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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**

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12 **MHCC Revision – 05/29/03**

13
14 **CHANGES UPDATE 6-27-03**

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

16 **ACTION:** Proposed Rule.

17 **SUMMARY:** In this rule, HUD is proposing to allow limited on-site completion of new manufactured housing
18 in compliance with the Federal standards. Unlike the regulations for alternative construction approvals, this
19 new process would not require manufacturers to seek advance Secretarial approval. Instead [of 24 CFR part](#)
20 [3282.14](#), HUD is proposing a process by which manufacturers and State and private inspection agencies
21 could agree to permit limited work at the site, under certain conditions, to complete construction of new
22 manufactured housing. This rule would also clarify that the on site work is part of the manufacturing process
23 under the Federal standards and not subject to local codes. This rule, however, does not intend to extend
24 the benefits of Federal preemption to any manufactured home in which a major part of the home is
25 completed on site. This rule does not apply to the installation of a manufactured home, which will be the
26 subject of a separate rulemaking pursuant to the amendments found in the Manufactured Housing
27 Improvement Act of 2000 (the MHIA of 2000). In seeking guidance from commenters on how to define the
28 scope of work that may be done on site, HUD raises a number of specific questions, in Section VI of the
29 preamble.

30
31 **DATES:** Comments must be submitted by ~~[Insert date 60 days after date of publication in the FEDERAL~~
32 ~~REGISTER].~~

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

39 **FOR FURTHER INFORMATION CONTACT:** William W. Matchneer III, Administrator, Manufactured
40 Housing Program, Department of Housing and Urban Development, 451 Seventh Street SW, Room 9156,
41 Washington, DC 20410 phone (202) 708-6409 (this is not a toll-free number). Hearing- and speech-impaired
42 persons may access this number via TTY by calling the Federal Information Relay Service at 1-800-877-
43 8339.

44 **SUPPLEMENTARY INFORMATION:**

45 **I. Background.**

46 The National Manufactured Housing Construction and Safety Standards Act of 1974 (the Act), 42
47 U.S.C. 5401 ~~et seq.~~, authorizes the Secretary to establish and amend manufactured home construction and
48 safety standards (the standards). The standards established by the Secretary are codified in 24 CFR part
49 3280. The Act also authorizes the Secretary to establish procedures necessary to assure compliance with
50 the standards and the enforcement and monitoring provisions of the Act. These procedures are codified in
51 24 CFR part 3282. As indicated in § 3282.1(b), it is HUD policy to work in partnership, especially with State
52 agencies, in the enforcement of the standards, consistent with the public interest. In accordance with
53 section 604(b) of the MHIA of 2000, HUD provided this proposed rule to the Manufactured Housing

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1 Consensus Committee for its review and provided the consensus committee a 120-day comment period.
2 Section 3282.14 of the regulations permits the sale or lease of manufactured homes that are not in
3 compliance with the standards in circumstances where the public interest is not compromised. The section
4 establishes a separate, specific "alternative construction" procedure to allow HUD to approve such homes to
5 encourage innovation and the use of new technology. The procedure is available for manufacturers using
6 new designs or techniques not in conformance with the standards when compliance with the standards
7 would be unreasonable or the variance from the standards would be for research, testing, or development
8 purposes. To maintain a high level of safety and durability, construction must provide performance that is
9 equivalent or superior to that required by the standards.

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

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

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

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

36 Such variances from the current requirements relating to the construction of manufactured housing
37 also must include an adequate quality control and inspection processes, and provide requirements for good
38 record keeping, to ensure protection for consumers and the public. Through this rulemaking, HUD will be
39 responsive to the needs of manufacturers, private inspection agencies, State officials, and consumers. HUD
40 emphasizes that the procedure to be permitted under this proposed rule applies only to aspects of
41 construction over which HUD already maintains existing standards and which HUD has historically
42 exercised preemptive authority. Thus, approval of construction completed on site under this new process
43 cannot be extended to requirements imposed under State or local authority in construction-related areas
44 that are not preempted by Federal standards. Any changes necessary in future years, when the MHIA of
45 2000 is fully implemented, will be submitted for consensus committee review and public comment.

46 HUD does not believe that the drafters of the MHIA of 2000 intended the benefits of Federal

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 preemption to be extended to extensive and lengthy on-site construction of any manufactured home. The
 2 foundation of the Federal manufactured housing program is that national standards should be enforced
 3 through a manufacturer's quality control system of in-plant inspections and monitoring by PIAs of the
 4 manufacturer's quality control inspection system. Therefore, it would be inappropriate to permit major
 5 portions of a home to be completed on site. For purposes of this rule, major portions of work is defined as
 6 a majority or large percentage of construction work performed at the home site in order to bring the home
 7 into compliance with the HUD standards. In Section VI of this preamble ("Specific Issues for Comment"),
 8 commenters are invited to respond to a number of questions aimed at defining the specific instances in
 9 which this proposed procedure could be used appropriately.

