



June 14, 2017

The Honorable Ben Carson  
Secretary  
U.S. Department of Housing and Urban Development  
451 7th St SW  
Washington, DC 20410

**Docket Number: FR-6030-N-01 - Reducing Regulatory Burden; Enforcing the Regulatory Reform Agenda Under Executive Order 13777**

Dear Secretary Carson,

The Manufactured Housing Institute (MHI) is pleased to provide comments to the Department of Housing and Urban Development (HUD) regarding its current rules and regulations for the manufactured housing industry that are outdated, ineffective or excessively burdensome per President Trump's Executive Orders 13771 and 13777. Manufactured homes are the most affordable homeownership option in the market today and meet HUD's mission to "create strong, sustainable, inclusive communities, and quality affordable homes for all." However, HUD's oversight, and its current rules and regulations, are posing significant challenges to the manufactured housing industry and to low- and moderate-income families who view these homes as an affordable housing option.

MHI is the only national trade organization representing all segments of the factory-built housing industry. MHI members include manufactured home builders, lenders, home retailers, community owners and managers, suppliers and others serving or affiliated with the industry. MHI's membership includes 50 affiliated state organizations. MHI members represent over 85 percent of manufactured homes produced each year.

In 2016, the manufactured housing industry produced over 81,000 homes, approximately nine percent of new single family home starts. These homes are produced in 128 manufacturing facilities located throughout the United States by 28 U.S. corporations. Manufactured homes are a critical source of affordable housing for more than 22 million people. The manufacturing sector of the manufactured housing industry contributes almost \$3 billion dollars each year to the Gross National Product and provides approximately 40,000 jobs to American workers<sup>1</sup>.

The average cost of a manufactured home is \$68,000, with single section homes averaging just over \$45,000 and multi-section homes just over \$86,000. Manufactured housing can offer this value to consumers because of technological advancements and cost savings associated with the factory-built process. The affordability of manufactured homes enables first-time homebuyers, retirees and families in rural areas to obtain housing that is much cheaper than renting or purchasing a site-built home. The median income for manufactured homeowners is just under \$30,000 per year, which is less than half of the median household income for a single-family.

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<sup>1</sup> 2016 Study by Dr. Stephen Cooke, Alward Institute for Collaborative Science, Huntersville, NC

Because of the important role that manufactured housing has in providing affordable housing to hundreds of thousands of people every year, manufacturers are focused on delivering high quality housing at reasonable costs. Over the past several years, there have been several federal regulations that have strained this value proposition through increased compliance burdens and costs that have been passed on to the consumer. MHI's members have become uniquely attuned to the cost and compliance burdens of regulations that often do not have clear public benefits, stifle innovation, and challenge their ability to meet consumer demands.

One of the greatest challenges faced by the manufactured housing industry lies with the regulatory oversight - and overreach - by the Department of Housing and Urban Development (HUD) during the previous administration. The regulatory framework, and the manner in which HUD has implemented it, does not "facilitate the availability of affordable manufactured homes [or help] to increase homeownership for all Americans," as prescribed by the federal statute. Nor, in many instances, do the Department's regulations "ensure that the public interest in, and need for, affordable manufactured housing is duly considered in all determinations relating to the Federal standards and their enforcement" as also directed by the relevant statutory language. (See Appendix I).

MHI believes that some of these regulatory problems are the result of the structure of the Department, and manufactured housing's low priority placement within that structure. Organizationally, the Office of Manufactured Housing Programs (OMHP) is not well positioned within HUD to ensure that manufactured housing is at the center of policy discussions surrounding the Department's affordable housing mission. The OMHP is housed at the Federal Housing Administration's Office of Risk Management and Regulatory Affairs. Because it is buried deep within HUD's bureaucracy, when discussions are held regarding the shortage of affordable housing, the important role of manufactured housing in addressing that issue is often not a part of the conversation. We believe strongly that, because manufactured housing provides non-subsidized, safe and affordable - made in America - housing to low- and moderate-income citizens, its position within HUD should be elevated from its current location within the Department to a Deputy Assistant Secretary position.

