

Manufactured Housing Consensus Committee

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August 7, 2003

US Department of Housing and Urban Development
Robert C. Weaver Building – 451 Seventh Street, S.W.
Washington, DC 20410

ATTENTION: Secretary Mel Martinez

Dear Secretary Martinez:

Pursuant to the National Manufactured Housing Construction and Safety Standards Act of 1974, I am formally transmitting revisions to a proposed procedural enforcement regulation. The proposed rule potentially affects 24 CFR, Part 3282, Manufactured Home Procedural and Enforcement Regulations. This is identified as Docket No. FR-4216-P-01, RIN 2502-AG92 – “On-Site Completion of Manufactured Homes.”

The recommended changes to the proposed rule were approved in a voice vote by the MHCC in accordance with Section A.8.5 of the bylaws and represents the official position of the MHCC for purposes of providing comments on this issue. The vote was 13 in favor; 1 opposed; and 7 absent.

The recommended changes and associated background are presented in 5 separate subject areas. These are:

1. MHCC edit objectives for the proposed on-site completion rule.
2. MHCC recommended edits to the proposed background information in the on-site completion rule.
3. MHCC recommended edits to the proposed 16 questions and comments on the proposed rule.
4. MHCC recommended edits to the proposed on-site completion regulation consistent with the edit objectives.
5. MHCC responses to the 16 questions relating to the proposed rule.

ITEM 1 is identified as Enclosure A. ITEMS 2, 3 and 4 are identified as Enclosure B. ITEM 5 is identified as Enclosure C.

Secretary Martinez
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The information contained in these comments from the MHCC was provided during meetings of the MHCC held on:

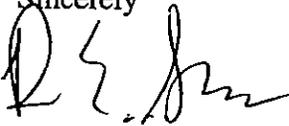
28-30 May 2003
27 June 2003
6 August 2003

For review purposes only, a comparison document showing the MHCC version of the rule against the draft rule from your office is also enclosed. This is identified as Enclosure D. I would caution, however, that this comparison did in some cases, especially with regard to the 16 questions, show font changes as being different. Nevertheless, the comparison document is beneficial.

On behalf of the MHCC and in my capacity as the Project Manager with the Administrating Organization, I am submitting this information for your review and possible incorporation into the proposed rule as required by the provisions of the 1974 Act.

Please contact me if you or your staff have any questions on this submission.

Sincerely



Robert E. Solomon, PE
Project Manager
Administering Organization

CC: DFO, Administrator of the Federal Manufactured Housing Program
MHCC Members

ENCLOSURES

- A. Edit Objectives
- B. Edits for the Proposed Rule
- C. MHCC Responses to Questions
- D. Comparison Document

ENCLOSURE A

ON-SITE COMPLETION RULE EDIT OBJECTIVES

FINAL 7 AUGUST 2003

The edit recommendations prepared by the Regulatory Enforcement Subcommittee and agreed upon by the MHCC are intended to accomplish the following:

- ◆ Create a system that provides distinctions between the following work done during the installation of a manufactured home:
 - ✓ Installation set-up work for the manufactured home
 - ✓ Manufactured home completion work that HUD already allowed as a part of the siting process including; close up of marriage lines, siding, some hinged roofs and some shipped loose plumbing
 - ✓ Work already being allowed to be done according to the local site built code such as garages, basements, and decks
 - ✓ Alternative Construction letter work that HUD allows to be done where the work to be done is not in conformance with the standards and
 - ✓ On-site completion work, that would be allowed under these draft rules where the work is done in conformance with the standards and is done under the extension of the manufacturer's quality control program to the installation site.

- ◆ For on-site completion work the edits are intended to achieve the following:
 1. For on-site completion work, the edits are intended to provide clearer lines of responsibility. The edits clarify that the manufacturer is the one who is responsible to have in place a quality control program to ensure the work on-site is done to the HUD construction standards. The edits clarify that the IPIA is responsible to ensure the manufacturer's quality control program is working. The edits also clarify the DAPIA reviews the designs, quality control program, IPIA involvement and on-site completion instructions to ensure the work done on-site can be accomplished according to the manufacturer's proposed program. The edits also clarify that all agreements are between the manufacturer, DAPIA, and IPIA on how the program for regulating on-site work will be accomplished.
 2. Gives broader definition of work that can be done under the on-site completion rule so that any home that is still in conformance with the standards after completion on-site will be done under the on-site completion rule or as an extension of the siting process not under Alternative Construction letter approvals.
 3. Allows Manufacturer, DAPIA and IPIA to develop agreements for how the work will be done, who will be responsible for inspections, frequency of IPIA inspections, HUD label attachment and relies on existing IPIA authority for what is to happen when the on-site rule system is not working.
 4. Clarifies that the on-site work is done as an extension of the manufacturer's production quality control system for assuring the work is done to the standards. Issues of worker training, ability to follow instructions, manufacturer quality control procedures and IPIA

ENCLOSURE A

oversight / monitoring and inspections are no different for the on-site station as any other station in the manufacturing plant.

5. The edits place the responsibility on the manufacturer to notify the IPIA when work is being done and is ready for inspections.
6. How much of the work will require IPIA inspection will be based upon the complexity of the work and the agreements between Manufacturer, DAPIA and IPIA as part of the on-site quality control system.
7. The edits removes proposed DAPIA authority to set qualifications of IPIA staff.
8. The edits allows the IPIA along with the DAPIA authority to withdraw approvals.
9. The edits allows for manufactured home designs to recognize potential on-site additions to the local site built code for items such as: garages, basements, additional rooms, owner installed appliances and future natural gas hook-ups.

ENCLOSURE B

Enclosure B

1
2 DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

3
4 24 CFR Part 3282

5
6 [Docket No. FR-4216-P-01]

7
8 RIN 2502-AG92

9
10 On-Site Completion of Manufactured Homes

11
12

MHCC Revision – FINAL 08/07/03

13
14
15 Includes MHCC Revisions of:
16 5/29/03
17 6/27/03
18 8/6/03
19

20 **AGENCY:** Office of the Assistant Secretary for Housing-Federal Housing Commissioner, HUD.

21 **ACTION:** Proposed Rule.

22 **SUMMARY:** In this rule, HUD is proposing to allow limited on-site completion of new manufactured
23 housing in compliance with the Federal standards. Unlike the regulations for alternative construction
24 approvals, this new process would not require manufacturers to seek advance Secretarial approval.
25 Instead of 24 CFR part 3282.14, HUD is proposing a process by which manufacturers and State and
26 private inspection agencies could agree to permit limited work at the site, under certain conditions, to
27 complete construction of new manufactured housing. This rule would also clarify that the on-site work is
28 part of the manufacturing process under the Federal standards and not subject to local codes. This rule,
29 however, does not intend to extend the benefits of Federal preemption to any manufactured home in
30 which a major part of the home is completed on-site. This rule does not apply to the installation of a
31 manufactured home, which will be the subject of a separate rulemaking pursuant to the amendments
32 found in the Manufactured Housing Improvement Act of 2000 (the MHIA of 2000). In seeking guidance
33 from commenters on how to define the scope of work that may be done on-site, HUD raises a number of
34 specific questions, in Section VI of the preamble.
35

36 **DATES:** Comments must be submitted by [Insert date 60 days after date of publication in the FEDERAL
37 REGISTER].

38 **ADDRESSES:** Interested persons are invited to submit comments regarding this proposed rule to the
39 Rules Docket Clerk, Office of General Counsel, Room 10276, Department of Housing and Urban
40 Development, 451 Seventh Street, SW, Washington, DC 20410-0500. Communications should refer to
41 the above docket number and title. Facsimile (FAX) comments are not acceptable. A copy of each
42 communication submitted will be available for public inspection and copying between 7:30 a.m. and 5:30
43 p.m. weekdays at the above address.

44 **FOR FURTHER INFORMATION CONTACT:** William W. Matchneer III, Administrator, Manufactured
45 Housing Program, Department of Housing and Urban Development, 451 Seventh Street SW, Room 9156,
46 Washington, DC 20410 phone (202) 708-6409 (this is not a toll-free number). Hearing- and speech-
47 impaired persons may access this number via TTY by calling the Federal Information Relay Service at 1-
48 800-877-8339.

49 **SUPPLEMENTARY INFORMATION:**

50 I. Background.

51 The National Manufactured Housing Construction and Safety Standards Act of 1974 (the Act), 42

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1 U.S.C. 5401 et seq., authorizes the Secretary to establish and amend manufactured home construction
2 and safety standards (the standards). The standards established by the Secretary are codified in 24 CFR
3 part 3280. The Act also authorizes the Secretary to establish procedures necessary to assure compliance
4 with the standards and the enforcement and monitoring provisions of the Act. These procedures are
5 codified in 24 CFR part 3282. As indicated in § 3282.1(b), it is HUD policy to work in partnership,
6 especially with State agencies, in the enforcement of the standards, consistent with the public interest.
7 In accordance with section 604(b) of the MHIA of 2000, HUD provided this proposed rule to the
8 Manufactured Housing Consensus Committee for its review and provided the consensus committee a
9 120-day comment period. Section 3282.14 of the regulations permits the sale or lease of manufactured
10 homes that are not in compliance with the standards in circumstances where the public interest is not
11 compromised. The section establishes a separate, specific "alternative construction" procedure to allow
12 HUD to approve such homes to encourage innovation and the use of new technology. The procedure is
13 available for manufacturers using new designs or techniques not in conformance with the standards when
14 compliance with the standards would be unreasonable or the variance from the standards would be for
15 research, testing, or development purposes. To maintain a high level of safety and durability, construction
16 must provide performance that is equivalent or superior to that required by the standards.

17 The alternative construction procedure is limited to specific, narrow circumstances and requires
18 the manufacturer to submit a formal request to HUD Headquarters for review before the Secretary issues
19 a letter approving or denying the request. This procedure may, on occasion, be lengthy because of HUD
20 staffing limitations.¹ The alternative construction process is not formulated to readily address the
21 increasing sophistication of manufactured housing. Some manufactured homes now include home design
22 features, like stucco or brick, which cannot reasonably be completed in the factory, and are being
23 completed on-site using the alternative construction process. HUD also recognizes that some parts of
24 manufactured homes are typically shipped loose, like smoke alarms and plumbing equipment. After the
25 homes are completed on-site, they would comply with the standards. Such housing often provides
26 affordable housing while maintaining the architectural style of surrounding neighborhoods. HUD believes
27 that the Secretarial-approval limitations on the alternative construction process may be counterproductive
28 to efforts to use manufactured housing to increase the availability of affordable housing and enhance
29 affordable homeownership opportunities.

30 This proposed rule addresses the completion of homes at the site that are in compliance with
31 federal manufactured housing construction standards, and it does not intend to effect or address the
32 installation of the home. A totally separate set of standards and regulations for the installation of homes is
33 under development and these standards and regulations shall govern the installation requirements, in
34 accordance with section 605 of the MHI Act of 2000.

35 This proposed rule would authorize Design Approval Primary Inspection Agencies (DAPIAs) and
36 Production Inspection Primary Inspection Agencies (IPIAs) (collectively known as PIAs) to approve and
37 inspect manufactured homes that when completed on-site conform to the standards, under limited
38 circumstances. The proposal is consistent with HUD's desire to give the industry more flexibility and
39 accommodate innovative approaches.

40 This proposal also allows HUD to use existing resources better to encourage innovation and
41 develop compatible and affordable housing, while remaining faithful to the Secretary's responsibilities
42 under the Act to ensure durable and safe housing.

43 Such variances from the current requirements relating to the construction of manufactured
44 housing also must include an adequate quality control and inspection processes, and provide
45 requirements for good record keeping, to ensure protection for consumers and the public. Through this

¹ HUD reminds manufacturers that they can make their alternative construction requests as flexible as possible by seeking approvals that are not model-specific, as permitted under § 3282.14(c)(3).

1 rulemaking, HUD will be responsive to the needs of manufacturers, private inspection agencies, State
 2 officials, and consumers. HUD emphasizes that the procedure to be permitted under this proposed rule
 3 applies only to aspects of construction over which HUD already maintains existing standards and which
 4 HUD has historically exercised preemptive authority. Thus, approval of construction completed on-site
 5 under this new process cannot be extended to requirements imposed under State or local authority in
 6 construction-related areas that are not preempted by Federal standards. Any changes necessary in future
 7 years, when the MHIA of 2000 is fully implemented, will be submitted for consensus committee review and
 8 public comment.

9 HUD does not believe that the drafters of the MHIA of 2000 intended the benefits of Federal
 10 preemption to be extended to extensive and lengthy on-site construction of any manufactured home. The
 11 foundation of the Federal manufactured housing program is that national standards should be enforced
 12 through a manufacturer's quality control system of in-plant inspections and monitoring by PIAs of the
 13 manufacturer's quality control system. Therefore, it would be inappropriate to permit major
 14 portions of a home to be completed on-site. For purposes of this rule, major portions of work is defined as
 15 a majority or large percentage of construction work performed at the home site in order to bring the home
 16 into compliance with the HUD standards. In Section VI of this preamble ("Specific Issues for Comment"),
 17 commenters are invited to respond to a number of questions aimed at defining the specific instances in
 18 which this proposed procedure could be used appropriately.

19 HUD hopes that the additional flexibility allowing completion of some aspects of construction after
 20 the manufactured home is transported to the site will permit manufacturers to use designs and techniques
 21 that will demonstrate the adaptability and versatility of manufactured housing. Manufacturers continue to
 22 make significant improvements both to the manufacture and aesthetics of homes. Permitting limited on-
 23 site construction could lead to increased recognition of these homes as a viable source of unsubsidized
 24 affordable housing and could encourage zoning policies that do not discriminate against manufactured
 25 housing.

26 27 II. Distinction from Alternative Construction.

28 The special procedure proposed in this rule for on-site completion differs from standard alternate
 29 construction approvals in that:

- 30 • On-site completion only applies to homes that can be certified as substantially meeting the
 31 requirements of the standards when labeled in the factory , and that will comply with the standards when
 32 completed on-site.
- 33 • On-site completion allows a manufacturer to work directly with the DAPIA and IPIA for approval
 34 to complete aspects of construction at the final home site and avoids submissions for approval by the
 35 HUD Secretary.
- 36 • On-site completion requires the manufacturer to establish an on-site quality control system that
 37 extends to all on-site work. The process also requires the IPIA to conduct over-site and concur that the
 38 manufacturer's quality control system is effectively working. Only persons authorized by the manufacturer
 39 may complete the construction work on-site, and only the IPIA in the factory of origin, or other qualified
 40 independent inspector acceptable to and acting on behalf of the IPIA (including, possibly, an IPIA in the
 41 State where the home is sited), may perform the oversight monitoring, including inspections. This process
 42 will eliminate routine, extensive reporting directly to HUD for site inspections of completed homes, unlike
 43 the alternative construction process. Instead, the manufacturer need only report to HUD or its agent the
 44 location of the home, its serial number, and a brief description of the work done on-site for each home.
 45 This information will be included on the normal production form--the "HUD Manufactured Home Monthly
 46 Production Report" (Form 302)--on which each manufacturer already reports to its IPIA and to HUD (or its
 47 agent) certain completion and shipping information on finished units.
- 48 • The on-site completion process eliminates direct HUD review and approval of alternative
 49 construction proposals for manufactured homes, if those homes meet the requirements of the standards

1 when completed on-site.

2 The procedure to allow on-site completion of manufactured homes is complementary to the
3 alternative construction procedure (for which HUD approval is required) that permits construction using
4 noncomplying designs and techniques. These two procedures address different aspects of the final
5 product, and both may be utilized on the same home, when appropriate. The on-site completion process
6 is focused on homes that have designs that comply with the requirements of the standards. The
7 alternative construction procedure is for homes that use new designs, materials or techniques that do not
8 comply with or are not currently addressed by the standards.
9

10 III. Proposed Procedure.

11 A. Purpose and Applicability (Proposed § 3282.15(a)). This rule proposes a procedure that
12 permits deviations from existing requirements when an aspect of construction cannot reasonably be
13 completed in the manufacturer's production facility and partial completion is required on-site. In general,
14 the proposal permits limited on-site completion under certain circumstances, without requiring an
15 alternative construction letter issued by HUD. These special procedures may only be used when there is
16 agreement between the manufacturer, its DAPIA, and its IPIA to follow them, and if all affected homes are
17 substantially completed in the factory, as defined below.
18

19 B. DAPIA Approval (Proposed § 3282.15(b)). The manufacturer must request and obtain DAPIA
20 approval to complete, on-site, the final, aspects of construction of a manufactured home that will be
21 substantially completed in the factory (i.e., the home leaving the factory must include: (a) a complete
22 chassis; and (2) structural assemblies and plumbing, heating, and air conditioning systems that are
23 complete except for construction that cannot reasonably be completed in the manufacturer's production
24 facility and that the DAPIA has approved for completion on-site). Among other things, in the DAPIA
25 approval the manufacturer will identify what work will be completed on-site and will authorize a notice that
26 includes a description of this work, identify instructions authorized for completing the work on-site
27 (including any special conditions and requirements), and list all models for which the DAPIA approval is
28 applicable². As part of its approval, the DAPIA will stamp or sign each page of any set of designs
29 accepted for completion on-site, and will include an "SC" designation on each page that includes an
30 element of construction that is to be completed on-site.
31

32 In addition, the DAPIA must approve the part of the manufacturer's written quality assurance
33 system that is applicable to completing the manufactured homes on-site to the standards. When the part
34 of the quality assurance system applicable to the on-site completion also has received the concurrence of
35 the IPIA, the system may be approved as part of the manufacturer's quality assurance manual. If this
36 approval is not done as part of the initial approval of the entire quality assurance manual, it will be deemed
37 a change to be incorporated into the manual in accordance with established procedures (see §§
38 3282.203(e) and 3282.361(c)(4)). The quality control system for completing work on-site needs to contain
39 procedures to notify the IPIA when the work will be ready for inspection within a reasonable time period.
40 The approval may also include other requirements, such as use of an inspection checklist developed by
41 the IPIA and manufacturer and approved by the DAPIA, in the manufacturer's and IPIA's final inspections.
42 As with the procedures followed under an approval for alternative construction, the manufacturer's IPIA
43 will then be responsible for assuring that homes it inspects under the new procedures in this proposed rule
44 comply with the changes in the quality assurance manual, as provided in § 3282.362(a) of the regulations.