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

17 ~~II. Distinction from Alternative Construction.~~

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

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

43 The procedure to allow on-site completion of manufactured homes is complementary to the
 44 alternative construction procedure (for which HUD approval is required) that permits construction using
 45 noncomplying designs and techniques. These two procedures address different aspects of the final product,
 46 and both may be utilized on the same home, when appropriate. The on-site completion process is focused
 47 on homes that have designs that comply with the requirements of the standards. The alternative
 48 construction procedure is for homes that use new designs, materials or techniques that do not comply with
 49 or are not currently addressed by the standards.
 50

1
2 ~~III. Proposed Procedure.~~

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

10
11 ~~B. DAPIA Approval (Proposed § 3282.15(b)).~~ The manufacturer must request and obtain DAPIA
12 approval to complete, on site, the final, aspects of construction of a manufactured home that will be
13 substantially completed in the factory (i.e., the home leaving the factory must include: (a) a complete
14 chassis; and (2) structural assemblies and plumbing, heating, and air conditioning systems that are
15 complete except for construction that cannot reasonably be completed in the manufacturer's production
16 facility and that the DAPIA has approved for completion on-site). Among other things, in the ~~DAPIA~~ approval
17 the ~~DAPIA manufacturer~~ will identify what work will be completed on site and will authorize a notice that
18 includes a description of this work, identify instructions authorized for completing the work on site (including
19 any special conditions and requirements), and list all models for which the DAPIA approval is applicable².
20 As part of its approval, the DAPIA will stamp or sign each page of any set of designs accepted for
21 completion on site, and will include an "SC" designation on each page that includes an element of
22 construction that is to be completed on site.

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

36
37 ~~C. Requirements Applicable to Completion of Construction (Proposed § 3282.15(c)).~~ After an
38 acceptable final inspection of work completed on site, the manufacturer must report to HUD or its agent the
39 serial number and a brief description of the work done on site for each home produced under the new
40 procedures. This report must be consistent with the DAPIA approval and will be submitted, in part, on the
41 modified production Form 302. A copy of this report also must be submitted to the State Administrative
42 Agencies (SAA's) of the States where the home is substantially completed in the factory and where the
43 home is sited, as applicable. The serial numbers as provided by the manufacturer must contain the prefix
44 "SC", for site construction.

45 A home will be shipped with a certification label affixed as required in 24 CFR 3282.205. The
46 home will bear an on site completion notice appended to the certification label that informs the retailer,

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 distributor, IPIA, or an IPIA's designated agent, that the home will be completed on-site. This notice shall
 2 read, "This manufactured home will be completed on-site under the requirements of 24 CFR 3282.15 –
 3 On-Site Completion of Homes." Upon successful completion of the final home on-site inspection, the
 4 notice shall be removed and attached to the ~~inspection report~~ final inspection report.

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

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

21
 22 ~~D. Consumer Information (Proposed § 3282.15(d)).~~ In addition to the certification label, the home
 23 must be shipped with a "NOTICE" that explains the home will comply with the requirements of the standards
 24 only after all of the limited site work has been completed in accordance with detailed instructions provided
 25 by the manufacturer and the home has been inspected. The "NOTICE" is to be displayed in a prominent
 26 and highly visible location within the home (e.g., a kitchen countertop or front door), and includes the
 27 information that instructions for the aspects of construction to be completed on site are provided with the
 28 home. The notice may only be removed when the final ~~inspection report~~ final inspection report is completed
 29 ~~by the manufacturer~~.

30 The manufacturer must maintain in its labeling records ~~a copy of the an indication that the~~ final site
 31 ~~inspection report~~ final inspection report and ~~on site completion notice certification of completion has been~~
 32 ~~provided to the purchaser~~.