Additionally, MHI has been focused on ensuring that regulatory initiatives undertaken by HUD foster uniformity, ease of compliance, and minimize discrepancies and overlap with state and local codes. This includes revisiting and revising HUD's existing rules and programs so that they are in line with statutory parameters. We have seen OMHP take steps that are counterproductive to this goal by expanding regulatory programs to intrude into state functions, reinterpreting regulations to the detriment of long standing and accepted building practices, and implementing rules that unnecessarily limit consumer choice and increase costs. Highlighted below are several examples where MHI believes HUD has either overstepped its statutory authority or failed to ensure regulatory clarity. Appendix II contains a detailed chart of additional regulatory burdens on the production of affordable manufactured housing that MHI urges HUD to closely review.

### **Examples of Burdensome Regulations**

1. *Shifting Guidelines on Alternative Construction (24 CFR Part 3282.11)* – The HUD Code provides for an Alternative Construction (AC) process whereby manufacturers can provide additional consumer amenities, such as enclosed garages, second floors, and enclosed porches, if manufacturers and their third-party design inspectors can demonstrate that the proposed design meets or exceeds HUD Code standards. In a June

2014 guidance letter, HUD cited 24 CFR 3282.7 in defining an “Add On” as “any structure (except a structure designed or produced as an integral part of a manufactured home) which when attached to the basic manufactured home unit, increases the area, either living or storage, of the manufactured home.” HUD’s examples of such structures include: “garages, family rooms, sun rooms, enclosed decks, etc.” and would require Alternative Construction approval. MHI continues in its belief that requiring Alternative Construction approval for homes that are in compliance with the standards when they leave a manufacturer’s production facility is inconsistent with the letter, intent and purpose of 24 C.F.R. 3282.14.

To make matters worse, just this year HUD has arbitrarily expanded the interpretation of the 2014 guidance letter to include designs of carport ready homes. MHI does not agree with HUD’s findings and does not believe the regulation of carports by HUD is warranted or appropriate under statute and current regulations. A carport does not meet any of the above-mentioned criteria or descriptions of an “Add On” as contained within the regulations or guidance memos. Carports are not used for storage; they are free standing and merely attached to the roof by a support beam calibrated to withstand the extra weight. Carports also do not provide additional living space. Since carports are free standing structures, attached only at the roof, any issues regarding ventilation, egress, etc., simply do not apply. Furthermore, carport-ready homes have been a staple of the industry for decades.

MHI believes the inclusion of carport in the definition of “Add On” is inconsistent with the scope of the guidance memo, is contradictory to the HUD Code, creates an unnecessary and time-consuming hurdle to the production of manufactured homes, and negatively impacts the availability of this feature that is extremely popular and sought after by consumers. MHI believes that HUD has changed regulation without going through a proper rulemaking process. Current HUD code standards and regulations already provide direction on designing and installing a home to accommodate an attached carport or awning. Manufacturers already design and construct such homes in accordance with the regulations. The latest HUD letter on carports is, in MHI’s opinion, a misinterpretation of current regulations and directly contradicts current regulations. Further, because of the lack of any advance notification, grace period, or public comment period, there are currently manufactured housing plants with tens of millions of dollars of backlogged orders as a result of the unexpected new requirement by HUD. This is a significant, and abrupt, change with an extremely negative impact on manufacturers, dealers, and most importantly low-income homeowners. MHI urges HUD to reconsider and rescind this interpretation immediately.

2. *Outdated Regulations (24 CFR parts 3280, 3282, 3284, 3285, 3286, 3288, and 3800)* – The HUD Code (“Code”) should be revised and updated more frequently to ensure the Code reflects innovation in the industry and minimizes costly regulatory review and compliance requirements. HUD’s emphasis should be shifted from the promulgation of rules and guidance - such as that currently contemplated for manufactured home installations in frost susceptible soils - to highlighting best practices and supporting regulatory flexibility.

