

1999 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2401

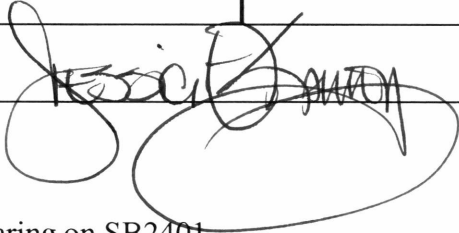
1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2401

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date February 2, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-2300
Committee Clerk Signature 			

Minutes:

Senator Mutch opened the hearing on SB2401.

BILL DELMORE, North Dakota Manufactured Housing Association, testified in support of SB2401.

His testimony is included. SENATOR THOMPSON asked him how many court cases North Dakota has had regarding this issue. MR. DELMORE said that there hasn't been any cases but they have had at least three instances where people have chose not to challenge. SENATOR THOMPSON asked if any of these homes are made in North Dakota. MR. DELMORE said that some of them are but most of them are made in the south. SENATOR MUTCH asked if this pertained to a local contractor that built a home and then moved it onto a sight. MR. DELMORE said that this would effect the homes that were coming into the state. SENATOR MATHERN asked Mr. Delmore if he felt that these homes were just a manufactuarily sound as a home that

was built by a local contractor. MR. DELMORE said that at first he didn't think that they were but then he researched the homes more and found that they were. SENATOR MATHERN then asked him if he personally lived in a manufactured home. MR. DELMORE said no. SENATOR HEITKAMP asked if this bill would essentially be equalizing the playing field. MR. DELMORE said that according to the terms of the building code they are already on an equal playing ground.

DOREEN MELHOFF testified in opposition to SB2401. Senator Heitkamp asked if it was still up to the town to have a manufactured home next to a regular home. MS. MELHOFF said yes, leaving it in the local hands is your best bet.

BILL WOCKEN, City Administrator of Bismarck, appeared in a neutral position on SB2401. He said that he could not support the bill in any way unless the amendment that was offered by BILL DELMORE was adopted by the committee.

DON OFFERDAHL, State Electrical Board, testified in opposition to SB2401.

SENATOR MUTCH concluded the hearing on SB2401.

SENATOR HEITKAMP motioned to amend SB2401. SENATOR KLEIN seconded his motion. The motion to amend the bill carried with a 7-0-0 vote.

SENATOR MATHERN motioned for a do not pass with amendments committee recommendation SB2401. SENATOR THOMPSON seconded her motion. The motion for a do not pass with amendments recommendation carried with a 6-1-0 vote.

AMENDMENT TO SENATE BILL 2401

Line 9, before the word "home" insert "manufactured"

Renumber accordingly

Date: 2/3/99
 Roll Call Vote #: ~~211~~ 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
 SENATE BILL/RESOLUTION NO. 2401

Senate INDUSTRY, BUSINESS AND LABOR COMMITTEE Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken AMEND (DELMORE)

Motion Made By HEITKAMP Seconded By KLEIN

Senators	Yes	No	Senators	Yes	No
Senator Mutch	X				
Senator Sand	X				
Senator Klein	X				
Senator Krebsbach	X				
Senator Heitkamp	X				
Senator Mathern	X				
Senator Thompson	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2/3/99
 Roll Call Vote #: ~~2117~~ 2 SR231844

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
SENATE BILL/RESOLUTION NO. 2401

Senate INDUSTRY, BUSINESS AND LABOR COMMITTEE Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS AS AMENDMENT.

Motion Made By MATHEW Seconded By THOMPSON

Senators	Yes	No	Senators	Yes	No
Senator Mutch		X			
Senator Sand	X				
Senator Klein	X				
Senator Krebsbach	X				
Senator Heitkamp	X				
Senator Mathern	X				
Senator Thompson	X				

Total (Yes) 6 No 1

Absent 0

Floor Assignment MATHEW

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 4, 1999 8:15 a.m.

Module No: SR-23-1844
Carrier: D. Mathern
Insert LC: 98342.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SB 2401: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2401 was placed on the Sixth order on the calendar.

Page 1, line 9, after "A" insert "manufactured"

Renumber accordingly

1999 TESTIMONY

SB 2401



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LEGAL SERVICES DEPARTMENT
REGULATORY & LEGAL AFFAIRS DIVISION

February 2, 1999

MEMORANDUM

TO: Ron Burton, Assistant Staff Vice President
Construction Codes and Standards

FROM: Joan Lolcama, Staff Counsel *Joan*
Legal Services Department

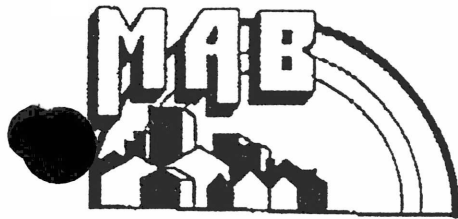
RE: Zoning authority over manufactured homes

Ron, per our earlier discussions, following is a description of a landmark case which discusses the issue of whether a government has authority to zone the placement of manufactured homes.

A leading case concerned with the issue is Texas Manufactured Housing Association, Inc. v. City of Nederland, 101 F.3d 1095 (5th Cir. 1996). In Texas Manufactured, the court upheld a local ordinance restricting the placement of "trailer coaches" to "duly authorized trailer park[s]" within the city. Texas Manufactured, 101 F.3d at 1098. The property owner challenged the ordinance, *inter alia*, claiming the local ordinance was preempted by the National Manufactured Housing Construction and Safety Standards Act of 1974 (the "Act"), 42 U.S.C. §§ 5401-5426, and state law. The court found the Act spoke to local ordinances that establish safety standards which differ from federal standards. In Texas Manufactured, the ordinance in question did not speak to safety standards but arose out of the legitimate application of local zoning authority "for the purpose of protecting property values." *Id.* at 1101.

