

North Carolina

MANUFACTURED AND MODULAR HOUSING NEWS

The official magazine of the NCMHA

VOL. 36 NO. 1



SAVE THE DATE: 2015 NCMHA Annual Meeting & Legislative Day

CFPB's New Appraisal & Valuation Rules

HUD MHCC Meets for the First Time in Two Years

Bipartisan Bill to Preserve Access to Manufactured Housing

The North Carolina Manufactured and Modular Housing News is published as a benefit of membership in NCMHA, 4911 Departure Drive, Raleigh, NC 27616

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For more information on the chapter in your area please contact the Association office at 919.872.2740.

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Miller

Last year we were able to convince the General Assembly that the sales tax increase imposed on our industry was unfair to consumers and needed reform. Members from across the state supported our grassroots efforts to help get the sales tax rate reduced by attending legislative day, contributing to MaHPAC and corresponding with their legislators. This was not an easy task but we succeeded because of the hard work of our members and their willingness to invest both their time and money.

We had several other legislative successes. Lenders are now allowed to charge certain fees on personal property loans that were already allowed on real property mortgage loans. This victory will help ease the burden for lenders in the manufactured home loan business and will encourage other lenders to enter the market. Additionally, we were able to get legislation passed that allows temporary health care structures to be placed in residential areas without having to go through a local zoning ordinance revision. This legislation was published as the lead story on Governor Pat McCrory's website immediately following his signing the bill into law. Once again, this success was due to the hard work of our members visiting personally with their legislators, contributing financially and organizing other various grassroots efforts.

This year we start a new two year legislative term. There are a lot of new faces, new leaders, and legislative staff at the General Assembly. There is important legislation that NCMHA will be pushing for this session and legislation being pushed for by other groups, good and bad. Current issues supported by NCMHA include clarity of the consumer notice of cancellation law and changes to the manufactured housing titling and lien agent laws. These issues are already being discussed and draft legislation is being written. These are the issues that we are aware of; every year there are new laws proposed by legislators and we will need to be prepared to take a stand and either help get the proposal passed or defeated.

If we want continued success with our legislative efforts, we need **every member** of NCMHA to help and contribute to our efforts. One of the most effective and easiest ways to help with our efforts is by contributing to MaHPAC. MaHPAC is our political action fund that helps get our voices heard by lawmakers and other elected officials. Simply put, money talks and the more money we raise for MaHPAC the more successful we will be, and because MaHPAC cannot accept corporate contributions the responsibility falls on us as individuals. We need **every member** to contribute. Any amount makes a difference. Please give back to your industry. If every member of NCMHA contributes to MaHPAC, we will be one of the most powerful voices at the Capital.

Please stand up for our industry and contribute to MaHPAC by sending your personal check to: MaHPAC, 4911 Departure Drive, Raleigh NC 27616. If you want to contribute with a personal credit card you can do so by calling 1-800-849-6311.

Please make your contribution today, we need you!

Welcome New NCMHA Members

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OF NODEL PARKS**
Raleigh, NC

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Greensboro, NC

**JENSEN'S COASTAL PLANTATION
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Sheraton Raleigh Hotel to Host the 2015 NCMHA Annual Meeting & Legislative Day



Sheraton Raleigh Hotel

It's that time of year again to start making plans to attend the NCMHA Annual Meeting and Legislative Day! This year's event will be a combined event Tuesday, June 9th and Wednesday, June 10th at the Sheraton Raleigh Hotel in downtown Raleigh, NC.

The committee has many exciting events scheduled including the MaHPAC golf tournament Tuesday morning and a welcome reception featuring heavy hors d'oeuvres, golf awards and the MaHPAC Silent Auction Tuesday evening. Wednesday begins with the annual business meeting, where members will elect Board Representatives, honor outstanding fellow members and get an update from the industry's primary regulator Wayne Goodwin, Insurance Commissioner. Following a buffet lunch members will visit the Legislative Building to get to know their local Legislators and educate them about the industry. The event will wrap up Wednesday evening with another opportunity to socialize

and discuss important issues with NC Legislators at NCMHA's Legislative Reception at the NC Museum of History.

Special Event Sponsorships available include: the Welcome Reception \$2,000, General Session \$5,000, MaHPAC Golf Beverage Cart or Lunch each \$1,000 as well as unlimited general sponsorships of Platinum \$1,000, Gold \$750, Silver \$500 and Golf Hole \$250.