² As with the alternative construction process, an approval for on-site completion may be made more flexible when the PIA's and manufacturer agree that the approval is not model-specific, but may be extended to additional models. See § 3282.14(c) (3).

1 C. Requirements Applicable to Completion of Construction (Proposed § 3282.15(c)). After an
 2 acceptable final inspection of work completed on-site, the manufacturer must report to HUD or its agent
 3 the serial number and a brief description of the work done on-site for each home produced under the new
 4 procedures. This report must be consistent with the DAPIA approval and will be submitted, in part, on the
 5 modified production Form 302. A copy of this report also must be submitted to the State Administrative
 6 Agencies (SAA's) of the States where the home is substantially completed in the factory and where the
 7 home is sited, as applicable. The serial numbers as provided by the manufacturer must contain the prefix
 8 "SC", for site construction.

9 A home will be shipped with a certification label affixed as required in 24 CFR 3282.205. The
 10 home will bear an on-site completion notice appended to the certification label that informs the retailer,
 11 distributor, IPIA, or an IPIA's designated agent, that the home will be completed on-site. This notice shall
 12 read, "This manufactured home will be completed on-site under the requirements of 24 CFR 3282.15 –
 13 On-Site Completion of Homes." Upon successful completion of the final home on-site inspection, the
 14 notice shall be removed and attached to the final inspection report.

15 Approved designs for completion of aspects of construction outside the manufacturer's plant must
 16 be marked with the prefix "SC" for the appropriate approved set of designs, and must be included as a
 17 separate part of the manufacturer's approved design package.

18 All aspects of construction that are completed on the final home site remain the responsibility of
 19 the manufacturer, which must ensure that the home is properly labeled and certify the work is consistent
 20 with DAPIA-approved designs as part of its final on-site final inspection report provided to the IPIA. The
 21 IPIA would be required to review all of the manufacturer's on-site final inspection reports and similar to
 22 factory inspections, the IPIA will be responsible for inspecting enough of the on-site work to ensure the
 23 manufacturer's approved quality control system is working. This responsibility includes an assurance that
 24 on-site workers are adequately trained to complete the work according to the manufacturer's quality control
 25 system. If the IPIA determines that the manufacturer is not performing adequately in conformance with
 26 the approval, the IPIA may require re-inspections, until it is satisfied that the manufacturer is conforming to
 27 the conditions included in the approval. Only the IPIA, or other qualified independent inspector acceptable
 28 to and acting on behalf of the IPIA, may perform these inspections. The independent inspector may not be
 29 associated with the manufacturer or involved in the site completion of the home.
 30

31 D. Consumer Information (Proposed § 3282.15(d)). In addition to the certification label, the home
 32 must be shipped with a "NOTICE" that explains the home will comply with the requirements of the
 33 standards only after all of the limited site work has been completed in accordance with detailed
 34 instructions provided by the manufacturer and the home has been inspected. The "NOTICE" is to be
 35 displayed in a prominent and highly visible location within the home (e.g., a kitchen countertop or front
 36 door), and includes the information that instructions for the aspects of construction to be completed on-
 37 site are provided with the home. The notice may only be removed when the final inspection report is
 38 completed by the manufacturer.

39 The manufacturer must maintain in its labeling records a copy of the final site final inspection
 40 report and on-site completion notice .
 41

42 E. Responsibilities of IPIA (Proposed § 3282.15(e)). The responsibilities of the IPIA will include, in
 43 addition to the IPIA's regular duties under § 3282.362:

- 44 • Working with the manufacturer and the manufacturer's DAPIA to ensure the manufacturer's
 45 quality control system has the proper procedures and controls to assure the on-site construction work will
 46 conform to DAPIA-approved designs and the Department's construction standards.
- 47 • Provide the supply of the on-site completion notices to be appended to the certification label.
- 48 • Monitoring the manufacturer's proposed system for tracking the status of homes built under the
 49 approval until the on-site work and necessary inspections have been arranged for and completed, to

1 assure that the work is being performed properly on all homes installed on a building lot.

2 • Removing the on-site completion notice or other identifying marker appended to the certification
3 label that evidences the manufacturer's certification that the home as completed on-site complies with the
4 standards. The IPIA will not allow the removal of the on-site completion notice appended to the
5 certification label on each home until all site work is completed to the IPIA's satisfaction.

6 • Performing or arranging for the IPIA's agent to perform the required inspections, as necessary
7 to assure the manufacturer's quality control system is working for the work being completed at the site
8 including reviewing the manufacturer's reports.

9 • For a period of five years, maintaining a copy of each final site inspection report submitted by a
10 manufacturer and each final inspection report prepared or accepted by the IPIA.

11
12 E. Manufacturer's Responsibilities (Proposed § 3282.15(f)) The manufacturer's responsibilities
13 will include:

14 • Certifying the home as required by affixing a permanent certification label as required by §§ 24
15 CFR 3282.205 and 24 CFR 3280.11.

16 • All construction work performed on a home that is necessary to assure compliance with the
17 standards and is not part of the siting (installation) process, regardless of who does the work or where it is
18 completed.

19 • Working with the DAPIA and IPIA to obtain approval and concurrence on the quality control
20 system the manufacturer will use to assure the on-site work is performed according to DAPIA-approved
21 designs, and to incorporate this system into the manufacturer's quality assurance manual.

22 • Maintaining a system for tracking the status of homes built under the approval, to ensure that
23 each home installed on a building lot has the on-site work and necessary inspections completed.

24 • Paying IPIA costs for performing on-site completion program activities .

25 • Providing a copy of the instructions for completing the work on-site, inside the home and to the
26 IPIA, for monitoring/inspection purposes (the copy provided in the home may be provided with the
27 installation instructions in the home).

28 • Preparing the final inspection report.

29 • Maintaining a copy of the site inspection report and the notification of the IPIA's approval or
30 acceptance of this report for five years.

31 • Removing the on-site completion notice and attaching the notice to the inspection report.

32
33
34 G. Final Inspection Report (Proposed §§ 3282.15(c)(3), (e)(6) and (f)(9)). For a period of five
35 years, the manufacturer's copy of each site inspection report will be available for review by HUD or the
36 SAA at the factory of origin, and the IPIA's copy of the inspection report will be available at the IPIA central
37 office for review. The report must identify:

38 • The name and address of the manufacturer;

39 • The serial number of the home and address of the site;

40 • The name and address of the installer(s) or contractor(s) responsible for performing any or all
41 on-site completion work

42 • The name of the inspector and the inspector's company affiliation (if any), mailing address, and
43 phone number; and

44 • A description of the work performed and inspections made.

45 • Certification by the manufacturers showing that the work was completed.

46
47 H. Enforcement (Proposed § 3282.15(g) and (h)). A manufacturer or PIA found to be in violation
48 of the requirements for this procedure may lose the discretion to utilize it in future. HUD, IPIA or the
49 DAPIA also may withdraw or amend an approval for on-site construction if the manufacturer does not

1 comply with the requirements for the approval or produces a home that does not comply with the Federal
2 standards.

3 4 IV. Comparison.

5 A. Current Siting Process vs. On-site Completion. HUD has already been allowing certain details
6 of manufactured homes to be finalized on-site as a part of the siting process. This work includes: (1) final
7 framing and decking of hinged roofs that are not penetrated for windows or including connections for heat-
8 producing appliances and plumbing equipment; (2) close-up details for multiple sections (e.g., exterior roof
9 coverings; siding; ridge caps; sheathing; roof, wall, and floor connections; crossover ducts; and utility
10 connections); and (3) close-up details for single sections (e.g., utility connections, and exterior roof
11 coverings and siding for expandable rooms). HUD would continue to allow this type of work to be finalized
12 at the home site, as a part of the siting process that is to be addressed as part of the installation standards
13 and program, without having to proceed under the alternative construction or on-site completion
14 processes defined in §§ 3282.14 and 3282.15.

15 However, other details finished on-site will require approval under the new process proposed in
16 this rule or under the alternative construction process in § 3282.14. For example, areas that could not be
17 completed in the factory because of transportation height restrictions (e.g., incomplete flue pipe
18 installations) would not require special approval under § 3282.14 to be completed on-site.

19
20 B. Activities Qualifying for On-Site Approval. Construction activities that could qualify for approval
21 under the procedures set out in this proposed rule are the partial completion of structural assemblies or
22 systems (e.g., electrical, plumbing, heating, cooling, fuel burning, and fire safety systems) and
23 components built as an integral part of the home, to the extent warranted because:

- 24 • Completion of the partial structural assembly or system during the manufacturing process would
25 result in transportation damage or would be precluded because of road restrictions (e.g., bridge heights).
- 26 • The home design involves work that cannot reasonably be completed in the factory (e.g.,
27 fireplaces at marriage lines and designs that involve such finishing aspects as stucco, brick, or tile).
- 28 • The homeowner is or may be providing a building component, such as a bathtub, water heater,
29 gas appliances or cooking range.
- 30 • General construction work, preempted by the Standards, that the manufacturer, DAPIA and IPIA
31 have concluded (most appropriately and cost effectively) should be completed on-site.

32
33 - The home design allows additions to be completed on-site based on the requirements of the
34 authority having jurisdiction such as garage, basement or room addition ready or natural gas ready
35 homes.

36 - The home has exterior or marriage line designs that are susceptible to transit damage such as
37 exterior doors, installation of dormers, or non-load bearing marriage line walls.

38
39 C. Activities Not Qualified for On-Site Approval. The manufacturing of the following items would
40 not qualify for site completion, and therefore would not qualify under the procedures set out in this
41 proposed rule for approval outside the certified production facility:

- 42 • Complete or substantial construction of structural assemblies of a home, except pursuant to an
43 approval received by the manufacturer under §§ 3282.14. Examples of substantial construction of
44 structural assemblies that would not be allowed include the complete roof, load bearing walls, adding a
45 complete room built to the construction standards and the floor.
- 46 • Complete or substantial assembly of systems (e.g., electrical; plumbing; heating, cooling, and
47 fuel burning systems; transportation; and fire safety) and components that are built as an integral part of
48 the home during the manufacturing process and are usually completed in the factory, except pursuant to
49 an approval received by the manufacturer under § 3282.14 or as currently allowed to be finalized at the

1 site as an extension of the siting of the home. Examples of substantial assembly of systems that would not
 2 be allowed include: installing the plumbing, heating, cooling or electrical system for one of the two sections
 3 in a multi-sectioned home or completing all the systems in a room on a floor at the site.
 4

5 V. Conforming Amendments.

6 The proposed rule includes conforming changes to other sections of 24 CFR part 3282. The
 7 conforming amendment proposed for § 3282.552 also clarifies the actual information that is included on
 8 the reports currently submitted under this authority.
 9

10 VI. Specific Issues for Comment.

11 HUD continues to encourage suggestions for improving its responsiveness to technological
 12 advancements and innovation that foster the use of manufactured housing for affordable housing and to
 13 enhance affordable homeownership opportunities. In developing a proposal that would help focus
 14 comments, HUD has defined certain features of a proposed on-site completion procedure. However,
 15 HUD is very interested in the views of the industry, consumers, private inspection agencies, and State and
 16 local governments on the usefulness and practical aspects of such a procedure. Therefore, in addition to
 17 commenting on the specific provisions included in this proposed rule, the public is invited to comment on
 18 the following questions that HUD staff have raised, and any other related matters or suggestions:

19 (1) How should the rule define the limits of the construction work that may be completed on-site?
 20 Should the definition of a manufactured home that is "substantially completed" in the factory be
 21 improved? If so, how? Should HUD specify that multistory construction involving manufactured homes is
 22 not eligible for this new process and continues to be subject to the existing alternative construction
 23 process?

24 (2) Should the proposed requirements applicable to on-site completion be extended to those
 25 aspects that are currently allowed as an extension of the siting of the manufactured home, including final
 26 framing and decking of unpenetrated hinged roofs and close-up details for multiple and single sections?
 27 How can home purchasers be assured that this work conforms to the Federal standards or does not take
 28 the home out of compliance? Should other special requirements be attached to any of these construction
 29 aspects; e.g., should such hinged roofs be required to be completed by factory-certified installers?
 30 Conversely, should any aspects of the home that could not be completed in the factory, such as because
 31 of transportation height restrictions, be allowed to be completed on-site, as an extension of current siting
 32 processes, without special approval, pending a final rule on installation standards as required by section
 33 605 of the Act? If so, how should those aspects be defined or delineated? Can those aspects be
 34 monitored effectively to ensure proper construction and compliance with the Federal standards, and, if so,
 35 how?

36 (3) Has HUD drawn the proper line between aspects to be finalized as an extension of the current
 37 siting process and completion of construction on-site?

38 (4) What is the best method for assuring that the on-site construction work is inspected for
 39 compliance with the standards? Should the IPIA inspect all homes completed on-site, or should the IPIA
 40 complete inspection for only a certain amount of home completed on-site? Should there be an initial
 41 inspection of a certain number of homes and then a random number thereafter? What percentage of
 42 homes should be inspected to ensure compliance with the Federal standards for homes completed on-
 43 site? Should authorized inspectors be limited to State and local inspection officials, rather than permitting
 44 IPIAs to choose some other qualified independent inspector? How should a "qualified independent
 45 inspector" be defined?

46 (5) Does HUD need to identify those aspects of completion of the home that are not subject to
 47 preemption (e.g., stairs and handrails) and inform local inspectors that they may inspect those aspects?
 48 For example, in its request for approval to complete construction on-site, should a manufacturer be

1 required to identify those design aspects that are not covered by the standards and, therefore, are subject
2 to local or State building codes? Should these design aspects also be listed individually on the Notice
3 required to be displayed in the home?

4 (6) Should the rule establish a deadline for completion of the work on-site and final inspection?
5 Should protections, in addition to proposed § 3282.15(d)(3) and section 622 of the Act (42 U.S.C. 5421),
6 be defined for the consumer who has entered into an arrangement to purchase a manufactured home that
7 is to be completed to standards on-site? How can HUD ensure that a purchaser can occupy the home at
8 the earliest time possible, consistent with the completion of acceptable inspections? Should regulatory
9 protections be defined for a manufacturer or retailer that has entered into a contract in which the
10 construction of the home is to be completed on-site by a certain date, but where there are delays outside
11 of the manufacturer's or retailer's control in the construction or final inspection?

12 (7) Should the rule clarify or identify responsibilities with respect to corrections or repairs when
13 the home does not comply with the standards? If so, how should the responsibilities be distributed
14 pending implementation of a dispute resolution program as required by section 623(g) of the Act(e.g.,
15 among the retailer, installer, and manufacturer), and what should the rule say?

16 (8) Should the rule provide that some or all of the procedures for inspecting the work on-site also
17 apply to repairs of manufactured homes that are completed and labeled in the factory, but that are
18 substantially damaged before being sold by a retailer?

19 (9) Should the rule say more about what happens if the manufactured home does not pass the
20 on-site inspection? If so, what should the rule provide? For example, should the rule require that such a
21 home be removed, repaired, or red tagged?

22 (10) Is the proposed labeling procedure, in which a home to be completed using the new
23 procedures is labeled in two stages and includes a consumer notice referencing the procedures,
24 workable? Would additional protections be necessary if, instead of following the proposed process for on-
25 site completion, the IPIA would red tag the labeled home at the factory, and would then itself remove the
26 red tag at the site when all work is completed and found satisfactory? Should the permanent final label be
27 affixed by the manufacturer or the manufacturer's agent, rather than the IPIA?

28 (11) Should the rule clarify what is the "date of manufacture" for units completed under this
29 procedure, for purposes of the information required to be included on the data plate? If so, what should
30 the clarification say? Without such clarification, what date would manufacturers use on the data plate?

31 (12) Can monthly reporting to HUD of on-site home production be achieved better, such as
32 through the use of individual reports, rather than combining the required extra information with the existing
33 production report (Form 302) information? If so, provide recommendations for how to report production
34 information on homes completed on-site.

