

Manufactured Building

Wayne Goodwin | Commissioner of Insurance

Tim Bradley | Assistant State Fire Marshal

MEMORANDUM

DATE: July 25, 2012 (Updates July 15, 2009 memo)
TO: Local Inspection Jurisdictions and Other Interested Parties
FROM: Joseph H. Sadler, Jr. P.E.
Deputy Director
Manufactured Building Division
SUBJECT: Authorization to Setup Modular Homes

Confusion has arisen as to whether the holder of a valid North Carolina *manufactured (HUD) home* set-up contractor's license is authorized to set up a *modular* home (or any modular building). **North Carolina General Statute §143-143.11(a)** prohibits any *manufactured home* set-up contractor from engaging in business as such in North Carolina without first obtaining a license from the **North Carolina Manufactured Housing Board** and, as part of the requirements for obtaining this license, to furnish a bond in the amount of \$10,000 in accordance with **§143-143.12(a)(4)**.

With regard to *modular* buildings, if someone undertakes to erect a modular building, but is not licensed as a general contractor pursuant to **NC General Statute §87-1**, he must provide the local building official with a **\$5,000 surety bond for each modular building to be erected**. This bond shall remain in full force and effect for one year following the issuance of the certificate of compliance for the modular building. The modular building must be erected according to the manufacturer's installation instructions and any applicable provisions of the State Building Code.

The North Carolina *manufactured home* set-up contractor's license described above **DOES NOT authorize the holder of this license to set up modular buildings**. The \$10,000 bond that is required to obtain a NC manufactured home set-up contractor's license **DOES NOT APPLY** to any modular building. The holder of a NC manufactured home set-up contractor's license **MAY** set up a modular building *provided* he or she is **EITHER** the holder of a current NC General Contractor's license **OR**, provides a \$5,000 modular surety bond to the local jurisdiction for each modular building to be erected.

Attached as supplemental information are three documents: "\$5,000 Modular Surety Bonds", "Filing Claims against \$5,000 Modular Surety Bonds", and "NC General Contractor's License and Modular Surety Bonds".

three (3) memos attached

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MEMORANDUM

DATE: July 25, 2012 (Updates July 14, 2009 memo)

TO: Code Enforcement Officials and Other Interested Parties

FROM: Alan D. Greene, P.E.
Chief Building Code Consultant
Manufactured Building Division

SUBJECT: \$5,000 Modular Surety Bonds

The Manufactured Building Division of the NC Department of Insurance has been asked to explain the scope of building activities permissible under **NC G.S. §143-139.1**. Our response is as follows:

NC G.S. §143-139.1 provides in part:

The Building Code Council may also adopt rules to insure that any person that is not licensed, in accordance with G.S. 87-1, and that undertakes to erect a North Carolina labeled manufactured modular building, meets the manufacturer's installation instructions and applicable provisions of the State Building Code. Any such person, before securing a permit to erect a modular building, shall provide the code enforcement official proof that he has in force for each modular building to be erected a \$5,000 surety bond insuring compliance with the regulations of the State Building Code governing installation of modular buildings.

If someone undertakes to erect a modular building, but is not licensed as a general contractor pursuant to **NC G.S. §87-1**, he must provide the local building official with a \$5,000 surety bond for each modular building to be erected. This bond shall remain in full force and effect for one year following the issuance of the certificate of compliance for the modular building. The modular building must be erected according to the manufacturer's installation instructions and any applicable provisions of the State Building Code.

It is the interpretation of the Manufactured Building Division of the Department of Insurance that **NC G.S. §143-139.1** only applies to the set-up and installation of the modular unit itself. The only permissible building activity, other than the construction of the foundation for the modular unit, is the setting and field connections of the labeled manufactured modular unit. **NC G.S. §143-139.1** does not apply to additional activities such as site-built additions to the modular building, accessory structures on the same property, and installation of ancillary equipment. Examples of these additional construction activities include porches, site-built garages, decks, driveways, septic systems, etc. If the cost of these additional activities meets or exceeds the thirty thousand dollar (\$30,000) limit established by **NC G.S. §87-1**, then a general contractor's license will be required. In any case, these activities are not included in the scope of the modular surety bond.

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MEMORANDUM

DATE: July 25, 2012 (Updates July 15, 2009 memo)

TO: North Carolina Modular Consumers and Other Interested Parties

FROM: Alan D. Greene, P.E.
Chief Building Code Consultant
Manufactured Building Division

SUBJECT: Filing Claims against \$5,000 Modular Surety Bonds

If someone undertakes to erect a modular building, but is not licensed as a general contractor pursuant to **NC G.S. §87-1**, he must provide the local building official with a \$5,000 surety bond for each modular building to be erected. This bond shall remain in full force and effect for one year following the issuance of the certificate of compliance for the modular building. The modular building must be erected according to the manufacturer's installation instructions and any applicable provisions of the State Building Code.

If the party that set up your modular home or building did so under the \$5,000 surety bond option as described above, and you feel that you have cause to file against this bond, you should contact the local inspection department where the permit for the home or building was issued. Obtain a copy of the bond and contact the bonding company directly. They will provide detailed instructions as to the steps that are necessary for filing a claim, the information that must be provided, etc.

cc: Joseph H. Sadler, Jr., P.E. -- Deputy Director
Michael J. Hamm, P.E. -- Building Code Consultant
P. Shane Phelps -- Building Code Consultant
C. Patrick Walker, P.E. -- Technical Services Manager

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MEMORANDUM

DATE: July 25, 2012 (Updates July 14, 2009 memo)

TO: North Carolina Approved Third Party Agencies

FROM: Alan D. Greene, P.E.
Chief Building Code Consultant
Manufactured Building Division

SUBJECT: NC General Contractor's License and Modular Surety Bonds

NC G.S. §143-139.1 provides in part:

The Building Code Council may also adopt rules to insure that any person that is not licensed, in accordance with G.S. 87-1, and that undertakes to erect a North Carolina labeled manufactured modular building, meets the manufacturer's installation instructions and applicable provisions of the State Building Code. Any such person, before securing a permit to erect a modular building, shall provide the code enforcement official proof that he has in force for each modular building to be erected a \$5,000 surety bond insuring compliance with the regulations of the State Building Code governing installation of modular buildings.

The question has arisen that, if an entity such as a modular manufacturer or dealer has a valid, current NC General Contractor's License, and hires independent setup contractors to install their modular homes, is it necessary that the setup contractor also obtain a \$5,000 surety bond? The answer is "no", *provided*

- 1) there is a documented contractual agreement between the holder of the NC General Contractor's License and the setup contractor for the particular home and site in question, and
- 2) the NC General Contractor's License number is recorded on the permit to install the home.

This will place ultimate responsibility for the setup with the holder of the NC General Contractor's License.

cc: Joseph H. Sadler, Jr., P.E. -- Deputy Director
C. Patrick Walker, P.E. -- Technical Services Manager
Michael J. Hamm, P.E. -- Building Code Consultant
P. Shane Phelps -- Building Code Consultant