

To: Manufactured Housing Division
Federated States Division
National Retailers Council
Technical Activities Committee

From: Lois Starkey

Subject: Final Rule – On Site Completion of Construction of Manufactured Homes

Date: September 8, 2015

Today's Federal Register contains the final HUD Rule (attached) establishing new procedures that permit manufacturers to complete the construction of manufactured homes on-site rather than in the factory, without obtaining advance approval from HUD (24 CFR Part 3282 Subpart M).

The rule, first proposed in 2010, and will eliminate the need for costly time-consuming approval under the current Alternative Construction (AC) process for most on-site work that is required to complete construction of a manufactured home. Notably, this rule does not apply to attached garages, as HUD expects to address this subject in future rulemaking.

The rule establishes new requirements for manufacturers to inspect and approve on-site work that previously has not been required.

A final on-site inspection by the manufacturer's IPIA or his/her agent will be required prior to occupancy. MHI's comments on the proposed rule MHI opposed 100 per cent IPIA inspections. We recommended that the on-site process should be considered an extension of the factory inspection process, thus the site work should be treated as yet another "stage of production" whereby each unit is inspected in at least one stage of its production.

The final rule is effective on March 7, 2016.

Significant provisions of the final rule are summarized below. Please don't hesitate to reach out if you have questions.

Aspects of construction that may be approved to be completed on site.

- Completion of roof dormers;
- Addition of stucco, brick or other siding that is subject to damage in transit;
- Retailer changes to the home on-site, when the home is taken out of compliance with the Construction and Safety Standards and then is brought back into compliance with the standards;
- Site installed appliances that are listed or certified for use in manufactured homes;
- Hinged roof and eave construction unless exempted as installation by the Manufactured Home Installation Standards. Notably, as recommended by MHI, the final rule now allows peak flip and peak cap construction in which the roof pitch of the hinged roof is less than 7:12, when located in Wind Zone I, to be deemed part of the installation standards (24 CFR Part 3285) and not subject to the requirements of this final rule;

- Components or parts that are shipped loose with the home and that will be installed on-site, unless exempted as installation by the installation standards;
- Other construction such as roof extensions (dormers), site-installed windows in roofs, removable or open floor sections for basement stairs, and sidewall bay windows.

Major Requirements Applicable to Completion of Construction

Manufacturers must obtain DAPIA approval of any aspect of construction to be completed on-site. Quality Assurance Manuals must contain provision for on-site completion of construction (3282.603 and 604).

Manufacturers must provide instructions for completing the work on -site and a copy of an inspection checklist to the IPIA for monitoring and inspection (3282.603)

Manufacturer may certify and label a manufactured home that is substantially completed in the factory even though some aspects of the construction will be completed on-site. In response to MHI's recommendation, no separate "green" label will be required as proposed in the 2010 proposed rule. Instead, the label's serial number will contain the letters SC in the prefix or suffix (3282.605).

A Consumer Information Notice informing the prospective purchaser that the home requires on-site work must be shipped with the home (3282.605 and 606).

The manufacturer is responsible for adequacy of the on-site work and must prepare a final inspection report and provide it to the IPIA within 5 days of completion of the report. The final report must contain a certification by the manufacturer that the home meets the Standards (3282.605)

The IPIA or the IPIA's agent must conduct a final inspection of the on-site work, and approve the manufacturer's final on-site inspection report before the home may be occupied. Upon receipt of an approval by the IPIA of the final inspection report the manufacturer has five days to provide a copy of the approved inspection report to the consumer, retailer and any entity other than the manufacturer that performed the on-site construction work (3282.605).



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