



Manufactured Home Update

Oregon Department of Consumer & Business Services ■ Building Codes Division

March 2001

Task force presents ideas to attorney general _____

by *Mark Campion*

These are the attorney general's initial recommendations concerning manufactured homes, based on the work of the Manufactured Housing Task Force.

These recommendations have been edited from a final "discussion draft," and have not been endorsed by the attorney general. They are presented merely to inform the reader about the *possible* changes to Oregon statute, rule, or code regarding manufactured housing transactions.

Although there were other areas of discussion covered by the task force, only those recommendations involving sales transactions and financing are presented here.

■ Sales transactions involving manufactured home purchases.

There are a number of state agencies that regulate aspects of the manufactured housing industry. Clarifying the role that each agency plays would benefit consumers.

Some members of the task force suggested developing a checklist-type summary of the areas each agency regulates, the services provided by each, remedies offered by each to consumers, and the name/numbers of agency contacts.

Local building inspectors or the Building Codes Division would be required to issue a Certificate of Occupancy after inspecting a home.

■ Licensing of salespeople.

Licensing would be handled by a self-regulating state board, that would set standards of practice, educational requirements and minimum qualifications.

The board also would handle consumer complaints, conduct background and criminal history checks and have administrative authority to discipline.

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Certification tag price made permanent _____

by *Irene Lickiss*

On February 1, Oregon Administrative Rules 918-500-0100 and 0105, which increased manufactured dwelling installation and inspection fees, became permanent. This means that installer tags will continue to be \$8 each.

If you have older forms, please continue to use them, changing the installer tag price from \$5 to \$8.

BCD will continue to issue a credit letter to those who order tags at the old price. These customers will receive fewer tags than they expect *and* a credit letter. The credit letter may be returned with the next tag order. Just subtract the credit amount from the total due. ■

Thank you, industry professionals

by Albert Endres

Over the years, the Customer Assistance Section of Building Codes Division has written many articles focusing on requirements for repairs, timeliness of reporting, and other problems, along with methods that may help solve some of those problems we all face. Now, with production and sales far below what we prefer, times are more challenging than ever.

We've spent much of our time and effort trying to keep you informed about regulatory requirements and burning issues.

We probably don't take time often enough to say that we do sincerely appreciate the efforts of you all when it comes to resolving the many complex problems that all of us in and overseeing the manufactured home industry face.

Installers constantly get differing code interpretations from inspectors. They deal with adverse weather, delays in delivery and utilities, sites not ready, multiple inspections, reports that must have questions answered and responses made, and corrections to homes for which they have no responsibility.

Those of you installers who put up with all this and respond appropriately are true professionals.

Retailers are also involved in many difficult-to-resolve situations. True, some of these retailers' situations are of their own making, but most continually strive to go above and beyond the requirements to resolve the problems. Many times, they take on far more work than they are obligated to finish.

Retailers are in the middle of it all, and the good ones always come through.

Building inspectors must deal with a great many codes with many gray areas. New products and methods are constantly being tried, with very little information available to the inspector.

Inspectors want to do a thorough job but cannot always devote the time necessary. Inspectors must, and do, make many unpopular calls for the safety and durability of the home.

Manufacturers, too, must deal with a variety of problems, most of which are not of their making. Manufacturers build a good product, then turn it over to someone else to deliver to an outlet that sells the homes to people they have never seen, and the homes are set by people over whom the manufacturers have no control.

Much of the service work is done without their knowledge by contractors unknown to them.

Transportation, weather, damage, abuse, and misuse are constant headaches for manufacturers.

Despite these problems, manufacturers step up and make repairs for which they often have no obligation.

You all face these problems and difficult situations on a daily basis, and you know that there are many more that were not mentioned here.

Despite the current slowdown, the manufactured home industry will continue to provide affordable housing for those who need it.

There will always be challenges, but those who are in this for the long run will continue to step up and do whatever is necessary to resolve the issues. For this, we in the Customer Assistance Section thank you. ■

Housing-consultant class recommended

by Mark Campion

This past January, I attended the professional housing-consultant sales training offered by the Oregon Manufactured Housing Association and the Manufactured Housing Institute. The presenter was Bob Schoos, an expert in finance, who was with Washington Mutual bank's manufactured housing lending division for 33 years before he started his own consulting firm.

