

**PLEASE NOTE:** The following is a brief summary of the minutes of the North Carolina Manufactured Housing Board meeting of January 18, 2005. (The official record is recorded and maintained on CD)

**MINUTES OF THE**  
**NORTH CAROLINA MANUFACTURED HOUSING BOARD**  
**January 18, 2005**

**RALEIGH, NORTH CAROLINA**

Tim Bradley chaired the January 18, 2005 meeting. Members of the North Carolina Manufactured Housing Board present were: Linda Willey, Lynn Carlson, Danny Chandler, Larry Garner, Johnnie Burgess, Wesley Layton and Clark Crowther. Board Member Dennis Jones was not present. Staff present: Pat Walker, Hazel Stephenson, Karen Holden, Ellen Tyndall and LaShawn Strange, Staff Attorney. Others in attendance were as follows:

Alfred Ripley, NC Justice Center (NCJC)  
Chris Estes, LIHC  
Gail Brown, Champion Retail Corporation  
Frank Gray, , NC Manufactured Housing Institute (NCMHI)  
Sonny Dixon, Executive Homes, LTD  
J. D. Hurst, Attorney Representing Executive Homes, LTD  
Brad Lovin, NCMHI  
Richard Walton, (DOI)  
Alan Greene (DOI)  
Commissioner Jim Long, NC Department of Insurance (DOI)  
Alex Spencer, Chief Deputy Commissioner (DOI)  
Richard Stradling, News & Observer  
Paul Page, Page Home Sales, Inc.

1. Chairman Bradley called the meeting to order.
2. Chairman Bradley introduced Commissioner Jim Long and Chief Deputy Commissioner, Alex Spencer and Fletcher Willey, husband of Board member Linda Willey. Chairman Bradley advised the Board that Dascheil Propes had retired and Alex Spencer is the Chief Deputy Commissioner.
3. **Development of Consumer Deposit Rules –** The committee was instructed to come back to the full board at the January 18, 2005 meeting with a recommendation concerning adoption of consumer deposit rules. Committee report was presented by Chairperson Linda Willey. The recommendation of the committee was to accept the proposal that was presented by the NCLIHC. Linda Willey made this recommendation in the form of a motion which was seconded by Lynn Carlson. At the committee meeting, the committee requested the staff to provide numbers for deposit cases and bond cases along with the number of cases filed for the years 2002, 2003, and 2004. Hazel Stephenson presented the requested information in the form of a report. Questions were taken from the Board members regarding numbers of cases during this time frame. LaShawn Strange cautioned the Board that the Statute mandated that the Board adopt rules to protect consumer deposits and at this time the Board has not adopted rules to protect consumer deposits. Commissioner Jim Long addressed the Board and expressed

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his concerns that the Board has failed to adopt rules. Commissioner Long stated the bond would not provide the same protection to the consumer as an escrow account. Litigation has been filed regarding this issue. The Board has received legal advice from several attorneys however; there is a mandate from the General Assembly. Frank Gray then addressed the Board with concerns. After the discussion was completed, Chairman Bradley reminded the Board the motion before them was to accept the NCLHC's proposal. Chairman called for the vote and the motion failed.