Generally, many courts have held that a local government has the power to allow manufactured homes in certain zones and not in others, as long as they are not completely prohibited. And as you can see from the Texas Manufactured case, protecting property values as considered a legitimate purpose. I have enclosed a copy of that case for your information.

Ron, if you send this information to one of our members, I must include our disclaimer, to wit: This letter and any enclosed materials are provided as a service to the members of the National Association of Home Builders. No attorney-client relationship is intended or established. Any materials are the result of preliminary research; any cases, statutes, or articles cited in this letter or in any attached materials are not intended to be an exhaustive listing of court precedents or information on the specific issue raised and should not be treated as such. Rather, these materials are meant to give you a general idea of the law in this area. Your attorney must review this information to determine how it applies in your situation.



**MINOT ASSOCIATION
OF BUILDERS**
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February 2, 1999

Senate Industry, Business & Labor Committee
State Capital
Bismarck, ND

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RE.: SB2401 - Century Code Amendment - Manufactured Housing

I write in opposition to SB2401. . . . "A home meeting the requirements of this subsection is in compliance with the state building code to the same extent as a home meeting the requirements of subsection 1." This short sentence of 29 'harmless' words can leave long lasting effects and cause grave concern by property owners across the state.

Most of the larger cities in North Dakota have provisions set in place (zoning regulations) regarding what building code (Uniform Building Code) is used along with any local Ordinances that further enhance and clarify what is permitted in that community. Manufactured Housing (MH) has a place within these regulations. In most cases the HUD Certification which MH's are regulated by are recognized and accepted in these regulations - but not considered 'equal' to the UBC regulated structures (conventional framed structures, site built or otherwise).

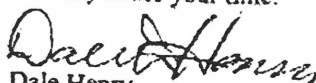
My primary concern is for those areas / communities across the state that typically have a 'one line' reference to building codes that states for the most part that they "follow State Building Codes". That may be slightly oversimplified, but still typically how it works. They are relying completely on the STATE to provide the expertise in these matters, including inspectors. Unforeseen -- what happens when a home owner has a vacant lot next to them and someone brings in a manufactured home, "plop's" it down, and moves in!! This is, in essence, what can happen if manufactured homes were considered the 'same' as those homes constructed under the UBC. Nobody can, in good faith, really say they believe that they are 'equal'. Only the fact that MH's are certified by HUD is recognized and considered accepted.

Federal regulations typically are preemptive of State - State regulations typically are preempt of local - now what? . . . will local Ordinances be preempted by the State regulations which would state simply that MH's are 'equal' in all ways to conventional UBC built homes! In other words, "go ahead and put that mobile home any place you want?" That would be doing a real disservice to the property owners from one end of our state to the other.

There is no reason to have this amendment. Let the local governments handle their own matters. They can take care of this topic at the local level. There is no reason to have the State 'dictate' on matters that can and should be handled locally. If you are going to amend this section, just say MH's are reconized as certified by HUD, accepted in that capacity, and stop!

I recommend a "do not pass" on SB2401 in it's present form.

Thank you for your time.


Dale Henry
Executive Officer



EXECUTIVE OFFICER

Dale Henry



Home Builders Association of Fargo-Moorhead

1802 32nd Ave. S. • Fargo, ND 58103 • (701) 232-5846 • FAX (701) 280-1108

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February 2, 1999

Senate Industry, Business & Labor Committee
State Capitol
Bismarck, North Dakota

Re: SB2401 - Manufactured Housing

On behalf of the Home Builders Association of Fargo-Moorhead and its home builder members, I am writing to you in opposition of SB2401.

The proposed legislation leads one to assume that manufactured housing is "equal" to Uniform Building Code (UBC) regulated structures such as conventional framed structures, site built or otherwise. It is very dangerous to say that they are the same when their HUD code is not the same as the State Building Code. The HUD code has different requirements. This is a serious public safety issue.

Manufactured housing is not considered "equal" to the UBC regulated structures. There are structural differences in their requirements where UBC regulated structures follow a prescriptive code.

The most disturbing fact is that manufactured housing is not under a strict regulatory code like stick built homes. Building inspectors are preempted from inspecting manufactured homes, except for the connections and tie-downs. Permits come from HUD which are blanket permits done in the factory, and only one in hundreds is actually inspected.

A homeowner in an upscale neighborhood may question where the equality lies in this proposed amendment when a manufactured home is placed in a neighboring lot. There is a big difference! Allowing manufactured homes anywhere is doing a real disservice to property owners.

Manufactured housing does offer an affordable solution to filling a need in a growing market. However, manufactured housing is not the equivalent to a stick built home. It should not be treated as such! The HBA of Fargo-Moorhead recommends a "do not pass" on SB2401.

Thank you for your consideration.

Bryce Alme
Executive Vice President

TOTAL P.02



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February 3, 1999

To: Senate Industry, Business & Labor Committee Members

North Dakota Association of Builders Oppose SB2401

The manufactured housing industry has introduced this piece of legislation that attempts to say that a manufactured home built to the HUD building code is the same as a stick-built home built to the State Building Code. Such legislation repeatedly comes before the Legislature, and it has been successfully kept at bay in previous sessions.

