



Jim Long
Commissioner of Insurance
State Fire Marshal

MANUFACTURED BUILDING DIVISION

MEMORANDUM

DATE: August 13, 2003

TO: NC Approved Residential Modular Manufacturers and
Third Party Certification Agencies

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

SUBJECT: HB 1006

On August 7, 2003 Governor Michael Easley signed House Bill 1006 into law. Attached is the text of Sections 14 through 19, which directly affect the modular industry. In particular, please be aware of Section 17, § 143-139.1 (b), **Minimum Standards for Modular Homes**. As stipulated in Section 19, *these Minimum Standards become*

effective January 1, 2004.

Please be aware that any modular homes that are manufactured on or after the effective date of January 1, 2004 that do not comply with the specified minimum standards *will not receive a State of North Carolina Modular Construction Validating Stamp*. If manufacture of a home commences prior to January 1, 2004, and the home is completed on or after that date, **be sure that the date of manufacture indicated on the Data Plate is a date prior to January 1, 2004 unless the home complies with the minimum standards in HB 1006.**

attachment

cc: David W. Conner, Sr., P.E. -- Building Code Consultant
Joseph H. Sadler, Jr. -- Building Code Consultant
C. Patrick Walker, P.E. -- Deputy Commissioner



SECTION 14. G.S. 105-164.3 is amended by adding two new subdivisions to read:

"(21a) Modular home. - A factory-built structure that is designed to be used as a dwelling, is manufactured in accordance with the specifications for modular homes under the North Carolina State Residential Building Code, and bears a seal or label issued by the Department of Insurance pursuant to G.S. 143-139.1.

(21b) Modular homebuilder. - A person who furnishes for consideration a modular home to a purchaser that will occupy the modular home. The purchaser can be a person that will lease or rent the unit as real property."

SECTION 15. G.S. 105-164.4(a) is amended by adding a new subdivision to read:

"(8) The rate of two and one-half percent (2.5%) applies to the sales price of each modular home sold, including all accessories attached to the modular home when it is delivered to the purchaser. For the purposes of this subdivision, the retail sale is deemed to be the sale of a modular home to a modular homebuilder."

SECTION 16. Part 8 of Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-164.44G. Distribution of part of tax on modular homes.

The Secretary must distribute to counties twenty percent (20%) of the taxes collected under G.S. 105-164.4(a)(8) on modular homes. The Secretary must make the distribution on a monthly basis in accordance with the distribution formula in G.S. 105-520 by including the taxes on modular homes with local tax revenue that is not attributable to a particular county."

SECTION 17. G.S. 143-139.1 reads as rewritten:

"§ 143-139.1. Certification of manufactured buildings, structures or components by recognized independent testing ~~laboratory.~~ laboratory; minimum standards for modular homes.

(a) Certification. - The State Building Code may provide, in circumstances deemed appropriate by the Building Code Council, for testing, evaluation, inspection, and certification of buildings, structures or components manufactured off the site on which they are to be erected, by a recognized independent testing laboratory having follow-up inspection services approved by the Building Code Council. Approval of such buildings, structures or components shall be evidenced by labels or seals acceptable to the Council. All building units, structures or components bearing such labels or seals shall be deemed to meet the requirements of the State Building Code and this Article without further inspection or payment of fees, except as may be required for the enforcement of the Code relative to the connection of units and components and enforcement of local ordinances governing zoning, utility connections, and foundations permits. The Building Code Council shall adopt and may amend from time to time such reasonable and appropriate rules and regulations as it deems necessary for approval of agencies offering such testing, evaluation, inspection, and certification services and for overseeing their operations. Such rules and regulations shall include provisions to insure that such agencies are independent and free of any potential conflicts of interest which might influence their judgment in exercising their functions under the Code. Such rules and regulations may include a schedule of reasonable fees to cover administrative expenses in approving and overseeing operations of such agencies and may require the posting of a

bond or other security satisfactory to the Council guaranteeing faithful performance of duties under the Code.

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.

(b) Minimum Standards for Modular Homes. - To qualify for a label or seal under subsection (a) of this section, a single-family modular home must meet or exceed the following construction and design standards:

- (1) Roof pitch. - For homes with a single predominant roofline, the pitch of the roof shall be no less than five feet rise for every 12 feet of run.
- (2) Eave projection. - The eave projections of the roof shall be no less than 10 inches, which may not include a gutter around the perimeter of the home, unless the roof pitch is 8/12 or greater.
- (3) Exterior wall. - The minimum height of the exterior wall shall be at least seven feet six inches for the first story.
- (4) Siding and roofing materials. - The materials and texture for the exterior materials shall be compatible in composition, appearance, and durability to the exterior materials commonly used in standard residential construction.
- (5) Foundations. - The home shall be designed to require foundation supports around the perimeter. The supports may be in the form of piers, pier and curtain wall, piling foundations, a perimeter wall, or other approved perimeter supports."

SECTION 18. If any provision of this act or its application is held invalid, the invalidity does not affect other provisions or applications of this act that can be given effect without the invalid provisions or application, and to this end the provisions of this act are severable.

SECTION 19. Sections 5 through 7 of this act become effective October 1, 2003. Sections 8 through 17 of this act become effective January 1, 2004, and Sections 13 through 16 of this act apply to sales of modular homes on and after that date. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 17th day of July, 2003.

s/ Beverly E. Perdue
President of the Senate

s/ James B. Black
Speaker of the House of

Representatives

s/ Michael F. Easley
Governor

Approved 5:34 p.m. this 7th day of August, 2003