35 (13) Does the rule need to provide that additional inspections, as necessary, outside of the
36 factory will result in separate fee assessments, or can fee arrangements for on-site inspections be
37 governed by agreements among the parties involved? Are there special concerns about the costs of out-
38 of-State inspections for State PIAs that should be addressed in the rule?

39 (14) Should the rule provide for an additional label charge, in addition to the regular fees
40 collected, for the extra regulatory oversight that is needed on homes completed under this process?

41 (15) Are there other jurisdictional concerns about the monitoring of the work completed on-site
42 being the continuing responsibility of the manufacturer's IPIA? Should the rule provide that the IPIA
43 responsible under these procedures may agree to allow any other IPIA to provide the services required of
44 the responsible IPIA? Would such a provision conflict with any State requirements relating to the
45 inspection of manufactured homes?

46 (16) What procedures should be established if an exclusive State IPIA is unable to conduct out-
47 of-State inspections on homes approved for completion under this new process?
48
49

1 VII. Technical corrections.

2 The Department also proposes to use this rulemaking proceeding to make the following technical
3 corrections to part 3282:

- 4 • The unused definition of United States District Court would be removed from § 3282.7. That
5 term was used in former § 3282.155(e) concerning enforcement of subpoenas, a subject which is now
6 addressed in 24 CFR part 3800.
- 7 • The heading of § 3282.8(a) would be updated from Mobile homes to Manufactured homes.
- 8 • The initial letter of § 3282.12(a) would be capitalized.
- 9 • The heading of § 3282.207 would be corrected to remove a typographical error.

10
11
12 List of Subjects in 24 CFR Part 3282.

13 Administrative practice and procedure, Consumer protection, Intergovernmental relations,
14 Investigations, Manufactured homes, Reporting and record keeping requirements, Warranties.

15
16 Accordingly, the Department proposes to amend 24 CFR part 3282 as follows:

17
18 **PART 3282--MANUFACTURED HOME PROCEDURAL**
19 **AND ENFORCEMENT REGULATIONS**
20

21 1. The authority citation for part 3282 continues to read as follows:

22 **AUTHORITY:** 28 U.S.C. 2461 note; 42 U.S.C. 3535(d); 42 U.S.C. 5424.

23 2. Section 3282.7 is amended by deleting the definition of "United States District Courts" in
24 paragraph (mm). Section 3282.7 is revised further by adding the following definition of "Completed".
25 *(??) Completed* – as it applies to affixing a certification label, means that the manufactured home as it
26 leaves the factory, is in full compliance with the Regulations and the Standards except for structural,
27 electrical, mechanical, thermal and plumbing installations and connections necessary to complete and
28 connect the transportable sections on-site and the installation of weather finishes designed to cover these
29 field connections. The approved designs and manufacturer's installation instructions shall specify the
30 work, connections and coverings which are to be field completed.

31 3. The heading of § 3282.8(a) is revised to read as follows:

32 **§ 3282.8 Applicability.**

33 (a) Manufactured homes. * * * * *

34 4. Section 3282.12(a) is amended by capitalizing the initial letter thereof.

35 5. A new § 3282.15 is added to subpart A to read as follows:

36 **§ 3282.15 On-site completion of homes.**

37 (a) Purpose and applicability. (1) Purpose of section. This section establishes a procedure for
38 limited on-site completion of some aspects of construction that are ordinarily completed at the factory and
39 that do not meet the prerequisites for alternative construction letters under § 3282.14 since the
40 manufactured home, when completed is built in conformance with the standards.

41 (2) Substantial completion in factory required. This section will apply only if the manufactured
42 home is substantially completed in the factory. A manufactured home is substantially completed in the
43 factory if all aspects of construction are finished in the manufacturer's plant except:

44 (i) The following details of the home that are permitted to be finalized on-site as an extension of
45 siting processes in accordance with the manufacturer's installation instructions:

46 (A) Close-up details for multiple-section units, including exterior roof coverings; siding; ridge caps;
47 sheathing; roof, wall, and floor connections; crossover ducts; and utility connections;

48 (B) Close-up details for single-section units, including utility connections and exterior roof
49 coverings and siding for expandable rooms; and

1 (C) The final framing and decking of hinged roofs that are not penetrated for other connections
2 or windows;

3 (ii) Aspects of construction that qualify for approval to be completed on-site in accordance with
4 paragraph (a)(3) of this section; and

5 (iii) Aspects of construction that qualify for approval to be completed as alternative construction in
6 accordance with § 3282.14.

7 (3) Partial completion permitted on-site. The manufacturer, the manufacturer's DAPIA, and the
8 manufacturer's IPIA may agree to permit certain aspects of construction of a manufactured home to be
9 completed to the standards on-site. The aspects of construction that may be approved are the partial
10 completion of structural assemblies or systems (e.g., electrical, plumbing, heating, cooling, fuel burning,
11 and fire safety systems) and components built as an integral part of the home, when the partial completion
12 on-site is warranted because:

13 (i) Completion of the partial structural assembly or system during the manufacturing process
14 would result in transportation damage or would be precluded because of road restrictions;

15 (ii) The home design involves work that cannot reasonably be completed in the factory;

16 (iii) The homeowner is or may be providing a building component on-site such as a bath tub,
17 water heater, gas appliance or cooking range

18 (iv) The home design allows additions to be completed on-site based on the requirements of the
19 authority having jurisdiction such as garage, basement or room addition ready or natural gas ready
20 homes; or

21 (v) The home has exterior or marriage line designs that are susceptible to transit damage such as
22 exterior doors, installation of dormers, or non-load bearing marriage line walls.

23 (4) Standards to be met upon completion. The affected home must meet the requirements of the
24 standards upon completion of the site work.

25 (b) Request for approval; DAPIA review and notification.

26 (1) Manufacturer's request for approval. The manufacturer must request, in writing, and obtain
27 approval of its DAPIA for any aspect of construction that is to be completed on-site under this section.
28 The manufacturer, its IPIA, and its DAPIA need to work together, prior to seeking approval, to reach
29 agreements necessary to enable the request to be reviewed and approved.

30 (2) DAPIA notification. The DAPIA must notify the manufacturer of the results of its review of the
31 manufacturer's request, and must retain a copy of the notification in the DAPIA's permanent records for a
32 period of five years. The notification must either:

33 (i) Approve the request if it is consistent with this section and the objectives of the Act; or

34 (ii) Deny the proposed completion on-site and set out the reasons for the denial.

35 (3) Manner of DAPIA approval. Notification of DAPIA approval must include, by incorporation or
36 by listing, the information required by paragraph (b)(4) of this section, and must be indicated
37 by the DAPIA placing its stamp of approval or authorized signature on each page of the
38 manufacturer's designs submitted with its request for approval.

39 (4) Contents of DAPIA approval. Any approval by the DAPIA under this section must:

40 (i) Identify the work to be completed on-site;

41 (ii) List all models to which the approval applies, or indicate that the approval is not model
42 specific;

43 (iii) Include acceptance by the DAPIA of a quality assurance system meeting the requirements of
44 paragraph (b)(5) of this section;

45 (iv) Include the IPIA's written agreement to accept responsibility for completion of the monitoring
46 of the manufacturer's on-site quality control system and performing the necessary on-site inspections and
47 reviewing the accompanying records to ensure the manufacturer's on-site system is working;

48 (v) Identify instructions authorized for completing the work on-site that meet the requirements of
49 paragraph (b)(6) of this section;

1 (vi) Include the manufacturer's proposed quality control system for tracking the status of homes
2 built under the approval until the on-site work and necessary inspections have been completed, to assure
3 that the work is being performed properly;

4 (vii) Include an inspection checklist developed by the IPIA and manufacturer and approved by the
5 DAPIA, that is to be used to verify completion of the on-site work by the manufacturer and IPIA site
6 inspectors; and

7 (viii) Include any other requirements and limitations that the DAPIA deems necessary or
8 appropriate to accomplish the purposes of the MHIA of 2000 (for example, any special testing
9 procedures.) (5) Quality assurance system. (i) The on-site portion of the quality assurance system

10 must receive the concurrence of the manufacturer's IPIA to the extent that it is applicable to the
11 completion on-site of the affected manufactured homes. It must include a requirement for the
12 manufacturer to prepare a final site inspection report that will be submitted to the IPIA for its review.
13 When appropriate, this portion of the quality assurance system will be deemed a change in the
14 manufacturer's quality assurance manual for the applicable models, in accordance with §§ 3282.203 and
15 3282.361.

16 (6) Instructions for completion on-site. The manufacturer must include instructions, which are
17 reviewed and approved by the DAPIA for completing the work on-site as a separate part of the
18 manufacturer's approved design package. The manufacturer must provide a copy of these instructions,
19 indicating that they must be followed to assure compliance with the Federal standards, in the home and to
20 the IPIA, for monitoring and inspection purposes. The copy provided in the home may be provided with
21 the installation instructions included in the home.

22 (c) Requirements applicable to completion of construction.

23 (1) Serial numbers of homes completed on-site. The serial number of each home completed in
24 conformance with this section must include the prefix "SC".

25 (2) Labeling. (i) A manufacturer that has received a DAPIA approval under paragraph (b)(2) of
26 this section may certify and label a manufactured home that is substantially completed in the
27 manufacturer's plant at the proper completion of the in-plant production phase, even though some aspects
28 of construction will be completed on-site in accordance with the DAPIA's approval. Any such home is to
29 be shipped with a certification label, and an on-site completion notice.

30 (A) The on-site completion notice must be affixed adjacent to the location for the label. The on-
31 site completion notice must read as follows:

32 On-site Completion Notice

33
34 This home has been built to an on-site completion program approved by the Department of Housing and
35 Urban Development. The home will require additional construction or assembly at its final destination to
36 assure compliance with HUD standards. Inspections for on-site work will be completed as determined by
37 both of the approved Primary Inspection Agencies for the manufacturer in the state of origin.

38
39 This home may be transported and installed prior to completion of the on-site completion process. The
40 local authority having jurisdiction at the place of installation may proceed with its inspection process as it
41 sees necessary.

42
43 The on-site completion instructions are provided with the home and are to be followed exactly to assure
44 compliance with the HUD standards. The retailer/distributor must notify the manufacturer to arrange for
45 the on-site completion work at (insert home address).

46
47 This notice is to remain affixed to the home until the on-site completion process has been completed.
48 When complete, the notice and the required paperwork are to be returned to the manufacturer.

1 **Manufacturer:**
 2 **Date:**
 3 **Certification Label Number:**

4
 5 (B) The notice must meet the requirements in paragraph (d)(1) of this section.

6 (ii) When the manufacturer has completed the site work in accordance with the approved designs
 7 and the manufacturer has performed the necessary inspections to approve the work on-site, the on-site
 8 completion notice shall be removed according to the agreements among the manufacturer, DAPIA and
 9 IPIA.

10 (3) Site inspection report. (i) The manufacturer is responsible for inspecting all aspects of
 11 construction that are completed on-site as provided in its approved quality control system. The
 12 manufacturer must prepare a final site inspection report and arrange for IPIA review and approval of the
 13 work completed on-site as provided for in the agreements with the manufacturer, DAPIA and IPIA.

14 (ii) Each site inspection report must include:

15 (A) The name and address of the manufacturer;

16 (B) The serial number of the manufactured home;

17 (C) The address of the home site;

18 (D) The name and address of the installer(s) or contractor(s) responsible for performing any or all
 19 on-site completion work.

20 (E) The name, mailing address, and telephone number of the inspector and the inspector's
 21 company affiliation when they are acting as agents of the IPIA, if any;

22 (F) A description of the work performed on-site and the inspections made;

23 (G) Verification that any problems noted during inspections have been corrected prior to
 24 certification of compliance; and

25 (H) Certification of completion in accordance with the DAPIA-approved instructions.

26 (iii)(A) The IPIA must review and approve each manufacturer's final site inspection report.

27 (B) Concurrently with work done on-site, or after completion of the work, the IPIA must have
 28 inspected enough of the work done on-site to ensure the manufacturer's on-site quality control system is
 29 working according to the approvals granted under this section.

30 (C) If the IPIA determines that the manufacturer or installer is not performing adequately in
 31 conformance with the approval, the IPIA must cause corrections to be made and re-inspections to occur
 32 until it is satisfied that the manufacturer or installer is conforming to the conditions included in the
 33 approval.

34 (D) The IPIA must notify the manufacturer of the IPIA's acceptance of the manufacturer's final site
 35 inspection report. The IPIA may indicate acceptance by issuing its own final site inspection report showing
 36 the work completed on-site is in compliance with the DAPIA approval and the standards, or by placing its
 37 stamp of approval or authorized signature on the cover page of the manufacturer's final site inspection
 38 report and certification.

39 (E) The manufacturer must attach or append the on-site completion notice to the inspection
 40 report for record keeping purposes.

41 (4) Report to HUD. (i) After an acceptable final inspection of work completed on-site, the
 42 manufacturer must report to HUD or its agent, on the manufacturer's monthly production report required
 43 pursuant to § 3282.552, the serial number of each home produced under an approval issued pursuant to
 44 this section. The manufacturer must also provide a brief description of the work done on-site for each of
 45 these homes on this report. The report must be consistent with the DAPIA approval issued pursuant to
 46 this section.

47 (d) Consumer information. (1) Notice. Any home completed under the procedures established in
 48 this section must be shipped with a notice that explains that the home will comply with the requirements of
 49 the standards only after all of the site work has been completed and inspected. The notice must be legible

1 and typed, using letters at least 1/4 inch high in the text of the notice and 3/4 inch high for the title. The
 2 notice must read as follows:

3
 4 **NOTICE**

5
 6 This home has been substantially completed at the factory and will be certified as having been
 7 constructed in conformance with the Federal Manufactured Home Construction and Safety Standards
 8 when specified work is performed and inspected at the home site. This site work must be performed in
 9 accordance with manufacturer's instructions that have been approved for this purpose. These instructions
 10 are required to be included in the home, and are to be followed to assure compliance with Federal
 11 requirements

12 (2) Placement of information. The notice required by this paragraph (d) must be displayed in a
 13 conspicuous and prominent location within the manufactured home and in a manner likely to assure that it
 14 is not removed until removed by the purchaser or lessor. No retailer, construction contractor, or other
 15 person may interfere with the display of the notice.

16 (e) IPIA responsibilities. The IPIA for any manufacturer proceeding under this section is
 17 responsible for:

18 (1) Working with the manufacturer and the manufacturer's DAPIA to incorporate into the DAPIA-
 19 approved quality assurance system any changes that are necessary to ensure that homes completed on-
 20 site conform to the requirements of this section;

21 (2) Arranging for the affixing of the on-site completion notice in the manner prescribed in
 22 3282.362 (c) (2) (I) and the approval granted under this section.

23 (3) Overseeing the manufacturer's quality control system for assuring that on-site work is
 24 completed to the DAPIA-approved designs, which must include:

25 (i) Monitoring the manufacturer's system for tracking the status of each home built under the
 26 approval until the on-site work and necessary inspections have been completed;

27 (ii) Reviewing all of the manufacturer's on-site inspection reports; and

28 (iii) Inspecting enough of the on-site work to ensure the manufacturer's quality control system is
 29 working;

30 (4) Designating an IPIA inspector, or a qualified independent inspector (who is not associated
 31 with the manufacturer and is not involved with the site construction or completion of the home) acting on
 32 behalf of the IPIA, to inspect the work done on-site for the purpose of determining compliance with:

33 (i) The approved design or, as appropriate under § 3282.362(a)(1)(iii), the standards; and

34 (ii) The DAPIA-approved quality assurance system applicable to the labeling and completion of
 35 the affected manufactured homes;

36 (5) Notifying the manufacturer of the IPIA's acceptance of the manufacturer's final site inspection
 37 report; and

38 (6) Preparing inspection reports as applicable and maintaining such reports and site inspection
 39 reports of the manufacturer for a period of five years. All reports must be available for HUD review in the
 40 IPIA's central record office as part of the labeling records.

41 (7) Attaching or appending the on-site completion notice to the inspection report for record
 42 keeping purposes after on-site inspection approval.

43 (f) Manufacturer responsibilities. A manufacturer proceeding under this section is responsible
 44 for:

45 (1) Obtaining DAPIA approval for completion of construction on-site, in accordance with
 46 paragraph (b) of this section;

47 (2) Obtaining the IPIA's agreement to perform on-site inspections as necessary under this section
 48 and the terms of the DAPIA's approval;

49 (3) Paying the IPIA's costs for performing on-site inspections of work completed under this

- 1 section;
- 2 (4) Providing in the home a copy of the instructions for completing the work on-site, which may be
- 3 provided with the installation instructions in the home;
- 4 (5) Providing the IPIA a copy of the instructions for completing the work on-site;
- 5 (6) Certifying through the labeling process that the home meets the requirements of this part;
- 6 (7) Ensuring the consumer notification requirements of paragraph (d) of this section are met for
- 7 any home completed under this section;
- 8 (8) Maintaining a system for tracking the status of homes built under the approval until the on-site
- 9 work and necessary inspections have been completed, that will assure that the work is performed in
- 10 accordance with the quality control manual and other conditions of the approval;
- 11 (9) Ensuring performance of all work as necessary to assure compliance with the standards upon
- 12 completion of the site work, regardless of who does the work or where the work is completed;
- 13 (10) Preparing a site inspection report upon completion of the work on-site, certifying completion
- 14 in accordance with DAPIA-approved instructions, and providing this report and certification to the IPIA;
- 15 (11) Maintaining in its records for a period of five years, the approval notification from the DAPIA,
- 16 the manufacturer's site inspection report and certification of completion in accordance with the DAPIA-
- 17 approved instructions, and the IPIA's acceptance of the final site inspection report and certification, and
- 18 making all such records available for review by HUD in the factory of origin; and
- 19 (12) Reporting to HUD or its agent the serial numbers assigned to each home completed in
- 20 conformance with this section.