Our organization is in extreme opposition to this legislation, and we ask you to vote for a "Do Not Pass" recommendation for these reasons:

- The bill tries to say both codes are the same - they are not.
- There is a public safety issue to consider. The HUD code has different requirements for interior hallways and doorways which could affect egress.
- There are major structural differences. Roof trusses in manufactured homes meet minimal requirements - 2x4's are split into thirds.
- Regulation of their codes include in-house inspections by a third-party inspection agency which only inspects one in hundreds of manufactured homes.
- Building inspectors are pre-empted from inspecting manufactured homes, except for the connections and tie-downs.

We respectfully ask your committee to oppose SB2401 on behalf of property owners and home owners across North Dakota.

Sincerely,

Gene Thurston
President



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OF HOME BUILDERS

Testimony in Opposition to SB2401

Senate Industry, Business & Labor Committee
February 3, 1999

Prepared by

Doreen Mehlhoff, Executive Officer
North Dakota Association of Builders

Mr. Chairman and members of the Senate Industry, Business & Labor Committee, the North Dakota Association of Builders asks you to oppose SB2401. Our state association represents 1,418 builder and associate members belonging to the six local home builders associations in Dickinson, Minot, Bismarck-Mandan, Jamestown, Grand Forks, and Fargo-Moorhead.

To say manufactured housing built to the HUD Code complies to the State Building Code to the same extent as stick-built homes is absolutely false.

The manufactured housing industry has **less stringent code requirements** which raise public safety concerns:

- Narrower hallways and doorways.
- Structural differences in roof trusses.
- Smoke detectors – **the HUD Code doesn't require:**
 - smoke detectors in bedrooms;
 - interconnected smoke detectors; or
 - battery back-up in smoke detectors.
- Exit facilities – the door width requirement is eight inches narrower for manufactured housing.

Items **not even covered in the HUD Code** include:

- Stairways
- Ramps
- Handrails and guardrails

Having a manufactured home next door raises safety concerns in the neighborhood, and could potentially lower property values.

The regulatory system for manufactured housing is faster and less involved than the inspections processes faced by builders following the State Building Code. Only a small percentage of manufactured houses are actually even inspected. If inspected, it's conducted by a third-party inspector hired by HUD to conduct the inspections in the confines of the factory. Permits are issued by HUD on a blanket basis for the model being built. In addition, **local building inspectors are pre-empted from inspecting** manufactured houses, except for the connections and tie-downs.

Another reason we're opposing this legislation is to await the scheduled updating of the State Building Code which will be addressed in 2001, following the completion of the International Building Code and International Residential Code. This issue was recently covered in another piece of legislation (HB1172) which was killed on the House floor on February 2nd. We worked with the North Dakota Office of Intergovernmental Assistance and other groups, agreeing to await the completion of the new international codes before implementing changes.

The North Dakota Association of Builders opposes SB2401, and respectfully asks your committee to place a "Do Not Pass" recommendation on this legislation.

MANUFACTURED HOUSING HAS COME A LONG WAY. BUT IT'S STILL BUYER BEWARE IN THE MARKET FOR MOBILE HOMES.

Dream home... 0

Living in paradise Margaret and Freeman Smith of Lakeland, Fla., retired to this tidy manufactured home by a lake.

Christine and Michael Geary thought they'd found ideal housing they could afford when they moved themselves and Christine's children from New Jersey to sun-drenched Polk County, Fla., five years ago. The double-section, 28x68-foot manufactured home they decided to buy sits on a grassy one-acre plot, giving them more privacy

than is common in a mobile-home park. Best of all, priced at just \$55,000 for both the structure and land, the then six-year-old house fit their budget.

But then the rains washed away the Gearys' illusions of easy-maintenance life in a manufactured home. The siding and windows leak, and the air-conditioning ducts are perpetually clogged from water damage. As he runs his hand over the flaking wood near the base of a wall, Michael tells a visitor that he still has 17 years remaining on the loan he took out to buy his home; he wonders whether the house will last as long.

Five miles away from the Gearys, you follow a tree-lined main road to reach the lakeside home—make that *manufactured* home—of retirees Margaret and Freeman Smith. Perched on a manicured 85x95-foot lot overlooking one of the two golf courses

that wind through the 800 acres of Cypress Lakes, a retirement community in Lakeland, Fla., the Smith's airy three-bedroom house has a cathedral-ceilinged living room, a sun room, and a kitchen with bleached-wood cabinets.

The Smiths purchased their new triple-section, 2000-square-foot manufactured home and the lot it sits on, and added a porch and a garage, for just over \$100,000. They haven't had cause to regret their choice since they moved in almost four years ago.

Manufactured housing—still commonly referred to as "mobile homes"—is emerging as a mainstream residential choice for millions of Americans across a wide spectrum of incomes. Today, 18 million Americans live in manufactured housing, and new construction was up 7 percent in 1996. Manufactured houses now ac-



Like new Solid construction and timely maintenance help preserve the look of the Smiths' manufactured home.

count for nearly one-fourth of all new single-family homes built.

Yet for all of the evidence of broader consumer acceptance, a two-year examination of the industry by CONSUMER REPORTS found that manufactured-home ownership can be beset with problems. Our investigation included tours of a half-dozen factories where the structures are built, visits to dealer lots and mobile-home communities in four states, and a national survey of the ownership experiences of 1029 consumers who had purchased manufactured homes built since 1977. Our main findings:

- Manufactured housing can last as long as site-built housing. More-expensive mobile homes, though, have fewer problems than lower-cost ones. The latter typically have lower-quality materials, like plastic plumbing fix-

Photos by Paul Morris



or nightmare?