The ability to utilize new technologies and materials, and to maintain the integrity of the uniform single building Code, is dependent on a Code that is current. Recognizing this, in 2000 Congress passed the Manufactured Housing and Improvement Act (MHIA), which expanded HUD's mission regarding manufactured housing and improved the process for establishing, revising, enforcing, and updating the HUD Code. The law created the Manufactured Housing Consensus Committee (MHCC), an advisory committee comprised of industry, consumer and other stakeholders to recommend revisions and interpretations of the HUD Code. The law envisions an update of the HUD Code on a regular basis.

Even though HUD is slated to release an update to the HUD Code soon, some of the recommendations considered for this proposed rule were passed by the MHCC over 10 years ago – potentially rendering those items obsolete. Additionally, there is a backlog of more than one hundred recommendations submitted to HUD by the MHCC.

While an updated and current Code is essential, MHI does not believe this should diminish efforts to ensure the benefits to consumers outweigh the additional costs resulting from new regulations. To maintain housing affordability, it is imperative that HUD conduct adequate cost-benefit analyses of all potential new regulations. As it stands, HUD does not undertake the appropriate cost analysis, testing, and research required to update the HUD Code. This results in changes to the Code that drive-up costs without a clear justification that the new regulations will lead to improvements to the Code that are in the best interest of consumers.

3. *Intrusive Installation Programs (24 CFR Part 3286.803)* – While the statute provides that HUD is the primary regulator of the design and construction of manufactured homes inside the factory, the regulation of the installation of the homes is intended to be done at the state and local level. State administrative agencies are tasked with ensuring that installations comply with manufacturer standards and are appropriate for local conditions.

MHI is concerned that recent actions by HUD are an effort to usurp state and local authority so it can regulate the installation of manufactured homes at the federal level. Recently, HUD has initiated efforts to regulate the installation of all homes in areas of the country susceptible to frost and frost heave, regardless of the presence of state administrative agencies. Without clear evidence that installation systems are failing, HUD is effectively limiting the ability of states to administer their own installation programs. In states like Maine, Wisconsin, and New York, approved installation practices have been administered for years at the state level and have no instances of failures. The recent “polar vortex” winters, with no resulting instances of installation failures, demonstrates that this process is working. HUD is effectively limiting the ability of states to administer their own installation programs. HUD's intrusion into a system that is working with a one-size-fits-all regulatory approach is unnecessary and burdensome. This is an example of clear overreach by HUD, and is clearly beyond its authority in statute.

4. *Burdensome and Unnecessary On-Site Completion of Construction Rule (24 CFR Part 3282 Subpart M)* – The On-Site Completion of Construction Rule, which went into effect in the fall of 2016, established extensive new requirements for the on-site completion of construction

of manufactured homes. The rule covers many consumer-preferred amenities, such as French doors. In finalizing the rule, HUD did not assess the costs associated with the expanded design approval and inspection requirements for homes that are substantially complete when they leave the factory. MHI estimates that the rule impacts as many as ten to fifteen percent of all new homes produced, with a cost to the industry that could be as much as \$7 to \$10.5 million. This cost does not include one-time design reviews for each site-construction labeled home, nor does it include increased costs to track inspections and keep records. While HUD issued numerous clarifications to ease compliance, consumers are being negatively impacted because manufacturers are no longer offering consumer popular amenities if they fall under the scope of the rule.

5. *Reduction of Unnecessary Paperwork Burdens (24 CFR Part 3282 Subpart I)* – HUD’s imposition of unnecessary compliance burdens is best exemplified by its misplaced application of the “lemon law” to manufactured homes. These requirements, contained in the HUD Procedural and Enforcement Regulations, have generated significant paperwork burdens. Subpart I of the HUD Code stems from the “lemon law” language in the “Magnusson-Moss Warranty Act of 1974” which, through the MHCSS, applies to manufactured homes. While this provision is meant to correct defects, the language does not apply to site-built homes and is more suited to automobiles. Like site-built homes, these issues can be addressed through home warranties.