21

22 (g) Revocation or amendment of DAPIA or IPIA approval. The DAPIA that issued an approval,

23 the IPIA that concurred with the approval or the Secretary may revoke or amend, prospectively, an

24 approval notification issued under paragraph (b) of this section. The approval may be revoked or

25 amended whenever the DAPIA, IPIA or Secretary determines that:

- 26 (1) The manufacturer is not complying with the terms of the approval or the requirements of this
- 27 section;
- 28 (2) The approval was not issued in conformance with the requirements of this section; or
- 29 (3) A home produced under the approval fails to comply with the Federal standards.
- 30

31 (h) Failure to comply with the procedures of this section. In addition to other sanctions available

32 under the MHIA of 2000 and this part, the Secretary may prohibit any manufacturer or PIA found to be in

33 violation of the requirements of this section from applying the procedure in the future, after providing an

34 opportunity for an informal presentation of views in accordance with § 3282.152(f). Repeated infractions

35 of the requirements of this section may be grounds for the suspension or disqualification of a PIA or

36 manufacturer.

37 (i) Compliance with this section. If the manufacturer or IPIA, as applicable, complies with the

38 requirements of this section and the home complies with the standards for those aspects of construction

39 covered by the DAPIA approval, then a manufacturer or retailer that has permitted a manufactured home

40 approved for on-site completion under this section to be sold, leased, offered for sale or lease, introduced,

41 delivered, or imported, or, as appropriate, an IPIA that has permitted the home to be labeled as

42 conforming to the standards, will not be in violation of the requirements of the MHIA of 2000, this part, or

43 part 3280 of this chapter, for those aspects of construction covered by the approval.

44

45 6. Section 3282.203 is amended by adding a new sentence at the end of paragraph (e) to read as

46 follows:

47 **§ 3282.203 DAPIA services.**

48 * * * * *

49 (e) * * * When applicable under the requirements in § 3282.15 for on-site completion, the

1 appropriate IPIA must concur in the change before it may be approved by the DAPIA.
2 *****

3
4 7. Section 3282.361(c)(4) is amended by revising the first sentence to read as follows:

5 **§ 3282.361 Design Approval Primary Inspection Agency (DAPIA)**

6 *****

7 (c) * * *

8 (4) **Manual change approval.** Each change the manufacturer wishes to make in its quality
9 assurance manual must be approved by the DAPIA, and, as necessary pursuant to § 3282.15, with by the
10 IPIA. * * *

11 *****

12 8. Section 3282.362 is amended by revising the first sentence of paragraph (c)(2)(i)(A) and by
13 adding a new paragraph (d)(5), to read as follows:

14 **§ 3282.362 Production Inspection Primary Inspection Agencies (IPIAs)**

15 *****

16 (c) * * *

17 (2) * * *

18 (i) * * *

19 (A) The IPIA will continuously provide the manufacturer with a 2- to 4-week supply (at the
20 convenience of the IPIA and manufacturer) of the certification labels and on-site completion notices
21 described in this paragraph (c)(2)(i) and § 3282.15(c)(2), except that no labels may be issued for use
22 when the IPIA is not present if the IPIA is not satisfied that the manufacturer can and is producing
23 manufactured homes that conform to the design and, as appropriate, standards. * * *
24 *****

25 (d) * * *

26 (5) Records of all site inspections made as required under procedures applicable to approval of
27 alternative construction or on-site completion pursuant to §§ 3282.14 or 3282.15.
28 *****

29 9. Section 3282.552 is revised to read as follows:

30 **§ 3282.552 Manufacturer reports for joint monitoring fees.**

31 For each month, the manufacturer must submit to the IPIA in each of its manufacturing plants,
32 and to HUD or its agent, a production report that includes the serial numbers of each manufactured home
33 manufactured and labeled at that plant during the preceding month. The report must also include the date
34 of completion, State of first location of these manufactured homes after leaving the plant, type of unit, and
35 any other information required under this part. The State of first location is the State of the premises of
36 the retailer, or purchaser to whom the manufactured home is first shipped. The report for each month
37 must be submitted by the tenth day of the following month. The manufacturer is encouraged to submit the
38 report electronically, when feasible.

39
40 Dated: _____

41
42 _____
43
44 John C. Weicher, Assistant Secretary for Housing-Federal

45 Housing Commissioner

46
47 [FR-4216-P-01]

ENCLOSURE C

Enclosure C

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 3282

[Docket No. FR-4216-P-01]

RIN 2502-AG92

RESPONSES TO THE 16 QUESTIONS RELATING TO THE PROPOSED RULE

(1) How should the rule define the limits of the construction work that may be completed on-site? Should the definition of a manufactured home that is "substantially completed" in the factory be improved? If so, how? Should HUD specify that multistory construction involving manufactured homes is not eligible for this new process and continues to be subject to the existing alternative construction process?

On-site completion should be limited to construction that is currently addressed by the standards but which the manufacturer, DAPIA and IPIA have concluded would reasonably and most appropriately be constructed at the home site. Typically, these items could readily be completed in the factory except where the factory completion would result in transportation damage, would be precluded because of height or width transportation restrictions, or could be most cost effectively constructed on-site in order to preserve and promote affordability.

If and when the standards address multi-story construction, HUD should permit on-site construction for the very reason it would be allowed on-site completion for single-story homes. The rule should permit site completion for any home or construction that is addressed by the existing standards. On-site construction is merely a cost-effective, and in some cases, necessary feature to bring homes that have been substantially completed in the factory into compliance at the home installation-site. In addition, the joining of sections vertically is little different from joining home sections horizontally.

It might be advisable to provide a definition of "completed" in 24 CFR 3282.7. The Regulations at 3282.204(c), require that the certification label be affixed only to completed manufactured homes, but does not clearly define what a completed manufactured home is. Since the inception of the HUD program, double wide and even triple wide homes have been labeled in the factory even though certain structural and utility connections had to be made in the field. This practice has been tacitly accepted with the understanding that the manufacturer's installation instructions will address the field completion. However, the multi-story and multi-section homes currently being produced can require extensive field finishing. This can include: 1) horizontal and vertical structural components; 2) installation and finish of roof construction or even entire roof structures; 3) horizontal and vertical connections of electrical systems, gas line(s), plumbing lines and duct systems; 4) appliances and appliance vent systems; and, 5) exterior weather resistance coverings.

The regulations must properly address completion of as much of the home in the factory as is practicable, and must assure the completion of the field installation keeps the home in compliance with the Standards. This below proposed definition provides the regulatory tools to assure completion of the home in accordance with the approved design packages, and prevents the abuse of the field installation process. "COMPLETED" – as it applies to affixing a certification label, means that the manufactured home as it leaves the factory, is in full compliance with the Regulations and the Standards except for structural, electrical, thermal, mechanical, and plumbing installations and connections necessary to complete and connect the transportable sections on-site, and the installation of weather finishes designed to cover these field connections. The approved designs and manufacturer's installation instructions shall specify the

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1 work, connections and coverings which are to be field completed.

2 (2) Should the proposed requirements applicable to on-site completion be extended to those
 3 aspects that are currently allowed as an extension of the siting of the manufactured home, including final
 4 framing and decking of unpenetrated hinged roofs and close-up details for multiple and single sections?
 5 How can home purchasers be assured that this work conforms to the Federal standards or does not take
 6 the home out of compliance? Should other special requirements be attached to any of these construction
 7 aspects; e.g., should such hinged roofs be required to be completed by factory-certified installers?
 8 Conversely, should any aspects of the home that could not be completed in the factory, such as because
 9 of transportation height restrictions, be allowed to be completed on-site, as an extension of current siting
 10 processes, without special approval, pending a final rule on installation standards as required by section
 11 605 of the Act? If so, how should those aspects be defined or delineated? Can those aspects be
 12 monitored effectively to ensure proper construction and compliance with the Federal standards, and, if so,
 13 how?

14 No, the installation standards and foundation system requirements are totally separate issues, and should
 15 not be addressed or included in any way, as part of this proposed rule for on-site completion. Home
 16 installations are regulated today, and under the new HUD program, all States will have either State-based
 17 installation requirements or the default HUD installation requirements.

18 This on-site completion process should not be used to further hinder and burden the current practice for
 19 siting homes. HUD should retain the current installation aspects that are permitted as these items are
 20 usually found in the manufacturer's installation instructions as an extension of the siting process. This on-
 21 site completion proposed rule should only concentrate on those aspects that will conform to the standards
 22 as an extension of the factory production process.

23 (3) Has HUD drawn the proper line between aspects to be finalized as an extension of the current
 24 siting process and completion of construction on-site?

25 These proposed rules address an industry's concerns and our recommendations clarify the intent.

26 (4) What is the best method for assuring that the on-site construction work is inspected for
 27 compliance with the standards? Should the IPIA inspect all homes completed on-site, or should the IPIA
 28 complete inspection for only a certain amount of home completed on-site? Should there be an initial
 29 inspection of a certain number of homes and then a random number thereafter? What percentage of
 30 homes should be inspected to ensure compliance with the Federal standards for homes completed on-
 31 site? Should authorized inspectors be limited to State and local inspection officials, rather than permitting
 32 IPIAs to choose some other qualified independent inspector? How should a "qualified independent
 33 inspector" be defined?

34 IPIA inspections should be per the current regulations. The regulations require that the IPIA conduct
 35 representative inspections on manufactured homes and that every home is inspected at some stage in its
 36 production. Since the proposed on-site rule is simply an extension of this process, the current inspection
 37 criteria and frequency implemented in the factory should apply to on-site construction. The IPIA should
 38 determine the most cost-effective and adequate level of inspection to ensure that homes completed on-
 39 site are in compliance with the standards and provide written justification for the decisions made.

40 (5) Does HUD need to identify those aspects of completion of the home that are not subject to
 41 preemption (e.g., stairs and handrails) and inform local inspectors that they may inspect those aspects?
 42 For example, in its request for approval to complete construction on-site, should a manufacturer be
 43 required to identify those design aspects that are not covered by the standards and, therefore, are subject
 44 to local or State building codes? Should these design aspects also be listed individually on the Notice
 45 required to be displayed in the home?

46 HUD should not attempt to identify or make a list of all on-site construction aspects that are not covered by
 47 preemption. HUD should not take on the duty and responsibility of local building code inspectors. It is the
 48 responsibility of the builder and homeowner to get the proper permits and inspections for work that is not
 49 covered by an AC letter or this proposed on-site rule.

1 (6) Should the rule establish a deadline for completion of the work on-site and final inspection?
 2 Should protections, in addition to proposed § 3282.15(d)(3) and section 622 of the Act (42 U.S.C. 5421),
 3 be defined for the consumer who has entered into an arrangement to purchase a manufactured home that
 4 is to be completed to standards on-site? How can HUD ensure that a purchaser can occupy the home at
 5 the earliest time possible, consistent with the completion of acceptable inspections? Should regulatory
 6 protections be defined for a manufacturer or retailer that has entered into a contract in which the
 7 construction of the home is to be completed on-site by a certain date, but where there are delays outside
 8 of the manufacturer's or retailer's control in the construction or final inspection?
 9 NO, HUD should not attempt to establish deadlines for completion of on-site work.

10 (7) Should the rule clarify or identify responsibilities with respect to corrections or repairs when
 11 the home does not comply with the standards? If so, how should the responsibilities be distributed
 12 pending implementation of a dispute resolution program as required by section 623(g) of the Act (e.g.,
 13 among the retailer, installer, and manufacturer), and what should the rule say?

14 The manufacturer is responsible for the work performed under the on-site proposed rule.
 15 However, this rulemaking does not apply to disputes that might occur between other parties over
 16 installation or defects to the home, which are covered by other regulations. Corrections or repairs to
 17 construction work specifically addressed by this proposed rule are the responsibility of the manufacturer.
 18 No additional regulation is needed or required.

19 (8) Should the rule provide that some or all of the procedures for inspecting the work on-site also
 20 apply to repairs of manufactured homes that are completed and labeled in the factory, but that are
 21 substantially damaged before being sold by a retailer?

22 Repair of damaged homes is a completely different matter and should not be addressed by the
 23 rulemaking dealing with on-site completion of manufactured homes.

24 (9) Should the rule say more about what happens if the manufactured home does not pass the
 25 on-site inspection? If so, what should the rule provide? For example, should the rule require that such a
 26 home be removed, repaired, or red tagged?

27 The home will ultimately have to pass the on-site inspection process before it can be considered to be
 28 "completed" and available for occupancy. If re-inspections are necessary for certain construction aspects,
 29 then this will be determined by the parties involved as an extension of the factory process to the field.

30 (10) Is the proposed labeling procedure, in which a home to be completed using the new
 31 procedures is labeled in two stages and includes a consumer notice referencing the procedures,
 32 workable? Would additional protections be necessary if, instead of following the proposed process for on-
 33 site completion, the IPIA would red tag the labeled home at the factory, and would then itself remove the
 34 red tag at the site when all work is completed and found satisfactory? Should the permanent final label be
 35 affixed by the manufacturer or the manufacturer's agent, rather than the IPIA?

36 A new requirement is not necessary. As is the case at present, the HUD label is and should continue to
 37 be affixed by the manufacturer. An on-site construction notice should be appended to that label indicating
 38 that the home will be completed on-site under § 24 CFR 3282.15. Once the inspection is successful, this
 39 on-site construction notice is removed and attached to the inspection report. In this manner, only one
 40 label is used per floor section and reduces the amount of labels and record keeping that is required. The
 41 additional label requirement will be burdensome. Under the present provisions, one would require four
 42 separate labels for a double section home.

43 Also, the "SC" requirements for the design package details (on the sheet with the on-site completion
 44 details/specifications, and the separate portion of the design package where all "SC" details/specifications
 45 are located) are unnecessary. Between the manufacturer, DAPIA and the IPIA, these issues for on-site
 46 completion will be ironed out during the review and approval stage.

47 (11) Should the rule clarify what is the "date of manufacture" for units completed under this
 48 procedure, for purposes of the information required to be included on the data plate? If so, what should
 49 the clarification say? Without such clarification, what date would manufacturers use on the data plate?

1 The data plate should be installed in the factory and should specify the "date of manufacture" as is
2 completed at that date at the factory facility. Delaying the manufactured date until on-site completion work
3 is finished would confuse and complicate the process

4 (12) Can monthly reporting to HUD of on-site home production be achieved better, such as
5 through the use of individual reports, rather than combining the required extra information with the existing
6 production report (Form 302) information? If so, provide recommendations for how to report production
7 information on homes completed on-site.

8 The current reporting procedures should prove adequate. Unnecessary paperwork would result by adding
9 to or requiring different reporting methods. It would slow down the on-site completion process.

10 (13) Does the rule need to provide that additional inspections, as necessary, outside of the
11 factory will result in separate fee assessments, or can fee arrangements for on-site inspections be
12 governed by agreements among the parties involved? Are there special concerns about the costs of out-
13 of-State inspections for State PIAs that should be addressed in the rule?

14 The requirement that inspections be by the IPIA or an independent/designated inspector acceptable to the
15 IPIA is adequate. Inspections fees will be determined during the normal course of business as they are
16 today.

17 (14) Should the rule provide for an additional label charge, in addition to the regular fees
18 collected, for the extra regulatory oversight that is needed on homes completed under this process?
19 Inplant inspection agencies are able to charge the manufacturer for the costs of on-site inspections.
20 Oversight of IPIA on-site inspection activities should be at the same level as oversight of the work allowed
21 as part of the siting process.

22 (15) Are there other jurisdictional concerns about the monitoring of the work completed on-site
23 being the continuing responsibility of the manufacturer's IPIA? Should the rule provide that the IPIA
24 responsible under these procedures may agree to allow any other IPIA to provide the services required of
25 the responsible IPIA? Would such a provision conflict with any State requirements relating to the
26 inspection of manufactured homes?

27 The IPIA should be permitted to make this decision regarding the use of any independent inspector, as
28 long as he/she is acceptable to the IPIA.

29 (16) What procedures should be established if an exclusive State IPIA is unable to conduct out-
30 of-State inspections on homes approved for completion under this new process?

31 The exclusive State IPIA should be required to accept private IPIAs when State IPIAs are not able to
32 conduct the needed/required on-site inspections.