The Sheraton is offering a special rate to NCMHA members of \$159 for traditional king (non-smoking) single or double occupancy. NCMHA has only retained a small block of rooms, therefore it is imperative that you make your reservation early. Mark your calendars now to make plans to attend this important event! You won't want to miss this timeless tradition! For more information or registration forms please contact NCMHA at 919.872.2740 or visit our website at www.nc-mha.org/events.



NC Museum of History

NC State Representative Julia C. Howard Presented with Steve Zamiara Excellence in Government Award



At a luncheon hosted by NCMHA, North Carolina State Representative Julia C. Howard was presented with the Steve Zamiara Excellence in Government award honoring her for her determination, commitment and untiring efforts to protect and preserve affordable housing opportunities for the citizens of North Carolina through her support of the manufactured and modular housing industry. Pictured left to right are NCMHA 2nd Vice President Tonnie Prevatte, Maynard Wilkins, NCMHA President Keith Miller, Representative Howard & Robert Bulla.

Q & A with Frank Gray, NCMHA Legal Counsel

Q: Are Home Warranties/Service Contracts Sold by the Retailer Subject to Sales Tax?

A: Legislation passed in 2013 expanded the sales tax base to include the sales price of a service contract. The legislation was modified in the 2014 Session by Part VI of HB 1050, Omnibus Tax Law Changes. It clarifies that service contracts include warranty agreements and extended warranty agreements by which the seller agrees to maintain or repair tangible personal property. The law is aimed at the service contracts typically sold with appliances, electronics, cell phones and automobiles. The tax does not apply to service contracts for items sold at retail that become part of real property unless the service contract is sold at the same time as the item of tangible personal property covered in the contract. Manufactured homes sold at retail as a "home only" transaction, would be treated as a sale of tangible personal property. So an extended warranty sold by the retailer with the home would be covered by this new law. If the manufactured home was part of a "land

home" real estate transaction (no title issued or the title cancelled), then it is possible that the real estate exemption might apply. But that might be a close question and depend on how the transaction is structured. If we are only talking about \$500 - \$600 for the retailer's warranty contract, it would be safer just to collect the sales tax - 6.75% (7% in some counties) or approximately \$40.

It's important to mention that this particular bill is part of a larger "tax reform" effort by the Republican leadership in our General Assembly, supported by our Republican Governor. Already, the Legislature has reduced our state's personal income tax rate from a high of 7.75% to 5.7% this year. Likewise, the corporate income tax rate has been reduced from 6.9% to 5% this year. Where sales tax is concerned, the concept is to broaden the sales tax base, while looking to lower the overall rate in the future. The sales tax rate may follow suit if the economy continues to improve.

What is MaHPAC?

The purpose of the Manufactured and Modular Homebuilders Political Action Committee (MaHPAC) is to support North Carolina state legislators, legislative candidates, and local officials who identify with and support the aims of our Association. MaHPAC supports candidates who are concerned about housing issues, and who believe in fair and equal treatment for factory-built homes.

Why Contribute?

In today's regulatory and political environment, government's involvement in our industry is at an all-time high. Whether through lending, sales transactions, record keeping or taxes, we are regulated by all levels of government now more than ever. Financial participation in the political and legislative process allows our manufactured and modular housing voice to be heard. We must support those candidates who support our views. We must support those candidates who are, well frankly, willing to help our industry. We have to raise more awareness about our issues and to do that WE MUST RAISE MORE PAC MONEY!

STAN TAYLOR

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HUD Memo on Manufactured Homes Designed, Built or Sold for Other than Single Family Use

In October 2014 the U.S. Department of Housing and Urban Development issued a memo regarding manufactured homes designed, built or sold for purposes other than Single Family Use to all industry stakeholders for clarity, uniformity and consistency of the Department's position and as a reminder of potential penalties for violations of the Manufactured Home Procedural and Enforcement Regulations (24 CFR Part 3282).

§ 24 CFR 3280.2 states:

Manufactured home means; ... 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling...

Dwelling unit means; one or more habitable rooms which are designed to be occupied by one family with facilities for living, sleeping cooking and eating.

§24 CFR 3282.8(1) states:

"Multifamily homes. Mobile homes designed and manufactured with more than one separate living area are not covered by the standards and these regulations."

The regulations set the responsibilities and requirements for all stakeholders and accordingly, manufacturers may not design or build manufactured homes labeled pursuant to the National Manufactured Home Construction and Safety Standards for multifamily or other non-single family residential use. Moreover, any manufactured home built under the federal program and bearing a HUD Certification Label may not be sold for purposes other than Single Family Use.