The key challenges with Subpart I and HUD’s implementation of this provision are the voluminous procedures, checklists, and guidance documents that HUD’s enforcement partners are required to utilize. HUD’s monitoring and compliance efforts should focus on areas where there is empirical evidence that a problem exists. Significant paperwork, recordkeeping, and overlapping federal compliance requirements could be substantially reduced if HUD would undertake a sincere effort to reduce paperwork, and defer to state regulatory and administrative agencies on matters of consumer complaints.

6. *Regulatory Overlap with the Department of Energy* – The 2007 Energy Independence and Security Act mandated that manufactured housing meet higher energy efficiency standards. When the Department of Energy (DOE) proposed a rule last year to implement this provision, it failed to adequately assess the impact the associated cost increase would have on consumers, nor did it confer with HUD in developing a clear compliance path to avoid overlapping regulations and ensure clarity. The proposed rule would have increased manufactured home prices between 3 and 10 percent, while producing negligible cost savings for consumers. MHI strongly believes HUD should have exclusive jurisdiction over all manufactured housing construction standards, including standards for energy efficiency.

### **Improving FHA’s Programs for Manufactured Housing Finance**

MHI is eager to work with HUD to support FHA financing for consumers seeking to achieve homeownership by purchasing a manufactured home. The FHA Title I program provides an affordable financing option for personal property manufactured homes. However, due to a number of outdated program rules, FHA only endorsed \$24 million in Fiscal Year 2014. According to Ginnie Mae, there are only 3,900 active manufactured housing chattel loans in Ginnie pools. This is woefully

inadequate given that manufactured homes comprise seven percent of total occupied housing units in the United States. In many areas of the country, particularly rural areas, manufactured housing is the only form of quality affordable housing available. Improvements to the FHA Title I program would help ensure families in these communities have access to financing for manufactured homes through the Title I program.

MHI encourages changes to the FHA Handbook as well as other broader policy changes, which, if implemented, will improve the accessibility of the FHA Title I program and make it a more viable option for lenders and borrowers. The following are administrative changes HUD should implement to make the Title I program more effective:

- *Origination Fees* – The low dollar principal amounts of new personal property manufactured home loans means that the existing cap of two percent of the loan amount on the fees a lender can charge is not high enough to cover the cost of underwriting these loans, particularly with increased compliance costs related to new requirements under the Dodd-Frank Act. We believe this helps to explain the lack of utilization of the Title I program. Other laws, including Qualified Mortgage (QM) and HOEPA, have provisions that take into account the impact of lower balance personal property loans. FHA already permits a minimum underwriting fee of \$2,500, for example, for a reverse mortgage (HECM) loan. The FHA Title I manufactured home loan program should also adopt a reasonable minimum permissible origination fee. MHI recommends that HUD amend its current underwriting loan fee cap of two percent of the loan amount to also allow a flat dollar amount of \$2,000 for all loans.
- *Appraisals* – There are a limited number of eligible appraisers (80-85 in the entire country) who are qualified to perform Title I manufactured home appraisals. In many rural areas, where the majority of manufactured homes are located, there are literally no Title I qualified manufactured home appraisers who are available to perform an appraisal. Current appraisal requirements in the Title I program have resulted in fewer qualified appraisers and limited competition in the marketplace. HUD should amend the current requirement that requires all appraisers to be certified by a single private company (NADA) to also allow inspectors trained by qualified firms to do the on-site inspection, provided the work is ultimately reviewed and approved by NADA certified individuals. This would inject more competition into the provision of these appraisal services, while maintaining overall quality standards through the NADA certification process.
- *Underwriting Standards* – The detailed loan underwriting standards in the Title I program need to be updated to better align with the FHA Title II loans program. In particular, Title I underwriting standards regarding DTI ratios, treatment of Chapter 7 bankruptcy and other derogatory credit items, treatment of medical collections, and treatment of total unpaid collections should be changed to match those requirements in the Title II program.

