500,000 of the fund's capital to purchase a

Real Estate Tax Forms You Didn't Know You Needed Cont.

commercial building in the QOZ and makes \$200,000 in improvements to the property. The QOF holds the property for at least ten years.

At the end of the ten years, the QOF sells the property for \$800,000 and distributes the proceeds to the investors. The QOF also files Form 8993 to report the investments made in the QOZ and the gains or losses from the sale of the property.

Form 5695

Form 5695 is used to claim credits for certain energy-efficient property improvements made to rental properties. These credits encourage property owners to make energy-efficient upgrades to their buildings, such as installing solar panels or upgrading heating and cooling systems.

Who is it for?

Real estate investors and developers.

Example of Form 5695 in use:

Cheryl is a landlord who owns a rental property that she wants to make more energy-efficient. She installs solar panels on the roof of the building and replaces the old heating and cooling system with a new, more energy-efficient one. The total cost of the upgrades is \$30,000.

Cheryl can claim a credit for the cost of the energy-efficient property improvements on her tax return by using Form 5695. On the form, she would report the cost of the upgrades, as well as the type and size of the property and the type of upgrades made.

Form 1065

Form 1065 is used by partnerships to report their income, gains, losses, deductions, and credits to the IRS. It is used to report the partnership's financial activity for a given tax year, and it is used to calculate each partner's share of the partnership's income, which they will report on their own individual tax returns.

Who is it for?

Real estate investors in a partnership.

Example of Form 1065 in use:

Jack and Jill are business partners and own a rental property business. They form a partnership for the rental properties and decide to divide the profits and losses equally. During the tax year, the partnership earned \$800,000 in rental income and incurred \$500,000 in expenses such as mortgage interest, property taxes, and repairs. The partnership's net income is \$300,000 (\$800,000 - \$500,000).

To report this information to the IRS, the partners would file Form 1065. On the form, the partners would report their rental income, expenses, and net income. They would also provide each partner's name, social security number, and their respective share of the partnership's income, deductions, and credits. Each partner would then use the information provided on their Schedule K-1 to report their share of the income on their individual tax returns.

Form 1040-ES

Form 1040-ES (Estimated Tax for Individuals) is used by



Real Estate Tax Forms You Didn't Know You Needed Cont.

individuals to estimate and pay their federal income tax quarterly rather than all at once when they file their annual tax return (Form 1040). If you expect to owe at least \$1,000 in taxes for the current year and your tax liability was not withheld from your salary or other income, you are required to make estimated tax payments.

Form 1040-ES is typically used by self-employed individuals, people with a lot of investment income, or those who expect to owe a significant amount of taxes. However, anyone who expects to owe \$1,000 or more in taxes and have yet to have enough tax withheld from their income can use Form 1040-ES to make payments throughout the year, so they don't owe a large amount when they file their annual return.

Who is it for?

Entrepreneurs.

Example of Form 1040-ES in use:

Samantha is a property wholesaler and expects to earn \$50,000 this year. She doesn't have any tax withheld from her wholesale earnings, so she expects to owe \$8,000 in taxes for the year (\$50,000 x 0.16 federal tax rate).

To avoid owing a large sum of taxes when she files her return, Samantha uses Form 1040-ES to calculate and make estimated tax payments every quarter. She estimates her income for each quarter and calculates the taxes she will owe based on her expected annual income and deductions. She then makes payments to the IRS each quarter, and by doing so, avoids any underpayment penalties and makes sure that her taxes are paid on time.

Form 1099-K

Form 1099-K is used to report certain types of payment transactions to the Internal Revenue Service (IRS) and the payee. The form is used to report payment card transactions, such as those made with credit cards or debit cards, and transactions made through third-party payment networks, like PayPal or Venmo.

Note: Not all third-party payment networks will issue a 1099-K, so it's especially important to track transactions. Learn more about the [tax implications of third-party payment apps](#), as well as the [pros and cons of collecting rent through Venmo](#) and the like.

Who is it for?

Entrepreneurs, independent landlords, and rental property owners.

Example of Form 1099-K in use:

John is a landlord who rents out a vacation home through an online vacation rental platform. He accepts payments from renters through the platform's online payment system, which includes credit card and electronic payment options.

During the year, John receives \$50,000 in rental income from the vacation home. The platform then issues John a Form 1099-K, reporting the total rental income received through the platform's payment system.

John uses the information on Form 1099-K to report the rental income on his tax return. He reports the total rental income from the vacation home, including the income reported on Form 1099-K and any other rental income received during the year. He also claims any related expenses, such as mortgage interest, property taxes, repairs, and [depreciation](#).

Best practices for real estate taxes

We hope you enjoyed our breakdown of some of the lesser-known tax forms – many of which could save you a lot of time and money come tax season. But we'd be remiss if we didn't recommend some "best practices" for handling your real estate taxes.

Firstly, ensure you stay on top of your bookkeeping – sloppy bookkeeping wastes time and causes frustration for you or your accountant and, worst case, legal trouble.

Secondly, always consult a certified tax professional before using any of these forms yourself. Some forms, like the 8893, have strict requirements to meet, and you'd benefit from the trained eye of a tax professional.

Looking for more ways to maximize your real estate tax benefits? Read AZIBO's blog post [5 Tax Tips Every Landlord Should Know](#).



Cody Rudolph is a real estate investor and digital marketing expert who writes about real estate investing, marketing, finances, software.

Azibo

Texas Manufactured Housing Producers Hope for a Spring Revival of Tanking Market

By [Maddy McCarty](#),
[Bisnow Houston](#)

Just 10 months ago, manufactured housing couldn't be cranked out fast enough to meet the demand of people looking for affordable homeownership.



Now, business activity in the sector has slipped for the eighth consecutive month amid rising interest rates, leaving industry insiders to pin their hopes on a spring turnaround.

According to the November edition of the Texas Manufactured Housing Survey, every manufacturer reported a decrease in month-over-month sales, while the survey's production index was in negative territory and its number-of-employees index dropped to its lowest level on record.



The slip is due to a market correction after a boom during the coronavirus pandemic, along with an overall housing sector lull due to rising interest rates, said the Texas Real Estate Research Center, which conducts the monthly study.

"Activity in the overall housing sector has stalled as a result of the Federal Reserve's interest rate increases, and manufactured housing is not immune to the slowdown,"

TRERC research economist Harold Hunt said in a release, adding the consensus favors further rate hikes into the new year and "a generally negative short-term outlook for housing and housing-adjacent industries."

Shipments and retail sales of manufactured homes first dropped sharply in July. But 2022 sales to consumers are still on track to outpace 2021, and manufacturers remained positive business would pick back up in the spring, matching the typical home sales cycle.

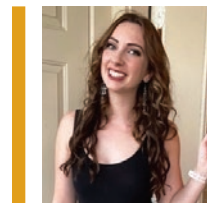
"Given the sentiment of the manufacturing survey, I don't know that that would've been my expectation three months ago or four months ago, as they were seeming quite pessimistic," Rob Ripperda, Vice President of Operations for the [Texas Manufactured Housing Association](#), told Bisnow.

"I think the fact that retail sales held up is probably giving them some confidence that we're about to move into the spring buying season, and hopefully those new orders are going to come."

Coming out of the worst of the pandemic, interest rates were low, and people had stimulus money and the desire to move out of cities, leading to good times for the manufactured housing market, Ripperda said. New manufactured home sales hit a high of 1,656 units sold in June 2020, according to association data. "There was just way more demand out there than there was the ability for these manufactured housing plants to meet that," he said.

Texas has the most plants by far with 26. The next highest concentration is in Alabama with 18, according to the [Manufactured Housing Institute](#).

[Read the remainder of this article.](#)



Maddy McCarty joined Bisnow as its Houston reporter in 2022. She is a longtime resident of the Houston area. She has a bachelor's degree in journalism and a master's degree in mass communications, both from Texas Tech University.

BISNOW
(ALMOST) NEVER BORING

Debt Limit Drama

The US federal budget is on an unsustainable path...but not for the reasons that most people think.

Yes, the national debt is \$31 trillion, well higher than annual GDP, and only going higher. Yes, the budget deficit last year was more than a \$1 trillion for the third year in a row. None of this is good.

But the real root of the fiscal problem, and our biggest concern, isn't the debt or the deficits, it's government overspending. If the government had an enormous debt, but spent little, the private sector could produce the country's way out of the debt problem. And if the US had little debt, we could still have economic problems from too much government spending. Ultimately, the government funds itself by borrowing or taxing the wealth produced by private industry. If spending were high and borrowing low, taxes would have to be prohibitively high. The bottom line is that excessive spending leads to economic ills.