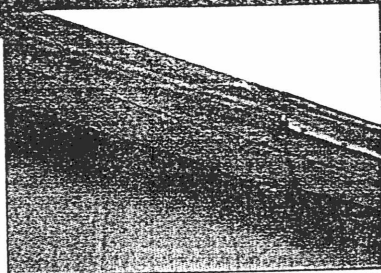
*Dreams drowned
The Gearys
were attracted by
the affordability
of manufactured
housing, but
they've endured a
host of problems.*

tures, metal roofs, and cheaper carpeting that wear out quickly or are easily damaged.

- Eighty-two percent of our survey respondents reported that they were largely satisfied with their manufactured home, but a majority—even those whose home was less than five years old—also told us that they had had at least one major problem. (See “House Wears” on page 32 for the most common trouble spots and advice on how they can be avoided.)

- Consumers who lease the land on which their manufactured house sits—including just under half of our survey respondents—are vulnerable to sudden, and sometimes dramatic, jumps in the rent on their lots. Those who cannot afford the increases or who lose their lease have few options other than to bear the expense of having their home moved. Or they can sell the home—often to the landlord at a distress price.

A major factor in raising manufactured housing's quality and reliability has been a code of construction standards imposed by the U.S. Department of Housing and Urban Development (HUD) to ensure that



Only 11 years old On the Gearys' mobile home, the wood trim and metal drip edge near the roof are falling apart.

manufacturer-built homes meet minimum performance criteria. But more than 20 years after the HUD code was adopted, large gaps in the regulation of the fast-growing industry remain to be filled, particularly in the area of installation. (See “Regulations Need Refurbishing,” on page 34.)

How safe?

Installation can be a serious safety issue for manufactured housing. Images of uprooted mobile homes flipped on their sides in the aftermath of a severe storm are frequent news events. That's due, in part, to the fact that unlike homes built on a permanent foundation, manufactured houses are commonly propped on piers and tied to the ground with steel straps. State and federal regulators say manufactured homes are often

Home styles

Manufactured home. Still popularly known as mobile homes, most never move after their trip from the dealer or manufacturer to the consumer's land. These homes are built on a chassis (a metal frame) to conform to a regulatory code established by HUD. Most rest on piers and are anchored to the ground by steel straps. Median price: \$35,700 without land.

Modular home. The entire house is built in a factory, shipped to a consumer's land in sections, and assembled on the site in accordance with local building codes. It is installed on a permanent foundation. Prices can be similar to those of site-built homes.

Recreational vehicle. Often confused with mobile homes, these traveling home-like vehicles are popular with vacationers and retirees. Versions include motor homes, travel trailers, and pop-up campers. The average price: \$47,000 for a compact motor home.

Site-built home. Also known as a stick-built house, this is constructed piece by piece on land you own to conform with local building codes. Median price: \$140,000 with land.

installed incorrectly, accounting for more than half the problems consumers report.

When Hurricane Andrew hit Florida in 1992, for example, almost all of the mobile homes in the southern part of Dade County were destroyed. By comparison, just 28 percent of contractor-built homes in the area suffered irreparable damage. And when the Northridge earthquake rocked Southern California in 1994, almost half the manufactured homes in the area slid off the support systems intended to secure them to the ground, a survey by the California Department of Housing and Community Development found. (Thirty-six states have agencies that monitor com-

pliance in their jurisdictions with the federal manufactured-housing standards; HUD takes responsibility elsewhere.)

Manufacturers are required to include an installation manual with each home they sell, but state regulators we interviewed say that installers often ignore or are unable to follow the directions. There are no federal guidelines for installation, and only 23 states license or certify installers. Consumers Union supports efforts HUD is making to improve the installation process.

An affordable choice

For many aspiring homeowners—especially low-income families and

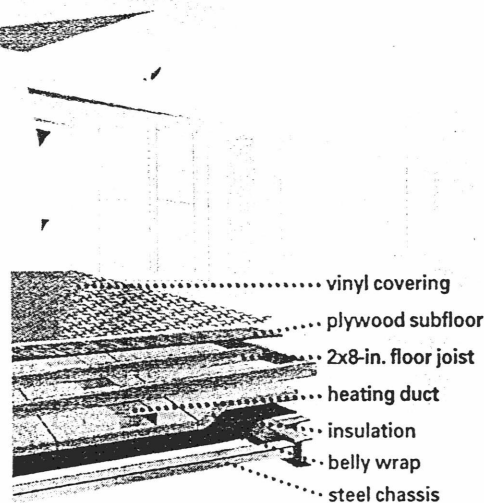
first-time buyers—there are few affordable alternatives to manufactured housing. The median household income of manufactured-home dwellers was \$22,578 in 1995, the latest year for which government statistics are available, compared with \$31,416 for all households. Under a recent program, manufactured homes are being installed to see if they can help stabilize run-down neighborhoods in such cities as Birmingham, Ala.; Louisville, Ky.; Milwaukee; Nashville, Tenn.; and Washington, D.C.

The Manufactured Housing Institute, a trade association based in Arlington, Va., calculates that excluding land, a contractor-built home costs \$59 per square foot to build,

House wears *How to avoid weak spots in manufactured homes*

Problem: The particleboard subfloors found in many mobile homes can swell when wet and break down over time. One-fourth of our survey respondents experienced some of these problems.

Solution: Choose a home built with plywood subfloors, or pay a few hundred dollars more to upgrade to plywood where possible. Because you will be less likely to encounter potentially large repair bills, plywood can be the more economical choice in the long term. Keep an eye especially on the flooring beneath windows and around doors for damp carpeting or uneven linoleum—evidence of water.