33
 34 ~~E. Responsibilities of IPIA (Proposed § 3282.15(e)).~~ The responsibilities of the IPIA will include, in
 35 addition to the IPIA's regular duties under § 3282.362:

- 36 • Working with the manufacturer and the manufacturer's DAPIA to ensure the manufacturer's
 37 quality control system has the proper procedures and controls to assure the on-site construction work will
 38 conform to DAPIA-approved designs and the Department's construction standards.
- 39 • Provide ~~ing the~~ supply of the on site completion notices to be appended to the certification label.
- 40 • Monitoring the manufacturer's proposed system for tracking the status of homes built under the
 41 approval until the on-site work and necessary inspections have been arranged for and completed, to assure
 42 that the work is being performed properly on all homes installed on a building lot.
- 43 • Removing the on site completion notice or other identifying marker appended to the certification
 44 label that evidences the manufacturer's certification that the home as completed on site complies with the
 45 standards. The IPIA will not allow the removal of the on site completion notice appended to the
 46 certification label on each home until all site work is completed to the IPIA's satisfaction.
- 47 • Performing or arranging for the IPIA's agent to perform the required inspections, as necessary to
 48 assure the manufacturer's quality control system is working for the work being completed at the site
 49 including reviewing the manufacturer's reports.
- 50 • For a period of five years, maintaining a copy of each final site ~~inspection report~~ final inspection

1 ~~report~~ submitted by a manufacturer and each ~~inspection report~~~~final inspection report~~ prepared or accepted
 2 by the IPIA.

3
 4 ~~F. Manufacturer's Responsibilities (Proposed § 3282.15(f))~~ The manufacturer's responsibilities will
 5 include:

- 6 • Certifying the home as required by affixing a permanent certification label as required by §§ 24
 7 CFR 3282.205 and 24 CFR 3280.11.
- 8 • All construction work performed on a home that is necessary to assure compliance with the
 9 standards and is not part of the siting (installation) process, regardless of who does the work or where it is
 10 completed.
- 11 • Working with the DAPIA and IPIA to obtain approval and concurrence on the quality control
 12 system the manufacturer will use to assure the on-site work is performed according to DAPIA-approved
 13 designs, and to incorporate this system into the manufacturer's quality assurance manual.
- 14 • Maintaining a system for tracking the status of homes built under the approval, to ensure that
 15 each home installed on a building lot has the on-site work and necessary inspections completed.
- 16 • Paying IPIA costs for performing ~~completion program activities on-site inspections~~.
- 17 • Providing a copy of the instructions for completing the work on site, inside the home and to the
 18 IPIA, for monitoring/inspection purposes (the copy provided in the home may be provided with the installation
 19 instructions in the home).
- 20 ~~• Preparing the final inspection report.~~
- 21 • Maintaining a copy of the site inspection report and the notification of the IPIA's approval or
 22 acceptance of this report for five years.
- 23 • Removing the on-site completion notice and attaching the notice to the inspection report.

24
 25
 26 ~~G. Final Inspection Report (Proposed §§ 3282.15(c)(3), (e)(6) and (f)(9))~~. For a period of five years,
 27 the manufacturer's copy of each site inspection report will be available for review by HUD ~~or the SAA~~ at the
 28 factory of origin, and the IPIA's copy of the inspection report will be available at the IPIA central office for
 29 review. The report must identify:

- 30 • The name and address of the manufacturer;
- 31 • The serial number of the home and address of the site;
- 32 • The name and address of the installer(s) or contractor(s) responsible for performing any or all
 33 on-site completion work
- 34 • The name of the inspector and the inspector's company affiliation (if any), mailing address, and
 35 phone number; and
- 36 • A description of the work performed and inspections made.
- 37 • Certification ~~of completion according to instructions by the manufacturers showing that the work~~
 38 ~~was completed.~~

39
 40 ~~H. Enforcement (Proposed § 3282.15(g) and (h))~~. A manufacturer or PIA found to be in violation of
 41 the requirements for this procedure may lose the discretion to utilize it in future. HUD, IPIA or the DAPIA
 42 also may withdraw or amend an approval for on-site construction if the manufacturer does not comply with
 43 the requirements for the approval or produces a home that does not comply with the Federal standards.

44 ~~IV. Comparison.~~

45
 46 ~~A. Current Siting Process vs. On Site Completion~~. HUD has already been allowing certain details of
 47 manufactured homes to be finalized on site as ~~an extensiona part~~ of the siting process. This work includes:
 48 (1) final framing and decking of hinged roofs that are not penetrated for windows or including connections for
 49 heat-producing appliances and plumbing equipment; (2) close-up details for multiple sections (e.g., exterior
 50 roof coverings; siding; ridge caps; sheathing; roof, wall, and floor connections; crossover ducts; and utility
 51 connections); and (3) close-up details for single sections (e.g., utility connections, and exterior roof

1 coverings and siding for expandable rooms). HUD would continue to allow this type of work to be finalized at
 2 the home site, as ~~an extensiona part~~ of the siting process that is to be addressed as part of the installation
 3 standards and program, without having to proceed under the alternative construction or on-site completion
 4 processes defined in §§ 3282.14 and 3282.15.