According to the CBO, spending on entitlements like Social Security, Medicare, Medicaid, and other health care programs will rise from 10.7% of GDP to 15.1% in the next thirty years. Meanwhile, the net interest on the national debt will almost certainly be higher than it was last year, unless and until we bring the deficit down and slow the growth in debt.

This is why the debt limit debate now going on in Washington, DC is so important. Don't fall for the false narrative that one group of politicians wants to push the country into default. Nor, should anyone want to abolish the debt ceiling

altogether. If there is a way to shine some light on overspending, why shouldn't it be used? If debt ceiling politics can focus attention on fiscal issues, it's done its job.

What we expect is a last-minute budget deal that includes either caps on discretionary spending for future years, some sort of commission or committee that can make proposals to reform entitlements (with expedited procedural rules so the proposals get a congressional vote), or both, as part of a bipartisan deal to raise the debt ceiling.

But let's go down the highly unlikely path that the debt limit isn't raised. The Treasury Department would still have enough cash flow to pay all securitized debt as it came due, as well as entitlements such as Social Security, Medicare, and Medicaid. It's true that other programs and agencies would have to take substantial cuts to make sure those higher priority payments get made; and yes, the Biden Administration will not enjoy making that choice. But it's still a choice that they alone get to make.

Ultimately, investors and voters need to realize that not every national debt is the same, even if they're the same amount. The US had a debt problem after the Revolutionary War, which was a small price to pay for starting an independent country. We had a debt problem after World War II, but that was a price we paid to win a crucial war. Our current debt problem is not like those. In too many cases, politicians spend to win favor with constituents. It's not wrong to use the debt ceiling as a way to focus attention on this problem and the endemic overspending that it creates. That's a habit this debt limit debate needs to break.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
1-31 / 9:00 am	Chicago PMI – Jan	45.0	42.4		45.1
2-1 / 9:00 am	ISM Index – Jan	48.0	48.7		48.4
9:00 am	Construction Spending – Dec	0.0%	+0.4%		+0.2%
afternoon	Total Car/Truck Sales – Jan	15.5 Mil	15.6 Mil		13.3 Mil
afternoon	Domestic Car/Truck Sales – Jan	11.6 Mil	12.3 Mil		10.5 Mil
2-2 / 7:30 am	Initial Claims – Jan 30	197K	195K		186K
7:30 am	Q4 Non-Farm Productivity	+2.4%	+2.4%		+0.8%
7:30 am	Q4 Unit Labor Costs	+1.5%	+1.4%		+2.4%
9:00 am	Factory Orders – Dec	+2.3%	+2.2%		-1.8%
2-3 / 7:30 am	Non-Farm Payrolls – Jan	185K	170K		223K
7:30 am	Private Payrolls – Jan	190K	165K		220K
7:30 am	Manufacturing Payrolls – Jan	8K	10K		8K
7:30 am	Unemployment Rate – Jan	3.6%	3.6%		3.5%
7:30 am	Average Hourly Earnings – Jan	+0.3%	+0.4%		+0.3%
7:30 am	Average Weekly Hours – Jan	34.3	34.3		34.3
9:00 am	ISM Non Mfg Index – Jan	50.5	50.4		49.6

Consensus forecasts come from Bloomberg. This report was prepared by First Trust Advisors L.P., and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.

Lawsuit Filed Against Manufactured Housing “Energy” Rule



On February 14, 2023 the [Texas Manufactured Housing Association](#), TMHA, and the [Manufactured Housing Institute](#), MHI, filed a lawsuit against the U.S. Department of Energy (DOE) in Austin, Texas. The suit was filed to prevent DOE from enforcing new poorly thought out manufactured home energy standards that are scheduled to go into effect **May 31st, 2023**. The suit was filed after other options were apparently exhausted.

The suit stresses that the industry has attempted to work with the Department of Energy to create an efficient and cost-effective home building energy standards upgrade. Unfortunately, DOE disregarded industry input, home construction realities, and construction cost increases that will harm both consumers and the manufactured housing market far beyond any supposed “benefits” that the DOE rule would offer. The new standards were also set to go into effect before HUD could review and incorporate them (or some other less damaging alternative) within the HUD Code standards. This could have left the industry in the position of having to comply with two sets of building codes.

The proposed rules would have disproportionately increased HUD code home building costs relative to site built homes, plus reduced window and door sizes. Under current construction standards, modern-day manufactured homes have lower energy usage costs than site-built homes, according to U.S. Census Bureau data.

If you are not already a member of your state MH association, and/or the national MH association, MHI, this is a great time to join and support this critical effort. Taking such legal action against the misinformed and ill-advised DOE manufactured housing energy rule, enjoys broad support within the industry, including both MHI and the [Manufactured Housing Association for Regulatory Reform](#), MHARR, which publicly called for litigation to enjoin the DOE energy rule back in August 2022.

By Staff - Manufactured Housing Review



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1. **US Treasury Rates:** 10-year topped out at 4.2% in early October and have has declined ~70bps since, finding it's footing around 3.5%; the direction of rates remains murky given the on-going battle between the Fed and a persistently strong job market.
2. **Fannie Mae & Freddie Mac Spreads:** Are dropping as the lenders put 4Q22 volatility in the rearview mirror and have fresh volume targets for 2023; additional support from buy-side demand help maintain the tightening bias.
3. **Sponsors Scramble:** To convert floating rate loans to fixed rate as floating rate indices climb well above expectations and replacement cap escrows suck up most/all of the available CFADS; embedded gains in the value of existing interest rate caps can be a silver lining to an otherwise dark cloud.
4. **MHC Trades:** Ground to a halt in the second half of 2022 as interest rate increases moved faster than proformas could be adjusted resulting in a gapping bid-ask spread; sellers are starting to poke their heads out from under the covers but mainly in secondary and tertiary markets; very few institutional quality MHCs are presently trading hands.
5. **Cap Rates:** Have remained clouded in a shroud of mystery as the dearth of trades makes assessing the market difficult; lenders are now requiring appraisals with relevant listings or pending sales plus broker interviews in their valuation analysis to support concluded values.



*Art Tuverson, Managing Director
Head of Manufactured Housing Community Lending*

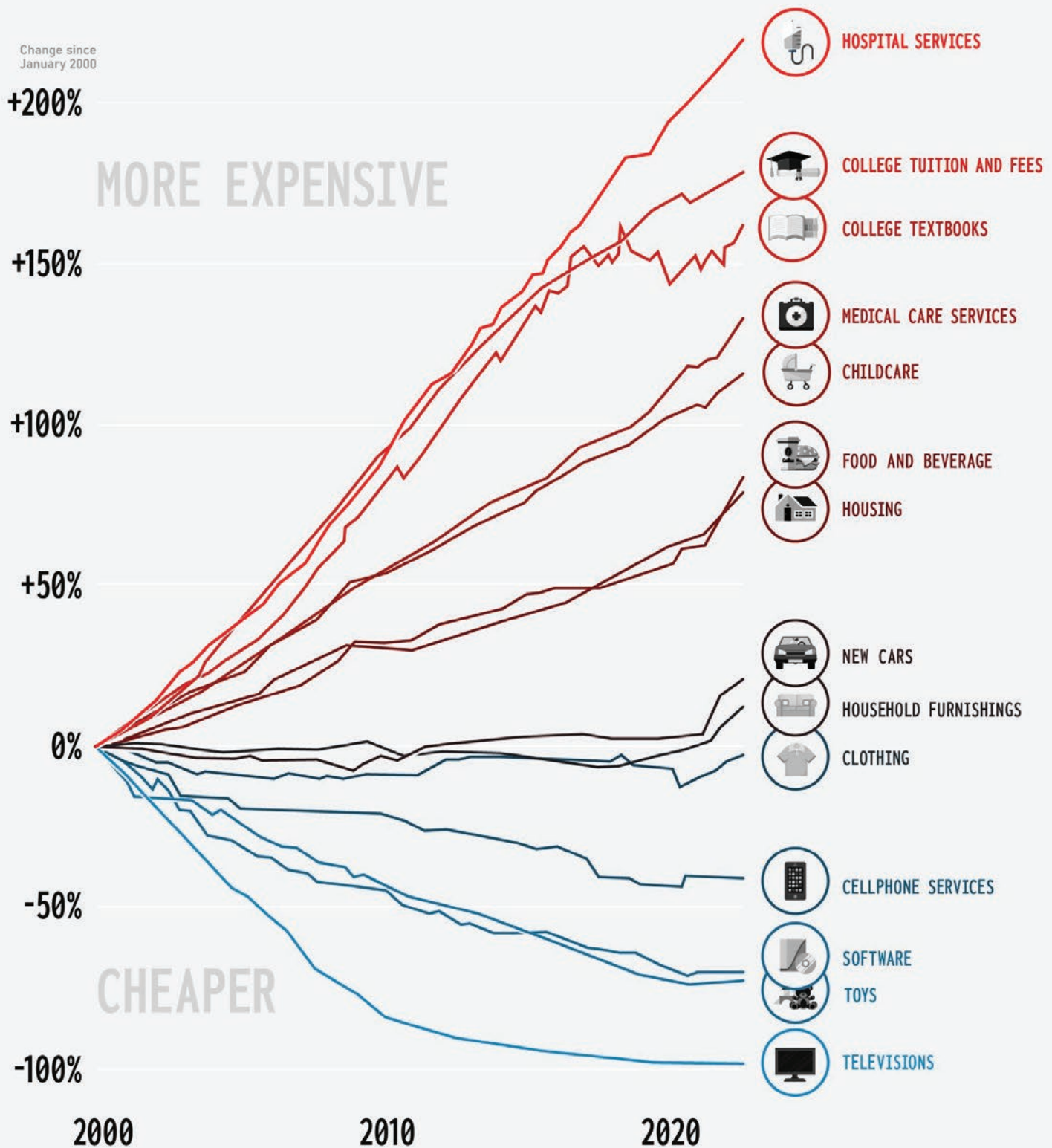
Debt and equity capital provider for all property types on a nationwide basis, with emphasis on the manufactured housing community and RV resort industry. Over 19 years of experience arranging agency, conduit (CMBS), life company, bank and bridge first mortgages plus participating debt, preferred equity and joint venture equity structures.

