



Manufactured Building

Wayne Goodwin, Commissioner of Insurance
Rick McIntyre, Assistant State Fire Marshal

MEMORANDUM

Date: October 7, 2016

To: Manufactured Home Manufacturers, Retailers, and other interested parties

From: Joseph H. Sadler, Jr., PE
Deputy Director
Manufactured Building Division

Re: Repair and Inspection Procedures for Unsold New and Used Storm Damaged Manufactured Homes

When Unsold New and Used Manufactured Homes are damaged by a natural disaster, it is our Department's responsibility as the State Administrative Agency (SAA) for HUD to provide oversight and guidance to assist the Manufactured Housing Industry in getting these storm damage homes properly repaired, inspected and recertified. Our efforts are also intended to protect consumers who may be interested in purchasing a new manufactured home.

Questions and Answers Manufactured Home Repairs and Inspection

NEW or USED HOMES – Located on a Retailers Lot – Not Sold to a Consumer

Question no. 1

I have damaged new manufactured homes on my lot that have not been sold. Can these homes be repaired and sold?

Answer

- Yes, damages to new homes caused by storms result in the homes no longer being in compliance with the Federal 24 CFR Part 3280, Manufactured Home Construction Safety Standards. Homes could have received extensive wind and water damages to the home or flood water damage to floor/wall/roof cavities, bottom boards, and heating ducts, etc.. Section 24 CFR §3282.252 of the Federal Regulations prohibit these storm damaged new homes from being sold/leased or being offered for sale/lease until the damages have been repaired and inspected such that the homes are back in compliance with the Federal 24 CFR Part 3280, Manufactured Home Construction Safety Standards.
- The dealership is to fully coordinate its efforts with the manufacturer of the damaged homes to assure that the homes are brought back into compliance with the Standards, and that applicable warranties are not voided.

Question no. 2

Who is responsible for making the determination as to whether the damaged new manufactured homes can be repaired such that it is brought back into compliance with the Federal Standards

Answer

- Because these homes have incurred substantial damage, the retailer must involve the manufacturer in evaluating ***each*** damaged unit to determine: (1) if the unit can be repaired, (2) what repair methods are to be used to bring the home back into compliance with the Federal Standards, and (3) who is authorized to make the repairs.
- A qualified representative from the manufacturer must determine by physical inspection if the unit can be repaired. This person must have extensive knowledge of all aspects of manufactured home construction.
- Once the manufacturer has determined the extent of the damage they must determine what method of repair will be used to bring the home back into compliance with the Federal Standards. These methods of repair must be drawn up and approved by the manufacturer's Design Approval Primary Inspection Agency (DAPIA)
- If it is determined that a home is damaged beyond repairs, then the manufacturer must notify their Production Inspection Primary Inspection Agency (IPIA). The IPIA must remove the HUD labels from the damaged units and return them to HUD.

Question no. 3

Who may make the repairs to the damaged new manufactured home?

Answer

- The manufacturer is the only party who can determine the proper repair method for the defect.
- The manufacturer is ***solely*** responsible for the repairs.
- A retailer may make the repairs if, **at the manufacturer's option**, the manufacturer believes that the methods of correction are within the expertise and abilities of the retailer.

Question no. 4

Where can the repairs to the damaged new manufactured home be made?

Answer

- The repairs can be made at the manufacturer's plant facility, the retailer's sales lot, the consumer's lot, or any other place that the manufacturer finds to be acceptable.

Question no. 5

Who is responsible for inspecting the repairs to the damaged new manufactured home?

Answer

- Since these homes have incurred substantial damage, the manufacturer must request verification of repairs from the manufacturer's Production Inspection Primary Inspection Agency (IPIA).
- The manufacturer's IPIA is responsible for verifying that the repairs have been properly made using the manufacturer's DAPIA approved repair methods and for certifying that the home has been brought back into compliance with the Federal Standards.

Question no. 6

I have several damaged new manufactured homes, which the manufacturer has determined cannot be repaired. These homes are going to be demolished. Do I need to do something with the HUD labels?