I highly recommend this class for new housing salespeople. Over two days, it covers the sales process, housing markets, transportation, installation, zoning, and finance. For class dates, contact the OMHA, (503) 364-2470. ■

Tag mysteries: Who set up this home?

by Tom Nicolai

Most dealers employ their own set up crews or regularly hire the same installers or contractors to install their manufactured homes. This makes it easy for dealers to contact the installer if the need arises.

Some dealers use several installers or contractors, depending on how busy they are or the time frame involved with setting the home. Then, keeping track of who set what home can be difficult. Dealers should be able to find out who set the home from the installer's tag.

Oregon Administrative Rules 918-515-0150 (2) (i) and 918-515-0310 (2), require licensed installers and contractors to attach an installer certification tag on each home they set. The tag lists the installer's manufactured-dwelling installer license number and the work the installer completed on the home. This makes it easy for all parties involved to identify the installer.

In some instances, the installer does not affix the tag, which makes it very difficult to track him (or her), should the need arise.

If the State of Oregon conducts a consumer assistance inspection of the home, the inspector will need — along with other information — the MDI number and certificate number of the tag itself. If the dealer or installer needs to respond to the inspection with this information, it will identify who installed the home and what work was done.

In an effort to help all parties involved, SAA, during dealer lot inspection, has been asking whom dealers use to install their homes. We ask for names, company name if applicable, their MDI numbers, addresses, and telephone numbers. With this information, we have a pretty good idea where to look for the installer if there is a concern about a home and the installer has left no tag.

We suggest that dealers record the information concerning who installed the home and keep it with each home's file. This way, if a tag was not installed, or was lost, the information is immediately available. It saves time for everyone involved. ■

Who can install a manufactured home?

by Al Rust, *manufactured home installation coordinator*

We're repeatedly asked who can install manufactured homes and what type of license is needed for that work.

The manufactured dwellings and structures, parks, and tourist facilities law, ORS 446.395, states, "No person shall install a manufactured dwelling or cabana without first obtaining a license therefor from the department."

Other rules in the Manufactured Dwelling Administrative Rules, Chapter 918, Divisions 500-515 and 520, provide more information on the licensing requirements.

Rule 918-515-0010 states that no license is required to install a manufactured dwelling, cabana, skirting, tie-downs, or earthquake-resistant bracing system (EBRS) if the home is owned by the installer or the installer's immediate family and is not for sale, rent, lease, or exchange, and only one such installation is made in a 12-month period.

Requirements for the installer license are in OAR 918-515-0110.

Installer responsibilities and limits are in OAR 918-515-0150.

To sum up, a manufactured home installer must be registered with the Construction Contractors Board and then attend a licensing class before installing a manufactured home, cabana, or skirting.

The following work on a manufactured home installation **does not** require this special license:

- site preparation
- flat concrete work (runners or slab)
- installation of decks, porches, carports, awnings, or garages

If the person installing electrical and plumbing systems is a BCD-licensed electrician or plumber, that person doesn't need an installer license.

If further information is needed, please call Al Rust, (503) 378-8053. ■

Installation steps for open decks

by Tom Nicolai

Open porches and decks built as part of a manufactured home are not insulated or covered with bottom boards as is the rest of the home. They are built to allow air and moisture to flow through them to the crawlspace below.

There are a few concerns with this, as it has been known to rain a lot in the Northwest. With the water flowing through the open deck to the underside of the home, manufactured-dwelling installers and licensed skirting installers need to address the following:

- **Remove ground-moisture barrier**

One measure to prevent rainwater and moisture from traveling under the home is to remove the ground-moisture barrier below the open porch area. This allows the moisture to be absorbed into the ground or stay put until it has time to evaporate.

- **Separate the under-floor area from the open deck area**

Another method of keeping moisture from traveling to other areas under the home is to install skirting between the under-floor area and the open deck area. The OMDS requires installation of skirting or some other appropriate material in this area. Plexiglas, rigid fiberglass, ABS, or EPDM are some of the acceptable materials.