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Price Changes

OF CONSUMER GOODS AND SERVICES

Broadly speaking, price levels have increased by 74% since 2000. That said, the actual numbers vary wildly depending on the type of good or service. Many consumer goods like **toys** and **TVs** have gotten cheaper, while critical categories like **healthcare** and **education** have skyrocketed.



Source: Bureau of Labor Statistics Original design and concept by Mark J. Perry, Senior Fellow Emeritus, AEI

What To Do When A Good Tenant Goes Bad (And How To Avoid It)

By Nancy Abrams

It's easy to describe a good tenant. They pay their rent on time, respect your property, and are good neighbors. In other words, they do not turn your positive cash flow into a negative loss.



Unfortunately, no matter how diligent you are when selecting a new tenant, a person's circumstances can change, throwing them into a negative position. A sudden job loss or lengthy illness can transform a formerly perfect tenant into a tenant that begins costing you money instead of adding to your income.

But how do you find such a paragon of virtue? And what can you do if a tenant goes bad?

The Nightmare of Eviction

When thinking about the negative consequences of a bad tenant, a landlord's first thoughts naturally turn to removing them from the property. Let's look at how a bad tenant can turn your investment dreams into a nightmare, starting with the dreaded eviction.



From legal fees and court costs to property damages and lost rent, the cost of an eviction ranges from \$3,500 to \$10,000. The numbers quoted in this article are based on the national average for monthly rental rates. Court costs and legal fees will vary from city to city and state to state.

Keep in mind that you are not only out the back rent owed to you. The tenant will continue to avoid paying once you begin the eviction process, which can take months to complete. They may even retaliate by damaging the property.



AVERAGE EVICTION COSTS

Legal fees
\$500

Court costs
\$50

Lost rent (3 months)
\$4500

Locksmith
\$150

Property turnover costs
\$1750

Debt collection success rate*
17%

* If you purchased LeaseGuarantee protection when the lease was signed, you will collect the amount of your judgment up to the amount of the contract. More on this later.

5 Common Reasons to Pursue Eviction:

1. Persistent non-payment of rent
2. Violations of the terms of the lease
3. Damages to the property and its contents by the tenant
4. Illegal drug activity
5. Ignoring requests to vacate the property

WHAT IS JUST CAUSE?

In some cities and states, you cannot terminate a lease, even if it has expired, unless you have “Just Cause”. Just Cause eviction ordinances are a form of tenant protection designed to prevent arbitrary, retaliatory, or discriminatory evictions by establishing that landlords can only evict renters for specific reasons.

For example, California’s Tenant Protection Act and New Jersey’s Anti-Eviction Act limit when landlords can terminate a lease, with only a few exemptions. In New York City, the Just Cause eviction requirements only apply to rent-controlled units, but proposed legislation may change that soon. Portland, Oregon, requires landlords to pay renters’ moving costs if they are evicted without cause or are forced to move because of a rent increase of 10 percent or more. And there are more cities and states that may pass Just Cause ordinances in the future.

Other fees include processing paperwork, bank fees, and tenant screenings. For landlords that employ property management companies, this also includes the property management fee.

When Can You Evict?

Most states are extremely strict when it comes to the laws of eviction, so it is particularly important that you work with a legal expert in the field. It should be noted if the tenant wins in court, they can continue staying at the property and depending on how your attorney’s fees clause is written in your lease, you may be liable for their court filing and attorney fees too.

5 Ways to Reduce or Prevent the Cost of a Bad Tenant

1. Thoroughly screen your rental applicants

The biggest mistake a landlord can make is thinking they can save money by not running a comprehensive tenant credit report and background screening. With the current increase in application fraud, it is not enough to just use your intuition or a basic report to select a new tenant.

For a nominal charge, which you can pass on to the prospective tenant as an application fee, you can quickly weed out the very

undesirable applicants and home in on the ones who honor their financial obligations, have not been evicted in the past and who do not have a criminal record.

Don’t be fooled by an applicant who arrives at your property in an expensive car and dressed in designer clothes. They can have all the money in the world and still not pay their bills. AAOA’s Gold tenant screening package can show you their debt obligations, payment history, true identity, previous addresses, and more which may paint a different picture.

DON’T BE FOOLED BY AN APPLICANT WHO ARRIVES AT YOUR PROPERTY IN AN EXPENSIVE CAR AND DRESSED IN DESIGNER CLOTHES.

2. Get LeaseGuarantee

LeaseGuarantee is a unique program that covers rent, damages, legal fees, and costs owed by a tenant to their

What To Do When A Good Tenant Goes Bad (And How To Avoid It) Cont.

landlord in the event a court awards a judgment in favor of the property owner. The LeaseGuarantee contract, which is valid for one year and covers all individuals on the lease agreement, can be paid for by the landlord, a qualified tenant or both and the protection is renewable.

Every AAOA credit report includes the LeaseGuarantee Analyzer which will tell you if your applicant qualifies for the program and how much the protection will cost for that individual.

3. Consult with an attorney

Filing an eviction incorrectly can cause you significant losses, especially if your rental is in a tenant friendly state. In some cases, a small mistake can mean having to start the eviction process over or getting countersued by your tenant. Be sure to consult with an attorney. For quick questions you can use a low-cost legal chat service such as JustAnswer, to chat with an attorney in your area.

“IN SOME CASES, A SMALL MISTAKE CAN MEAN HAVING TO START THE EVICTION PROCESS OVER OR GETTING COUNTERSUED BY YOUR TENANT.”

4. Offer a cash-for-keys deal

This method involves the landlord offering a few hundred dollars of cash to the tenant to move out and acts as an incentive for tenants with cash flow problems. Paying the tenant this cash will be less costly than eviction and can save you a great amount of stress. Use AAOA's free cash-for- keys agreement to get started.

5. Use free or low-cost marketing services

To minimize expenditures and get your unit rented out as quickly as possible consider using:

- ApplyNow, the free marketing link available to everyone through AAOA. Anybody looking for a new rental home can access it from your social media, website, or digital

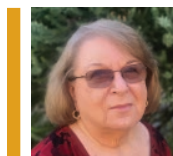
listing to begin an application. They can pay for the credit report and background screening online and can submit important documents, such as their paystubs and ID.

- Free or low-cost rental listing services such as Craigslist or Zillow
- Incentives such as free parking or a temporary rent discount
- Social media posts
- Newspaper ads
- Printed signs

Final Thoughts

Savvy landlords rely on thorough screening of all potential renters to avoid significant income loss and the aggravation that comes with renting to a bad tenant. If a good tenant goes bad, they have a LeaseGuarantee in place and can act quickly with the advice of legal experts to pursue an eviction or cash for keys deal. And when the tenant is finally out, they know how to quickly find a new one.

Remember that residential tenancy laws generally favor the tenant, so make sure that you do as much due diligence as possible up front to prevent future problems. Always keep in mind the true costs of renting to a bad tenant and conduct your due diligence with a comprehensive AAOA credit report and background screening.