With respect to the FHA Title II program, which is commonly used for “real estate” manufactured home loans where the mortgage covers the land and the home, MHI recommends HUD update its installation requirements to conform to the HUD Minimum Installation Standards that were established in 2009. The program currently utilizes the requirements in the outdated 1994

Submission by the Manufactured Housing Institute  
June 14, 2017

handbook. This would align installation requirements with more recently adopted standards that were implemented under the comprehensive 2000 regulatory legislation.

Given the clear guidance in the President's recent Executive Orders regarding reducing regulations, streamlining government and fostering innovation and creativity, HUD's approach to manufactured housing needs to change. MHI stands ready to work with you to ensure the manufactured housing industry can foster economic growth by supplying quality, affordable housing to consumers. Manufactured homes are the most affordable homeownership option in the market today and MHI appreciates the opportunity to offer our ideas about how to ensure regulations are streamlined and regulatory barriers to affordability are removed. MHI looks forward to working with HUD to address the negative impact of federal regulatory overreach on the manufactured housing industry's ability to supply quality, affordable housing to consumers.

Sincerely,

A handwritten signature in black ink that reads "Lesli Gooch". The signature is written in a cursive, flowing style with a prominent initial "L".

Lesli Gooch, Ph.D.

Senior Vice President, Government Affairs & Chief Lobbyist

**Appendix I**  
**Findings and Purpose: National Manufactured Housing Construction**  
**and Safety Standards Act (42 U.S.C. 5401)**

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**(a) Findings** Congress finds that—

- (1) manufactured housing plays a vital role in meeting the housing needs of the Nation; and
- (2) manufactured homes provide a significant resource for affordable homeownership and rental housing accessible to all Americans.

**(b) Purposes** The purposes of this chapter are—

- (1) to protect the quality, durability, safety, and affordability of manufactured homes;
- (2) to facilitate the availability of affordable manufactured homes and to increase homeownership for all Americans;
- (3) to provide for the establishment of practical, uniform, and, to the extent possible, performance-based Federal construction standards for manufactured homes;
- (4) to encourage innovative and cost-effective construction techniques for manufactured homes;
- (5) to protect residents of manufactured homes with respect to personal injuries and the amount of insurance costs and property damages in manufactured housing, consistent with the other purposes of this section;
- (6) to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes and related regulations for the enforcement of such standards;
- (7) to ensure uniform and effective enforcement of Federal construction and safety standards for manufactured homes; and
- (8) to ensure that the public interest in, and need for, affordable manufactured housing is duly considered in all determinations relating to the Federal standards and their enforcement.



**APPENDIX II - Examples of HUD Regulations or Programs that Conflict with Purposes of the National Manufactured Housing Construction and Safety Standards Act**