33

ENCLOSURE D

Enclosure D

3/4/03

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 3282

[Docket No. ~~FR-xxxx-P-01~~ FR-4216-P-01]

RIN 2502-AG92

On-Site Completion of Manufactured Homes

MHCC Revision – FINAL 08/07/03

Includes MHCC Revisions of:

5/29/03

6/27/03

8/6/03

AGENCY: Office of the Assistant Secretary for Housing-Federal Housing Commissioner, HUD.

ACTION: Proposed Rule.

SUMMARY: In this rule, HUD is proposing to allow limited on-site completion of new manufactured housing in compliance with the Federal standards. Unlike the regulations for alternative construction approvals, this new process would not require manufacturers to seek advance Secretarial approval. Instead of 24 CFR part 3282.14, HUD is proposing a process by which manufacturers and State and private inspection agencies could agree to permit limited ~~site work, work at the site,~~ under certain conditions, to complete ~~production~~ construction of new manufactured housing. This rule would also clarify that the ~~on-site~~ on-site work is part of the manufacturing process under the Federal standards and not subject to local codes. This rule, however, does not intend to extend the benefits of Federal preemption to any manufactured home in which a major part of the home is ~~constructed on site-completed on-site.~~ This rule ~~also~~ does not apply to the installation of a manufactured home, which will be the subject of a separate rulemaking pursuant to the amendments found in the Manufactured Housing Improvement Act of 2000 (~~the MHIA of 2000~~). In seeking guidance from commenters on how to define the scope of work that may be done ~~on-site, on-site,~~ HUD raises a number of specific questions, in Section VI of the preamble.

DATES: Comments must be submitted by [~~insert date 60 days after date of publication in the FEDERAL REGISTER~~].

ADDRESSES: Interested persons are invited to submit comments regarding this proposed rule to the Rules Docket Clerk, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410-0500. Communications should refer to the above docket number and title. Facsimile (FAX) comments are not acceptable. A copy of each communication submitted will be available for public inspection and copying between 7:30 a.m. and 5:30 p.m. weekdays at the above address.

FOR FURTHER INFORMATION CONTACT: William W. Matchneer III, Administrator, Manufactured Housing Program, Department of Housing and Urban Development, ~~451 Seventh~~ 451 Seventh Street SW, Room 9156, Washington, DC 20410 phone (202) 708-6409 (this is not a toll-free number). Hearing- and speech-impaired persons may access this number via TTY by calling the ~~toll-free~~ Federal Information Relay Service at 1-800-877-8339.

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1 **SUPPLEMENTARY INFORMATION:**

2 I. Background.

3 The National Manufactured Housing Construction and Safety Standards Act of 1974 (the Act), 42
 4 U.S.C. 5401 et seq., authorizes the Secretary to establish and amend manufactured home construction
 5 and safety standards (the standards). The standards established by the Secretary are codified in 24 CFR
 6 part 3280. The Act also authorizes the Secretary to establish procedures necessary to assure compliance
 7 with the standards and the enforcement and monitoring provisions of the Act. These procedures are
 8 codified in 24 CFR part 3282. As indicated in § 3282.1(b), it is HUD policy to work in partnership,
 9 especially with State agencies, in the enforcement of the standards, consistent with the public interest.
 10 In accordance with section 604(b) of the ~~Act, MHA of 2000~~, HUD provided this proposed rule to the
 11 Manufactured Housing Consensus Committee for its review and provided the consensus committee a
 12 120-day comment period. Section 3282.14 of the regulations permits the sale or lease of manufactured
 13 homes that are not in compliance with the standards in circumstances where the public interest is not
 14 compromised. The section establishes a separate, specific "alternative construction" procedure to allow
 15 HUD to approve such homes to encourage innovation and the use of new technology. The procedure is
 16 available for manufacturers using new designs or techniques not in conformance with the standards when
 17 compliance with the standards would be unreasonable or the variance from the standards would be for
 18 research, testing, or development purposes. To maintain a high level of safety and durability, construction
 19 must provide performance that is equivalent or superior to that required by the standards.

20 The alternative construction procedure is limited to specific, narrow circumstances and requires
 21 the manufacturer to submit a formal request to HUD Headquarters for review before the Secretary issues
 22 a letter approving or denying the request. This procedure may, on occasion, be lengthy because of HUD
 23 staffing limitations.¹ The alternative construction process is not formulated to readily address the
 24 increasing sophistication of manufactured housing. Some manufactured homes now include home design
 25 features, like stucco or brick, ~~that~~ which cannot reasonably be completed in the factory, and are being
 26 completed ~~on-site~~ on-site using the alternative construction process. HUD also recognizes that some
 27 parts of manufactured homes are typically shipped loose, like smoke alarms and plumbing equipment.
 28 After the homes are completed on-site, they would comply with the standards. Such housing often
 29 provides affordable housing while maintaining the architectural style of surrounding neighborhoods. HUD
 30 believes that the Secretarial-approval limitations on the alternative construction process may be
 31 counterproductive to efforts to use manufactured housing to increase the availability of affordable housing
 32 and enhance affordable homeownership opportunities.

33 This proposed rule ~~is focused on the~~ addresses the completion of homes at the site that are
 34 in compliance with federal manufactured housing construction of homes, and standards, and it does not
 35 intend to affect ~~effect or address~~ the installation of the home. A ~~totally separate~~ set of standards and
 36 regulations for the installation of homes is under development and these standards and will be
 37 ~~developed in the future, regulations shall govern the installation requirements,~~ in accordance with
 38 section 605 of the MHI Act of 2000.

39 This proposed rule would authorize Design Approval Primary Inspection Agencies (DAPIAs) and
 40 Production Inspection Primary Inspection Agencies (IPIAs) (collectively known as PIAs) to approve and
 41 inspect manufactured homes ~~that when completed on-site, on-site conform to the standards,~~ under
 42 limited circumstances. The proposal is consistent with HUD's desire to give the industry more flexibility
 43 and accommodate innovative approaches, ~~and should result in more timely actions on~~

¹ HUD reminds manufacturers that they can make their alternative construction requests as flexible as possible by seeking approvals that are not model-specific, as permitted under § 3282.14(c)(3).

1 ~~approval requests. approaches.~~

2 This proposal also allows HUD to use existing resources better to encourage innovation and
3 develop compatible and affordable housing, while remaining faithful to the Secretary's responsibilities
4 under the Act to ensure durable and safe housing.

5 Such variances from the current requirements relating to the construction of manufactured
6 housing also must include an adequate quality control and inspection ~~process, and make a~~
7 ~~provision for good recordkeeping, processes, and provide requirements for good record~~
8 ~~keeping,~~ to ensure protection for consumers and the public. Through this rulemaking, HUD will be
9 responsive to the needs of manufacturers, private inspection agencies, State officials, and consumers.
10 HUD emphasizes that the procedure to be permitted under this proposed rule applies only to aspects of
11 construction over which HUD ~~already maintains existing standards and which HUD~~ has historically
12 exercised preemptive authority. Thus, approval of construction completed ~~on-on-site~~ under this new
13 process cannot be extended to requirements imposed under State or local authority in construction-related
14 areas that are not preempted by Federal standards ~~at this time~~. Any changes necessary in future
15 years, when the ~~MHI Act~~ MHA of 2000 is fully implemented, will be submitted for consensus committee
16 review and public comment.

17 HUD does not believe that the drafters of the ~~Act~~ MHA of 2000 intended the benefits of Federal
18 preemption to be extended to extensive and lengthy on-site construction of any manufactured home in
19 ~~which a major section or portion of the home is constructed on site~~. The
20 foundation of the Federal manufactured housing program is that national standards should be enforced
21 through a manufacturer's quality control system of in-plant inspections and monitoring by PIAs of the
22 manufacturer's quality control inspection system. Therefore, it would be inappropriate to permit major
23 portions of a home to be completed ~~on site, because that would frustrate the~~
24 ~~inspection on-site. For purposes of this rule, major portions of work is defined as a majority or large~~
25 percentage of construction work performed at the home site in order to bring the certification
26 system and supplant legitimate local and State code enforcement efforts. home
27 into compliance with the HUD standards. In Section VI of this preamble ("Specific Issues for Comment"),
28 commenters are invited to respond to a number of questions aimed at defining the specific instances in
29 which this proposed procedure could be used appropriately.

30 HUD hopes that the additional flexibility allowing completion of some aspects of construction after
31 the manufactured home is transported to the site will permit manufacturers to use designs and techniques
32 that will demonstrate the adaptability and versatility of manufactured housing. Manufacturers continue to
33 make significant improvements both to the manufacture and aesthetics of homes. Permitting limited ~~on~~
34 ~~site~~ on-site construction could lead to increased recognition of these homes as a viable source of
35 unsubsidized affordable housing and could encourage zoning policies that do not discriminate against
36 manufactured housing.

37 38 II. Distinction from Alternative Construction.

39 The special procedure proposed in this rule for on-site completion differs from standard alternate
40 construction approvals in that:

41 • On-site completion only applies to homes that can be certified as substantially meeting the
42 requirements of the standards when labeled in the factory ~~with a preliminary certification~~
43 ~~label, and that will comply with the standards when completed and on-site.~~

44 ~~finally labeled on site. (Later in this preamble, HUD also raises a question~~
45 ~~about whether the proposed process for completion on site could be modified~~

1 and applied to inspection of homes for which substantial repairs are performed
 2 outside of the factory. In such a case, the manufactured home would have been
 3 labeled in the factory, but because of damage sustained before sale to the
 4 purchaser, could not be sold by the retailer until repairs are made under the
 5 authority of the manufacturer, as provided in 24 CFR § 3282.253.)

6 • On-site completion allows a manufacturer to work directly with the DAPIA and IPIA for approval
 7 to complete aspects of construction at the final home site and avoids submissions for approval by
 8 HUD. ~~the HUD Secretary.~~

9 • On-site completion requires the ~~manufacturer's~~ manufacturer to establish an on-site quality
 10 control system ~~to extend to the~~ that extends to all on-site work. The process also requires the IPIA
 11 to conduct over-site and concur with ~~that~~ the manufacturer's quality control system ~~and to accept~~
 12 ~~responsibility for assuring that the system is working and that on-site~~
 13 ~~construction is completed in conformance with the standards and approved~~
 14 ~~designs-is effectively working.~~ Only persons authorized by the manufacturer may complete the
 15 construction work ~~on~~ on-site, and only the IPIA in the factory of origin, or other qualified independent
 16 inspector acceptable to and acting on behalf of the IPIA (including, possibly, an IPIA in the State where the
 17 home is sited), may perform the oversight monitoring, including inspections. This process will eliminate
 18 routine, extensive reporting directly to HUD for site inspections of completed homes, unlike the alternative
 19 construction process. Instead, the manufacturer need only report to HUD or its agent the location of the
 20 home, its serial number, and a brief description of the work done ~~on site~~ on-site for each home. This
 21 information will be included on a ~~modified~~ the normal production form ~~that is based on~~
 22 ~~the form--the "HUD Manufactured Home Monthly Production Report" (Form 302), on~~ (Form 302)--on
 23 which each manufacturer already reports to its IPIA and to HUD (or its agent) certain completion and
 24 shipping information on finished units.

25 • The on-site completion process eliminates direct HUD review and approval of alternative
 26 construction proposals for manufactured homes, if those homes meet the requirements of the standards
 27 when completed ~~on site~~ on-site.

28 The procedure to allow ~~limited~~ on-site completion of manufactured homes is complementary to
 29 the alternative construction procedure (for which HUD approval is required) that permits construction
 30 using noncomplying designs and techniques. These ~~two~~ procedures address different aspects of the final
 31 product, and both may be utilized on the same home, when appropriate. The on-site completion process
 32 is focused on homes that have designs that comply with the requirements of the standards. The
 33 alternative construction procedure is for homes that use new designs, ~~materials~~ or techniques that do not
 34 comply with ~~or are not currently addressed by~~ the standards.

35 36 III. Proposed Procedure.

37 A. Purpose and applicability ~~Applicability (Proposed § 3282.15(a)).~~ This rule proposes a
 38 procedure that permits deviations from existing requirements when an aspect of construction cannot
 39 reasonably be completed in the manufacturer's production facility and partial completion is required ~~on~~
 40 ~~site. For example, it might not be possible to completely assemble the~~
 41 ~~plumbing system until the home arrives on site.~~ on-site. In general, the proposal permits
 42 limited on-site completion under certain circumstances, without requiring an alternative construction letter

1 issued by HUD. These special procedures may only be used when ~~there is agreement between the~~
 2 manufacturer, its DAPIA, and its IPIA ~~agree~~ to follow them, and if all affected homes are substantially
 3 completed in the factory, as defined below.

4
 5 B. DAPIA Approval (Proposed § 3282.15(b)). The manufacturer must request and obtain DAPIA
 6 approval to complete, ~~on-site,~~ on-site, the final, ~~limited~~ aspects of construction of a manufactured
 7 home that will be substantially completed in the factory (i.e., the home leaving the factory must include:
 8 (a) a complete chassis; and (2) structural assemblies and plumbing, heating, and air conditioning systems
 9 that are complete except for ~~limited~~ construction that cannot reasonably be completed in the
 10 manufacturer's production facility and that the DAPIA has approved for completion on-site). Among other
 11 things, in the DAPIA approval the ~~DAPIA~~ manufacturer will identify what work will be completed ~~on~~
 12 ~~site~~ on-site and will authorize a notice that includes a description of this work, identify instructions
 13 authorized for completing the work ~~on-site~~ on-site (including any special conditions and requirements),
 14 and list all models for which the DAPIA approval is ~~applicable.~~ ² applicable³. As part of its approval, the
 15 DAPIA will stamp or sign each page of any set of designs accepted for completion ~~on-site,~~ on-site, and
 16 will include an ~~"SC"~~ "SC" designation on each page that includes an element of construction that is to be
 17 completed ~~on-site.~~ on-site.

18 In addition, the DAPIA must approve the part of the manufacturer's written quality assurance
 19 system that is applicable to completing the manufactured homes ~~on-site~~ on-site to the standards. When
 20 the part of the quality assurance system applicable to the on-site completion also has received the
 21 concurrence of the IPIA, the system may be approved as part of the manufacturer's quality assurance
 22 manual. If this approval is not done as part of the initial approval of the entire quality assurance
 23 manual, it will be deemed a change to be incorporated into the manual in accordance with established procedures
 24 (see §§ 3282.203(e) and 3282.361(c)(4)). ~~The quality control system for completing work on-site needs to~~
 25 ~~contain procedures to notify the IPIA when the work will be ready for inspection within a reasonable time~~
 26 ~~period.~~ The approval may also include other requirements, such as use of an inspection checklist
 27 developed by the IPIA and manufacturer and approved by the DAPIA, in the manufacturer's and IPIA's
 28 final inspections. As with the procedures followed under an approval for alternative construction, the
 29 manufacturer's IPIA will then be responsible for assuring that homes it inspects under the new procedures
 30 in this proposed rule comply with the changes in the quality assurance manual, as provided in
 31 § 3282.362(a) of the regulations.

32
 33 C. Requirements Applicable to Completion of Construction (Proposed § 3282.15(c)). After an
 34 acceptable final inspection of work completed ~~on-site,~~ on-site, the manufacturer must report to HUD or
 35 its agent the serial number and a brief description of the work done ~~on~~ on-site for each home produced
 36 under the new procedures. This report must be consistent with the DAPIA approval and will be submitted,
 37 in part, on the modified production Form 302. A copy of this report also must be submitted to the State
 38 Administrative Agencies (SAA's) of the States where the home is substantially completed in the factory

² ~~As with the alternative construction process, an approval for on-site completion may be made more flexible when the PIA's and manufacturer agree that the approval is not model specific, but may be extended to additional models. See § 3282.14(c)(3).~~

³ ~~As with the alternative construction process, an approval for on-site completion may be made more flexible when the PIA's and manufacturer agree that the approval is not model-specific, but may be extended to additional models. See § 3282.14(c)(3).~~

1 and where the home is sited, as applicable. The serial numbers as provided by the manufacturer must
2 contain the prefix "SC", for site construction.

3 A home will be shipped with a preliminary certification label, adjacent to
4 where the manufacturer will affix the required final certification label (see
5 24 CFR 3282.205) when the manufacturer has completed and inspected the
6 authorized on-site work. The certification label affixed as required in 24 CFR 3282.205. The
7 home will bear an on-site completion notice appended to the certification label that informs the retailer,
8 distributor, IPIA, or an IPIA's designated agent, that the home will be completed on-site. This notice shall
9 read, "This manufactured home will be completed permanent preliminary certification label
10 will be the same size as the final certification label and will be located
11 adjacent to, and affixed in the same manner as required for, the final
12 certification label (see 24 CFR 3282.11) on-site under the requirements of 24 CFR
13 3282.15 - On-Site Completion of Homes." Upon successful completion of the final home on-site
14 inspection, the notice shall be removed and attached to the final inspection report.

15 Approved designs for completion of aspects of construction outside the manufacturer's plant must
16 be marked with the identification code prefix "SC" for the appropriate approved set of designs, and
17 must be included as a separate part of the manufacturer's approved design package.

