

CONGRESSIONAL RECORD INSERT
EXTENSION OF REMARKS
CONGRESSMAN LES AuCOIN

Mr. Speaker, federally chartered savings and loan associations are being prevented from competing with other financial institutions for certain mobile home loans because of outdated federal regulations.

In 1968, Congress granted to federally chartered savings and loan associations the authority to invest in mobile home loans. Subsequently, the Federal Home Loan Bank Board developed rules governing these loans. Unfortunately, the Bank Board's regulations have not kept pace with the significant and positive changes in the construction and placement of mobile homes.

The Bank Board limits the maturity term of loans for new mobile homes to 12 years. If the mobile home is more than 900 square feet in size, the maturity term is 15 years. With single wide mobile homes now selling for an average of \$20,000, it is easy to see why 12 or 15 years is not long enough. With such terms the payments on the loan easily exceed the financial capability of many potential purchasers.

The restrictions for used mobile homes are even more deplorable. The amortization period for a loan for a used mobile home is 12 years, less the age of the unit. Thus if the mobile home is 2 years old, the maximum maturity term is 10 years.

Today's mobile home is no longer mobile. It is constructed out of the same materials used in "on site" construction and must comply with strict construction and safety standards developed and enforced by the Department of Housing and Urban Development. The HUD standards, the only national construction code, have been termed "comparable" and in certain respects "superior" to many of the local building codes for homes constructed on site.

Given this new era in mobile homes, it is incomprehensible why the Bank Board has not updated its regulations. Just last year, the Congress recognized the changes in mobile home manufacturing and placement and approved new higher loan limits and longer terms for FHA insured loans for mobile homes. Mobile homes consisting of two or more modules now can receive FHA insurance for loans with maturity terms up to 23 years.

I think it is important to do everything possible to make available decent, safe and sanitary housing at reasonable cost to every American. Mobile homes account for nearly all of the single family detached new home sales in the under \$30,000 price range. The industry is sheltering in excess of 10 million Americans.

The Bank Board is missing an important opportunity to help millions of Americans realize home ownership.