Nancy Abrams
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Nancy Abrams has enjoyed a long career in real estate marketing throughout Southern California and Las Vegas. She formerly represented 19 Merrill Lynch Realty branch offices, property managers The Roberts Companies, new home developers, including master planned communities Peccole Ranch and The Valencia Company and shopping centers for Sandy Sigel of NewMark Merrill.

A New Year, A New Session, New Thresholds, and Continued Emergency Orders

By DJ Pendleton

2023 TEXAS LEGISLATIVE SESSION



With 2022 now in the rearview mirror, we look ahead to the coming year. And it will certainly be a busy one. The biggest TMHA news starting this year is the coming 88th Texas Legislative Session. The session starts on Tuesday, January 10th and inauguration is a week later.

We will have much more throughout the session in our membership posts "From the 88th" like in previous session years. What is already clear is that this session will return to the more traditional rhythms of a legislative session as opposed to 2021 which was still heavily impacted by COVID. If anything, the pre-filing has already shown some pent-up demand for bills. More than 1,400 bills have already been filed for the coming session. We expect over the next two months until the bill filing deadline that total will exceed at least 7,000 filed bills.

TX Supreme Court Extends Eviction Provisions in 58th Emergency Order

In other end of year news, on December 30, 2022, the Texas Supreme Court once again extended its emergency orders impacting the residential eviction process. Based on three different releases by the Treasury Department of additional rental assistance funds for some select local jurisdictions and Texas as a whole, administered through TDHCA, the court has extended the eviction citation requirements and trail processes. TDHCA is processing prior applications but is not opening up for new applicants. Some tenants might be eligible for local assistance.

Regardless of any possible rental assistance, the citation requirements prior to an eviction proceeding and the

interaction with the eviction judges will impact all eviction filings. However, this is now more than two years of operating under these, or very similar, emergency orders. Said differently, with this amount of time the initially unusual is now usual.

This latest extension will last until March 1, 2023.

Annual Federal Lending and Reporting Threshold Increases

In a series of end of year announcements, the CFPB issued a final rule amending the official interpretations for Regulation Z, which implements the Truth in Lending Act (TILA). The CFPB is required to calculate annually the dollar amounts for several provisions in Regulation Z. This final rule reviews dollar amounts impacting HOEPA loans and qualified mortgages.

For our industry the most relevant provisions are:

- The adjusted points-and-fees dollar trigger for high-cost mortgages in 2023 will be \$1,243.
- For qualified mortgages (QMs) under the General QM loan definition in § 1026.43(e)(2), the thresholds for the spread between the annual percentage rate (APR) and the average prime offer rate (APOR) in 2023 will be: 2.25 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to \$124,331;
- 5 or more percentage points for a first-lien covered transaction with a loan amount greater than or equal to \$74,599 but less than \$124,331;
- 5 or more percentage points for a first-lien covered transaction with a loan amount less than \$74,599; and
- 5 or more percentage points for a first-lien covered transaction secured by a manufactured home with a loan amount less than \$124,331;

These adjustments are applicable January 1, 2023.

Additionally, the CFPB announced the asset-size exemption thresholds for certain creditors under the escrow requirements and small creditor portfolio and balloon-payment qualified mortgage requirements, and the small creditor exemption from the prohibition against balloon-payment high-cost mortgages under Regulation Z.

A New Year, A New Session, New Thresholds, and Continued Emergency Orders Cont.

- For certain first-lien higher-priced mortgage loans, the exemption threshold is adjusted to increase to \$2.537 billion from \$2.336 billion. Therefore, creditors with assets of less than \$2.537 billion (including assets of certain affiliates) as of Dec. 31, 2022, are exempt, if other requirements of Regulation Z also are met, from establishing escrow accounts for higher-priced mortgage loans in 2023.
- These adjustments are based on the 8.6 percent increase in the average of the CPI-W for the 12-month period ending in November 2022.
- The adjustment to the escrows asset-size exemption threshold also will increase the threshold for small-creditor portfolio and balloon-payment qualified mortgages under Regulation Z.



DJ Pendleton has worked for the Texas Manufactured Housing Association since July 2006. First as general counsel and then in 2008 became the executive director, which is the position he holds today. Pendleton has Bachelor of Business Administration in Accounting from Texas A&M University, a Master of Science in Accounting from Texas A&M University, and a Juris Doctorate degree for Baylor University School of Law. Pendleton has been a licensed attorney in the state of Texas since May 2006.



Mobile Home Parks Property Taxes Skyrocket

By James Johnson and
Sam Woolsey

Three key factors can help owners successfully appeal excessive taxes

\$7.5 million in 2020.

\$13 million in 2021.

\$22 million in 2022.



Those are the assessments on a mobile home community south of Austin, Texas, that in just two years increased nearly 200% in taxable value. This near-doubling rate of annual increase has become commonplace across the state, largely due to three practices tied to appraisal district methodology.

Taxpayers who understand and can show the inherent flaws in these trends will be better prepared to argue for a reduction in their assessments.

Cost or income?

The first factor that has brought significant changes to assessed value in recent years is that county appraisers have largely changed their valuation method from the cost approach to the income approach. Rather than calculating market value by summing up the land value with the value of any onsite infrastructure, some county appraisers are using Freddie Mac and Fannie Mae appraisals to support their value conclusions.

From these leased-fee appraisals, the appraisers attempt to derive income assumptions including site lease rates, utility reimbursements, and expense ratios. This is problematic because often the appraisals they are sourcing include more than the real estate value alone and may not reflect actual sales occurring in the marketplace.

Homes or vehicles?

The second factor that has resulted in changes in assessed value is that assessors value recreational vehicle (RV) parks and mobile home communities, two fundamentally different property types, using the same income model. This presents several challenges.

Typically, both community types lease lots for placement of tenant-owned units, but the similarities end there. The amount of business value differs between the two property types.

Established RV parks such as Yogi Bear's Jellystone Park Camp-Resorts, with name recognition and amenities, draw significantly more visitors than local parks that lack name or brand recognition. An established RV park could be compared to a Marriott or Hyatt hotel, reflecting their tenants' short-term rentals and because they inherently include untaxable business value when sold.

On the other hand, a mobile home community might be compared to an apartment property with longer-term tenants and minimal, if any, business value beyond real estate. Mobile home communities have little need for name recognition or amenities when the tenants own their homes. Due to the cost of moving a unit, it is a challenge for mobile home residents to move, thus leading to higher stabilized occupancy and minimal turnover.

Infrastructure also varies between the two property types, with mobile home communities requiring more substantial utilities than RV parks. These significant differences confirm the importance of using separate models to assess the market value or taxable value of the two asset classes.

In the spotlight

The third factor that has affected assessed value is the increasing attention county appraisers have given to these two property types. In recent years, investment in mobile home communities and RV parks has risen in popularity nationwide as investors seek reliable and steady cash flows. Additionally, the supply of well-located mobile home parks has dwindled as cities have grown and changed the highest and best use of land in their path. This has increased land values, resulting in higher assessed values – a trend that will continue in the future.

As county appraisers rework their models for these asset types, they often create discrepancies between how a property has been assessed in the past and what is physically on the property, namely the total number of units and the

Mobile Home Parks Property Taxes Skyrocket Cont.

mix between mobile home sites and RV sites. Many of these discrepancies likely still exist going into 2023, which may provide an opportunity for property owners to contest their assessed values and argue successfully for a reduction.

Historically, RV and mobile home park owners have not felt the need to protest tax assessments as often as owners of other commercial real estate asset classes. That may be changing in 2023, making this the first year many owners file a protest on their assessments.

Whether hiring a property tax professional or protesting their assessment independently, owners should utilize the points above when deriving a market value conclusion for their real estate. Inefficiencies in appraisal district models will allow significant opportunities for protests as well. Overall, if an owner receives an exorbitant 2023 tax-assessed valuation, there are many ways to appeal it successfully.



James Johnson is a senior property tax consultant in the Austin, Texas, law firm, Popp Hutcheson PLLC, which focuses on property tax disputes and is the Texas member of American Property Tax Counsel, the national affiliation of property tax attorneys. Reach him at james.johnson@property-tax.com.



Sam Woolsey is a property tax consultant at the same firm. Reach him at sam.woolsey@property-tax.com.



White House Announces New Actions to Protect Renters

By The Manufactured
Housing Institute

The White House announced new actions to protect renters and promote rental affordability, including a new Blueprint for a Renters Bill of Rights. The Blueprint lays out a set of principles to drive action by the federal government, state and local partners, and the private sector to strengthen tenant protections and encourage rental affordability.