To avoid civil and criminal penalties associated with failing to comply with the regulations (refer to 24 CFR 3282.10), the Department is seeking your cooperation and heightened attention in ensuring that manufactured homes designed, manufactured and sold under the provisions of the Federal Manufactured Home Construction and Safety program are only for Single Family Use.

Moving forward, the Department will be referring cases involving manufactured homes designed, built or sold for other than Single Family Use to its Office of General Counsel for further enforcement action. If you have any questions regarding this issue, please contact your agency's HUD liaison of this office at (202) 708-6423.

Manufactured Housing Fire Safety Report Reveals Good News

The National Fire Protection Association (NFPA) has updated its 2011 report on manufactured home fires, and the news continues to be positive.

According to the report, manufactured homes had a 2007-2011 fire death rate per 100,000 units that was roughly the same as the rate for other one-or-two single family homes. Manufactured homes built after the introduction of the HUD Code in 1976 have

lower rates of civilian deaths per hundred reported deaths than pre HUD-Code homes. The 2007-2011 death rate was 57% lower than for post standard homes for pre-standard manufactured homes.

According to the report "If all pre-HUD standard manufactured homes were removed from the inventory, the fire death rate per 100,000 occupied manufactured homes would be estimated at 1.9, or well below the range estimated

for the rate for other one- or two-family homes."

The report found a disturbingly high rate of smoke alarm removal by occupants of manufactured homes. Smoke alarms reportedly are missing in half (51%) of all manufactured home fires where smoke alarm status was reported. Smoke alarms are required by the HUD Code.

Warranty Obligations Assure Good Business



Goodwin

Among the regulations the Department of Insurance's Manufactured Housing Division must enforce under state law are warranty obligations. According to law, all manufacturers, dealers and suppliers of manufactured homes must warrant any home sold in this state for a period of at least 12 months. These warranties protect the consumers, but they also protect you as members of the manufactured home industry.

Manufacturers' one-year warranties must guarantee that all structural elements, plumbing systems, heating, cooling and fuel burning systems, electrical systems and any other components included by the manufacturer are manufactured and installed free from any substantial defects. Under the manufacturer's warranty, poor workmanship in the construction of the home is considered a substantial defect. Also, any damage to materials during normal use of a manufactured home that has been reasonably maintained and cared for may be evidence of a substantial defect.

As a dealer, you must warrant that any modifications or alterations you complete or authorize on the manufactured home are in compliance with safety standards. If an alteration or modification does result in a substantial defect, the dealer will be held responsible, not the manufacturer. The dealer is also accountable for the transportation of the manufactured home and the set-up operations for homes that they sell.

Suppliers must extend any warrants offered in the ordinary sales of their products to the buyers of manufactured homes. The manufacturer's warranty shall remain in effect regardless of a supplier's warranty.

The set-up contractor must follow all applicable standards during set-up operations. If a substantial defect does occur during the course of installation of a manufactured home, the set-up contractor will be held responsible.

While it is the Department of Insurance's responsibility to enforce the warranty obligations of manufacturers, dealers, suppliers and set-up contractors, it's your responsibility to follow these obligations under state law and the provisions of your license. I appreciate our licensees' efforts to meet your obligations, and I hope you will all continue to meet the highest professional standards in the future. Together we can provide North Carolinians safe and affordable housing and build a lasting reputation of good service from the industry.

General Contractor's Seminars

The Professional Development Committee has coordinated with Contractor's Seminars to offer a one day General Contractor's Course to the membership. A member can attend any of Contractor's Seminars regularly scheduled course for a discounted membership price. For more information, contact Bobbi Peterman at 919.872.2740.

March 6, 2015

Hampton Inn
Mooresville, NC

March 7, 2015

Doubletree Hotel
Durham, NC

April 9, 2015

Doubletree Biltmore
Asheville, NC

April 11, 2015

Doubletree Hotel
Durham, NC

May 8, 2015

Hampton Inn
Mooresville, NC

May 9, 2015

Doubletree Hotel
Durham, NC

June 3, 2015

Doubletree Biltmore
Asheville, NC

June 5, 2015

Doubletree Hotel
Durham, NC

Note: All dates on calendar are tentative.