Answer

- For all homes, which cannot be brought back into compliance with the Federal Standards, it is the responsibility of the manufacturer's IPIA to remove the HUD labels and return them to HUD.

Question no. 7

I have several damaged new manufactured homes on my lot which have been sold to consumers but they have not been delivered. Am I responsible for the repairs of those homes?

Answer

- Yes. You and the manufacturer are responsible for the damage to those homes using the same repair procedures as indicated above for new manufactured homes that have not been sold.
- Under Section 24 CFR 3282.252 of the Federal Regulations, the dealer and manufacturer are responsible for all these damaged new manufactured homes *"until the completion of the entire sales transaction."*
- The Federal Regulations state that *"A sales transaction with a purchaser is considered complete when all the goods and services that the dealer agreed to provide at the time of the contract was entered into have been provided."*
- The following is an example of HUD's interpretation of this section:
A retailer has included skirting in his contract with the consumer. The home has been delivered to the site, set-up and the consumer has moved in but the skirting was not installed before the storm struck. Under the Federal Regulations that sales transaction has not been completed because the skirting has not been installed and therefore the dealer is responsible for the storm damage as if the unit was still on his lot.
- The repair guidelines for this sold damaged new manufactured home would be the same as indicated above for damaged new manufactured homes that have not been sold.

Question no. 8

I have many damaged used manufactured homes on my lot that have not been sold. Can these homes be repaired and sold?

Answer

- Yes. Manufactured homes are constructed to meet the requirements of the Federal 24 CFR 3280, Manufactured Housing Construction and Safety Standards. We will accept repairs to a damaged used manufactured home, which are **made of equal to or better materials and construction methods as those originally used** when the manufactured home was constructed. Refer to Section 1.3.4 of the North Carolina Regulations for Manufactured Homes, 2004 Edition for guidance in the repair of used manufactured homes.

Question no. 9

A consumer wants to trade in a damaged used manufactured home. Can we take it in on trade, make repairs, and then sale it at a later date?

Answer

- Yes. Manufactured homes are constructed to meet the requirements of the Federal 24 CFR 3280, Manufactured Housing Construction and Safety Standards. We will accept repairs to a damaged used manufactured home, which are **made of equal to or better materials and construction methods as those originally used** when the manufactured home was constructed. Refer to Section 1.3.4 of the North Carolina Regulations for Manufactured Homes, 2004 Edition for guidance in the repair of used manufactured homes.

Question no. 10

What information/records will be required to be submitted to document the repairs to each of these damaged new manufactured homes?

Answer

- This office is requiring the following information to be submitted for storm damaged unsold **new homes** so we can provide the Manufactured Housing Industry assistance and oversight in getting these homes properly repaired, inspected and recertified. We request this information be submitted in a Microsoft Excel spreadsheet. A copy of the requested Excel reporting spreadsheet can be downloaded from the Manufactured Building website at: http://www.ncdoi.com/OSFM/Manufactured_Building.aspx

From Retailers we are requiring the following information to be submitted for storm damaged homes:

- Retailer name
- Retailer location (City)
- Retailer NC License no.
- Home Manufacturer
- Home Serial number
- HUD Label No(s)
- Home New/Used
- Home Location (DL/Off Site)
- Damage Description
- Unit Repaired (Yes/No/Date)
- Unit Destroyed Yes/No/Salvage
- HUD Labels Removed (Yes/No)
- Home Purchaser Name
- Home Purchaser Phone number

From Manufacturers we are requiring the following information to be submitted for storm damaged homes

- Manufacturer name
- Manufacturer NC License no.
- Retailer name
- Retailer location (City)
- Home Serial number
- HUD Label No(s)
- Home New/Used
- Home Location (DL/Off Site)
- Damage Description
- Unit Repaired (Yes/No/Date)
- Unit Destroyed Yes/No/Salvage
- HUD Labels Removed (Yes/No)
- Home Purchaser Name
- Home Purchaser Phone number