

MINUTES

MOBILE MANUFACTURED HOME ADVISORY COUNCIL

JUNE 20, 2007

The Mobile Manufactured Home Advisory Council convened June 20, 2007 at 10:10 a.m. in Room 117 of the State Office Building, 165 Capitol Avenue, Hartford, CT 06106.

- Members Present:
- | | |
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| Bennett Pudlin | Attorney at Law, Acting Chairperson |
| Ben Castonguay | CT Real Estate Commission Member |
| Myriam Clarkson | Mobile Manufactured Home Industry Rep. |
| Keith Jensen | Park Owner |
| Marcia L. Stemm | Park Owner |
| Michelina G. Lauzier | Park Tenant |
| Al Hricz | Park Tenant |
| Carol DeRosa | (Representing Timothy Coppage,
CT Housing Finance Authority Rep.) |
- Member Absent:
- | | |
|---------------------|-----------------------------------|
| Leonard S. Campbell | Town Planner |
| Neil Gervais | Park Tenant |
| Debbie Russo | DECD Representative |
| Timothy Coppage | CT Housing Finance Authority Rep. |
| George Cote | Banking Industry Representative |
| Jeffrey Ossen | Park Owner |
- Board Vacancies:
- One Senior Citizen
 - One Representative of the Housing Advisory Committee
- DCP Staff Present:
- Nelson Leon, Advisory Council Secretary
- Public Present:
- Raphael Podolsky, Esquire
 - Joe Mike
 - Mark Berkowitz

Note: The administrative functions of this Board are carried out by the Department of Consumer Protection, Occupational and Professional Licensing Division.
For information call Richard M. Hurlburt, Director, at (860) 713-6135.

MINUTES OF PREVIOUS MEETINGS

The Advisory Council voted unanimously to approve minutes of the March 21, 2007 Mobile Manufactured Home Advisory Council meeting.

REPORT FROM SUB-COMMITTEES

- **EDUCATION COMMITTEE**

Mr. Pudlin suggested Ms. Clarkson review the DCP website and report back to the Advisory Council with any opinions and/or suggestions.

- **LEGISLATIVE / FINANCE COMMITTEE**

Attorney Podolsky reports on Senate Bill 591 & 493, related to evictions, which was opposed by the Advisory Council and that died in the judiciary committee, in addition to two other bills relating to pro-ration of property taxes for mobile homes and appointment of receivers for parks in which taxes had not been paid, also opposed by the Advisory Council and that died in the general law committee.

Attorney Podolsky reports on Senate Bill 1345, concerning mobile home loan programs, in which he advocated to making sure that two million dollars allocated to the program stay in the program and not go into the general CHFA fund, which would have ended the program once the monies run out. CHFA apparently was running the program as part of its first-time home buying program, rather than using some unrestricted funding source, impacting a lot of people moving into mobile home parks and buying homes that are not first-time home buyers. Effectively a large portion of the eligible population that has been anticipated, particularly the elderly, would not be eligible for the program. One of the purposes of the program was to train banks to change their lending policies in general, and with a lot of banks and lenders participating in the program, the hope was that over time, they would start approaching the issue of mobile home lending in a different way. It was not clear to what extent CHFA was going to run the program in the same way it runs its other first-time home buyer programs, and whether it was going to suck banks in and use the program as a tool to expand mobile home lending in general.

Ms. DeRosa reports that she in fact runs and administers the program and that she is a believer in communication and understanding on what the needs are, and that she has the opportunity to go back and talk to senior management. Ms. DeRosa informed the Advisory Council that Attorney Podolsky's report on the program is true, and that the actual program was developed very quickly and has two million dollars in it, and to this point and time regarding the usage of the program, there have been up to twenty-five inquiries, with no one yet utilizing the program. Ms. DeRosa would like the opportunity to spend some time talking, listening and learning to the Advisory Council in order to go back and share the information, especially since their board is going over objectives for adoption of their annual budget cycle in September for the following year.