18 All aspects of construction that are completed on the final home site remain the responsibility of
19 the manufacturer, which must ensure that the home is properly labeled and certify the work is consistent
20 with DAPIA-approved designs as part of its final on-site final inspection report provided to the
21 IPIA. The IPIA would be required to review all of the manufacturer's on-site final inspection reports and
22 similar to factory inspections, the IPIA will be responsible for inspecting enough of the on-site work to
23 ensure the manufacturer's approved quality control system is working. This responsibility includes an
24 assurance that on-site workers are adequately trained to complete the work according to the to
25 inspect all of on-site work completed using an approval under this new
26 process-manufacturers quality control system. If the IPIA determines that the manufacturer is not
27 performing adequately in conformance with the approval, the IPIA may require re-inspections, until it is
28 satisfied that the manufacturer is conforming to the conditions included in the approval. Only the IPIA, or
29 other qualified independent inspector acceptable to and acting on behalf of the IPIA, may perform these
30 inspections. The independent inspector may not be associated with the manufacturer or involved in the
31 site completion of the home. When the DAPIA deems it appropriate, the DAPIA may
32 establish minimum qualifications for the inspector (e.g., inspector must be an
33 engineer) who is to perform the final site inspection responsibilities of the
34 IPIA.

35 D. Consumer Information (Proposed § 3282.15(d)). In addition to the preliminary certification
36 label, the home must be shipped with a "NOTICE" that explains the home will comply with the
37 requirements of the standards only after all of the limited site work has been completed in accordance with
38 detailed instructions provided by the manufacturer and the home has been inspected. The "NOTICE" is to
39 be displayed in a prominent and highly visible location within the home (e.g., a kitchen countertop or front
40 door), and includes the information that instructions for the aspects of construction to be completed on
41 site on-site are provided with the home. The notice may only be removed when the final inspection

1 report is completed, ~~the home is labeled with the final certification label, and~~

2 ~~the purchaser or lessor is provided with a copy of the report.~~

3 ~~----- The sale or lease of the manufactured home to the purchaser will not be~~
 4 ~~considered complete (see § 3282.252(b)) until the purchaser has been provided~~
 5 ~~with a copy of the manufacturer's final site inspection report, including the~~
 6 ~~certification of completion, by the manufacturer.~~

7 ~~that has been reviewed and accepted by the IPIA.----- The manufacturer must~~
 8 ~~maintain in its labeling records an indication that a copy of the final site final inspection report and~~
 9 ~~certification of on-site completion has been provided to the purchaser. notice.~~

10
 11 E. Responsibilities of IPIA (Proposed § 3282.15(e)). The responsibilities of the IPIA will include, in
 12 addition to the IPIA's regular duties under § 3282.362:

13 • Working with the manufacturer and the manufacturer's DAPIA to ensure the manufacturer's
 14 quality control system has the proper procedures and controls to assure the on-site construction work will
 15 conform to DAPIA-approved designs and the Department's construction standards.

16 • ~~Providing the preliminary labels that the manufacturer may use to~~
 17 ~~label a home that has been substantially completed in the factory. Provide the~~
 18 ~~supply of the on-site completion notices to be appended to the certification label.~~

19 • Monitoring the manufacturer's proposed system for tracking the status of homes built under the
 20 approval until the on-site work and necessary inspections have been ~~arranged for and~~ completed, to
 21 assure that the work is being performed properly on all homes installed on a building lot.

22 • ~~Affixing the permanent final~~ Removing the on-site completion notice or other
 23 identifying marker appended to the certification label that evidences the manufacturer's
 24 certification that the home as completed on-site complies with the requirements
 25 applicable to labeling a home for sale. The IPIA will affix the final label
 26 on each home when all site on-site complies with the standards. The IPIA will not allow the
 27 removal of the on-site completion notice appended to the certification label on each home until all site
 28 work work is completely to the IPIA's is completed to the IPIA's satisfaction.

29 • ~~Performing or arranging for the IPIA's agent to perform the required inspections~~
 30 ~~or inspections, as necessary to assure the manufacturer's quality control system is working for the work~~
 31 ~~being completed at the site including reviewing the manufacturer's reports and site work reports.~~

32 • ~~Maintaining~~ For a period of five years, maintaining a copy of each final site inspection report
 33 submitted by a manufacturer and each final inspection report prepared or accepted by the IPIA.

34
 35 E. Manufacturer's Responsibilities (Proposed § 3282.15(f)) The manufacturer's responsibilities
 36 will include:

37 • ~~Certifying the home as required and as evidenced by affixing the preliminary~~
 38 ~~label, and allowing the IPIA to affix the permanent final label, to the~~
 39 ~~home by affixing a permanent certification label as required by §§ 24 CFR 3282.205 and 24 CFR~~
 40 3280.11.

41 • ~~All construction work performed on a home that is necessary to assure compliance with the~~
 42 ~~standards and is not part of the siting (installation) process, regardless of who does the work or where it is~~
 43 ~~completed.~~

44 • Working with the DAPIA and IPIA to obtain approval and concurrence on the quality control
 45 system the manufacturer will use to assure the on-site work is performed according to DAPIA-approved
 46 designs, and to incorporate this system into the manufacturer's quality assurance manual.

- 1 • Maintaining a system for tracking the status of homes built under the approval, to ensure that
2 each home installed on a building lot has the on-site work and necessary inspections completed.
3 • Paying IPIA costs for performing on-site ~~inspections~~ completion program activities.
4 • Providing a copy of the instructions for completing the work ~~on-site~~, on-site, inside the home
5 and to the IPIA, for monitoring/inspection purposes (the copy provided in the home may be provided with
6 the installation instructions in the home).
7 • ~~Providing a copy of the final site inspection report and certificate~~
8 ~~of completion to the first purchaser or lessor of the home.~~ Preparing the final
9 inspection report.
10 • Maintaining a copy of the site inspection report and the notification of the IPIA's approval or
11 acceptance of this report for five years.
12 • Removing the on-site completion notice and attaching the notice to the inspection report.
13
14

15 ~~G. Reports~~ G. Final Inspection Report (Proposed §§ 3282.15(c)(3), (e)(6) and (f)(9)).

16 ~~The~~ For a period of five years, the manufacturer's copy of each site inspection report will be available for
17 review by HUD or the SAA at the factory of origin, and the IPIA's copy of the inspection report will be
18 available at the IPIA central office for review. The reports must identify:

- 19 • The name and address of the manufacturer;
20 • The serial number of the home and address of the site;
21 • The name and address of the installer(s) or contractor(s) responsible for performing any or all
22 on-site completion work
23 • The name of the inspector and the inspector's company affiliation (if any), mailing address, and
24 phone number; and
25 • A description of the work performed and inspections made.
26 • ~~Certification of completion according to instructions by the manufacturers~~
27 showing that the work was completed.
28

29 H. Enforcement (Proposed § 3282.15(g) and (h)). A manufacturer or PIA found to be in violation
30 of the requirements for this procedure may lose the discretion to utilize it in future. HUD, IPIA or the
31 DAPIA also may withdraw or amend an approval for on-site construction if the manufacturer does not
32 comply with the requirements for the approval or produces a home that does not comply with the Federal
33 standards.
34

35 IV. Comparison.

36 A. Current Siting Process vs. ~~On-Site~~ On-site Completion. HUD has already been allowing
37 certain details of manufactured homes to be finalized ~~on-site as an extension~~ on-site as a part of
38 the siting process. This work includes: (1) final framing and decking of hinged roofs that are not
39 penetrated for windows or ~~connections~~, including connections for heat-producing appliances and
40 plumbing equipment; (2) close-up details for multiple sections (e.g., exterior roof coverings; siding; ridge
41 caps; sheathing; roof, wall, and floor connections; crossover ducts; and utility connections); and (3) close-
42 up details for single sections (e.g., utility connections, and exterior roof coverings and siding for
43 expandable rooms). HUD would continue to allow this type of work to be finalized at the home site, ~~as an~~
44 ~~extension~~ a part of the siting process that is to be addressed as part of the installation standards and
45 program, without having to proceed under the alternative construction or on-site completion processes
46 defined in §§ 3282.14 and 3282.15.

1 However, other details finished ~~on-site~~ on-site will require approval under the new process
 2 proposed in this rule or under the alternative construction process in § 3282.14. For example, areas that
 3 could not be completed in the factory because of transportation height restrictions (e.g., incomplete flue
 4 pipe installations ~~for high roof slope conditions~~) would require approval to be
 5 ~~completed on-site.~~
 6 installations) would not require special approval under § 3282.14 to be completed on-site.
 7

8 B. Activities Qualifying for On-Site Approval. Construction activities that could qualify for approval
 9 under the procedures set out in this proposed rule are the partial completion of structural assemblies or
 10 systems (e.g., electrical, plumbing, heating, cooling, fuel burning, and fire safety systems) and
 11 components built as an integral part of the home, to the extent warranted because:

12 • Completion of the partial structural assembly or system during the manufacturing process would
 13 result in transportation damage or would be precluded because of road restrictions (e.g., bridge heights).

14 • The home design involves work that cannot reasonably be completed in the factory (e.g.,
 15 fireplaces at marriage lines and designs that involve such finishing aspects as stucco, brick, or tile).

16 • The homeowner is or may be providing a building component, such as a ~~bath tub, water~~
 17 ~~heater, bathtub, water heater, gas appliances or cooking range.~~

18 • ~~The home is to be finished on site over a basement. These homes must~~
 19 ~~continue to meet the other requirements of the standards, however, such as~~
 20 ~~proper thermal insulation in the floor cavity. The design of such a~~
 21 ~~manufactured home may be approved if it will otherwise meet the thermal~~
 22 ~~insulation requirements, but provides for the possible removal of a reasonable~~
 23 ~~self-contained (properly framed) portion of the insulated flooring to~~
 24 ~~accommodate a stairwell leading out of a basement and incorporates an~~
 25 ~~insulated and weather tight door.~~ General construction work, preempted by the Standards, that
 26 the manufacturer, DAPIA and IPIA have concluded (most appropriately and cost effectively) should be
 27 completed on-site.
 28

29 - The home design allows additions to be completed on-site based on the requirements of the
 30 authority having jurisdiction such as garage, basement or room addition ready or natural gas ready
 31 homes.

32 - The home has exterior or marriage line designs that are susceptible to transit damage such as
 33 exterior doors, installation of dormers, or non-load bearing marriage line walls.
 34

35 C. Activities Not Qualified for On-Site Approval. The manufacturing of the following items would
 36 not qualify as limited for site completion, and therefore would not qualify under the procedures set out
 37 in this proposed rule for approval outside the certified production facility and quality assurance
 38 program: facility:

39 • Complete or substantial construction of structural assemblies of a home, except pursuant to an
 40 approval received by the manufacturer under §§ 3282.14. Examples of substantial construction of
 41 structural assemblies include the roof, walls, and the floor. Examples of
 42 construction that would not be allowed include the complete roof, load bearing walls, adding a
 43 complete room built to the construction standards that would be substantial and, therefore,

~~would not qualify for the on-site completion process include: installation of thermal insulation in the floor cavity; installation of hinged roofs with greater than 7 on 12 slopes or that are designed for Wind Zones II and III; multistory homes; and attached zero-lot-line construction--and the floor.~~

• Complete or substantial assembly of systems (e.g., electrical; plumbing; heating, cooling, and fuel burning systems; transportation; and fire safety) and components that are built as an integral part of the home during the manufacturing process and are usually completed in the factory, except pursuant to an approval received by the manufacturer under § 3282.14 or as currently allowed to be finalized at the site as an extension of the siting of the home.

~~Examples of substantial assembly of systems that would not be allowed include: installing the plumbing, heating, cooling or electrical system for one of the two sections in a multi-sectioned home or completing all the systems in a room on a floor at the site.~~

V. Conforming Amendments.

The proposed rule includes conforming changes to other sections of 24 CFR part 3282. The conforming amendment proposed for § 3282.552 also clarifies the actual information that is included on the reports currently submitted under this authority.

VI. Specific Issues for Comment.

HUD continues to encourage suggestions for improving its responsiveness to technological advancements and innovation that foster the use of manufactured housing for affordable housing and to enhance affordable homeownership opportunities. In developing a proposal that would help focus comments, HUD has defined certain features of a proposed on-site completion procedure. However, HUD is very interested in the views of the industry, consumers, private inspection agencies, and State and local governments on the usefulness and practical aspects of such a procedure. Therefore, in addition to commenting on the specific provisions included in this proposed rule, the public is invited to comment on the following questions that HUD staff have raised, and any other related matters or suggestions:

(1) How should the rule define the limits of the construction work that may be completed on site? ~~Should the definition of a manufactured home that is "substantially completed" in the factory be improved? If so, how? Should HUD specify that multistory on-site? Should the definition of a manufactured home that is "substantially completed" in the factory be improved? If so, how? Should HUD specify that multistory construction involving manufactured homes is not eligible for this new process and continues to be construction involving manufactured homes is not eligible for this new process and continues to be subject to the existing alternative construction process?~~

~~** DRAFT FOR MHCC REVIEW ONLY ***CLEARANCE DRAFT--CONFIDENTIAL-- FOR INTERNAL USE ONLY**~~

1 ~~----- (2) Should the proposed requirements applicable to on-site completion~~
2 ~~be extended to those aspects that are currently allowed as an extension of the~~
3 ~~siting of the manufactured home, including final framing and decking of~~
4 ~~unpenetrated hinged roofs and close-up details for multiple and single~~
5 ~~sections? How can home purchasers be assured that this work conforms to the~~
6 ~~Federal standards or does not take the home out of compliance? Should other~~
7 ~~special requirements be attached to any of these construction aspects, e.g.,~~
8 ~~should such hinged roofs be required to be completed by factory-certified~~
9 ~~installers? Conversely, should any aspects of the home that could not be~~
10 ~~completed in the factory, such as because of transportation height~~
11 ~~restrictions, be allowed to be completed on-site, as an extension of current~~
12 ~~siting processes, without special approval, pending a final rule on~~
13 ~~installation standards as required by section 695 of the Act? If so, how~~
14 ~~should those aspects be defined or delineated? Can those aspects be monitored~~
15 ~~effectively to ensure proper construction and compliance with the Federal~~
16 ~~standards, and, if so, how?~~

17 ~~----- (3) Has HUD drawn the proper line between aspects to be finalized as an~~
18 ~~extension of the current siting process and completion of construction on~~
19 ~~site?~~

20 ~~----- (4) What is the best method for assuring that the on-site construction~~
21 ~~work is inspected for compliance with the standards? Should the IPFA~~
22 ~~inspect all homes completed on site, or should the IPFA complete inspection~~
23 ~~for only a certain amount of home completed on site? Should there be an~~

1 ~~initial inspection of a certain number of homes and then a random number~~
2 ~~thereafter? What percentage of homes should be inspected to ensure compliance~~
3 ~~with the Federal standards for homes completed on site? Should authorized~~
4 ~~inspectors be limited to State and local inspection officials, rather than~~
5 ~~permitting IPIAs to choose some other qualified independent inspector? How~~
6 ~~should a "qualified independent inspector" be defined?~~

7 ~~----- (5) Does HUD need to identify those aspects of completion of the home~~
8 ~~that are not subject to preemption (e.g., stairs and handrails) and inform~~
9 ~~local inspectors that they may inspect those aspects? For example, in its~~
10 ~~request for approval to complete construction on site, should a manufacturer~~
11 ~~be required to identify those design aspects that are not covered by the~~
12 ~~standards and, therefore, are subject to local or State building codes?~~
13 ~~Should these design aspects also be listed individually on the Notice required~~
14 ~~to be displayed in the home?~~

15 ~~----- (6) Should the rule establish a deadline for completion of the work on~~
16 ~~site and final inspection? Should protections, in addition to proposed~~
17 ~~§ 3282.15(d)(3) and section 622 of the Act (42 U.S.C. 5421), be defined for~~
18 ~~the consumer who has entered into an arrangement to purchase a manufactured~~
19 ~~home that is to be completed to standards on site? How can HUD ensure that a~~
20 ~~purchaser can occupy the home at the earliest time possible, consistent with~~
21 ~~the completion of acceptable inspections? Should regulatory protections be~~
22 ~~defined for a manufacturer or retailer that has entered into a contract in~~
23 ~~which the construction of the home is to be completed on site by a certain~~

1 ~~date, but where there are delays outside of the manufacturer's or retailer's~~
2 ~~control in the construction or final inspection?~~

3 ~~----- (7) Should the rule clarify or identify responsibilities with respect~~
4 ~~to corrections or repairs when the home does not comply with the standards?~~
5 ~~If so, how should the responsibilities be distributed pending implementation~~
6 ~~of a dispute resolution program as required by section 623(g) of the Act (e.g.,~~
7 ~~among the retailer, installer, and manufacturer), and what should the rule~~
8 ~~say?~~

9 ~~----- (8) Should the rule provide that some or all of the procedures for~~
10 ~~inspecting the work on site also apply to repairs of manufactured homes that~~
11 ~~are completed and labeled in the factory, but that are substantially damaged~~
12 ~~before being sold by a retailer?~~

