



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

March 8, 2005

Robert E. Solomon, PE
Project Manager
National Fire Protection Association
1 Batterymarch Park
Quincy, MA 02269-7422

**Re: Update on the Proposed Rule for the Manufactured Home
Installation Program**

Dear Mr. Solomon:

Please accept this letter on behalf of the Department as an update to my letter of August 5, 2004 to the Manufactured Housing Consensus Committee (MHCC) on the progress of the proposed rule for the establishment of the Manufactured Home Installation Program required by Section 605 of the National Manufactured Housing Construction and Safety Standards Act, as amended, (42 U.S.C. § 5404).

I would again like to thank the Committee on behalf of Secretary Jackson, Commissioner Weicher, Deputy Assistant Secretary Cunningham, and the Department, for the Model Installation Program outline and the discussions at the MHCC in August 2004 that has helped shape our thinking.

Following is an outline of the program office's draft of a proposed rule for the Installation Program. We look forward to discussing the proposed program further with the Committee at its meeting in April and obtaining its further thoughts.

Outline of Office of Manufactured Housing Programs' Proposal

Licensing and Training

License Application and Renewal

The proposal would provide for centralized licensing by the Department in Federal program states for three-year periods. License applications and renewals would be processed by a contractor under a contract that would be funded, in whole or part, by fees charged to license applicants.

Testing

The proposal would require installers to successfully complete a test as a condition of licensing. The program office's preliminary concept was for the test to be administered by a contractor with test fees charged to applicants to fund the testing contract cost. While the office has a preference for such independent testing, an alternate test method is being considered that may minimize cost and time impacts to the installer. The alternate method would allow training providers to administer tests in lieu of third-party testing. In either case, an applicant would be required to submit proof of a passing grade with his or her license application.

Bonding and Insurance

The proposal would require installers to provide proof of insurance. Such proof would be provided with the initial application and when licenses are renewed. The text of the proposed rule would not include bonding requirements but comment would be sought on whether, and how, an effective bonding program might be administered.

Initial Training

The program office would recommend 12 hours of initial training and proof of training completion with a license application. The proposal would also provide for subjects that must be included in the curriculum for initial licensing training, and allow for classroom training, as well as other training formats and mediums.

Continuing Education

The proposal would differentiate between initial training and continuing education. It is anticipated that a wide range of subject matter would qualify as continuing education. The program office would recommend eight hours of continuing education over each three-year license term, and require proof of completion of this continuing education with each renewal application. For instance, general construction classes and seminars sponsored by component providers would meet continuing education requirements as compared to initial training that provides a more complete overview of manufactured home installation and the HUD program. HUD might also seek to require that a portion of the continuing education requirement cover specific subject areas that may directly impact installers, such as changes to the standards and regulations.

Training Providers

The program office is inclined to allow a broad range of providers to conduct training, including private trainers, state and local governments, manufacturers, industry and trade associations, colleges and universities, as well as the Department. The MHCC recommendation for reciprocity between state and Federal training programs may be included on an optional rather than a mandatory basis. The program office does not want to dictate what training programs the states would be required to accept. The program office would propose to seek comment on the acceptability of training credits obtained through states having an approved installation program.

The proposal would establish minimum competency requirements for training providers. The rule would also require registration of training providers, and a list of registered providers would be maintained by the Department. Training providers would self certify that they are qualified to offer the course and provide the Department with limited information on course content.

Certification of Proper Installation and Inspection

Tracking of Homes

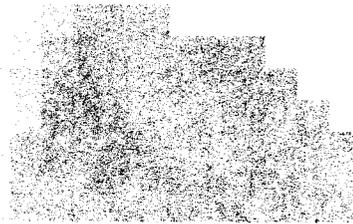
The program office would require a timely and accurate method of determining which homes are shipped to states in which the Installation Program is administered by the Department. It would require the manufacturer to report the retailer destination to which the home is shipped. Once the home is sold, the retailer would report the home's installation location. If a retailer identifies a location where a state runs an approved installation program, the Department would no longer track the home for purposes of the installation program. If the home is being sited in a state where the Department runs the program, the tracking process would continue and would include a requirement for identification of the installer.

Installer Certification

The program office proposal would require the installer to provide certification that the home has been installed in accordance with the Model Installation Standards. The certification would require the installer to identify the third party inspector responsible for inspecting the installation. After certification is complete, a unique inspection number would be assigned to the home.

Installation Inspection

The proposal would require that every initial installation of a manufactured home be inspected, and require the installer to arrange and pay for inspections. Inspectors would have to meet qualifications specified in the regulations. If the inspector were from a local authority having jurisdiction (LAHJ), that LAHJ would be required to have a residential code enforcement program. Independent inspectors could be professional engineers, registered architects or persons working under the direct supervision of professional engineers and registered architects. They would be qualified as inspectors by virtue of their professional status without further training or licensing. The program office does not contemplate direct Departmental oversight of third-party inspectors, but would allow for monitoring by the Department based on a review of consumer complaints or installation records.



Enforcement

General Enforcement

The proposal would establish the criteria and process for the suspension or revocation of an installer's license. Under the Act, failure to comply with program requirements is subject to civil and criminal penalties and injunctive actions. Comment may be sought on other regulatory methods of ensuring that installers correct improper installations. The proposal would cross-reference the dispute resolution procedures that are being developed pursuant to a separate rulemaking.

HUD Oversight and Investigation

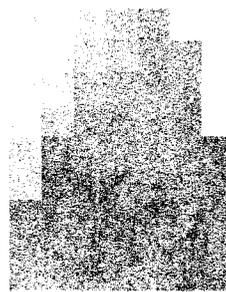
The program office proposal would focus enforcement resources on potential problem areas rather than on a routine audit program for all installations. Consumer complaints would be one of the primary triggers for oversight investigations. Unusual data trends observed in HUD installation records might also trigger investigations. Comment would likely be sought on other criteria that the Department could employ.

State Run Installation Programs

The program office proposal would provide that the Federal program would operate in a state unless that state certifies that it has its own qualifying program. A state would be required to certify that the state's program meets the statutory requirements for a qualifying program: that it has installation standards that provide protection that equals or exceeds the level of protection provided by the Model Installation Standards; that its program includes training and licensing of installers; and that the program provides for inspection of installations.

Comment may be sought on procedures and criteria for possible interim approval of state programs that may not meet all statutory requirements.

Recertification would be required at specified intervals, or whenever there is a significant revision to a state's installation standards or program elements. If the Department does not accept a state's certification, the state would be given an opportunity to cure the inadequacy. If the state fails to cure, the Department would notify the state that the Federal Installation Program would apply in that state. The state would then have a right to a hearing on the disapproval in accordance with a procedure similar to the current provision for rejection of state plans.



Conclusion

Again, the Department appreciates the dedication and insight of the MHCC in providing us with respect to the Model Installation Program. We look forward to further discussions of the Program as the draft rule is finalized.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Matchneer III', with a long horizontal flourish extending to the right.

William W. Matchneer III
Administrator
Office of Manufactured Housing Programs