The HUD MHCC Meets for the First Time in Two Years

The HUD Manufactured Housing Consensus Committee (MHCC) met December 2-4 in Arlington, Virginia. It was the first in-person meeting since October 2012 and the MHCC met for a full three days rather than the 2 1/2 in previous years. MHI and its eight member representatives participated during the meeting. They provided public comments on the business before the committee, and made a number of recommendations to HUD and the MHCC, including the following:

- A change in the HUD regulations to further clarify that RV/Park Models are not manufactured homes and should not be regulated as such.
- That the MHCC thoroughly and seriously review the consensus recommendations of the DOE AS-RAC Working Group on Manufactured Housing to ensure that the energy efficiency standards proposed take into consideration the affordability of manufactured homes to consumers.
- DOE utilize HUD's framework under the HUD Procedural and Enforcement regulations for compliance and enforcement of any new energy efficiency standards.
- HUD reverse or substantially modify its current policy requiring costly, time consuming and unnecessary alternative construction approvals for attached garages, including retroactive Subpart I investigation and correction of homes previously sold with attached garages.
- Greater flexibility for HUD Code homes to be

utilized for certain multifamily purposes such as offices for retailers, certain types of farmworker housing and housing used by workers in the oil and gas industries.

- Several proposed changes and updates to the HUD Code and procedural and enforcement regulations which will provide for more flexible, less costly, and more innovative design and construction methodologies.

The MHCC has a new Administering Organization, Home Innovations Research Labs, formerly known as the NAHB (National Association of Homebuilders Research) foundation. Home Innovations was the sole bidder for the HUD RFP issued last year. The Systems Building Research Alliance (SBRA) submitted a bid but withdrew because of prohibitive costs associated with becoming certified by the American National Standards Institute (ANSI), as required by the Manufactured Home Improvement Act of 2000.

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We all know how tough the economy is, but in these times it is even more important to give! When debating about where to invest your hard earned money, think about giving your tax deductible donation to the Scott Morton Educational Trust today! It is worth every penny!

For more information on how you can contribute to this important fund please contact Bobbi Peterman at 1.800.849.6311 or bobbi@nc-mha.org.

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Have you ever heard of a little known observance called National Sunshine Week? Sunshine Week occurs each year in mid-March, coinciding with James Madison's birthday and National Freedom of Information Day on the 16th. During Sunshine Week, hundreds of media organizations, civic groups, libraries, nonprofits, schools and other participants engage in public discussion on the importance of open government through news, feature articles and opinion columns; special Web pages and blogs; infographics; editorial cartoons; public service advertising; public seminars and forums. This is a week set aside to help citizens understand the importance of having an open government.



Lovin

This observance made me think of our industry and the access we have to a variety of information within our own local and state government. Information that is crucial to the success of our business concerning issues such as zoning ordinance amendments, changes to the permit process, new laws, legal and public notices, fees, and so forth are all available to us. We just have to make the commitment of staying in touch and informed about what's happening in our area. Here are a few tips to consider:

- Call your city or county manager and ask to receive the agendas for upcoming city council or county commissioner meetings
- Talk to your local elected officials and ask to be appointed to serve on the planning board, board of adjustments, etc.
- Volunteer in community activities
- Attend city council and county commissioner meetings
- Frequently search your local government web sites for current happenings & updates
- Check the "fine print section" of your local newspaper for notices and announcements

It is our right and responsibility to get involved, whether it is in local public hearings; checking local papers for notices on upcoming zoning meetings; or fostering and maintaining positive relationships with local officials, including planners and inspectors. So as National Sunshine Week approaches, please consider getting more involved with and informed about your community.

INCLUDE THE NC MANUFACTURED AND MODULAR HOUSING NEWS IN YOUR 2015 BUDGET!

Are you interested in targeting industry members with your advertising? Then you need to advertise in this news magazine! Reserve your ad space today! Call 919.872.2740 or e-mail bobbi@nc-mha.org for a current rate list

Calendar of Events

The following is a list of events that NCMHA will be hosting in the coming months including Board of Directors dates. Please mark your calendars and plan on attending!

