



**ORIGEN**  
WE START WITH YOU.

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June 21, 2002

By Fax to 202-906-6518 and E-mail to regs.comments@ots.treas.gov

Regulation Comments  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street, NW  
Washington, DC 20552

Attention: Docket No. 2002-17

RE: Comment on Proposed Change to 12 CFR Part 590.4 - Late Fees  
on Manufactured Housing Loans

Dear Sir or Madam:

Origen Financial L.L.C., a Delaware limited liability company headquartered in Michigan and formerly known as Dynex Financial, Inc., has grown to become the nation's fourth largest manufactured housing lender since its formation in 1995. Origen finances consumers' acquisition of manufactured homes from retailers in two types of financing transactions: First and most common are the retail installment sales (commonly referred to as "home only loans") in which the retailer assigns the financing contract to the finance company that has approved the purchaser's credit application. A home thus acquired is set up in either a manufactured home community or on land owned by the home's purchaser. The second is what is referred to as a "land home loan" in which the finance company extends the consumer a loan to purchase both the home and the land on which the home will be installed<sup>1</sup>. In a land home loan, the home is permanently attached or affixed to the consumer's real property, and the transaction is treated no differently from a traditional site-built home mortgage loan.

<sup>1</sup> In some cases, the consumer already owns the land on which the manufactured home will be installed, but a portion of the loan proceeds will be used to pay off any existing loans secured by that land. In any event, in a land home loan both the manufactured home and the land on which it will be installed serve as collateral for the loan.

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Origen is one of the manufactured housing lenders that has sought the deletion of the \$5.00 limit on the late charge for the reasons stated in the proposal to change 12 CFR 590.4, thereby allowing a late charge not exceeding the lesser of 5% of the unpaid amount of the installment or the maximum allowed under applicable state law. Doing so will conform the presently ineffective late charge deterrent in "home only" loan transactions to that which has existed for the past 20+ years in both "land home" loans and site built home loans<sup>2</sup>. This only makes sense when you consider that each type of loan involves a person's dwelling, to use a Truth in Lending term<sup>3</sup>, and that today there is often no difference in the size (or other attributes) of the dwelling regardless of whether the home is "set up" on land (home only), "permanently attached" to land (land home) or site-built.

The OTS has specifically requested comment on whether the five percent limitation should also be deleted. As a practical matter, doing so will not make much difference because very few states allow late charges in excess of 5% of the unpaid amount of the payment. However, in order to make the rules for all "dwellings" consistent, as we would argue they should be for the reasons stated above, we believe the 5% maximum should be removed, too, thereby directing lenders to state law for the late charge limits in every type of housing credit transaction.

Thank you for giving us the opportunity to comment on this important issue. Should you have any questions or wish to discuss, please do not hesitate to contact me.

Sincerely,



Douglas W. Buchanan

<sup>2</sup> It will also remove one of the disadvantages non-bank lenders have had vis-a-vis banks, which have generally not been subject to the \$5.00 maximum.

<sup>3</sup> Significantly, since the Truth in Lending Simplification Act became effective in 1981, the Truth in Lending Act has made no distinction between either credit secured, on the one hand, by manufactured (mobile) homes vs. site-built homes, or, on the other, by manufactured homes only vs. manufactured homes and real property.