13 ~~----- (9) Should the rule say more about what happens if the manufactured~~
14 ~~home does not pass the on-site inspection? If so, what should the rule~~
15 ~~provide? For example, should the rule require that such a home be removed,~~
16 ~~repaired, or redtagged?~~

17 ~~----- (10) Is the proposed labeling procedure, in which a home to be~~
18 ~~completed using the new procedures is labeled in two stages and includes a~~
19 ~~consumer notice referencing the procedures, workable? Would additional~~
20 ~~protections be necessary if, instead of following the proposed process for on-~~
21 ~~site completion, the IPIA would red tag the labeled home at the factory, and~~
22 ~~would then itself remove the red tag at the site when all work is completed~~
23 ~~and found satisfactory? Should the permanent final label be affixed by the~~

1 ~~manufacturer or the manufacturer's agent, rather than by the IPIA?~~

2 ~~_____ (11) Should the rule clarify what is the "date of manufacture" for~~
 3 ~~units completed under this procedure, for purposes of the information required~~
 4 ~~to be included on the data plate? If so, what should the clarification say?~~

5 ~~Without such clarification, what date would manufacturers use on the data~~
 6 ~~plate?~~

7 ~~_____ (12) Can monthly reporting to HUD of on-site home production be~~
 8 ~~achieved better, such as through the use of individual reports, rather than~~
 9 ~~combining the required extra information with the existing production report~~
 10 ~~(Form 302) information? If so, provide recommendations for how to report~~
 11 ~~production information on homes completed on-site, subject to the existing alternative~~
 12 ~~construction process?~~

13 ~~_____ (2) Should the proposed requirements applicable to on-site completion be extended to those~~
 14 ~~aspects that are currently allowed as an extension of the siting of the manufactured home, including final~~
 15 ~~framing and decking of unpenetrated hinged roofs and close-up details for multiple and single sections?~~
 16 ~~How can home purchasers be assured that this work conforms to the Federal standards or does not take~~
 17 ~~the home out of compliance? Should other special requirements be attached to any of these construction~~
 18 ~~aspects; e.g., should such hinged roofs be required to be completed by factory-certified installers?~~
 19 ~~Conversely, should any aspects of the home that could not be completed in the factory, such as because~~
 20 ~~of transportation height restrictions, be allowed to be completed on-site, as an extension of current siting~~
 21 ~~processes, without special approval, pending a final rule on installation standards as required by section~~
 22 ~~605 of the Act? If so, how should those aspects be defined or delineated? Can those aspects be~~
 23 ~~monitored effectively to ensure proper construction and compliance with the Federal standards, and, if so,~~
 24 ~~how?~~

25 ~~_____ (3) Has HUD drawn the proper line between aspects to be finalized as an extension of the current~~
 26 ~~siting process and completion of construction on-site?~~

27 ~~_____ (4) What is the best method for assuring that the on-site construction work is inspected for~~
 28 ~~compliance with the standards? Should the IPIA inspect all homes completed on-site, or should the IPIA~~
 29 ~~complete inspection for only a certain amount of home completed on-site? Should there be an initial~~
 30 ~~inspection of a certain number of homes and then a random number thereafter? What percentage of~~
 31 ~~homes should be inspected to ensure compliance with the Federal standards for homes completed on-~~
 32 ~~site? Should authorized inspectors be limited to State and local inspection officials, rather than permitting~~
 33 ~~IPIAs to choose some other qualified independent inspector? How should a "qualified independent~~
 34 ~~inspector" be defined?~~

35 ~~_____ (5) Does HUD need to identify those aspects of completion of the home that are not subject to~~
 36 ~~preemption (e.g., stairs and handrails) and inform local inspectors that they may inspect those aspects?~~
 37 ~~For example, in its request for approval to complete construction on-site, should a manufacturer be~~
 38 ~~required to identify those design aspects that are not covered by the standards and, therefore, are subject~~
 39 ~~to local or State building codes? Should these design aspects also be listed individually on the Notice~~
 40 ~~required to be displayed in the home?~~

41 ~~_____ (6) Should the rule establish a deadline for completion of the work on-site and final inspection?~~
 42 ~~Should protections, in addition to proposed § 3282.15(d)(3) and section 622 of the Act (42 U.S.C. 5421),~~

1 be defined for the consumer who has entered into an arrangement to purchase a manufactured home that
 2 is to be completed to standards on-site? How can HUD ensure that a purchaser can occupy the home at
 3 the earliest time possible, consistent with the completion of acceptable inspections? Should regulatory
 4 protections be defined for a manufacturer or retailer that has entered into a contract in which the
 5 construction of the home is to be completed on-site by a certain date, but where there are delays outside
 6 of the manufacturer's or retailer's control in the construction or final inspection?

7 _____ (7) Should the rule clarify or identify responsibilities with respect to corrections or repairs when
 8 the home does not comply with the standards? If so, how should the responsibilities be distributed
 9 pending implementation of a dispute resolution program as required by section 623(g) of the Act (e.g.,
 10 among the retailer, installer, and manufacturer), and what should the rule say?

11 _____ (8) Should the rule provide that some or all of the procedures for inspecting the work on-site also
 12 apply to repairs of manufactured homes that are completed and labeled in the factory, but that are
 13 substantially damaged before being sold by a retailer?

14 _____ (9) Should the rule say more about what happens if the manufactured home does not pass the
 15 on-site inspection? If so, what should the rule provide? For example, should the rule require that such a
 16 home be removed, repaired, or red tagged?

17 _____ (10) Is the proposed labeling procedure, in which a home to be completed using the new
 18 procedures is labeled in two stages and includes a consumer notice referencing the procedures,
 19 workable? Would additional protections be necessary if, instead of following the proposed process for on-
 20 site completion, the IPIA would red tag the labeled home at the factory, and would then itself remove the
 21 red tag at the site when all work is completed and found satisfactory? Should the permanent final label be
 22 affixed by the manufacturer or the manufacturer's agent, rather than the IPIA?

23 _____ (11) Should the rule clarify what is the "date of manufacture" for units completed under this
 24 procedure, for purposes of the information required to be included on the data plate? If so, what should
 25 the clarification say? Without such clarification, what date would manufacturers use on the data plate?

26 _____ (12) Can monthly reporting to HUD of on-site home production be achieved better, such as
 27 through the use of individual reports, rather than combining the required extra information with the existing
 28 production report (Form 302) information? If so, provide recommendations for how to report production
 29 information on homes completed on-site.

30 _____ (13) Does the rule need to provide that additional inspections, as necessary, outside of the
 31 factory will result in separate fee assessments, or can fee arrangements for on-site inspections be
 32 governed by agreements among the parties involved? Are there special concerns about the costs of out-
 33 of-State inspections for State PIAs that should be addressed in the rule?

34 _____ (14) Should the rule provide for an additional label charge, in addition to the regular fees
 35 collected, for the extra regulatory oversight that is needed on homes completed under this process?

36 _____ (15) Are there other jurisdictional concerns about the monitoring of the work completed
 37 on-site on-site being the continuing responsibility of the manufacturer's IPIA? Should the rule provide
 38 that the IPIA responsible under these procedures may agree to allow any other IPIA to provide the
 39 services required of the responsible IPIA? Would such a provision conflict with any State requirements
 40 relating to the inspection of manufactured homes?

41 _____ (16) What procedures should be established if an exclusive State IPIA is unable to conduct out-
 42 of-State inspections on homes approved for completion under this new process?

43 44 45 VII. Technical corrections.

46 The Department also proposes to use this rulemaking proceeding to make the following technical
 47 corrections to part 3282:

- 48 • The unused definition of United States District Court would be removed from § 3282.7. That

1 term was used in former § 3282.155(e) concerning enforcement of subpoenas, a subject which is now
2 addressed in 24 CFR part 3800.

- 3 • The heading of § 3282.8(a) would be updated from Mobile homes to Manufactured homes.
- 4 • The initial letter of § 3282.12(a) would be capitalized.
- 5 • The heading of § 3282.207 would be corrected to remove a typographical error.

7
8 List of Subjects in 24 CFR Part 3282.

9 Administrative practice and procedure, Consumer protection, Intergovernmental relations,
10 Investigations, Manufactured homes, Reporting and record keeping requirements, Warranties.

11
12 Accordingly, the Department proposes to amend 24 CFR part 3282 as follows:

13
14 **PART 3282--MANUFACTURED HOME PROCEDURAL**
15 **AND ENFORCEMENT REGULATIONS**

16
17 1. The authority citation for part 3282 continues to read as follows:

18 **AUTHORITY:** 28 U.S.C. 2461 note; 42 U.S.C. 3535(d); 42 U.S.C. 5424.

19 2. Section 3282.7 is amended by deleting the definition of "United States District Courts" in
20 paragraph (mm). Section 3282.7 is revised further by adding the following definition of "Completed"
21 (??) Completed – as it applies to affixing a certification label, means that the manufactured home as it
22 leaves the factory, is in full compliance with the Regulations and the Standards except for structural,
23 electrical, mechanical, thermal and plumbing installations and connections necessary to complete and
24 connect the transportable sections on-site and the installation of weather finishes designed to cover these
25 field connections. The approved designs and manufacturer's installation instructions shall specify the
26 work, connections and coverings which are to be field completed.

27 3. The heading of § 3282.8(a) is revised to read as follows:

28 **§ 3282.8 Applicability.**

29 (a) Manufactured homes. * * * * *

30
31 4. Section 3282.12(a) is amended by capitalizing the initial letter thereof.

32
33 5. A new § 3282.15 is added to subpart A to read as follows:

34 **§ 3282.15 On-site completion of homes.**

35 (a) Purpose and applicability. (1) Purpose of section. This section establishes a procedure for
36 limited on-site completion of some aspects of construction that are ordinarily completed at the factory and

37 that do not meet the prerequisites for alternative construction letters under ~~§ 3282.14.~~

38 ~~§ 3282.14 since the manufactured home, when completed is built in conformance with the standards.~~

39 (2) Substantial completion in factory required. This section will apply only if the manufactured
40 home is substantially completed in the factory. A manufactured home is substantially completed in the
41 factory if ~~it is not a multistory home or an attached zero lot line construction,~~
42 ~~and all aspects of construction are finished in the manufacturer's plant except:~~

43 (i) The following details of the home that are permitted to be finalized ~~on-site~~ on-site as an

1 extension of siting processes in accordance with the manufacturer's installation instructions:

2 (A) Close-up details for multiple-section units, including exterior roof coverings; siding; ridge caps;
3 sheathing; roof, wall, and floor connections; crossover ducts; and utility connections;

4 (B) Close-up details for single-section units, including utility connections and exterior roof
5 coverings and siding for expandable rooms; and

6 (C) The final framing and decking of hinged roofs that ~~are designed for siting in Wind~~
7 ~~Zone I, have slopes not greater than 7 on 12, and are not penetrated for other~~
8 connections or windows;

9 (ii) Aspects of construction that qualify for approval to be completed ~~on-site~~ on-site in
10 accordance with paragraph (a)(3) of this section; and

11 (iii) Aspects of construction that qualify for approval to be completed as alternative construction in
12 accordance with § 3282.14.

13 (3) Partial completion permitted on-site. The manufacturer, the manufacturer's DAPIA,
14 and the manufacturer's IPIA may agree to permit certain aspects of construction of a manufactured home
15 to be completed to the standards ~~on-site~~ on-site. The aspects of construction that may be approved
16 are the partial completion of structural assemblies or systems (e.g., electrical, plumbing, heating, cooling,
17 fuel burning, and fire safety systems) and components built as an integral part of the home, when the
18 partial completion ~~on-site~~ on-site is warranted because:

19 (i) Completion of the partial structural assembly or system during the manufacturing process
20 would result in transportation damage or would be precluded because of road restrictions;

21 (ii) The home design involves work that cannot reasonably be completed in the factory;

22 ~~_____~~ (iii) The homeowner is or may be providing a building component on-site; or on-site
23 such as a bath tub, water heater, gas appliance or cooking range

24 ~~(iv) The home is~~ (iv) The home design allows additions to be completed on-site over a
25 basement.

26 on-site based on the requirements of the authority having jurisdiction such as garage, basement or room
27 addition ready or natural gas ready homes; or

28 ~~_____~~ (vi) The home has exterior or marriage line designs that are susceptible to transit damage such as
29 exterior doors, installation of dormers, or non-load bearing marriage line walls.

30 (4) Standards to be met upon completion. The affected home must meet the requirements of the
31 standards upon completion of the site work.

32 (b) Request for approval; DAPIA review and notification.

33 (1) Manufacturer's request for approval. The manufacturer must request, in writing, and obtain
34 approval of its DAPIA for any aspect of construction that is to be completed ~~on-site~~ on-site under this
35 section. The manufacturer, its IPIA, and its DAPIA need to work together, prior to seeking approval, to
36 reach agreements necessary to enable the request to be reviewed and approved.

37 (2) DAPIA notification. The DAPIA must notify the manufacturer of the results of its review of the
38 manufacturer's request, and must retain a copy of the notification in the DAPIA's permanent records for a
39 period of five years. The notification must either:

40 (i) Approve the request if it is consistent with this section and the objectives of the Act; or

41 (ii) Deny the proposed completion ~~on-site~~ on-site and set out the reasons for the denial.

42 (3) ~~_____~~ (3) Manner of DAPIA approval. Notification of DAPIA approval must include, by
43 incorporation or by listing, the information required by paragraph (b)(4) of this section, and
44 must be indicated by the DAPIA placing its stamp of approval or authorized signature on each
45 page of the manufacturer's designs submitted with its request for approval. ~~The DAPIA~~

1 ~~must include an "SC" designation on each page that includes an~~
 2 ~~element of construction that is to be completed on-site and must~~
 3 ~~include those pages as part of~~

4 ~~the approved design package.~~

5 ~~-----~~ (4) Contents of DAPIA approval. Any approval by the DAPIA under this section must:

6 (i) Identify the work to be completed ~~on-site~~; on-site;

7 (ii) List all models to which the approval applies, or indicate that the approval is not ~~model-~~
 8 ~~specific~~; model specific;

9 (iii) Include acceptance by the DAPIA of a quality assurance system meeting the requirements of
 10 paragraph (b)(5) of this section;

11 (iv) Include the IPIA's written agreement to accept responsibility for completion of the monitoring
 12 of the manufacturer's on-site quality control system and performing the necessary on-site inspections and
 13 reviewing the accompanying records to ensure the manufacturer's on-site system is working;

14 (v) Identify instructions authorized for completing the work ~~on-site~~ on-site that meet the
 15 requirements of paragraph (b)(6) of this section;

16 (vi) Include the manufacturer's proposed quality control system for tracking the status of homes
 17 built under the approval until the on-site work and necessary inspections have been completed, to assure
 18 that the work is being performed properly;

19 (vii) Include an inspection checklist developed by the IPIA and manufacturer and approved by the
 20 DAPIA, that is to be used to verify completion of the on-site work by the final manufacturer and IPIA
 21 site inspectors; and

22 (viii) Include any other requirements and limitations that the DAPIA deems necessary or

23 appropriate to accomplish the purposes of the ~~Act~~ MHIA of 2000 (for example, any special

24 ~~testing procedures.)~~

25 procedures.) (5) Quality assurance system. (i) The on-site portion of the quality assurance
 26 ~~system required by paragraph (b)(4)(iii) of this section~~ must receive the concurrence
 27 of the manufacturer's IPIA to the extent that it is applicable to the completion ~~on-site~~ on-site of the
 28 affected manufactured homes. It must include a ~~commitment by~~ requirement for the manufacturer to
 29 prepare a final site inspection report that will be submitted to the IPIA for its review. When appropriate,
 30 this portion of the quality assurance system will be deemed a change in the manufacturer's quality
 31 assurance manual for the applicable models, in accordance with §§ 3282.203 and 3282.361.

32 ~~-----~~ (ii) ~~In approving a request for approval under this section, the DAPIA~~
 33 ~~may establish minimum qualifications for the inspector acceptable to the IPIA~~
 34 ~~who is to perform the final site inspection.~~

35 (6) Instructions for completion on-site. ~~The DAPIA on-site.~~ The manufacturer must include
 36 ~~instructions authorized~~ instructions, which are reviewed and approved by the DAPIA for
 37 completing the work ~~on-site~~ on-site as a separate part of the manufacturer's approved design package.
 38 The manufacturer must provide a copy of these instructions, indicating that they must be followed to
 39 assure compliance with the Federal standards, in the home and to the IPIA, for monitoring and inspection
 40 purposes. The copy provided in the home may be provided with the installation instructions included in
 41 the home.

1 (c) Requirements applicable to completion of construction.

2 (1) Serial numbers of homes completed on-site. The serial number of each home
3 completed in conformance with this section must include the prefix "SC".

4 (2) Labeling. (i) A manufacturer that has received a DAPIA approval under paragraph (b)(2) of
5 this section may ~~preliminarily~~ certify and label a manufactured home that is substantially completed in
6 the manufacturer's plant at the proper completion of the in-plant production phase, even though some
7 aspects of construction will be completed ~~on-site~~ on-site in accordance with the DAPIA's approval. Any
8 such home is to be shipped with a ~~preliminary certification label and a label, and an on-site~~
9 completion notice.