March 11, 2015

NCMHA Board of Directors Meeting
Raleigh, NC

March 18, 2015

Registered Housing
Specialist Seminar and State Test
Raleigh, NC

April 8, 2015

Registered Housing
Specialist Seminar and State Test
Raleigh, NC

May 13, 2015

Registered Housing
Specialist Seminar and State Test
Raleigh, NC

June 9 -10, 2015

NCMHA Annual Meeting &
Legislative Day
Sheraton Raleigh Hotel
Raleigh, NC

June 17, 2015

Registered Housing
Specialist Seminar and State Test
Raleigh, NC

October 15 -25, 2015

NC State Fair
Raleigh, NC

Preparing For Consumer Financial Protections Bureau's New Appraisal And Valuation Rules

By now, industry participants should be very aware of the "Big 8" Dodd-Frank regulations that have been implemented since January of 2014. The purpose of this paper is not to rehash those eight rules but to focus on the New Appraisal and Valuation final rules that were released near the end of 2013. Like many of the other rules, what we thought we were getting and what we ended up with were significantly different. The proposed rules released earlier in 2013 provided, in large part, exemptions from appraisal and MHI and many members and state associations wrote comments in support of the proposed rule.

Everyone should understand that the Appraisal rules were not developed by CFPB alone, but by a multi-agency task force charged with coming up with a viable rule. While we were very involved in the process on the front end, the deliberative process was done after review of all comments including those of Consumer Advocacy Groups opposed to the exemptions provided in the proposed rule.

When CFPB released the final rule the rulemaking body recognized that the new rules were going to have a significant impact and would take some time for the industry to develop an appropriate system to comply with the rule.

The Appraisal And Valuation Rules

While I would like to refrain from using what some may con-

sider technical terms, everyone should know the type of appraisal or valuation required on different types of loans and which loans may not require an appraisal or valuation at all. The important thing is, I want people to understand it and know many have been working hard since the end of last year to develop a reliable and economical way of complying.

Land and Home Transactions for New Homes and Preowned Homes

Beginning July 18, 2015, (all applications after that date) all land and home transactions will require what is called a USPAP Appraisal. In simple terms, it is the same type of certified appraisal done on site built homes by a licensed and certified appraiser.

Exceptions:

- If the loan is a QM (qualified mortgage) and has an APR less than the APOR (average prime offer rate) + 1.5%, no appraisal is required. In today's market for a 15 year loan that would be an APR of 4.875%. For a 30 year loan, that would be an APR of approximately 5.7%. In the manufactured housing world, unless this is a loan being sold to the GSEs or in a GNMA pool for FHA title II loans, most loans are going to be over these rates and, therefore, will require an appraisal.
- No appraisal is required if the loan amount is less than \$25,000.

- On a new home and land transaction, no interior inspection is required (which makes sense since the home is being built and going down a production line at the factory). In this case, the appraiser will do a "Plans and Specs" appraisal on the blueprints and other data available from the manufacturer. The appraiser will, however, still inspect (not appraise) the home after installation but prior to occupancy.

Home Only transactions

The new rules for these loans bring additional change.

The new rules "exempt" the home only from the USPAP appraisal rules if the lender provides one of these three items to the consumer ***3 days prior to the close of the loan transaction***. Again, loans of \$25,000 or less are not required to have a valuation.

1. The manufacturer's invoice, or
2. A valuation based on a Cost Valuation Guide, or
3. A valuation performed by an individual or company trained and experienced in the valuation of manufactured housing, so long as the individual or company has no financial interest in either the home sale or the loan.

What Is Being Done To Be In Compliance With These New Rules By July 2015?

The Dodd-Frank Task Force along with other key stakeholders

continued on page 14

NCMHA Shows Factory-Built Home at 2014 NC State Fair

The factory built home displayed by NCMHA at the 2014 North Carolina State Fair, in Raleigh, NC, once again, changed people's perceptions about factory-built housing.

Each year, the Regulatory Affairs Committee works on the project of placing a manufactured or modular house at the State Fair. Thousands of fairgoers have the chance to tour the home and find out more about the industry and its products. This project is the biggest public relations event that the association does during the year.

This year, the 1,200 sq. ft. manufactured home, produced by Schult Homes - Rockwell, was placed in a prominent spot near Gate 2 which made the home either a first or last stop for many fairgoers. Over 40,000 people toured the house and were given information about factory-built housing.

A special thanks to all of the companies that sponsored this project including: Schult Homes - Rockwell who provided the home, Batchelor Supply, Inc. and Exteria Building Products who provided the skirting and Blevins Inc. who provided the HVAC.

The committee would also like to thank all of the individuals who gave up time to "man" the house during the 11 day event. The project would not have been a success without their help!

A list of consumers requesting information on factory built housing is available to members. Contact Dana Fox at 919.872.2740.

