

PLEASE NOTE: The following is a brief summary of the minutes of the North Carolina Manufactured Housing Board Hearing of July 18, 2006. (The official record is recorded and maintained on CD)

MINUTES OF THE
NORTH CAROLINA MANUFACTURED HOUSING BOARD
July 18, 2006

RALEIGH, NORTH CAROLINA

Tim Bradley chaired the July 18, 2006 meeting. Members of the North Carolina Manufactured Housing Board present were: Lynn Carlson, Danny Chandler, Billy Glover, Johnnie Burgess, and New Board Member Celia Pistolis. Board Members, Larry Garner, Dennis Jones and Clark Crowther were not present. Staff present: Pat Walker, Hazel Stephenson, Karen Holden, Ellen Tyndall and LaShawn Strange, Staff Attorney. Others in attendance were as follows:

Edward Kelly
Wayne Carpenter, Affordable*Funding, Inc.
Melissa Johnson, NCMHI
Gail Brown, Phoenix Housing Group
Al Ripley, NC Justice Center
Chris Estes, NC Housing Coalition

1. Chairman Bradley called the meeting to order.
2. Chairman Bradley introduced new Board Member, Celia Pistolis. Oath of office was administered to Ms. Pistolis.
3. Minutes of November 2, 2005 Meeting were reviewed. Motion was made and seconded to accept the minutes as written. Motion passed.
4. Minutes of November 2, 2005 Public Hearing were review. Motion was made and seconded to accept the minutes as written. Motion passed.
5. **Hearings**
 - A. **NCMHB vs. Edward John Kelly, Application for Sales License.** Hazel Stephenson introduced the file in to evidence. Mr. Kelly was licensed as a dealer until 2000. Claims were filed against his dealer's bond on behalf of consumers. Mr. Kelly testified and responded to questions from the Board. Mr. Kelly advised he was involved in a serious automobile accident and was completely unable to oversee the operation of his business for a long period of time. During the period of his absence, things happened that Mr. Kelly was unaware of and as a result the claims were filed against his bond. The Board advised they would meet in Executive Session and all parties would be notified of their decision.
6. **New Business:**
 - A. **Ledford's Mobile Home Service, License #2270.** Request of Licensee for release of Cash Bond. Set Up Contractor originally licensed in 1987. At that

time, licensee placed a surety bond with the Division in order to be licensed. Licenses were renewed with the surety bond through June 30, 2003. On June 25, 2003, licensee placed a \$10,000 cash bond with the Division to renew license. License was last renewed for the license year 04-05. License expired June 30, 2005. Ledford provided information that he had not operated as a set up contractor since October 1, 2004 and requested the release of his cash bond. Request was presented to the Board in November 2005 and the Board directed the staff to readdress this request after June 30, 2006. Records indicate no complaints have been filed listing Ledford's as the set up contractor since 2000. The Board advised they would meet in Executive Session and all parties would be notified of their decision.

- B. **Speedway Road Repops, License #6832,** Request of licensee for release of Cash Bond. Coverage of cash bond would be in effect through June 30 2006. Matter postponed because coverage time had not lapsed at time of request.
- C. **License Renewal Status.** Hazel Stephenson presented a handout listing the numbers of licenses which have been renewed for the 2006-07 license year. Ms. Stephenson advised the Board that the late fee has gone into effect during this renewal period and was met with very little resistance by the licensees. The staff feels the implementation of the late fee will encourage speedier renewals in the future,
- D. **Modular vs. Manufactured.** Hazel Stephenson advised the Board that the only jurisdiction the Manufactured Building Division has over modular construction covers the builder of the home only. We have no authority with items that are the responsibility of the retailer or the set up contractor. There is a lot of interest in legislation which would require some type of licensing either by us or the General Contractor's Licensing Board. Complaints on modular homes have increased and complaints on manufactured homes have decreased. Staff Inspectors are performing as many on site inspections of modular homes as manufactured homes.

Melissa Johnson with the Institute gave an update on proposed legislation being introduced which would definitely eliminate a loop hole which allows persons to sell modular homes without any type of enforcement oversight. Ms. Johnson advised the Institute is well aware that someone who has had their license taken away by the Board can sell and install modular homes as long as they post a \$5000 surety with the local inspection departments. Ms. Johnson indicated the legislation should be introduced in January, 2007 during the next Legislative Session.

Danny Chandler advised that the Institute is definitely working on legislation to eliminate the loop holes that exist today. It is common knowledge that someone could be in business selling modular homes without any type of license. This includes people that the Board has revoked license to sell and install manufactured homes or maybe even people that have lost their general contractor's license that are actively operating in the modular business. The attempt is being made to close that loop by requiring that they be licensed either by this Board or licensed as a General Contractor. Mr. Chandler believes if that Legislation passes, the Board would have jurisdiction

over those transactions. Chairman Bradley stated that this was his interpretation as well.

Hazel advised that it would have to be part of the Statute as changed. If a Statute is introduced that just says that you've got to either be a General Contractor or a licensed retailer with us, that Legislation will have to give the Board the authority to enforce the requirement.

Chairman Bradley advised we definitely want to be ahead on this. What we should do is to pull the Rules, pull our Statutes and go ahead and show the Board some of the recommended changes that will need to occur and then we can share those with the Institute and whatever Legislation they are proposing we get it in the introductory phase of Legislation. I am sure there is a lot of parties that would be interested in seeing some regulation in the modular industry. Right now, if you get kicked out as a GC or kicked out as manufactured home salesmen, then you go into the modular industry.

Hazel Stephenson gave a report in regards to the escrow account. Ms. Stephenson advised that Melissa Johnson with the Manufactured Housing Institute arranged for meetings throughout the State by using Chapters and her contacts. We set up meetings the entire month of June that covered the entire state (from Murphy to Manteo). We sent notices to every licensee in the counties advising of the meeting topic, date, time and location of the meetings. The institute also sent letters to all licensees. At each meeting, we explained the escrow requirements, what would have to be done, how they would have to keep records and how to provide the information to us, and, of course, how the escrow funds could be used. We have had probably the best response on securing that information on any law change they we've have since I've been here. Tony Prevatte in the Lumberton area advised he's included this as a selling tool. He tells his customers, "We keep your money in an escrow account. It's separated for your protection." The Division is really please with the way it has been accepted by the Industry and the response we received and the timeliness in getting the information to us. I would like to thank Melissa and the Institute for really working hard to get the meetings set up. They did a good job. She did a good job.

Melissa Johnson advised that in addition to the meetings, Joe Adams of The Housing Market Place worked with the Department of Insurance and the Institute to prepare a CD which included every question and answer we thought someone would have concerning the escrow. The CD also included the statute. Mr. Adams provided copies of the CD to all licensed retailers.

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

BOARD'S DECISION
July 18, 2006

Hearings:

- A. **NCMHB vs. Edward John Kelly, RE: Application for Sales License.**

Motion made and seconded to issue the salesman license with one year probation.

Motion carries

- B. **Ledford's Mobile Home Service, License #2270.** Request for release of cash bond.

Motion made and seconded to release cash bond.

Motion carries

- C. **Speedway Rod Repos, License #6832.** Request for release of Cash Bond.

Motion made and seconded to deny release of Cash bond and review again after June 30, 2007.

Motion carries