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

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

- 14 • Completion of the partial structural assembly or system during the manufacturing process would
 15 result in transportation damage or would be precluded because of road restrictions (e.g., bridge heights).
- 16 • The home design involves work that cannot reasonably be completed in the factory (e.g.,
 17 fireplaces at marriage lines and designs that involve such finishing aspects as stucco, brick, or tile).
- 18 • The homeowner is or may be providing a building component, such as a bathtub, water heater,
 19 gas appliances or cooking range.

20 ? General construction work, preempted by the Standards, that the manufacturer, DAPIA and
 21 IPIA have concluded (most appropriately and cost effectively) should be completed on site.

22
 23 - The home design allows additions to be completed on site based on the requirements of the
 24 authority having jurisdiction such as garage, basement or room addition ready or natural gas ready homes.

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

27
 28 ~~C. Activities Not Qualified for On-Site Approval.~~ The manufacturing of the following items would ~~not~~
 29 qualify for site completion, and therefore would not qualify under the procedures set out in this proposed
 30 rule for approval outside the certified production facility:

- 31 • Complete or substantial construction of structural assemblies of a home, except pursuant to an
 32 approval received by the manufacturer under §§ 3282.14. Examples of substantial construction of structural
 33 assemblies that would not be allowed include the complete roof, load bearing walls, adding a complete room
 34 built to the construction standards and the floor.
- 35 • Complete or substantial assembly of systems (e.g., electrical; plumbing; heating, cooling, and
 36 fuel burning systems; transportation; and fire safety) and components that are built as an integral part of the
 37 home during the manufacturing process and are usually completed in the factory, except pursuant to an
 38 approval received by the manufacturer under § 3282.14 or as currently allowed to be finalized at the site as
 39 an extension of the siting of the home. Examples of substantial assembly of systems that would not be
 40 allowed include: installing the plumbing, heating, cooling or electrical system for one of the two sections in a
 41 multi-sectioned home or completing all the systems in a room on a floor at the site.

42 ~~V. Conforming Amendments.~~

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

46 ~~VI. Specific Issues for Comment.~~

47 HUD continues to encourage suggestions for improving its responsiveness to technological
 48 advancements and innovation that foster the use of manufactured housing for affordable housing and to
 49 enhance affordable homeownership opportunities. In developing a proposal that would help focus
 50
 51

1 comments, HUD has defined certain features of a proposed on-site completion procedure. However, HUD is
2 very interested in the views of the industry, consumers, private inspection agencies, and State and local
3 governments on the usefulness and practical aspects of such a procedure. Therefore, in addition to
4 commenting on the specific provisions included in this proposed rule, the public is invited to comment on the
5 following questions that HUD staff have raised, and any other related matters or suggestions:

6 (1) How should the rule define the limits of the construction work that may be completed on site?

7 Should the definition of a manufactured home that is "substantially completed" in the factory be improved? If
8 so, how? Should HUD specify that multistory construction involving manufactured homes is not eligible for
9 this new process and continues to be subject to the existing alternative construction process?

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

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

22 It might be advisable to provide a definition of "completed" in 24 CFR 3282.7. The Regulations at
23 3282.204(c), require that the certification label be affixed only to completed manufactured homes, but does
24 not clearly define what a completed manufactured home is. Since the inception of the HUD program,
25 double wide and even triple wide homes have been labeled in the factory even though certain structural
26 and utility connections had to be made in the field. This practice has been tacitly accepted with the
27 understanding that the manufacturer's installation instructions will address the field completion.

28 However, the multi-story and multi-section homes currently being produced can require extensive field
29 finishing. This can include: 1) horizontal and vertical structural components; 2) installation and finish of
30 roof construction or even entire roof structures; 3) horizontal and vertical connections of electrical
31 systems, gas line(s), plumbing lines and duct systems; 4) appliances and appliance vent systems; and, 5)
32 exterior weather resistance coverings.

33 The regulations must properly address completion of as much of the home in the factory as is practicable,
34 and must assure the completion of the field installation keeps the home in compliance with the Standards.

35 This below proposed definition provides the regulatory tools to assure completion of the home in
36 accordance with the approved design packages, and prevents the abuse of the field installation process.
37 "COMPLETED" – as it applies to affixing a certification label, means that the manufactured home as it
38 leaves the factory, is in full compliance with the Regulations and the Standards except for structural,
39 electrical, thermal, mechanical, and plumbing installations and connections necessary to complete and
40 connect the transportable sections on site, and the installation of weather finishes designed to cover these
41 field connections. The approved designs and manufacturer's installation instructions shall specify the
42 work, connections and coverings which are to be field completed.