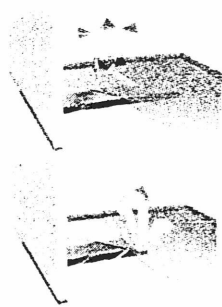


Durable Plywood subfloors are more water-resistant than those made of particleboard.

Central heating and cooling

Problem: Improper placement of registers can result in uneven heating and cooling of the home. More than one-fifth of our survey respondents reported having had problems with these systems.

Solution: Choose a system appropriate for the climate where you live, paying attention to the kind of fuel—oil, gas, or electricity—you'll be likely to use, and its cost. If you live in a temperate or warm part of the country and will be heating with electricity, a heat pump will help lower your electric bills. Cooling outlets should be located in the ceiling. If you reside in a colder region, a gas or oil furnace may provide more economical heating. Look, too, for a



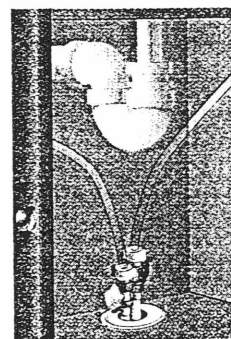
Warmer Heat registers placed against outer walls promote even heating throughout the home. Vents in the middle of rooms are easily obstructed, blocking hot-air flow.

home with heat outlets located along the exterior walls. That placement will be less likely to result in obstructed heat flow—and more likely to provide even heating.

Plumbing

Problem: Polybutylene piping with mechanical fittings may leak. In the kitchens and bathrooms of lower-cost models, cheap plastic sinks, tubs, and shower enclosures aren't as durable as porcelain fixtures used in many site-built homes. Many manufactured homes lack shutoff valves at every plumbing fixture, making service less convenient. Thirty-six percent of our survey respondents reported having had problems with plumbing during the time they owned their home.

Solution: If your budget permits, find a model that comes equipped with higher-grade acrylic or porcelain fixtures, especially for high-use plumbing such as in the kitchen or master bathroom. Conduct periodic inspections of, around, and under all plumbing fixtures for early signs of leaks. And don't forget to look for evidence of water leaking



Convenient Ideally, each major plumbing fixture should have shutoff valves.

beneath the home, as well. Have any leaks repaired quickly, because the subfloors can be easily destroyed by exposure to water. Choose a home equipped with shutoff valves at each fixture for a quick, convenient way to stop water flow, particularly in an emergency.

compared with just \$28 per square foot for a manufactured home. In the average manufactured home sold for \$38,400 and had more than 1300 square feet of living space, typically consisting of a living room, kitchen, two or three bedrooms, and two baths. That's nearly one-third larger than mobile homes built in 1981 and some 500 square feet bigger than the first Levittown tract houses of the early 1950s. The basic price, moreover, typically includes appliances and other interior furnishings, transportation from the factory, and installation on the site. Multisection homes costing upward of \$50,000 can provide living space equivalent to a site-built home and

permit buyers to add options like fireplaces or whirlpool baths.

The buyer's maze

Shopping for a manufactured home can combine all of the headaches of buying an automobile with the complexities of any housing purchase. Ten manufacturers, each building homes configured in a range of floor plans and interior decors, account for nearly three-fourths of all factory-built housing units made. But most dealers who sell manufactured homes—usually located, like auto dealers, along busy commercial strips on the fringes of town—have only a narrow selection from a few makers on display, making it difficult to compare

brands and models side by side. Would-be buyers must rely on descriptions in manufacturers' catalogs and small samples to base purchase decisions that can consume the bulk of their financial resources.

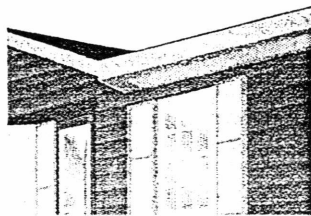
Further complicating the consumer's choice is the problem of where to put the home when it's delivered from the factory. Many municipalities still discriminate against manufactured housing through restrictive zoning. Some owners of mobile-home parks try to pressure buyers who want to lease a site in their community into buying from a retail outlet they own (only some states prohibit the practice of tying one transaction to another). And if the prospective homebuyer wants to lease land in a park that has few vacancies, he or she may be pressed into buying a home that is already on the site. Of the consumers we surveyed, 61 percent bought their home from a dealer, 22 percent bought from the previous owner, and 7 percent bought from a park.

Roof

Problem: Seams common in metal roofs, spots where a roof ends flush with a house's exterior walls, and points where pipes protrude through any roof are potential leak spots.

One percent of our respondents reported having had roof problems.

Solution: Homes with shingle-roof construction may be more durable and less prone to leakage problems. Look, too, for a roof with eaves that overhang the exterior sidewalls. Not only do overhangs reduce the risk of water seepage, the larger ones provide greater protection from driving rains and the hot summer sun.



Protective eaves block rain, sun.

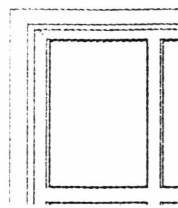
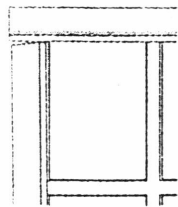
Windows and doors

Problem: Gaps between windows and doors and the walls in which they are placed are filled with caulking material at the factory, but transportation may break the seal. Low-quality windows often have corners joined

with fasteners instead of a continuous weld, creating more gaps that air and water can leak through.

Thirty-two percent of our respondents experienced leaking windows and doors.