Scott Morton Educational Trust Fund Accepting Applications for 2015 Scholarships

The NCMHA Scott Morton Educational Trust is accepting scholarship applications for 2015. Scholarships are awarded to the top applicants based on a combination of need and merit to graduating high school seniors; adults attending college, junior college or technical school; or to students with special educational gifts or needs. Awards are for one year, but scholarship recipients will be eligible for consideration for renewal if they make satisfactory progress in their studies. Scholarships will be limited to Undergraduate Studies Only.

To be eligible for consideration an applicant MUST:

- be nominated by an employee of a NCMHA member firm and have a family member in the manufactured or modular housing industry
- have a 3.0 GPA or higher
- have graduated from high school within a two-year period

For an application packet with nomination form, download at www.nc-mha.org, e-mail Bobbi Peterman at bobbi@nc-mha.org or contact NCMHA at 800.849.6311 / 919.872.2740. **Deadline for Applications: April 03, 2015**



Ground Anchor Installation-Final Rule

The final rule on ground anchor installation, published on September 10, 2014, amends the Manufactured Home Model Installation Standards by revising existing requirements for ground anchor installations and establishing standardized test methods to determine ground anchor performance and resistance.

Because there was no generally accepted method for rating and certifying ground anchors, states had adopted different requirements for certifying ground anchor performance. This final rule establishes a uniform test method that can be utilized to determine and rate ground anchor performance in different soil classifications and may be used by states to certify and accept ground anchor assemblies for Ground Anchor Installation. The rule became effective on November 10, 2014.

On July 26, 2013, HUD published a proposed rule to amend the Manufactured Housing Model Installation Standards by adopting recommendations made by the Manufactured Housing Consensus Committee (MHCC) to revise existing requirements for ground anchor installations, and establish standardized test methods to determine ground anchor performance and resistance.

The performance of conventional ground anchor assemblies is critical to the overall quality and structural integrity of manufactured housing installations. HUD's proposed rule recognized that while the Model Manufactured Home Installation Stan-

dards (24 CFR part 3285) reference a nationally recognized testing protocol for ground anchor assemblies, there is currently no national test method to rate and certify ground anchor assemblies in different soil classifications.

The final rule establishes standard test methods for evaluating ground anchors by the anchor assembly/stabilizer plate test method, the vertical in-line anchor assembly test method, and the in-line ground anchor assembly test method. These standard test methods require determination of soil classification by test probe at each testing site for each anchor assembly being certified.

Failure criteria is established as a displacement of 2 inches in either the horizontal or vertical direction prior to reaching a total working load of 3,150 pounds, or when the ground anchor head displaces 2 inches in the vertical direction or 3 inches in the horizontal direction prior to reaching a total load of 4,725 pounds, or when any component of the ground anchor shaft fails prior to reaching a total load of 4,725 pounds.

The final rule requires that the working load design value for each installation method and soil classification be reported in the ground anchor assembly listing or certification.

The final rule also permits the use of existing ground anchor designs to be used without retesting provided each such assembly had been previously tested and certified at the design loads required by the final rule in the weakest

soil classification for which the anchors were evaluated.

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Education: College degree in Business or related field
Experience: At least two years prior sales experience
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Capabilities: Working ability with a Windows based computer system and general office equipment, excellent oral and written communication skills, requires extensive travel.

Successful applicants will join 200 employee owners in one of the Top 100 Independently Owned Insurance Agencies in the United States and share in their mission to "Deliver Quality Insurance Protection with Distinctive and Exceptional Service". For all inquiries please contact Bob Capenos at bcapenos@haylor.com

Bipartisan Bill to Preserve Access to Manufactured Housing Introduced in the House

Washington, DC - Representatives Stephen Fincher (R-TN), Terri Sewell (D-AL), Andy Barr (R-KY), and Kyrsten Sinema (D-AZ) introduced the Preserving Access to Manufactured Housing Act (H.R. 650) on February 2, 2015 to alleviate the regulatory burdens that have impeded consumers' ability to purchase manufactured housing, which is a critical resource for low and moderate income families across the country.

Introduced by a bipartisan group of members who serve on the House Financial Services Committee, the Preserving Access to Manufactured Housing Act addresses recent federal regulations implementing the Dodd-Frank Act that do not reflect the unique nature of the manufactured home financing and sales process. The underlying consumer protections of the Dodd-Frank Act will remain in place under this legislation.

"Working families across the country, particularly in rural areas, depend on access to financing for affordable manufactured homes," said Nathan Smith, Chairman of the Manufactured Housing Institute. "Manufactured homes are the largest form of unsubsidized affordable housing in the nation. We thank Representatives Fincher, Sewell, Barr, and Sinema for working to correct the federal regulations that are having a significant impact on credit availability for the purchase of manufactured homes. I applaud them for coming together to protect consumers' ability to access homeownership through this quality affordable housing option."