Ms. DeRosa reports that they actually do finance mobile homes on individual lands, and that there are a couple of issues to tackle, one is to get insurance, and that is one of the biggest issues in terms of any loan, regardless of whether its a mobile home or not. Normally 80% of CHFA loans are insured by HUD or FHA and that minimizes our risk in the event of a default. We also have borrowers who put down money to eliminate the insurance risk. The issue with mobile homes is dependent on how the town deems that property, which determines if they can get FHA insurance. We have first-time home buyer requirements unless you are buying in a targeted area, which is the bonding requirement. That's the way we fund our loans. Because these loans are funded, the two million dollars is allocated from our bonding, it has the same requirements of any other mortgage we make. Therefore, that's why we have that issue of being a first-time home buyer, unless it is in a targeted major urban center area (New Haven Waterbury). What we do is finance mobile homes when people are putting them on their own land. Sometimes we are able to finance them as long as they are attached to a permanent foundation. The issue is whether they are taxed by the city as a motor vehicle or as property tax. The normal industry procedure is to pay 20% to avoid requiring mortgage insurance. However, because the tenant did not own the land, it was bumped to 30% down payment. We are doing a majority of the loans thru tax exempt bonds, we have a bond rating, and an obligation to pay our bond holders, and because of the way the mortgages are financed, when a borrower is putting less than 20% down, we require some type of insurance, we are then held harmless if the loan is not paid while it is insured.

Ms. DeRosa informed the Council that the way the Statute was read, is to take two million dollars specifically to fund mobile homes that are being purchased in state licensed mobile home parks. The issue that was never addressed was the issue that is basic in any lending decision, is "what is the level of risk?", and it has to do with if the loan is not paid and what is the recourse of getting our monies back. Ms. DeRosa expressed an interest in gaining information from the Advisory Council to bring back to senior management for discussion.

The Advisory Council informed Ms. DeRosa that they have always expressed an interest to form a partnership with CHFA in an attempt to establishing a loan program consisting of a pool of state monies that would renew itself, and not fall prey to FHA rules and private insurance companies.

Attorney Podolsky said that his understanding of the Statute was that the monies was intended to finance loans and not for paying insurance, and that the Act was intended to say that these loans not require private mortgage insurance because private mortgage insurance restrictions was one of the things the Advisory Council wanted to avoid. The Statute does not address one way or another, to what extent you could make up for this by jacking up the down payment requirement. The underlying assumption was that whatever the down payment would be, it would not be less favorable than other home purchase loans. Part of the reaction of the 30% was that you are not making other people pay 30% for stick built housing. The fact that it is not a granted land should not be the basis for a risk analysis to push up the down payment.

The Advisory Council suggested establishing a meeting with CHFA to talk more about mobile home loan program matters and have designated a committee consisting of Bennett Pudlin, Joe Mike, Mark Berkowitz, Keith Jensen, Neil Gervais and Ben Castonguay.

OLD BUSINESS

1. Mr. Hricz reports that the park residents of Ryder Woods Park in Milford, CT are in the process of seeking financing to purchase the mobile home park. The Advisory Council discussed financing options with CHFA and local banks, and also suggested speaking with Council member Keith Jensen, Park Owner, who has mobile home park purchasing experience and may be able to offer some type of direction and/or names of financial institutions that may assist the residents of Ryder Woods Park. Mr. Podolsky suggested the residents of Ryder Woods Park also communicate with CHFA, who have a park purchase program for park residents.
2. Advisory Council voted unanimously to draft a letter of recommendation endorsing support for Mark Berkowitz, Park Owner, as the replacement for Jeffrey Ossen, Park Owner, who has relinquished his position on the Advisory Council due to illness.
3. The Advisory Council is requesting Gregory Carver's replacement as the Council's mobile home investigator.

There being no further business, the meeting adjourned at 11:20 a.m.

Respectfully submitted,

Nelson Leon
Advisory Council Secretary

The next meeting of this Advisory Council is scheduled for Wednesday, September 19, 2007.