Solution: Look for a home with welded vinyl windows and insulated glass. Insulated steel or fiberglass doors provide cost-effective weather barriers. Maintain weather stripping around windows and doors and the home's exterior to keep out the elements.

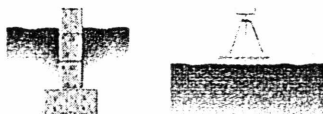


Welded corners (top drawing) avoid gaps that let in wind and rain.

Foundation

Problem: If the home is supported directly by surface soil, where normal freezing and rainfall can cause the structure to settle, cracks may develop in walls, and windows and doors may be difficult to open.

Solution: An enclosed permanent foundation is the best choice. Otherwise, have soil analyzed for load-bearing capacity. Footings and piers on which the load of the home sits should be sized to transmit weight to the soil without exceeding those limits. In cold regions, footings should be below the frost line. The ground should be graded to direct water flow away from the home.



Stable footings (left) below the soil surface are superior to jacks.

Costly financing

Loan terms for buyers of manufactured housing are superficially similar to those of conventional mortgages. Putting as little as 5 percent down, a borrower can take out a loan to be repaid over a period of between 15 and 30 years. Government-backed FHA and veterans loans are available to buyers who qualify. And like owners of site-built homes, consumers who reside in their manufactured home are permitted to deduct interest payments from their federal income taxes.

But in other major respects, financing a mobile home is more like taking out a car loan—with many of the same disadvantages. Overall, interest rates on mobile-home loans typically run some 2 or 3 percentage points higher than those for a conventional mortgage. The median rate paid by consumers who responded to our survey was 11 percent. The rate varied based on where consumers got their loan—bank loans averaged 10.4 percent, while dealer loans averaged 12.3 percent.

Rates are high in part because many banks shy away from lending on mobile homes, especially used ones. Those that extend credit to buyers who lease their lots generally offer the borrower only more-expensive personal loans. Dealers typically work with a handful

Illustrations by Gary Cox

Regulations need refurbishing

The current guidelines regulating construction of manufactured housing haven't had a wholesale overhaul since they were first put in place more than 20 years ago. Those standards are inadequate and badly need to be upgraded. Manufacturers have balked at reform efforts, including the tougher wind-resistance standards that HUD imposed in 1994 in coastal areas to stave off problems like those caused by Hurricane Andrew. But the old standards remain essentially unchanged in much of the U.S., even though a HUD study found that over a period of 10 years, a manufactured home exposed to normal wind conditions was five times more likely to suffer a structural failure than a conventionally built home.

That is mainly because the manufactured homes are not adequately anchored to the ground. The industry has also stalled on improving warranties that would make it easier for consumers to have defects corrected, whether they occurred in the factory, in transit, or during installation.

HUD is expected to begin a much-needed review of the construction code this year, an initiative Consumers Union supports. Still, the federal effort is not expected to include a national installation standard. That's a big omission. Installation is a major cause of structural defects experienced by owners of factory-built homes, accounting, regulators say, for more than half of all complaints reported.

of lenders, and they try to steer the prospective buyer to one of them so they can close the deal before the customer leaves the lot, effectively eliminating the opportunity to shop for better terms. The nation's biggest mobile-home lender, Minnesota-based Green Tree Financial Corp., for example, says it can extend conditional loan approval to would-be buyers within an hour of receiving an application through a dealer. Some manufacturers, such as Clayton Homes and Oakwood Homes, operate their own retail outlets and proprietary finance companies.

Lenders justify the higher rates by pointing out that borrowers who buy manufactured homes are more likely to default than are traditional mortgage borrowers. Some 12 percent of all manufactured-home loans end up in default over the life of the loan, a rate that's some four times higher than that for conventional home mortgages. But default rates may also be high because many mobile homes, especially those installed on a leased lot, lose value over time. In fact, two-thirds of our survey respondents estimated that their manufactured homes would sell for less than they had paid for them.

Homeowners insurance on manufactured housing is also costlier than for

a traditional home because mobile homes are more vulnerable to storm damage. For an equivalent level of coverage, annual premiums on a manufactured home may be 20 percent higher.

Insecure leases

There are about 50,000 mobile-home parks throughout the U.S. Most are independent operations, ranging in ambience from little more than dirt yards with no amenities to

country club-like settings with a pool, golf course, and recreation center. Four publicly traded companies—Chateau Communities, Manufactured

Home Communities, Sun Communities, and United Mobile Homes—operate some 300 parks. One of the biggest makers of factory-built housing, Clayton Homes, owns 67 parks. Others are managed by dealers.

Tenants are vulnerable to the vagaries of landlords who raise the rent on their lots at will, or who add extra charges for water or for garbage removal that was once included in the base rent. Even in the 34 states that provide tenants with some legal protection, regulations lack much enforcement bite. For example, when they moved into Lakeview Court in upstate New York just over a year ago, Anthony

and Veronica Bertonica were told they could expect the monthly \$170 rent for the site on which their home is anchored to increase by no more than \$5 or so a month after the first year. Then, last fall, their landlord told them their rent would jump to \$275 a month. The couple never signed a lease, and now they're not sure what their next move will be. A real-estate agent told them it would be hard to sell their home. Says Anthony Bertonica, "We're in a no-win situation."

It's not easy for tenants to extricate themselves from rental situations that turn sour. Ten years ago, Deborah Chapman bought a manufactured house in Strasburg, Pa. Like many young people, she had opted for manufactured housing because she couldn't afford the down payment for a site-built home. When she was ready to trade up, however, her landlord, who had written into the lease the right to approve any subsequent buyer, rejected each of the six people who made an offer on the \$9500 home. He then made a lowball bid of his own for \$2000.