Challenge	Regulation or Program	Conflicting Legislative Purpose	Impact
<p><b>On-Site Completion of Construction Rule increases compliance burdens on manufacturers and installers, resulting in fewer consumer options.</b></p>	<p><u><i>On-Site Completion of Construction Rule:</i></u> (24 CFR Part 3282 Subpart M) - finalized 9/15, effective 9/16.</p> <ul style="list-style-type: none"> <li>As initially proposed, was intended to ease the “alternative construction process” for homes that have unique customer preferences added to the home, such as gables, dormers, solar roof panels, and other interior changes such as French doors.</li> <li>MHCC members expressed deep concern on rule’s new design approval and inspection processes.</li> <li>As evidence of the extensive negative impacts on the marketplace, HUD had to issue extensive FAQs clarifying what does and does not fall within the scope of the rule.</li> </ul>	<p><b>The final On-Site Rule conflicts with the mandate:</b></p> <p>(4) to encourage innovative and cost-effective construction techniques for manufactured homes;</p> <p>(6) to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes and related regulations for the enforcement of such standards.</p>	<ul style="list-style-type: none"> <li>Negatively impacts 7,000 to 10,000 homes by reducing models and consumer options.</li> <li>The rule may prompt consumers to hire unqualified contractors with no HUD code background to work on the home post sale and installation. This risks taking the home out of HUD compliance.</li> <li>Manufacturers have ceased to offer these consumer amenities due to the cumbersome design approval and inspection processes.</li> <li>When presented with evidence of the rule’s impact on consumer choice, OMHP suggested to a retailer to “find another manufacturer.”</li> </ul>
<p><b>Alternative Construction (AC)/Site Built Add-On Requirements --- AC approval process discourages innovation.</b></p>	<p><u><i>Alternative Construction/ Site Built Add-ons:</i></u></p> <ul style="list-style-type: none"> <li>Manufacturers who wish to provide amenities on-site, such as garages, carports, and sunrooms, are subject to “alternative construction” (AC) regulations (24 CFR Part 3282. 11).</li> <li>The Model Manufactured Home Installation Standards (24 CFR Part 3285 Section 903) authorizes home designs intended for construction of site built additions once the home is shipped from the factory to the home site, where states and/or local jurisdictions typically regulate such activities.</li> </ul>	<p><b>The AC approval process conflicts with the mandate:</b></p> <p>(4) to encourage innovative and cost-effective construction techniques for manufactured homes.</p>	<ul style="list-style-type: none"> <li>The AC approval process has limited manufacturer’s ability to meet growing consumer demand for these types of home designs.</li> <li>It has also impeded the ability of the industry to comply with zoning and other local regulations that address neighborhood aesthetics.</li> <li>One manufacturer waited over a year to receive an AC approval to permit the addition of free standing garages that are connected to the house but abutting a fire-proof wall and door.</li> <li>Though AC plans do not change, AC permits are subject to a lengthy renewal process, which may be arbitrarily halted if HUD is reviewing an unrelated matter at the same company.</li> </ul>

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<p><b>Proposed “Frost Free” Installation Standards will result in “Over-Engineered” foundations that will increase costs and reduce alternative options.</b></p>	<p><u>Installation in Frost Susceptible Soils:</u></p> <ul style="list-style-type: none"> <li>The OMHP is currently drafting an Interpretive Bulletin (IB) that places limits on the flexibility of professional engineers and architects that have experience designing systems based on knowledge of local site conditions.</li> </ul>	<p><b>By potentially moving forward on a proposed Interpretive Bulletin, HUD would conflict with the mandates:</b></p> <p>(6) to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes and related regulations for the enforcement of such standards;</p> <p>(8) to ensure that the public interest in, and need for, affordable manufactured housing is duly considered in all determinations relating to the Federal standards and their enforcement.</p>	<ul style="list-style-type: none"> <li>If this effort is permitted to go forward, it will have wide ranging impacts on consumers, community owners, and increase installation costs.</li> <li>The Manufactured Housing Consensus Committee has submitted numerous comments to HUD urging the OMHP to scale back the tone and scope of its IB.</li> <li>MHI supports the promulgation of “best practices,” but an IB that limits the discretion of certified engineers and state administrators is unnecessary and will unduly increase costs.</li> </ul>
<p><b>HUD’s over regulation of state installation programs limits flexibility and state discretion</b></p>	<ul style="list-style-type: none"> <li>Through its review of state approved installation systems by its contractor, SEBA Professional Services, HUD is insisting on adherence to prescriptive requirements.</li> <li>Section 3286.803 states that qualifying state run installation programs must include the elements of:               <ol style="list-style-type: none"> <li>1) installation standards that meet or exceed the requirements of 3286.107(e), which permits discretion;</li> <li>2) the training of manufactured home installers;</li> <li>3) the licensing of installers of new manufactured homes in the state;</li> <li>4) a method for inspecting the initial installations of new manufactured homes;</li> <li>5) provision of adequate funding and personnel to administer the state installation program.</li> </ol> </li> </ul>	<p><b>By over regulating state installation programs, HUD is not meeting the mandate:</b></p> <p>(6) to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes and related regulations for the enforcement of such standards;</p> <p>(8) to ensure that the public interest in, and need for, affordable manufactured housing is duly considered in all determinations relating to the Federal standards and their enforcement.</p>	<ul style="list-style-type: none"> <li>While HUD has the authority to review state programs, 3286 Subpart I does not require states to mirror the HUD Manufactured Home Installation Program and its prescriptive requirements found in 3286 Subparts A-H.</li> <li>State programs should not be evaluated or compared to the prescriptive requirements for training and inspection found in the HUD Manufactured Home Installation Program regulations.</li> <li>For example, HUD has required the State of New York to mirror the HUD requirements for inspector qualifications found in 3286.511. However, HUD cannot mandate this requirement.</li> </ul>