As part of the Blueprint, the Administration has laid out five principles it plans to address: access to safe, quality, accessible, and affordable housing; clear and fair leases; enforcement of renter rights and protection from unlawful discrimination and exclusion; the right to organize without obstruction or harassment from landlords; and eviction prevention, diversion and relief. To achieve these principles, the Administration is taking the following actions:



1. The Federal Housing Finance Agency (FHFA) will launch a public process to examine proposed renter protections and anti-rent gouging measures for new federally-backed mortgages.
2. The Administration will hold quarterly meetings with renters and advocates to continue the conversation on renter protections, and will launch a Resident-Centered Housing Challenge, a call to action to housing providers and other stakeholders to commit to renter protections.
3. The Federal Trade Commission (FTC) and Consumer Financial Protection Bureau (CFPB) will collect information to identify unfair practices that prevent tenants from accessing or staying in housing, informing each agency's enforcement actions. This is the first time the FTC has acted on renter protections.

4. The CFPB will issue guidance and coordinate with the FTC on enforcement to ensure accurate credit reporting.
5. HUD will publish a notice of proposed rulemaking to implement the 30-day-notice requirement enacted by Congress through the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.

While manufactured housing is not specifically referenced in the Blueprint, MHI and its housing coalition partners have been consistently calling on the Administration to refrain from implementing new or expanded federal obligations for private rental housing providers and instead focus on leveraging federal resources to bolster new housing supply, improve access to existing housing benefits for those renters in need and provide additional funding for federal housing support. In numerous letters and meetings, the coalition has stated that housing providers and renters are governed by layers of statutes, case law, regulations, and private contractual agreements – all providing for specific protections and responsibilities. This includes extensive renter protections in building code, landlord and tenant, fair housing, eviction, consumer reporting and debt collection laws. MHI and its coalition partners argue that layering additional federal regulation on an already overly regulated industry will only further exacerbate housing affordability challenges, making it increasingly difficult for renters to navigate. Click [here](#) and [here](#) to read the letters.

Article first appeared in the MHI newsletter 1/2023. If you have any questions, please contact MHI's Policy Department at MHIgov@mfghome.org or 703-558-0675.



Pet Deposits, Pet Rent & Pet Fees: What's Legal to Collect?

By AAOA

As a landlord, you may wish to collect additional fees from tenants who own pets. These common questions can help you determine what's legal.

More than half of U.S. households— including renters—have pets. Not all landlords allow pets, but those who do are advised to take special precautions to safeguard their property and minimize any disputes that may arise. Below, we'll explain which types of pet deposits, special rent payments, and pet fees are legal to collect as a landlord.



Which types of pet deposits, rent, and additional fees can I collect from tenants?

Additional deposits for pets and non-refundable pet fees are prohibited in some states, while pet rent (specifically, an additional monthly amount) is generally allowed in all states.

Many states limit the total amount you may charge for a rental deposit, in which case you may require an additional pet deposit as long as it doesn't exceed this limit. In California, for example, landlords may require a total deposit of up to two months rent for unfurnished rentals and up to three months rent if they're furnished. Other states specifically allow for an additional pet deposit, which doesn't factor into limits set for general security deposits.

If non-refundable pet fees are not allowed in your state, then make sure your rent and security deposit amounts accurately reflect any additional costs you may incur from allowing pets. Pet deposits range from \$100 to \$300, but are generally proportional to the overall rent in your particular region.

How much should I charge for pet rent?

Pet rent typically ranges from \$10 to \$50 per pet, per month, depending on the type of animal. The key is to charge enough pet rent to account for the additional wear and tear (short of actual damage) that may result from having a pet, while being reasonable. If it's a renter's market, you'll also want to remain competitive with other landlords. Allowing pets will create additional demand for your rental property.

Do I have to refund pet deposits?

While some states do allow non-refundable pet fees as a condition of having a pet in your rental, make sure you differentiate these fees from the deposit. Just like any other rental deposit (and in accordance with state laws governing how these funds must be held), a pet deposit must be refunded minus any expenses for pet-related repairs or cleaning.

However, it's best to protect yourself and avoid disputes by detailing how any of the funds were spent when you return the balance of the deposit. This may include photographs documenting instances of damage or soiling caused by the pet, an itemized list of what was done to repair the damage, and amounts spent to fix or clean the rental unit.

Does a pet deposit have to be used only for pet-related damage?

It depends on your state or local law, and the language in your Lease Agreement. In some cases, you may be unable to use a pet deposit to cover damage that was not caused by the animal. It generally depends on whether the pet deposit is held separately, or whether it simply becomes part of the tenant's security deposit for the entire rental. If you plan on including it as part of the overall security deposit, you may want to confirm your state or local laws allow this.

Can I request a pet deposit for a service animal?

Generally, no. Federal law prohibits landlords from requiring tenants with service animals to pay any additional rent or deposit. This is because service animals are not pets. A landlord may charge a reasonable fee for any damage done by a service animal, as they would for damage done by the tenant. They also may move to evict a tenant with a service animal that is improperly trained and causing problems on the premises.

While you may not ask a prospective tenant about their medical diagnosis, you may ask how a service animal is specifically

Pet Deposits, Pet Rent & Pet Fees: What's Legal to Collect? Cont.

trained to assist, as well as request proof that the service animal is indeed recommended by a medical professional. Individuals with service animals may expect this request and may have the necessary paperwork readily available.

How do I protect my investment?

There's a lot to think about when renting to pet owners. Consider having prospective tenants with pets fill out a Pet Application Form as part of the screening process. You'll also want to put all pet-related rules and regulations in writing, preferably with a Pet Addendum that you add to the Rental Agreement.

Since most renters have (or would like) pets, it may be in your best interest as a landlord to welcome them onto your property. While you don't have to allow all pets, you do need to

be prepared for the worst. This includes charging appropriate pet fees, rent, and deposits that cover your risk and comply with state law, or your insurance carrier's requirements.

Source: [Rocket Lawyer](#)

[AAOA.org](#)

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How do Manufactured Homes Stack Up Against Traditional Site-Built Homes in Terms of Energy Efficiency and Overall Environmental Footprint?

By Ben Nelms
ManufactureHomes.com



The housing market has been doing some funky stuff these past few years. The pandemic spiked a never-ending housing shortage, triggering outrageous bidding wars with astronomical numbers. Then came increases in mortgage rates and interest rate hikes; inflation hasn't been helping, either. It's no wonder first-time home buyers have had it tough. While the typical housing market has been acting wonky, **the manufactured housing industry has been doing quite well. This market saw more shipments in 2022 than since its last rise to prominence in 2006.**

Unfortunately, despite the ascension of manufactured home production and sales, many Americans dreaming of homeownership are still not aware that a manufactured home could well be the path to quality home ownership or have discounted manufactured housing as an option due to uninformed misrepresentations and mis-characteristics of today's only quality affordable housing available in this country. One of those myths* is that manufactured homes are not energy efficient and/or don't stack up to traditional site-built homes in terms of "green" living, energy efficiency, and climate change.

Today's Modern Manufactured Homes: More Energy Efficient, Less Waste, And Lower (CO2) Emissions Than Site-Built Homes.

As one might expect, manufactured homes run the gamut with regard to energy efficiency. In an analysis completed by the American Council for an Energy-Efficient Economy (ACEEE), it was found that modern manufactured homes used **70.4 MM Btu/year, a significant amount less than the 108.5 MM Btu/year average seen in traditional "site-built" homes.**

In addition, the actual manufacture of manufactured homes produces less waste, as does the on-site set-up, according to the Manufactured Housing Association of British Columbia. **The construction and set-up of manufactured homes create 50 to 70% less waste than traditional home-building.**

Traditional home-building also requires that the materials, tools, and workers all be sent to different sites throughout the year. This approach is far less organized and efficient than the streamlined factory process associated with manufactured homes. As a result, all kinds of emissions are produced. In an in-depth report commissioned by the Sturgeon Foundation of Alberta, Canada, **(CO2) emissions of both manufactured and on-site building projects were compared. It was determined that the on-site construction process produced a whopping 43% more CO2 emissions than manufactured homes.**

Before 1976, manufactured homes (mobile homes) were built more quickly, for less money, and with far less regard for energy efficiency. By June of that year, The US. Department of Housing and Urban Development (HUD) devised and implemented the HUD Code, setting a higher standard for the quality, safety, and efficiency of products.

Today, manufactured homes must have sufficient levels of insulation, this includes the ductwork, electrical outlets, lighting, etc., modern water heaters, and energy-efficient appliances. If the manufacturer does not meet the minimum standards set out by HUD, then it is illegal to be sold, leased, or rented to anybody.