The perimeter of an open deck can be enclosed with lattice or other skirting material, but if the deck is enclosed, with solid skirting, separate ventilation and access to the area is required.

- **Pressure-treated wood**

Because the foundation supports under the porch are exposed to moisture, wooden pier caps, shims, and support beams must be pressure treated.

Requirements for pressure treating of wood products can be found in the exception area of Section 303(d). The same requirement appears in Section 802(b)(7).

When installing a home with an open deck that exceeds 70 square feet, installers must remember the tie-down requirements in Section 307(d) of the OMDS. Tie-downs need to be addressed prior to completion of the foundation of the home.

The type of footings to use with approved tie-downs should be decided before the foundation is completed. Doing so saves many hours of aggravation. Review Section (307(e) (f) (g) (h) of the OMDS concerning loads, installation instruction, and the materials standards for ties.

Exposed decks and porches involve a lot of attention to detail. But if the minimum standards are followed, moisture and wind-uplift problems can be avoided. ■

Some sites need elevation adjustments

by Mark Campion

Homes placed on suburban lots can present special challenges, including setting homes high enough to allow proper slope for draining gutters and high enough that neighboring properties do not flood the lot.

This may require setting homes higher than usual. An extra course of blocks — sometimes two — may be required.

Make sure the contractor who is excavating the site uses a transit to ensure the home will be set correctly.

For final grading, additional dirt may need to be trucked to the site.

It's a good idea to coordinate with the installer, so that the home has the required number of block courses (pier height) to bring the home up to the required elevation.

Make sure your contract with the homebuyer addresses this issue. Whether your dealership is the contractor or the homeowner is hiring his or her own contractor, the contract should make clear who is responsible for additional costs if extra blocks are necessary. ■

What installer licenses allow you to do

by Albert Endres

Numerous calls come in to the division each month concerning what work can be done on a manufactured home by the holder of various installer licenses. We currently issue four types of licenses: manufactured dwelling installer; limited installer; temporary limited installer; and limited skirting installer.

A **manufactured dwelling installer** is licensed to install, set up, connect, hook up, block, tie down, secure, support, install temporary steps and skirting, and make electrical, plumbing, and mechanical connections to a manufactured home or cabana. This is the highest grade license.

The **limited installer license** allows the licensee to do the same work as the manufactured dwelling installer as long as the limited installer works under the direct supervision of a manufactured dwelling installer. Direct supervision means that the manufactured dwelling installer is on hand supervising at least 85 percent of the time.

A **temporary limited installer** can do the same work as the limited installer and must work under the direct supervision of the manufactured dwelling installer. The difference between a limited installer and a temporary installer is that the temporary installer's license is valid for only 60 days, and temporary installers are not required to attend training prior to licensing. This allows an employer to hire employees on a trial basis before sending them to the required class.

The **limited skirting installer** is licensed to install skirting on a manufactured home or cabana. Limited skirting installers can also install temporary steps, vapor barriers, skirting vents, tie-downs, perimeter foundation support, appliance exhaust terminations, and skirting access. This license allows them to move and adjust only perimeter supports.

If you have questions, please call Al Rust, (503) 378-8053, or Albert Endres, (503) 378-5975. ■

Report forms change

by Irene Lickiss

There have been minor changes to the Manufactured Dwelling and Cabana Installer's Monthly Certification Tag Report, form 440-2507, the form you use monthly to report installer tags.

The information requested on the form has not changed, but the format is slightly different, and, we hope, easier to use. Instead of having to refer to a key to check blank boxes on the form, the abbreviations for each type of work completed will be in the box on each line. For instance, you will simply check the "Sp" box at the end of the line to indicate that you worked on "stand preparation." "Fs" stands for "foundation support system," "Sc" for "structural connections," etc.

You may continue to use any forms dated 1/99 or newer. BCD will continue through its supply of old forms before we begin sending out the new ones.

You can see or download the newest version of the monthly tag report (form number 440-2507) at www.oregonbcd.org/pub/2507.pdf.

If you have questions or comments about the forms, please call Irene Lickiss, (503) 373-1257, at the Insignia Desk. ■

Return tags if your license expired Jan. 1

by Irene Lickiss

If your license expired Jan. 1, 2001, and you have outstanding unreported tags: return, report, or send a letter to BCD (Insignia Desk) stating why you can't return or report the tags.