Rather than abandon her home, Chapman paid some \$1500 to have it moved to a new location, where it sat empty until she sold it a year later for \$7000. She used the proceeds to pay legal costs she'd racked up fighting her landlord, in the end netting nothing for all the trouble she went through. Says Chapman, who is now the chairwoman of the National Foundation of Manufactured Home Owners, "Had I been forced to sell, the landowner would have sold my home for much more than he paid for it."

Recommendations

Consumers who would consider the manufactured-housing option should take the following precautions:

- **Put together the whole package.** There's a good chance that the dealer who sells you your manufactured home will also want to arrange your financing and rent you a site at the same time. But you won't know if the terms are right unless you shop around for land



and a lender independently. And because most dealers' product selections are limited, you should also be prepared to visit several to be able to compare brands and models.

Before you settle on a community, talk to residents who live there, and ask about their experiences with the landlord. Read the park's rules carefully, make sure the site you're shown is the one you would actually rent, and insist on having a lease. Have an attorney look over the rental terms, being careful to pay close attention to any conditions that may limit your freedom to sell your home to whomever you choose. For referrals to an association of owners of manufactured homes in your area who can help you with your decision, call the National Foundation of Manufactured Home Owners (717 284-4520).

- **Buy extra strength.** Manufactured homes are required by HUD standards to be able to endure various weather conditions, depending on where they'll be sited. Those slated to go along the Gulf of Mexico and the Southeast coast must be sturdy enough to withstand hurricane winds. Mobile homes destined for the colder North must be packed with extra insulation to hold in heat against sub-zero winter temperatures. But even mobile-home owners who live in the South should consider upgrading to heavier insulation as a way of cutting their cooling expenses.

- **Hire a home inspector.** Spending a few hundred dollars for a licensed engineer to supervise the placement of your home on its site or to inspect a used home you buy could save thousands in repairs down the road. Mobile homes are typically inspected only once, before they leave the factory, to see that they conform to

HUD construction standards. But then they're towed, sometimes for hundreds of seam-loosening miles before they reach the site where they'll be installed. Some local building departments have a permitting process to ensure that installation on the site meets the manufacturer's requirements.

- **Plant a solid foundation.** Most retailers include the cost of installation in a home's price. This is an area where consumers should consider spending extra money. If you own the land beneath your home, you can increase the home's stability and value by putting in a permanent foundation with a poured concrete slab and a crawl space. Whether you or the dealer arrange the installation, check the installer's references, and call the Better Business Bureau and the agency that regulates manufactured housing in your state.



Make that "Money Tree" Lawrence Coss, chief executive officer of Green Tree Financial, the biggest lender to manufactured-home buyers, made \$102 million in 1996. That made him the highest-paid corporate executive that year.

- **Spell out who's responsible for correcting defects.** Manufacturers offer warranties, but they often exclude damage caused in transit or by faulty installation. Transporters and installers are inclined to blame problems on each other—or on the manufacturer. To minimize the runaround, look for a mover and an installer who are insured, and consider buying supplemental insurance to cover you until the home is permanently anchored to its site. ©

► For more information

Consumers Union's Tips on Mobile Homes contains information on how you can minimize problems that can compromise safety or add to maintenance costs. To receive a copy, send \$2 to cover shipping and handling to Consumer Reports Mobile Homes Pamphlet, P.O. Box 11018, Des Moines, Iowa 50336. You can also find the information on our Web site, www.ConsumerReports.org.

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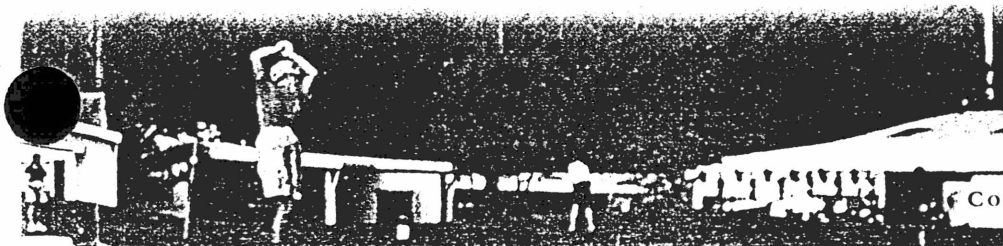
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Product Report: "Manufactured Housing"

Manufactured housing provides a home ownership option for persons who may not be able to afford or choose not to purchase, [other housing]...15.4 million people...live in more than seven million manufactured homes...[It's] an important segment of the nation's housing market.

What Is Manufactured Housing?

What we know as manufactured housing began in the 1920s with factory-built trailers. Today, even though mobile homes come equipped with wheels and axles, these are used to transport the house to a permanent homesite. According to the industry, fewer than two percent of all manufactured homes are moved after installation.

Federal law defines manufactured housing as:

- a transportable structure in one or more sections (there are three different sizes);
- eight or more feet wide and 40 or more feet long; and,

- eight or more feet wide and 40 or more feet long; and,
- built on a permanent chassis with plumbing, heating, and electrical systems

Mobile homes come complete from the factory. Contractors, by contrast, build most conventional houses on site, from the ground up (these are called site-built or stick-built homes).

Building Codes

State and local building codes govern the construction of site-built homes. Manufactured housing, on the other hand, is constructed according to the Department of Housing and Urban Development (HUD)'s national building code. Federal regulations control both the design and construction of all manufactured housing.