10 (A) ~~The permanent preliminary certification label must meet the same~~
11 ~~size, material, and fastening requirements established for the final label in~~
12 ~~§ 3280.11, and on-site completion notice must be affixed adjacent to the location for the final~~
13 ~~label. The preliminary certification label. The on-site completion notice must read as~~
14 follows:

15
16 ~~As evidenced by this PRELIMINARY LABEL No. SC-ABC-000-000-001 (P), the~~
17 ~~manufacturer certifies to the best of the manufacturer's knowledge and belief~~
18 ~~that this manufactured home has been substantially completed in accordance~~
19 ~~with an approved design and has On-site Completion Notice.~~

20 ~~been inspected (except for the components specifically identified in the~~
21 ~~instructions for completion on-site) in accordance with requirements~~
22 ~~of This home has been built to an on-site completion program approved by the Department of~~
23 ~~Housing and Urban Development (HUD) in effect on the date of manufacture~~
24 ~~(see data plate Development. The home will require additional construction or assembly at~~
25 ~~its final destination to assure compliance with HUD standards. Inspections for on-site work will be~~
26 ~~completed as determined by both of the approved Primary Inspection affixed to home).~~
27 ~~This PRELIMINARY LABEL permits the home to be moved to the site where~~
28 ~~work will be completed. The manufacturer is required to make a final~~
29 ~~certification of the home by affixing a permanent final label adjacent~~
30 ~~to this PRELIMINARY LABEL. This home may not be sold or leased until~~
31 ~~the final certification is affixed in accordance with HUD requirements.~~

32 ~~Agencies for the manufacturer in the state of origin.~~

33
34 ~~This home may be transported and installed prior to completion of the on-site completion process. The~~
35 ~~local authority having jurisdiction at the place of installation may proceed with its inspection process as it~~
36 ~~sees necessary.~~

37
38 ~~The on-site completion instructions are provided with the home and are to be followed exactly to assure~~
39 ~~compliance with the HUD standards. The retailer/ distributor must notify the manufacturer to arrange for~~
40 ~~the on-site completion work at (insert home address).~~

41
42 ~~This notice is to remain affixed to the home until the on-site completion process has been completed~~
43 ~~When complete, the notice and the required paperwork are to be returned to the manufacturer.~~

44
45 Manufacturer:

46 Date:

47 Certification Label Number:

1 (B) The notice must meet the requirements in paragraph (d)(1) of this section.

2 (ii) When the manufacturer has completed the site work in accordance with the approved
3 ~~designs, the IPIA must affix the permanent final certification label adjacent~~
4 ~~to the preliminary label.~~ designs and the manufacturer has performed the necessary inspections
5 to approve the work on-site, the on-site completion notice shall be removed according to the agreements
6 among the manufacturer, DAPIA and IPIA.

7 (3) Site inspection report. (i) The manufacturer is responsible for inspecting all aspects of
8 construction that are completed ~~on-site~~ on-site as provided in its approved quality control system. The
9 manufacturer must prepare a final site inspection report and ~~arrange for IPIA review and approval of the~~
10 ~~work completed on-site as provided for the in the~~ provide a copy to the IPIA.
11 agreements with the manufacturer, DAPIA and IPIA.

(ii) Each site inspection report must include:

- 12 (A) The name and address of the manufacturer;
13 (B) The serial number of the manufactured home;
14 (C) ~~—(c)—~~ The address of the home site;
15 (D) The name and address of the installer(s) or contractor(s) responsible for performing any or all
16 on-site completion work.
17 ~~(E)~~ (E) The name, mailing address, and telephone number of the inspector and the inspector's
18 company affiliation when they are acting as agents of the IPIA, if any;
19 ~~(F)~~ (F) A description of the work performed ~~on-site~~ on-site and the inspections made;
20 ~~(G)~~ (G) Verification that any problems noted during inspections have been corrected prior to
21 certification of compliance; and
22 ~~(H)~~ (H) Certification of completion in accordance with the DAPIA-approved instructions.

(iii) (A) The IPIA must review and approve each manufacturer's final site inspection report.

24 (B) ~~Concurrently with preparation of, or upon receipt of, the manufacturer's~~
25 ~~final site inspection report, the IPIA must inspect all of the on-site work~~
26 ~~for homes completed using an approval~~ work done on-site, or after completion of the work, the
27 IPIA must have inspected enough of the work done on-site to ensure the manufacturer's on-site quality
28 control system is working according to the approvals granted under this section.

29 (C) If the IPIA determines that the manufacturer ~~or installer~~ is not performing adequately in
30 conformance with the approval, the IPIA must ~~reinspect~~ cause corrections to be made and re-
31 inspections to occur until it is satisfied that the manufacturer ~~or installer~~ is conforming to the conditions
32 included in the approval.

33 (D) The IPIA must notify the manufacturer of the IPIA's acceptance of the manufacturer's final site
34 inspection report. The IPIA may indicate acceptance by issuing its own final site inspection report showing
35 the work completed ~~on-site~~ on-site is in compliance with the DAPIA approval and the standards, or by
36 placing its stamp of approval or authorized signature on the cover page of the manufacturer's final site
37 inspection report and certification.

38 ~~(iv) Within 30 days of the IPIA's notification to the manufacturer of~~
39 ~~the acceptance of its final site inspection report, the~~ (E) The manufacturer must
40 provide to the purchaser or lessor, as applicable, the manufacturer's final
41 site inspection report. The sale or attach or append the on-site completion notice to the
42 inspection report for record keeping purposes.

43 ~~lease of the manufactured home will not be considered complete for purposes of~~

1 ~~§ 3282.252(b) until the purchaser or lessor, as applicable, has been provided~~
 2 ~~with the report. HUD does not intend that failure to provide this report~~
 3 ~~within 30 days will constitute a breach of contract.~~

4 (4) Report to HUD. (i) After an acceptable final inspection of work completed ~~on-site, on-site,~~
 5 the manufacturer must report to HUD or its agent, on the manufacturer's monthly production report
 6 required pursuant to § 3282.552, the serial number of each home produced under an approval issued
 7 pursuant to this section. The manufacturer must also provide a brief description of the work done ~~on~~
 8 ~~site on-site~~ for each of these homes ~~as an attachment to this report.~~
 9 ~~— (ii) on this report.~~ The report must be consistent with the DAPIA approval issued pursuant to
 10 this section.

11 ~~— (iii) The manufacturer must submit a copy of the report, or a separate~~
 12 ~~listing of all information provided on each report for homes that are~~
 13 ~~completed under an approval issued pursuant to this section, to the SAs of~~
 14 ~~the States where the home is substantially completed in the factory and where~~
 15 ~~the home is sited, as applicable.~~

16 (d) Consumer information. (1) Notice. Any home completed under the procedures established in
 17 this section must be shipped with a notice that explains that the home will comply with the requirements of
 18 the standards only after all of the site work has been completed and inspected. The notice must be legible
 19 and typed, using letters at least 1/4 inch high in the text of the notice and 3/4 inch high for the title. The
 20 notice must read as follows:

21
 22 **NOTICE**

23
 24 This home has been substantially completed at the factory and will be certified as having been
 25 constructed in conformance with the Federal Manufactured Home Construction and Safety Standards
 26 when specified work is performed and inspected at the home site. This site work must be performed in
 27 accordance with manufacturer's instructions that have been approved for this purpose. These instructions
 28 are required to be included in the home, and are to be followed to assure compliance with Federal
 29 requirements. ~~The requirements~~
 30 ~~work to be performed on site is~~

31
 32
 33 ~~— This notice may be removed when the manufacturer provides the first~~
 34 ~~purchaser or lessor with a copy of the manufacturer's final site~~

~~inspection report, as required by regulation. Do not live in this home until the site work has been completed and the manufacturer has certified that the home has been inspected and is constructed in accordance with the Standards.~~

(2) **Placement of information.** The notice required by this paragraph (d) must be displayed in a conspicuous and prominent location within the manufactured home and in a manner likely to assure that it is not removed until removed by the purchaser or lessor. No retailer, construction contractor, or other person may interfere with the display of the notice.

~~(3) When sale or lease of home is complete. The sale or lease of the manufactured home will not be considered complete for purposes of § 3282.252(b) until the purchaser or lessor, as applicable, has been provided the final site inspection report required under paragraph (c)(3) of this section. The manufacturer must maintain in its labeling records an indication that the final site inspection report and certification of completion has been provided to the purchaser.~~

(e) **IPIA responsibilities.** The IPIA for any manufacturer proceeding under this section is responsible for:

(1) Working with the manufacturer and the manufacturer's DAPIA to incorporate into the DAPIA-approved quality assurance system any changes that are necessary to ensure that homes completed ~~on site~~on-site conform to the requirements of this section;

~~(2) Providing the manufacturer with a supply of the labels described in this section and § 3282.362(c)(2);~~

~~(3) Affixing the permanent final label;~~ (2) **Arranging for the affixing of the on-site completion notice** in the manner prescribed in ~~§ 3282.362(c)(2)(i);~~ 3282.362(c)(2)(l) and the approval granted under this section.

~~(4)(3) Overseeing the manufacturer's quality control system for assuring that on-site work is completed to the DAPIA-approved designs, which must include:~~

(i) Monitoring the manufacturer's system for tracking the status of each home built under the approval until the on-site work and necessary inspections have been completed;

(ii) Reviewing all of the manufacturer's on-site inspection reports; and

~~(iii) Inspecting at least enough of the on-site work to ensure the manufacturer's quality control system is working;~~

~~(5)(4) Designating an IPIA inspector, or a qualified independent inspector (who is not associated with the manufacturer and is not involved with the site construction or completion of the home) acting on behalf of the IPIA, to inspect the work done ~~on site~~on-site for the purpose of determining compliance with:~~

1 (i) The approved design or, as appropriate under § 3282.362(a)(1)(iii), the standards; and
 2 (ii) The DAPIA-approved quality assurance system applicable to the labeling and completion of
 3 the affected manufactured homes;

4 ~~(5)~~ (5) Notifying the manufacturer of the IPIA's acceptance of the manufacturer's final site
 5 inspection report; and

6 ~~(7)~~ (6) Preparing ~~final~~ inspection reports as applicable and maintaining such reports
 7 and ~~final~~ site inspection reports of the manufacturer for a period of five years. All reports must be
 8 available for HUD review in the IPIA's central record office as part of the labeling records.

9 ~~(7)~~ (7) Attaching or appending the on-site completion notice to the inspection report for record
 10 keeping purposes after on-site inspection approval.

11 (f) Manufacturer responsibilities. A manufacturer proceeding under this section is responsible
 12 for:

13 (1) Obtaining DAPIA approval for completion of construction ~~on-site,~~ on-site, in accordance
 14 with paragraph (b) of this section;

15 (2) Obtaining the IPIA's agreement to perform on-site inspections as necessary under this section
 16 and the terms of the DAPIA's approval;

17 (3) Paying the IPIA's costs for performing on-site inspections of work completed under this
 18 section;

19 (4) Providing in the home a copy of the instructions for completing the work ~~on-site,~~ on-site,
 20 which may be provided with the installation instructions in the home;

21 (5) Providing the IPIA a copy of the instructions for completing the work ~~on-site,~~ on-site;

22 (6) Certifying through the ~~preliminary and final~~ labeling process that the home meets the
 23 requirements of this part;

24 (7) Ensuring the consumer notification requirements of paragraph (d) of this section are met for
 25 any home completed under this section;

26 (8) Maintaining a system for tracking the status of homes built under the approval until the on-site
 27 work and necessary inspections have been completed, that will assure that the work is performed in
 28 accordance with the quality control manual and other conditions of the approval;

29 (9) Ensuring performance of all work as necessary to assure compliance with the standards upon
 30 completion of the site work, regardless of who does the work or where the work is completed;

31 (10) Preparing a site inspection report upon completion of the work ~~on-site,~~ on-site, certifying
 32 completion in accordance with DAPIA-approved instructions, and providing this report and certification to
 33 the IPIA;

34 (11) Maintaining in its records for a period of five years, the approval notification from the DAPIA,
 35 the manufacturer's site inspection report and certification of completion in accordance with the DAPIA-
 36 approved instructions, and the IPIA's acceptance of the final site inspection report and certification, and
 37 making all such records available for review by HUD in the factory of ~~origin,~~ origin; and

38 ~~(12) Providing to the first purchaser or lessor, as applicable, of the~~
 39 ~~home a copy of the final site inspection report after receipt of notification~~
 40 ~~of the IPIA's acceptance of this report;~~

41 ~~(13)~~ (12) Reporting to HUD or its agent the serial numbers assigned to each home completed in
 42 conformance with this section; ~~and section.~~

43 ~~(14) Notifying the appropriate State or local jurisdiction of these~~
 44 ~~aspects of the design that are not covered by the standards in part 3280 of~~
 45 ~~this chapter.~~

1 (g) ~~Revocation or amendment of DAPIA or IPIA approval.~~ The DAPIA that issued an approval,
 2 ~~the IPIA that concurred with the approval~~ or the Secretary may revoke or amend, prospectively, an
 3 approval notification issued under paragraph (b) of this section. The approval may be revoked or
 4 amended whenever the DAPIA, ~~IPIA~~ or Secretary determines that:

5 (1) The manufacturer is not complying with the terms of the approval or the requirements of this
 6 section;

7 (2) The approval was not issued in conformance with the requirements of this section; or

8 (3) A home produced under the approval fails to comply with the Federal standards.

9
 10 (h) ~~Failure to comply with the procedures of this section.~~ In addition to other sanctions available
 11 under the ~~Act~~ MHIA of 2000 and this part, the Secretary may prohibit any manufacturer or PIA found to be
 12 in violation of the requirements of this section from applying the procedure in the future, after providing an
 13 opportunity for an informal presentation of views in accordance with § 3282.152(f). Repeated infractions
 14 of the requirements of this section may be grounds for the suspension or disqualification of a PIA ~~or~~
 15 ~~manufacturer.~~

16 (i) Compliance with this section. If the manufacturer or IPIA, as applicable, complies with the
 17 requirements of this section and the home complies with the standards for those aspects of construction
 18 covered by the DAPIA approval, then a manufacturer or retailer that has permitted a manufactured home
 19 approved for on-site completion under this section to be sold, leased, offered for sale or lease, introduced,
 20 delivered, or imported, or, as appropriate, an IPIA that has permitted the home to be labeled as
 21 conforming to the standards, will not be in violation of the requirements of the ~~Act~~ MHIA of 2000, this
 22 part, or part 3280 of this chapter, for those aspects of construction covered by the approval.

23
 24 6. Section 3282.203 is amended by adding a new sentence at the end of paragraph (e) to read as
 25 follows:

26 **§ 3282.203 DAPIA services.**

27 * * * * *

28 (e) * * * When applicable under the requirements in § 3282.15 for on-site completion, the
 29 appropriate IPIA must concur in the change before it may be approved by the DAPIA.

30 * * * * *

31
 32 7. Section 3282.361(c)(4) is amended by revising the first sentence to read as follows:
 33

1 **§ 3282.361 Design Approval Primary Inspection Agency (DAPIA)**

2 * * * * *

3 (c) * * *

4 (4) ~~Manual change approval.~~ Each change the manufacturer wishes to make in its quality
5 assurance manual must be approved by the DAPIA, and, as necessary pursuant to § 3282.15,
6 ~~concurred-inconcurred with~~ by the IPIA. * * *

7 * * * * *

8
9 8. Section 3282.362 is amended by revising the first sentence of paragraph (c)(2)(i)(A) and by
10 adding a new paragraph (d)(5), to read as follows:

11 **§ 3282.362 Production Inspection Primary Inspection Agencies (IPIAs)**

12 * * * * *

13 (c) * * *

14 (2) * * *

15 (i) * * *

16 (A) The IPIA will continuously provide the manufacturer with a 2- to 4-week supply (at the
17 convenience of the IPIA and manufacturer) of the ~~certification labels and on-site completion notices~~
18 described in this paragraph (c)(2)(i) and § 3282.15(c)(2), except that no labels may be issued for use
19 when the IPIA is not present if the IPIA is not satisfied that the manufacturer can and is producing
20 manufactured homes that conform to the design and, as appropriate, standards. * * *

21 * * * * *

22

(d) * * *

(5) Records of all site inspections made as required under procedures applicable to approval of alternative construction or on-site completion pursuant to §§ 3282.14 or 3282.15.

* * * * *

9. Section 3282.552 is revised to read as follows:

§ 3282.552 Manufacturer reports for joint monitoring fees.

For each month, the manufacturer must submit to the IPIA in each of its manufacturing plants, and to HUD or its agent, a production report that includes the serial numbers of each manufactured home manufactured and labeled at that plant during the preceding month. The report must also include the date of completion, State of first location of these manufactured homes after leaving the plant, type of unit, and any other information required under this part. The State of first location is the State of the premises of the retailer, or purchaser to whom the manufactured home is first shipped. The report for each month must be submitted by the tenth day of the following month. The manufacturer is encouraged to submit the report electronically, when feasible.

Dated: _____

John C. Weicher, Assistant Secretary for Housing-Federal

Housing Commissioner

[FR-4216-P-01]