If you are signed up for an installer's class or plan to be soon, BCD may be able to transfer unused, unreported tags to your new number. Call (503) 373-1257.

Otherwise, the following rules apply:

Oregon Administrative Rule 918-500-0300:

(7) "Certification tags assigned to licensed installers and limited skirting installers can only be transferred by the Division." (BCD) "Tags are **not refundable** and are void when not affixed to the assigned manufactured dwelling or cabana."

(8) "If an installer or limited skirting installer license is suspended, revoked or **expires**, all unused certification tags assigned to that person shall be returned to the Division." ■

Consumer protection ranks high in Manufactured Housing Task Force draft

Task Force continued from Page 1

Educational requirements would include a competency examination covering certain substantive areas such as financing, construction, homeowner responsibilities, dealer/manufacture responsibilities, government rules and regulations, park packages, land/home packages, fraud, and tax consequences of home ownership.

■ Park packages

Some members of the task force suggested requiring the provider or seller of a park package to provide a list of items included in the park package with a description of each that includes, at minimum, dimensions and materials used to construct and finish the item. Also, any item in the park package considered to be a site improvement would be distinguished from items in the park package that are owned by the tenant and can be removed if the tenant moves out of the park. The total cost of the park package would be clearly stated.

■ Unlawful Trade Practices Act

Suggestions included:

- Amend the Unlawful Trade Practices Act to give dealers and construction contractors the ability to initiate an action to stop illegal practices by other dealers, regardless of whether consumers have complained about the practice or the dealer. Advertising rules would be adopted.
- Increase the number of enforcement officers to perform random transaction audits to ensure compliance with regulations.
- Develop a standardized disclosure form from which consumers can get the key information they need to make informed choices. The form would clearly and conspicuously disclose that the material terms of the sale are *only* those contained in the contract. It would require the dealer to present this form to the buyer to read and sign.
- Require that all sales agreements for pre-owned manufactured homes contain a statement recommending that the buyer obtain a systems inspection of the home prior to closing.

■ Financing of manufactured home transactions.

The purchase of a manufactured home involves associated costs (loan fees, system-development charges, park packages, etc.) that can more than double the cost of the manufactured home itself.

Consumers who purchase a manufactured home do not always receive meaningful disclosures that allow them to make informed choices.

“Predatory” tactics are primarily employed by unscrupulous dealers who assist a consumer in obtaining financing. The consumer may be forced to pay more than necessary to obtain a loan or to make higher-than-necessary payments. The result is that the consumer cannot afford the home or readily sell it, and such cases frequently end with repossession of homes.

Predatory tactics include:

- **Steering** — Dealer steers the consumer to a high cost or high-fee loan product designed for a less creditworthy borrower. An example is “steering” an “A” credit borrower who qualifies for a loan at 8 percent interest with a 2 percent loan fee to a loan program designed for “C” borrowers with an interest rate of 14 percent and a 5 percent loan fee. Another example is steering the consumer to a loan with a short-term balloon payment feature that allows the dealer or lender to collect an additional fee when the loan is refinanced.
- **Requiring non-essential insurance** — Dealer or lender implies that a consumer is required to purchase credit life insurance, credit disability insurance, or an extended warranty from the dealer or lender as a condition of the loan to generate a commission to the dealer.
- **Less than complete application** — Dealer engages in a pattern of supplying a lender with less than the consumer’s full employment, income, or credit history in order to charge the consumer the higher points or fees applicable to a sub-prime loan.
- **Teaser rate loan** — The initial interest rate is low, then contractually increases to a variable or fixed rate that is more than 6 percent above the equivalent constant maturity T-bill rate. The loan often does not have a rate cap or the consumer must pay a substantial prepayment penalty to refinance the loan at a lower rate.
- **Dealer participation** — Dealer or broker charges a yield-spread premium funded from the artificially inflated cost of a consumer’s loan and the spread is not disclosed to the consumer.