Under the national building code, HUD-certified inspectors are hired by manufacturers. Inspectors approve mobile home designs and inspect manufacturing facilities. If a manufacturer fails to meet federal standards, the inspector can withhold the HUD label. Every new home should carry a HUD label. It's found on a red tag at the rear. You should also find a data plate on each unit listing the manufacturer, serial number, design approval, heating specifications, and wind resistance. If you can't find either one, don't buy the unit.

HUD's standards are also a source of recent controversy. The National Commission on Manufactured Housing recently (1994) criticized the HUD code for allowing manufacturers to use less costly building materials with a greater risk of failure. In addition, several aspects of the HUD code need updating and there are loopholes. For example, a faulty installation can transform a well-built home into a consumer problem. Nonetheless, HUD's national building code ignores installations. Some, but not all, states address installation issues.

1994 Revisions to HUD's Building Code

Wind Standard --

In the wake of Hurricane Andrew's awesome destruction, HUD revised its wind standards. Manufacturers must build new homes to withstand gusts of 110 mph if they are located along the coasts of Florida, Georgia, the Carolinas, and the Gulf of Mexico (this regulation also applies to homes on the Alaska coastline).

Just inland from these coastlines, the new standard calls for homes to withstand gusts of 100 mph. This standard also applies to the Atlantic seaboard, north of the Carolinas to Maine. Homes in other parts of the country should be built to withstand gusts of up to 60 to 70 mph.

Energy and Ventilation --

New home energy standards were adopted by HUD in October of 1994. These regulations emphasize "lifecycle" construction and energy costs. These regulations also implemented improved home ventilation standards. The ventilation standards improve air quality and limit condensation.

Pluses and Minuses of Manufactured Housing

Mobile home owners are generally pleased with their housing. For example, almost 80 percent of more than 800 older mobile home owners writing to AARP (This was not a scientific survey. It is a collection of opinions of self-selected users. Industry studies have found satisfaction levels of up to 89 percent) said they were satisfied with their purchase.

According to users, the advantages of mobile home living include:

According to users, the advantages of mobile home living include:

- affordability
- single-story layout
- ease of cleaning
- a sense of community in mobile home parks (for safety and social reasons)
- limited maintenance
- accessibility
- amenities (cabinets, fixtures, and convenience to shopping, restaurants, etc.)
- quality of construction

The disadvantages, according to the same users, include:

- safety concerns (fire safety, ventilation, storms, anchoring)
- floor deterioration
- need for better insulation
- size and layout of homes
- patchwork of consumer protections

Checklist

If you've decided to look into buying a manufactured house for retirement or simply because you want a simpler home, there are a number of factors to consider. You should evaluate the following items before purchasing:

- type of home needed
- durability of the unit
- buying and installing
- location
- rights and regulators

TESTIMONY ON SENATE BILL NO. 2401
BY: BILL DELMORE

Chairman Mutch, Members of the Senate Industry Business and Labor Committee, my name is Bill Delmore from the Kelsch Law Firm in Mandan and I am testifying on behalf of the North Dakota Manufactured Housing Association.

Senate Bill 2401 codifies what courts throughout the county have stated in relation to manufactured homes. A manufactured home meeting appropriate CFR building requirements may not be discriminated against because it is not in compliance with an appropriate and applicable building code. Subsection 2 of Section 54-21.3-03 already indicates that for purposes of manufactured home the state building code consists of the CFR requirements. This amendment merely states that complying with those CFR requirements ensures that a manufactured home is in compliance with an appropriate and applicable building code and may not be discriminated against for that particular purpose.

Several entities have indicated they would be more comfortable if the word “manufactured” were placed before the word “home” on line 9 of the amendment. For this reason we have prepared the attached amendment.

On behalf of the North Dakota Manufactured Housing Association, we urge your support of Senate Bill 2401.

NDCC, 54-21.3-03

TEXT

NORTH DAKOTA CENTURY CODE
 TITLE 54. STATE GOVERNMENT
 CHAPTER 54-21.3. STATE BUILDING CODE

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Current through End of 1997 Reg. Sess.

54-21.3-03 State building code -- Amendments.

1. The state building code consists of the Uniform Building Code with any existing supplements and the Uniform Mechanical Code with any existing supplements as referenced by the Uniform Building Code, except that section 504(f) of the Uniform Mechanical Code is amended to read as follows:

Section 504(f). LPG Appliances.

Liquefied petroleum gas burning appliances, both automatically and manually controlled, may be installed in basements or similar locations

TEXT

only if (a) the appliances are of an American gas association-approved type and installed in accordance with national fire protection association pamphlets 54 and 58, (b) automatically controlled appliances are equipped with safety shutoff devices of the complete shutoff type, and (c) gas piping has been pressure tested and proven to be gastight. The director of the office of management and budget shall adopt rules to implement and periodically update the code and may adopt rules to amend the code.

2. For the purposes of manufactured homes, the state building code consists of the manufactured homes construction and safety standards under 24 CFR 3280 adopted pursuant to the Manufactured Housing Construction and Safety Standards Act [42 U.S.C. 5401 et seq.].

3. The governing body of a city, township, or county that elects to administer and enforce a building code shall adopt and enforce the state building code. However, the state building code may be amended by cities, townships, and counties to conform to local needs.

CREDIT

Source: S.L. 1979, ch. 548, § 3; 1983, ch. 511, § 7; 1983, ch. 562, § 1; 1983, ch. 563, § 1; 1985, ch. 573, § 1; 1987, ch. 636, § 1; 1989, ch. 263, § 2; 1991,

CREDIT

ch. 593, § 1; 1993, ch. 328, § 2.

NOTES, REFERENCES, AND ANNOTATIONS
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Effective Date.