4. **Update on the Lawsuit filed by the NCJC** - Chairman Bradley requested that LaShawn Strange give the Board an update on the pending lawsuit. The matter is scheduled for April and she will respond to the allegations in the lawsuit. Ms. Strange explained the legal procedures to be followed and explained the role of the Board in this procedure. Questions were asked by the Board Members and Ms. Strange responded to all questions.
5. **Board Member Danny Chandler** asked to address the Board regarding Consumer Deposits. He stated the Board has talked about this issue for 17 months and have been unable to reach a consensus of the Board. "We have a law but we don't have rules and we have been charged with writing rules." This is a tough issue. Mr. Chandler offered a proposal for consideration by the Board of Consumer Deposit rules. This would establish a separate account for deposit funds to be placed in by the retailer. The funds would be held for 3 days and then used by the retailer for expenses incurred. The mandate to protect a consumer's deposit from bankruptcy is almost impossible to accomplish. Mr. Chandler moved to adopt the proposed rules he submitted. Motion was seconded. Ms. Willey feels the Board should not vote on a motion without allowing the Board members time to review a proposal prior to voting on the proposal. The proposal was discussed by the Board members. Al Ripley, of NCJC, spoke in opposition of this motion. Brad Lovin, of NCMHI, requested the Board to table this motion until the next meeting so his members could review this new language. Danny Chandler made a motion to refer this draft proposal to the Consumer Deposit Rules Committee and open the committee to volunteers. Motion seconded. Motion carried. Issue is referred to the consumer deposit committee.
6. **Public Hearing on Criminal History Check** was opened for comments. The purpose of the public hearing is to allow the Board to accept and consider any remarks regarding the proposed APA rules for criminal history record checks for new manufactured housing salespersons and applicants. Written comment period is open until March 4, 2005 and written comments should be sent to Patrick Walker. Gail Brown representing Champion Retail Corporation opposes HB 1006 and feels this bill will provide the type of information in all instances the industry may be looking for and does not warrant additional cost of \$55.00. Session closed for public hearing and comments were recorded.
7. Amended Minutes of October 26, 2004 meeting were reviewed. Motion was made and seconded to accept the minutes as written. Motion passed.
8. **Hearings**
  - A. **NCMHB vs. Executive Homes, LTD, License #6778,(MHB FB 3-2004) RE: Deposit Cases Class Continued.** Hazel Stephenson introduced the file into evidence. This case concerned 4 deposit cases. This matter was held by a pre hearing conference on May 28, 2004. Mr. Dixon did not provide the requested documentation regarding actual expenses at the time of the Pre Hearing Conference. Mr. Dixon felt he was entitled to compensation for the time he spent working with the individuals to get loan approvals. The documented

expenses that were provided by Mr. Dixon were allowed but Mr. Dixon failed to provide refunds of the remainder of the deposit money. Mr. Dixon was represented by Attorney Mr. J. D. Hurst. Mr. Dixon was sworn in and responded to questions of the Board. The Board asked questions on each of the cases. Mr. Dixon was advised the Division and the Board requested documentation of actual expenses any time the expenses are claimed. The Board advised they would meet in Executive Session and all parties would be notified of their decision.

- B. NCMHB vs. Page Homes Sales, Inc, License #5748, (MHB FB 6-2004) RE: Janice Brown, Case #04-0078 -Warranty.** Hazel Stephenson introduced the file into evidence. This is a warranty case. A Pre Hearing Conference was held and the repairs were not completed. Retailer was not present for the conference. Since the case was scheduled for the Board, the repairs have been completed and the owner has verified completion of the repairs. Page Home Sales has been licensed since 1987 and this is the first conference that has been held against Page Home Sales. Mr. Page was sworn in and responded to questions of the Board. Mr. Page apologized for the delay in completion of the repairs. Mr. Page advised he made some additional repairs for the owner that were not listed on the inspection report. Inspector Walton spoke to the Board concerning the condition of the home and advised the Board this was the first case he had against this dealer. The Board advised they would meet in Executive Session and all parties would be notified of their decision.

- 9. Pre-Hearing Conference Report** – No report was given.

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Hazel T. Stephenson  
Secretary, N.C. Manufactured Housing Board

**BOARD'S DECISION**  
**January 18, 2005**

Hearings:

- A. **NCMHB vs. Executive Homes, LTD, License #6778,(MHB FB 3-2004) RE: Deposit Cases Class.**

**Motion:** was made to suspend the retailer license of Executive Homes and the salesperson license of Ernest W. "Sonny" Dixon until refunds are made in the referenced cases. Proof of repayment must be presented to the Board. Dixon must complete an approved continuing education class in the area of law and administration and proof of attendance and completion must be provided to the Board.

**Motion:** Carried.

- B. **NCMHB vs. Page Homes Sales, Inc, License #5748, (MHB FB 6-2004) RE: Janice Brown, Case #04-0078 -Warranty**

**Motion** was made to write letter to Page Home Sales explaining warranty laws and rules. Case was dismissed.

**Motion** carried.