7 Types Of Tenants Every Landlord Should Want

By Andrea Hardaway

There are some tenant prospects who will never have an issue getting placed in a rental property. They have great rental history, low debt-to-income ratios, clean background checks, long-term stable employment, and better-than-average credit scores. Then, there are other tenant prospects who have the potential to be great renters, but it may not be immediately obvious based on their rental application. Perhaps they have limited credit history, high medical debt, or have never rented a property before.



Making a quality decision around tenant placement is critical for the long-term performance and value of an investment property. The greater the net operating income (NOI), the more valuable (and attractive) a rental property will become and the largest source of income contributing to the NOI is actual rents collected from tenants.

That's why tenant turnover can be costly for investors and negatively impact the NOI. When a tenant vacates a property, there will be costs associated such as move-out inspections, preparing/rehabbing the property, marketing the property, and leasing commissions. Tenant turnover costs can range from \$1,000 to \$5,000, with an estimated average being about \$2,500 per turn (Source: [Roofstock](#)).

TENANT TURNOVER COSTS CAN RANGE FROM \$1,000 TO \$5,000, WITH AN ESTIMATED AVERAGE BEING ABOUT \$2,500 PER TURN.

From a property value perspective, the NOI influences the capitalization rate (CAP rate = Net operating income / Cost of the property) of a rental property.

For example, consider an investment property purchased for \$100,000. Assume that property rents for \$800/month (\$9,600/year) and has \$2,000/year in maintenance, tax, and insurance expenses. The NOI for that property would be \$7,600/year. The CAP rate for that property would be 7.6%.

If that same investment property experienced a tenant turnover, there would be an additional expense of approximately \$2,500. Assuming 30 days to turn and re-lease the property, there would also be a rental income loss of \$800. The NOI for this property would then be \$4,300/year. The CAP rate would decrease from 7.6% to 4.3%. This reduction in CAP rate could make the property a riskier investment and could reduce the value of the property.

GREAT TENANTS TAKE PRIDE IN THE RENTAL PROPERTY AND DO THEIR PART TO MAKE IT A GREAT HOME FOR THEIR FAMILY AND A STABLE ASSET FOR LANDLORDS.

Average residential tenancy ranges from 2.5 to 3 years (Source: Tenant Planet, Inc.). Placing the right tenant in a property can increase the duration of tenancy and decrease tenant turnover events. This can also lead to a much more rewarding tenant-landlord relationship.

Great tenants take pride in the rental property and do their part to make it a great home for their family and a stable asset for landlords. Over time, these things increase the value of the rental property by maximizing income and minimizing unplanned expenses.

So, how can landlords spot those not-so-easily identified exceptional tenants? What sort of people make great tenants?

7 Types Of Tenants Every Landlord Should Want Cont.

Here are 7 types of tenants every landlord should want:



THE CLEAR COMMUNICATOR

Good communication is essential to keeping things running smoothly between landlords and tenants. **A clear communicator is consistent and adaptable.** They share information in order to be clearly understood and receive information in order to understand. Tenant prospects who communicate in a way which builds mutual trust are more likely to become tenants who communicate clearly around issues that may arise during their tenancy.



THE TRUTH TELLER

A person who values honesty is likely to be honest, even if the truth may not work in their favor. Tenant prospects who don't hesitate to be honest about their rental history, career status, financial capabilities, etc. are able to communicate both favorable and unfavorable information. They also exercise respect for guidelines and decision criteria that landlords put in place. These prospects could become solid tenants who respect the terms of a lease, appreciate a landlord's candor and transparency, and respond maturely when there are disagreements.



THE TOMORROW THINKER

The ability to understand how today's decisions impact tomorrow is an admirable trait for anyone. This mentality allows one to constantly evaluate beyond the present moment. This means thinking critically in complex and confusing situations, focusing more on quality of decisions and less on feelings. Tenant prospects who display this sort of forward thinking will connect the dots between what they see and what potential outcomes could be.

As tenants, these individuals are inclined to proactively respond to a variety of situations. Maintenance requests will be submitted long before an issue leads to expensive repair and correction. Changes in their life situation may lead them to proactively seek payment arrangements for rent before they become delinquent or are in danger of eviction. Their decisions will be thoughtful and in turn, could pay off largely for the landlord.



THE PUNCTUAL PLANNER

People who plan ahead are meticulous. **They set realistic expectations and are quick to highlight when something cannot be done on time. They do what they say they will do when they say they will do it, because they planned it that way.** Prospective tenants who demonstrate this are highly likely to become tenants who pay rent on time, respond to notices promptly, and seek to proactively renew their lease. They care greatly about meeting deadlines and manage life with an awareness of the need to handle business in a timely manner.



THE NUMBER NAVIGATOR

A person who understands numbers (especially when it comes to financial literacy) knows the importance of having an emergency savings fund, building margin within their monthly budget, and prioritizing expenses. Tenant prospects who have (or are developing) financial acumen are well-positioned to become tenants who are prepared to pay rent, utility bills, tenant-caused damage fees, and more. These tenants are crucial for ensuring the rental property stays on track with income/expense management.

7 Types Of Tenants Every Landlord Should Want Cont.



THE CONSIDERATE CONSUMER

A prospective tenant who demonstrates patience with the application process and respect for the landlord's team, has a strong potential to be easy to work with as a tenant. Their ability to consider the needs and workloads of others will translate well if they become a tenant. They will demonstrate these tendencies with the landlord, property management team, vendors, and neighbors.

These tenants will give consideration and be more likely to receive it from others. This person becomes the sort of tenant who can rationally address issues. Even when they don't get their desired outcome, they will appreciate the fact that they were treated with respect. In turn, they will continue to offer that respect to the landlord.



THE INSIGHTFUL IMPROVER

While no one loves getting constant unsolicited feedback (i.e., complaints), there is a great amount of value in thoughtful critique accompanied by recommendations for improvement. A prospective tenant who offers insight into their journey through the rental process could help the landlord make strategic improvements in marketing and the tenant onboarding experience. These prospects believe in being a part of solutions instead of just complaining about a problem.

As tenants, these individuals will work with the landlord or property management company to make processes such as rent payment, maintenance requests, lease signing, and lease renewals easier and more efficient. They will find ways to help the landlord save money while enhancing the level of service - which is a win-win for all involved.

Tenant selection is one of the most critical decisions a residential landlord will make. This placement influences the net operating income (NOI) and value of the investment property. Putting the right tenants in place will increase the likelihood of having



- On-time rent payments
- Hazard-free rent increases
- Proactive reporting of maintenance issues and more.

Sometimes it may be necessary to enhance the tenant screening process beyond an application. Landlords should look further to determine if a tenant prospect in the "MAYBE" category can be moved to a "DEFINITE YES".



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In addition to her work with First Property Management, Andrea helps other property management leaders pivot from stressed-out business operators to strategic business leaders. As a strategy consultant, commercial real estate developer, and owner of a fast-growing property management company - Andrea is a visionary who specializes in bringing order to chaos and doing so in a way that uncovers opportunity, streamlines operations, and increases PROFIT! =

If Your Mobile Home Park Residents Seem to be Doing Fine There's a Reason for That

By Frank Rolfe

America is in a real mess right now, and it's only going to get worse. Virtually all U.S. economists predict a major recession in 2023. There are already many headlines about layoffs at places like Twitter and Facebook. However, mobile home park collections are still strong, demand for homes has never been higher, and defaults on mobile home mortgages are still at around 5% or less. So how come mobile home park residents don't seem to be struggling while many other Americans are? The answer lies in the facts and figures regarding employment.



A huge percentage of mobile home park residents are retired. Nobody knows the exact figure, but it's a safe bet that around 50% of mobile home park residents are retired. In some properties it's even higher. This is a group that feels no pain when the economy enters recession and layoffs begin. And that's always been a strength of the mobile home park business and was most apparent during the 2020 to 2021 lockdowns where

a huge amount of residents kept paying as normal because they didn't go to work anyway. As many seniors elect to sell their home, downsize, and move into a park, they bring with them true contrarian resistance to the economy pitfalls.

Mobile home park residents are in mostly "essential" industries. Another lesson learned during the pandemic was that mobile home park residents are mostly engaged in "essential" industries that the government refuses to let be shut down. But that transcends simply bureaucratic doctrine.

These are the businesses that make America function and without their labor there would be no way to eat, drive, and have basic functioning utilities. Because of this importance, these are probably the last job sectors that would ever suffer from layoffs or downsizing.

Based on current statistics these are the strongest segments of employment in the U.S.