In the 113th Congress, H.R. 1779 was cosponsored by 114 Members. The legislation was passed by the House Financial Services Committee by a voice vote on May 22, 2014. Companion legislation in the Senate, S. 1828, was cosponsored by 16 Senators.

"Despite having broad-based bipartisan support in the 113th Congress, the bill did not make it through the process prior to adjournment. We hope to keep the momentum building for quick passage during this session of Congress. The lack of relief from these regulations has been having a devastating impact on low and moderate income consumers in need of access to affordable housing."

The Preserving Access to Manufactured Housing Act amends the thresholds that have caused small balance manufactured home loans to be classified as high-cost. Due to the increased lender liabilities associated with making and obtaining high-cost mortgages, many lenders have exited the manufactured housing market, denying access to necessary credit for new and existing manufactured homes. While the cost of originating and servicing a \$250,000 loan and a \$25,000 loan are generally the same in terms of real dollars, the cost as a percentage of each loan's size is significantly different. This difference causes the smaller-sized manufactured home loan to potentially exceed the new thresholds and be categorized as high-cost, even though there is nothing predatory about the features of the loan.

The bipartisan legislation also clarifies that manufactured home retailers and salespersons are not loan originators. The new CFPB definition of a loan originator is based on traditional mortgage market roles that do not equate with the business model of the manufactured housing industry, including lending and retail sales practices. While they are in the business of selling homes and do not originate loans, manufactured home retailers and sellers currently run the risk of being considered mortgage loan originators. This bill excludes manufactured housing retailers and sellers from the definition of a loan originator, so long as they are only receiving compensation for the sale of the home and not engaged in financing the loans.

"Folks on the Hill need to know how important access to credit is for our customers and that these federal rules are having a negative impact on their ability to become homeowners," Smith said. "Congress has the opportunity to make this right for consumers before it is too late and we hope this bill is moved through the process quickly."

Companion legislation is expected to be introduced in the U.S. Senate in the coming weeks.

If you have any questions, please contact MHI's Senior Vice President, Government Affairs, Lesli Gooch, Ph.D. at (703) 558-0660 or lgooch@mfghome.org.

New Appraisal And Valuation Rules *continued from page 10*

such as retailers (both large and small), community owners (both large and small), industry lenders and manufacturers have had a seat at the table in providing input.

There were two clear choices of companies that could provide the necessary resources and services for the industry. Our group has met with NADA and DataComp on numerous occasions and asked them if they were interested in being part of the industry solution. It is important also to understand that each company approaches valuations differently. NADA develops their "depreciated retail value" using the cost methodology running manufacturer cost information through their system and DataComp uses the comparable market methodology by developing their valuations based on actual sales that occur in the marketplace between a willing seller and a willing buyer.

This rule requiring the valuation be provided to the consumer three days before loan closing changes the dynamics of how our lending on chattel loans and even land and home loans that are held in portfolio (as opposed to selling to GNMA, Fannie Mae or Freddie Mac) have previously been handled.

NADA, as most people know, provides the "CONNECT" system for the industry. Once NADA receives cost information from the manufacturers, they then subject these costs to various algorithms which then determine average mark-ups and other regional and location adjustments for their depreciated retail values.

DataComp is a 27-year old company that has provided appraisals and valuations on preowned homes and some new homes (for some lenders who do not use the advance method of lending), and has developed a database of over a million preowned home sales. When asked to provide a valuation, the subject home information is submitted to them and then they use their database of homes that most comparably compare to the subject home.

In order to prepare for the task of providing valuations on new homes, both companies are being provided the previous five years of sales financed by the industry's five main lenders. In short order, a system to capture cash sales and financing by other lenders (other than the five main lenders) will be developed so that DataComp will have the entire mar-

ket sales to consider in their valuations and NADA will have historical data to feed their system and potentially adjust the algorithms in the process.

Once both companies are fully ready, here is how it will generally work with each company.

NADA's CONNECT system is accessible by the internet. The lender will be responsible to input all pertinent data related to the transaction including the home's make, model and year of manufacture as well as all options installed at the factory and any options that are installed by the retailer. Also, the location where the home will be sited must be provided. The rules state also that the lender must accept the various adjustments applied by the system and cannot make changes on their own.