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Task force takes aim at predatory practices

Task Force *continued from Page 6*

- **Teaser payment loans** — Monthly loan payments increase at a later date beyond the consumer's ability to pay and the dealer or lender has not conducted a good-faith analysis of the consumer's anticipated income stream (i.e., the consumer's monthly payment is \$300 a month the first year, then increases to \$750, and there has been no effort to determine whether the consumer can afford the higher payment).
- **Balloon payments** — The consumer cannot make a balloon payment and must a) pay a prepayment penalty, b) refinance at a higher interest rate, or c) pay additional fees or lose the home.
- **Payment packing** — The dealer misrepresents payments to buyers to facilitate the sale of products or services or to represent that services such as credit insurance, warranties, or alarm systems are included or provided for "free" with the purchase.
- **Repeated refinancing** — Borrower is provided with a short-term loan, such as a construction loan, and is required to repeatedly refinance the loan for additional fees or costs without receiving a material benefit.

■ Uniform purchase and sales contract

The task force suggested adopting a "Uniform Purchase and Sales Contract" (UPSC) for the sale of a manufactured home. The UPSC would require a dealer to make clear and conspicuous disclosures, placed in a meaningful sequence, which include but are not limited to the following:

- A written itemization, provided by the dealer or by a third party on behalf of the purchaser, of all costs of goods and services included in the manufactured home's cash sales price or in the amount financed. Such disclosures would include required fees, permits, SDCs, park packages, space rent in a park that is paid in advance, and other goods or services that are not normally listed on a manufacturer's invoice but are included in the cash sales price or in the amount financed.
- The amount of any refundable or non-refundable fees and the amount of any down payment and the circumstances under which the fees or down payment may be returned to the consumer.
- A written itemization, based on a good-faith estimate, of the cost of all goods and services that are not included in the cash sales price or in the amount financed but may be required to situate

a manufactured home on land or in a park. Such disclosures include all items that are not normally listed on a manufacturer's invoice and are not included in the cash sales price or in the amount financed.

- A written itemization, based on a good-faith estimate, of all fees and costs required to qualify for or to obtain financing for a manufactured home when the dealer assists the buyer in obtaining financing in connection to the sale. Such disclosures include any loan fees, closing costs, and any lender-to-dealer or lender-to-broker commissions passed on to the purchaser or included in the cost of the loan.
- A list of consumer agencies, including government consumer-protection agencies having jurisdiction, that a consumer could contact the UPSC.
- A three-day right of rescission for consumers.

Consumers who purchase manufactured homes often discover that initial cost estimates from a dealer for goods and services required to situate a manufactured home on land or in a park are much lower than the costs included in the loan. The dealer would be required to provide a reconciliation of good-faith estimates included in the UPSC to the final loan.

Because consumers are often unaware of the various financing options and interest rates offered by a dealer, the dealer would be required to disclose all of the financing programs or options offered by the dealer for which the consumer qualifies when the dealer assists the buyer in obtaining financing. The disclosure would include but would not be limited to conventional and non-conventional loan programs offered by the dealer and the applicable interest rates and terms.

Consumers often lack the knowledge to purchase a home they can afford or to finance the home on terms they readily understand. Develop a first-time buyer program to give consumers the tools they need. Require a dealer to provide a brochure or a video to consumers who are about to enter into their first home purchase. The program would be similar to Fannie Mae's first time buyer program and would include such things as budgeting for monthly payments, basic loan terms and provisions, negotiating a purchase, etc. ■

BCD recognizes installers' good work

On behalf of the manufactured housing industry in Oregon, Building Codes Division recognizes the following installers and their crews for having installed homes during the past quarter without nonconformances:

Philip A. Bond, Donald; **Ron Kloehn**, Eugene; **Bret Theroux**, Oregon City; **Carl A. Schaumburg**, Albany; **Ralph J. Hardacker**, Creswell; **John Shaffer**, Clackamas; **Robert Grear**, Brookings; **Robert McHargue**, The Dalles; **Matthew Chaney**, Coos Bay; **Timothy Toews**, Scio; **Guy A. Rogers**, Bandon; **Gary Tuer**, Coos Bay; and **William D. Scott**, Pasco, Washington.

You help give the industry a good name. Thanks for all your good work!

(Home installations were randomly selected for inspection from Building Codes Division state field office reports.) ■

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