Recent employment statistics show the following as the most in-demand jobs based on job postings:

- Retail salespeople
- Customer service representatives
- Laborers
- Freight, stock, and material movers
- Truck drivers
- Sales representatives
- Servers
- Home health aides
- Groundskeepers

Those read like the A,B,Cs of typical park resident employment. And the forward projections are just as favorable. Then there are the forward-looking projections for employment demand in the years ahead. This includes the top industries of:

- Food preparation
- Food servers
- Personal care aides
- Cashiers
- Restaurant cooks



If Your Mobile Home Park Residents Seem to be Doing Fine There's a Reason for That Cont.

This is literally the sweet spot of mobile home park employment, as the #1 most prevalent industry for mobile home park residents is fast food. In the end, that's exactly where you want to be in a modern America.

Even though these jobs don't pay a lot, living in mobile home parks doesn't cost a lot

Of course, some will say "well, those industries don't pay much" and that's true. However, mobile home park lot rents don't cost much, either. While the average apartment rent in the U.S. is \$2,000 per month, the average mobile home park lot rent is only around \$300 per month. That means that while people who work in the industries would be hard-pressed to pay their apartment rent, they have no trouble holding their mobile home park housing cost to around 30% of their total income, including those who only make minimum wage. And that means that mobile home park residents are one of the most financially solid groups in the American labor market.

Conclusion

Although the U.S. is almost certainly heading for a recession in 2023, mobile home park residents are one of the most recession-resistant groups you'll find. This means that, despite layoffs and closures, mobile home park workers will continue to be in strong demand and able to pay the rent on time. And that's exactly the customer base you want in 2023.



Frank Rolfe has been a manufactured home community owner for almost two decades, and currently ranks as part of the 5th largest community owner in the United States, with more than 23,000 lots in 28 states in the Great Plains and Midwest. His books and courses on community acquisitions and management are the top-selling ones in the industry. To learn more about Frank's views on the manufactured home community industry visit Mobile Home University, MHU.



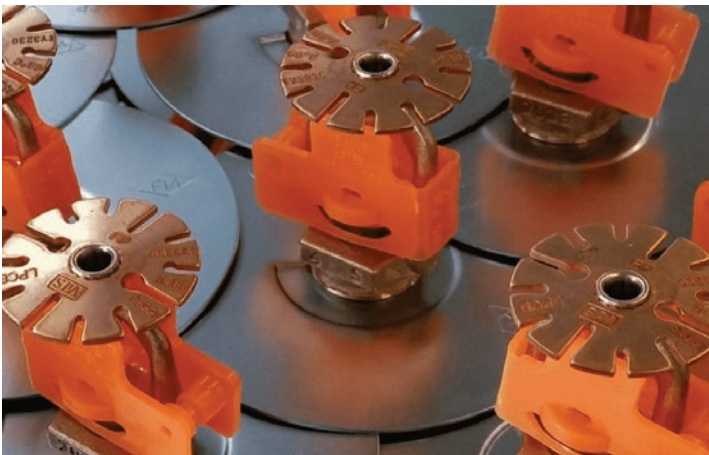
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For generations, “newbies” of all sorts have been warned against reckless “volunteering.” The simple reason being that reckless “volunteering” can involve risks that lead to trouble, or worse. This basic formula for self-preservation, however, has apparently failed to sink-in with some representatives of the manufactured housing industry. Nor, apparently, have the harsh lessons of the recent “energy conservation” standards debacle. How else, then, to explain the fetish-like insistence of the Manufactured Housing Institute (MHI) – a self-professed “industry” trade group -- on advancing a so-called “voluntary” federal fire sprinkler standard for manufactured homes? Is the National Association of Home Builders (NAHB) seeking similar treatment for site builders producing higher-cost (and in some cases million-dollar) homes? Not a chance. In fact, NAHB has – and continues – to do everything it can to stop the spread of residential sprinkler standards. So, why would the HUD Code industry volunteer for such abuse?



Indeed, it is mystery why MHI, instead of seeking to inflict a federal fire sprinkler standard on the HUD Code industry, has not formed an alliance with NAHB to oppose any and all such mandates – for any type of home -- at the state and/or local level. Thus, while MHI routinely touts its cooperation with other segments of the housing industry to oppose or promote various legislation, programs and policies (See, MHARR’s July 26, 2022 White Paper, entitled “The Exploitation of Federal Housing Finance and Mortgage Funding Assistance Programs and Potential Solutions”) – in ways that are particularly beneficial to the site-built housing industry -- it is nowhere to be found partnering with NAHB to oppose baseless sprinkler mandates.

This contradiction is especially relevant in the wake of the energy rule fiasco. One would think that after being slapped around by the U.S. Department of Energy (DOE) as “thanks” for supporting DOE’s phony 2015-2016 “negotiated” manufactured housing energy standards rulemaking process, MHI would have learned something about reckless “volunteering.” Apparently not, though, as that part of the industry, by supporting the introduction of a supposedly “voluntary” sprinkler standard into the HUD Code, stands poised – once again -- to be bitten where it hurts, while this “one-two” punch (i.e., energy and sprinkler standards) increases regulatory cost burdens which will further limit the availability of affordable housing and the number of Americans who can afford to purchase a manufactured home, directly contrary to federal law.

The manufactured housing sprinkler standard debate has been around for decades. Not long after the adoption of the National Manufactured Housing Construction and Safety Standards Act of 1974, special interests were already clamoring for a federal manufactured housing sprinkler standard. MHARR, as one of its first priorities, aggressively opposed this effort, asserting that there was a clear basis under the 1974 law for the federal preemption of local sprinkler mandates. Quite simply, the HUD Code standards addressed (and have always addressed) “fire safety,” the same “aspect of manufactured housing performance” impacted by sprinklers, as shown by the National Fire Protection Association’s (NFPA) 13D standard, which is designed to “provid[e] a reasonable degree of fire safety.” And, in fact, the first official position taken by HUD with respect to sprinkler preemption adopted that exact analysis. In a July 27, 1989 communication to the Fire Chief of Oklahoma City, the then-Director of HUD’s Manufactured Housing and Construction Standards Division stated: “If your municipal requirements include automatic fire sprinkler systems, they address the same aspect of performance as HUD’s standards, i.e., fire safety. Therefore, HUD’s standards preempt.” (Emphasis added).

This common-sense position held until HUD’s Office of General Counsel (OGC) intervened years later. As shown by MHARR Freedom of Information Act (FOIA) requests, HUD lawyers argued in confidential memoranda for preemption under the 1974 law – and its crucial “same aspect of performance” test – to be construed narrowly. This set up a framework that could be corruptly manipulated to defeat federal preemption by simply re-defining, in an ever-narrower way, the alleged purpose of any regulation. Under this framework,

Ending the String of Self-Inflicted Industry Wounds Cont.

the straightforward notion that HUD's existing "fire safety" standards and local sprinkler mandates both addressed "fire safety" – and, therefore, the "same aspect of manufactured housing performance" – was rejected. Instead, localities were informed that while the existing HUD standards addressed "fire safety," local sprinkler mandates addressed "fire suppression" – supposedly something completely different.

HUD, therefore, nullified preemption under the 1974 Act via an "interpretation" that made it virtually meaningless. MHARR (with no help from MHI) vigorously opposed this action and stressed its absurdity to Congress when it came time to reform the 1974 Act. Given direct evidence showing that HUD lied in statements claiming that preemption under the 1974 Act was being construed "broadly," when just the opposite was the case, Congress decided to make the issue crystal clear. As a result, the 2000 reform law added language stating that "federal preemption ... shall be broadly and liberally construed" (Emphasis added). As a result, the 2000 reform law, statutorily invalidated all prior HUD preemption decisions based on the post-1989 narrowing of the "same aspect of performance" test.

This, in itself could, and should, have set the stage for industry-wide pressure on HUD to fully preempt local sprinkler standards for manufactured homes. The argument for preemption, however, was strengthened even further in 2011, when NFPA, under direct pressure from MHARR, was forced to concede that HUD Code homes, in key fire safety metrics, were as safe or safer than site-built homes (thus bringing its statistical analysis into alignment with the findings of multiple Foremost Insurance Company studies). No less an "authority" than NFPA, accordingly, confirmed that the HUD fire safety standards – without sprinklers – ensure the "reasonable fire safety" of manufactured homes.

These developments -- the enhancement of federal preemption under the 2000 reform law and objective proof of the fire safety of HUD Code homes, without the use of or need for fire sprinklers – should have been the end of both the fire sprinkler and fire sprinkler preemption debate, by conclusively establishing:

1. That HUD Code homes built to the federal standards are already fire safe, without sprinklers;
2. That a sprinkler mandate would unnecessarily add to the cost of manufactured homes without materially enhancing fire safety; and

3. That, as "broadly and liberally" construed, "fire safety" is the same aspect of manufactured home performance addressed by both the federal standards and local fire sprinkler standards.