DataComp will require just two documents. The lender will be asked to electronically send the manufacturer invoice along with the purchase agreement which will show all options included with the sale and also the site information. DataComp's appraisers will then use that sales information and pull from their database "comparable sales" of like homes in size, quality, options and in as close proximity to the site as possible.

In summary, each company is in the process of entering well over 1 million data points into their systems so they will be reflective of the historical market and the current market.

NADA is still evaluating their costs in preparation to determine the cost of their valuations. It is hoped that they will be competitively priced.

DataComp believes that with a reasonable portion of the market valuations they can get the cost of the valuation down to or below \$50.00.

Both companies are to be commended for their commitment of resources, time and effort in helping the industry prepare for this significant change to the business. Members of the Task Force are confident that having these options available for chattel transactions will lead to a seamless integration into the lending process.

By Dick Ernst, Chairman, MHI Financial Services Division and President, Financial Marketing Associates, Inc. Ph: 214-335-2708 Email: Dick@FinmarkUSA.com

HUD CODE November 2014

	Through November 2014		Through November 2013		Percentage Change
	Shipments	Market Share	Shipments	Market Share	
New England	983	1.6%	884	1.3%	11.2%
Middle Atlantic	2,759	4.6%	2,737	4.8%	0.8%
East North Central	4,873	8.2%	4,491	8.2%	8.5%
West North Central	3,214	5.4%	3,120	5.5%	3.0%
South Atlantic	11,277	18.9%	10,828	19.3%	4.1%
East South Central	8,190	13.7%	8,204	14.6%	-0.2%
West South Central	19,674	33.0%	18,118	32.8%	8.6%
Mountain	4,060	6.8%	3,906	6.7%	3.9%
Pacific	3,905	6.6%	3,320	5.7%	17.6%

MODULAR 3rd Quarter 2014

Shipments of Modular Homes by State Ranked from Highest to Lowest 3rd Quarter 2014

	Modular Shipments	% of Total
New York	508	13.2%
North Carolina	321	8.3%
Pennsylvania	288	7.5%
North Dakota	254	6.6%
New Jersey	252	6.6%
Virginia	250	6.5%
Massachusetts	131	3.4%
Iowa	124	3.2%
Illinois	111	2.9%
Maine	100	2.6%
Wisconsin	99	2.6%
Minnesota	94	2.4%
Indiana	90	2.3%
Texas	87	2.3%
Montana	85	2.2%
Ohio	84	2.2%
South Carolina	83	2.2%
Michigan	78	2.0%
Maryland	68	1.8%
Colorado	66	1.7%
Nebraska	61	1.6%
Florida	51	1.3%
Tennessee	47	1.2%
South Dakota	47	1.2%
Connecticut	47	1.2%
Louisiana	42	1.1%
West Virginia	38	1.0%
Delaware	38	1.0%
Missouri	34	0.9%
New Hampshire	31	0.8%
Vermont	17	0.4%
Georgia	6	0.2%
Rhode Island	5	0.1%
Alabama	4	0.1%

	Through November 2014		Through November 2013			Percentage Change
	Shipments	Market Share	Shipments	Market Share	Rank	
1. Texas	12,778	21.4%	11,168	19.9%	1	14.4%
2. Louisiana	4,112	6.9%	3,967	7.1%	2	3.7%
3. Florida	3,469	5.8%	2,766	4.9%	3	25.4%
4. Mississippi	2,382	4.0%	2,223	4.0%	5	7.2%
5. California	2,373	4.0%	2,010	3.6%	8	18.1%
6. Alabama	2,222	3.7%	2,219	3.9%	6	0.1%
7. North Carolina	2,151	3.6%	2,405	4.3%	4	-10.6%
8. Michigan	2,014	3.4%	1,515	2.7%	12	32.9%
9. Kentucky	1,962	3.3%	2,097	3.7%	7	-6.4%
10. South Carolina	1,910	3.2%	1,902	3.4%	9	0.4%
	35,373	59.3%	32,272	57.4%		9.6%

North Carolina Product Mix November 2014

Shipments			Production		
Single-Section	Multi-Section	Total Shipments	Single-Section	Multi-Section	Total Shipments
75	117	192	106	103	209

North Carolina	2013	2014	% Change
Home Production	236	209	-11.4%
Home Shipments	198	192	-3.0%

2015 Association Directories are Here!

The 2015 NCMHA directories are here. Have you received yours? If you haven't please contact the association office for more information, 919.872.2740

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