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<p><b>Subpart I, which required manufacturers to track consumer complaints to identify systemic defects, poses excessive compliance burdens.</b></p>	<p><u>Subpart I:</u></p> <ul style="list-style-type: none"> <li>• OMHP has spent considerable time and effort enforcing compliance with an outdated consumer complaint handling system - Subpart I. (24 CFR Part 3282 Subpart I).</li> <li>• Through Subpart 1, HUD requires manufacturers to perform onerous recordkeeping to determine whether there are defects in classes of homes.</li> </ul>	<p><b>Subpart I falls short in the mandates:</b></p> <p>(1) to protect the quality, durability, safety, and affordability of manufactured homes;</p> <p>(2) to facilitate the availability of affordable manufactured homes and to increase homeownership for all Americans.</p>	<ul style="list-style-type: none"> <li>• This requirement has created significant paperwork compliance and review that is unnecessary and costly.</li> <li>• It has resulted in extensive records reviews of homes and classes of homes where there is no evidence of serious defects or safety hazards.</li> </ul>
<p><b>In some areas, HUD has relied on an overly strict interpretation of the HUD Code, which has stifled innovation.</b></p>	<p><u>Overly Strict Interpretation of the HUD Code:</u></p> <ul style="list-style-type: none"> <li>• OMHP and their contractors rely on an overly strict interpretation of the rules, particularly when there is a discrepancy, thereby stifling innovation.</li> </ul>	<p><b>By focusing on strict regulatory interpretations, HUD falls short in the mandate:</b></p> <p>(6) to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes and related regulations for the enforcement of such standards.</p>	<ul style="list-style-type: none"> <li>• Tank-less water heaters have become an increasingly popular option for homeowners.</li> <li>• However, Sec. 3280 has a discrepancy in the standards that such appliances must adhere to, prompting HUD to be overly conservative and eliminating the option for homeowners. (See reference standards for water heaters in Sec. 3280.603 and 3280.703)</li> </ul>
<p><b>HUD fails to update HUD Code in a timely manner.</b></p>	<p><u>HUD Code Updates Occur Infrequently:</u></p> <ul style="list-style-type: none"> <li>• The MHCSS Act envisions that the HUD Code, like other building codes, be updated regularly – approximately once every three or four years– through the rulemaking process.</li> <li>• Recommendations from the Manufactured Housing Consensus Committee form the bulk of the proposed rule’s content.</li> <li>• HUD has failed to update the HUD Code in a timely manner.</li> </ul>	<p><b>By failing to update the HUD Code in a timely manner, HUD falls short in the mandate:</b></p> <p>(6) to establish a balanced consensus process for the development, revision, and interpretation of Federal construction and safety standards for manufactured homes and related regulations for the enforcement of such standards.</p>	<ul style="list-style-type: none"> <li>• There is often a need to implement interim updates, such as when underlying reference standards are updated.</li> <li>• There are over 65 underlying reference standards related to testing methods, materials and appliance standards, many of which are decades old.</li> <li>• Important safety standards, such as carbon monoxide alarms and exhaust venting requirements, were recommended additions to the HUD Code over 8 years ago, yet are still pending at HUD.</li> </ul>