And, in fact, MHARR relied on these crucial points to aggressively re-assert – against specious HUD opposition -- its call for the full preemption of sprinkler mandates based on the current HUD Code fire safety standards (i.e., without any type of sprinkler provision).

And that is where the sprinkler debate should have ended. With no federal sprinkler standard and with local sprinkler mandates preempted. But even in the absence of federal preemption, the entire matter should have been left at the local level, with HUD Code manufacturers following the provisions of NFPA 13D to address the small number of situations – and smaller number of jurisdictions – where sprinklers needed to be addressed. This would have left the HUD Code out of the debate and avoided saddling a much larger number of manufacturers and consumers with a sprinkler standard, but MHI could not be dissuaded.

Instead, MHI (just as it has failed to hold HUD's feet to the fire on the federal preemption of discriminatory zoning excluding manufactured homes), offered HUD an escape hatch from its illegitimate refusal to preempt local sprinkler mandates. Taking its cue from HUD's baseless argument that even under the enhanced preemption of the 2000 reform law, the HUD "fire safety" standards – without an express sprinkler provision – would not preempt local sprinkler mandates, MHI, in 2011, proposed the inclusion of a so-called "voluntary" sprinkler provision in the HUD Code (based on NFPA 13D) that would govern sprinkler systems in manufactured homes where they were sought by consumers or otherwise required by local (or state) law. And now, eleven years later, this MHI-proposed "voluntary" sprinkler standard has been included in a Notice of Proposed Rulemaking (NPRM) issued by HUD on July 19, 2022.

Simply put, though -- and as MHARR stressed in written comments on the NPRM filed in August 2022 -- a "voluntary" federal sprinkler standard, as advanced by MHI, is little more than a trap that the industry is unwittingly stumbling toward. Aside from the undeniable fact that any type of sprinkler standard is unnecessary, since HUD Code homes are already fire safe, as documented by NFPA, the following should be obvious as well:

Ending the String of Self-Inflicted Industry Wounds Cont.

1. There is no basis in the 1974 Act, as amended, for a "voluntary" or "conditional" federal manufactured home construction or safety standard of any kind;
2. A "voluntary" HUD standard would not remain "voluntary" for long given regulatory "mission creep" and multiple special interest constituencies with an incentive to press for mandatory imposition. In the case of fire sprinklers, those constituencies, include HUD's entrenched monitoring contractor and the special interest sprinkler lobby itself, both of which would financially benefit from a massive regulatory expansion.
3. An express federal sprinkler standard, as explained above, is not a prerequisite for federal preemption of local sprinkler mandates, especially under the enhanced preemption of the 2000 reform law;
4. The adoption of a federal fire sprinkler standard, even if "voluntary," will have severe impacts on the availability and affordability of manufactured homes, including, but not limited to: increased consumer costs for sprinkler-equipped homes; increased financing costs for such homes; increased production and design costs for sprinkler-equipped homes; increased insurance costs for non-sprinklered manufactured homes; and increased lot rents and placement fees based on needed upgrades to community infrastructure, among other things;
5. While the site-built housing industry is vehemently opposing sprinklers in their homes, the adoption of a federal manufactured housing sprinkler standard will be portrayed by industry competitors, detractors and others as demonstrating that HUD Code homes need additional fire safety protection, even though NFPA has deemed manufactured homes to be as fire safe or safer than other types of homes;
6. The adoption of a federal manufactured housing sprinkler standard will be cited and manipulated by trial lawyers to assert that HUD Code manufacturers, retailers and/or communities that do not equip their homes with sprinklers (or do not have the infrastructure necessary to support sprinklers) are negligent in the event of a fire loss, injury, or death; and

7. Even a "voluntary" or "conditional" standard would place significant pressure on community owners to either provide the water storage and related systems necessary to support a significant number of sprinkler-equipped homes -- and thereby incur costly water system upgrades -- or face the prospect of litigation and liability.

And even these pitfalls do not exhaust the full range of dangers to the availability, affordability and utilization of HUD Code manufactured homes that would flow from a misguided, unnecessary and needlessly costly federal manufactured home sprinkler standard of any kind.

As the entire industry should know by now, "going along" with regulators does not work for a comprehensively federally regulated industry like manufactured housing. That was demonstrated with glaring clarity by the entire energy rule fiasco, which capped off years of self-inflicted industry wounds. The energy debacle also shows that the time to stop an unnecessary and destructive rule is as early as possible in the rulemaking process. As a result, the industry should assert its strong opposition to any federal fire sprinkler standard, as MHARR has, and as has been the case with representatives of other segments of the housing industry. Learning the lessons of past failures is key to future survival and prosperity, while those who refuse to learn the lessons of history are destined to repeat them.



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Under a proposed rule change, manufactured home loans could operate similarly to all other home loans, providing ownership is titled as personal property.

Washington - The Federal Housing Administration (FHA) proposed a rule in the Federal Register that will increase and index loan limits under its Title 1 Manufactured Home Loan Program. The program ensures loans are used to finance manufactured homes that are titled as personal property.

FHA proposes a "data-driven methodology to calculate loan limits for the program on an annual basis." It's currently seeking public comment. The change was first proposed in the Biden Administration's May 2022 Housing Supply Action Plan. Manufactured housing is considered one of the tools that can alleviate the U.S. shortage of affordable housing.

"Adjusting loan limits to current market conditions will make Title 1 a much more useful source of affordable loan financing for manufactured homes," says Federal Housing Commissioner Julia Gordon. "This proposal is the next step in FHA's ongoing work to support manufactured housing as an affordable and attractive option in a challenging housing market."

Title 1 Manufactured Home Loan Program loan limits haven't been updated since the Housing and Economic Recovery Act of 2008.

According to FHA's plan, it will use indexes to annually calculate and adjust loan limits using sale prices, similar to

the way conforming loan limits for existing home mortgages rise every year. In the manufactured home version, these limits would include separate indexes for single-section manufactured homes and multi-section manufactured homes.

Type of loans under the Title 1 Manufactured Home Loan Program

1. Manufactured Home Loans are used for the purchase or refinance of a manufactured home only.
2. Manufactured Home Lot Loans are used for the purchase or refinance of the land where the home is to be installed.
3. Manufactured Home and Lot Combination Loans are used for the purchase or refinance of both the home and the land on which the home will be installed.

Source: [Florida Realtors](#)



What You Should Know About Titling a Manufactured Home

By [FreddieMac](#)

Manufactured homes – also known as factory-built homes – are an increasingly popular housing option that can be more affordable to buy and own than site-built homes. If you are thinking about buying a manufactured home, you should consider how your home will be titled.



In contrast to a site-built home, a manufactured home is built in a factory before being delivered and permanently installed where you live. Depending on who owns the land you live on, you can title your home as personal or real property.

Real Property vs. Personal Property

Real property, often called real estate, refers to land and any structures affixed to the land. *Personal property* is a broader category that covers any property you own that is movable, which can include vehicles, tools or equipment, furniture, and other personal belongings.

If you are buying a manufactured home to install on land that you already own, or are planning to purchase, it can be titled as real property once the home is affixed to the land. If you are renting a site in a manufactured home community or leasing on private land, you will likely need to title the home as personal property.

Benefits of Titling Your Home as Real Property

If you are the owner of the land where the home will be placed, you may have the flexibility to decide how your home is titled.

While titling the home as personal property can be quicker and save you money on real estate taxes, titling your home as real property has many benefits, including:

- Many lenders may only provide financing for the purchase of real property. You will have more options to finance your home if you title it as real property.
- With more options for financing, you will likely find a loan that has a lower interest rate, longer loan terms and a lower monthly payment. Talk to your lender to discuss your options.
- Although you will pay taxes on real property, there are many tax benefits to homeownership. It is also worth noting that some states will require you to pay taxes on personal property, as well. Consult a tax advisor to determine what is best for your specific situation.
- Real property mortgages come with more protections for homeowners in the event of hardships, such as following natural disasters or a change in your financial situation.

How to Title Your Home as Real Property

Titling requirements for manufactured homes vary by state. In most cases, manufactured homes are initially titled as personal property but can be re-titled as real property if you also own the site. This process is typically handled by your state's department of motor vehicles (DMV) or equivalent agency.

Consult a settlement or title company to help you through this process and determine what solution works best for your specific situation.

To learn more about the homebuying process, including why you should consider buying a manufactured home, visit [My Home by Freddie Mac®](#).



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