43 (2) Should the proposed requirements applicable to on-site completion be extended to those
44 aspects that are currently allowed as an extension of the siting of the manufactured home, including final
45 framing and decking of unpenetrated hinged roofs and close-up details for multiple and single sections?
46 How can home purchasers be assured that this work conforms to the Federal standards or does not take
47 the home out of compliance? Should other special requirements be attached to any of these construction

1 aspects; e.g., should such hinged roofs be required to be completed by factory-certified installers?
2 Conversely, should any aspects of the home that could not be completed in the factory, such as because of
3 transportation height restrictions, be allowed to be completed on site, as an extension of current siting
4 processes, without special approval, pending a final rule on installation standards as required by section 605
5 of the Act? If so, how should those aspects be defined or delineated? Can those aspects be monitored
6 effectively to ensure proper construction and compliance with the Federal standards, and, if so, how?
7 No, the installation standards and foundation system requirements are totally separate issues, and should
8 not be addressed or included in any way, as part of this proposed rule for on-site completion. Home
9 installations are regulated today, and under the new HUD program, all States will have either State-based
10 installation requirements or the default HUD installation requirements.

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

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

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

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

27 IPIA inspections should be per the current regulations. The regulations require that the IPIA conduct
28 representative inspections on manufactured homes and that every home is inspected at some stage in its
29 production. Since the proposed on-site rule is simply an extension of this process, the current inspection
30 criteria and frequency implemented in the factory should apply to on-site construction. The IPIA should
31 determine the most cost-effective and adequate level of inspection to ensure that homes completed on site
32 are in compliance with the standards.

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

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

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

1 the manufacturer's or retailer's control in the construction or final inspection?

2 NO, HUD should not attempt to establish deadlines for completion of on-site work.

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

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

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

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

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

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

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

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

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

41
42 (11) Should the rule clarify what is the "date of manufacture" for units completed under this
43 procedure, for purposes of the information required to be included on the data plate? If so, what should the
44 clarification say? Without such clarification, what date would manufacturers use on the data plate?

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

48 (12) Can monthly reporting to HUD of on-site home production be achieved better, such as through

1 the use of individual reports, rather than combining the required extra information with the existing production
 2 report (Form 302) information? If so, provide recommendations for how to report production information on
 3 homes completed on site.

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

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

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

13 (14) Should the rule provide for an additional label charge, in addition to the regular fees collected,
 14 for the extra regulatory oversight that is needed on homes completed under this process?
 15 Additional and/or separate label charges are not necessary and would complicate the process.

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

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

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

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

27 ~~VII. Technical corrections.~~

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

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

36 ~~List of Subjects in 24 CFR Part 3282.~~

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

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

40 **PART 3282--MANUFACTURED HOME PROCEDURAL** 41 **AND ENFORCEMENT REGULATIONS**

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

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

44 2. Section 3282.7 is amended by deleting the definition of "United States District Courts" in
 45

1 paragraph (mm). Section 3282.7 is revised further by adding the following definition of “Completed”.
 2 (??) *Completed* – as it applies to affixing a certification label, means that the manufactured home as it
 3 leaves the factory, is in full compliance with the Regulations and the Standards except for structural,
 4 electrical, mechanical, and plumbing installations and connections necessary to complete and connect the
 5 transportable sections on site and the installation of weather finishes designed to cover these field
 6 connections. The approved designs and manufacturer’s installation instructions shall specify the work,
 7 connections and coverings which are to be field completed.

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

9 **§ 3282.8 Applicability.**

10 (a) ~~Manufactured homes.~~ * * * * *

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

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

13 **§ 3282.15 On-site completion of homes**

14
 15 (a) ~~Purpose and applicability.~~ (1) ~~Purpose of section.~~ This section establishes a procedure for
 16 limited on-site completion of some aspects of construction that are ordinarily completed at the factory and
 17 that do not meet the prerequisites for alternative construction letters under § 3282.14 since the
 18 manufactured home, when completed is built in conformance with the standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

50 (4) ~~Standards to be met upon completion.~~ The affected home must meet the requirements of the

1 standards upon completion of the site work.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 (viii) Include any other requirements and limitations that the DAPIA deems necessary or
33 appropriate to accomplish the purposes of the MHIA of 2000 (for example, any special testing
34 procedures.)

35 ~~(5) Quality assurance system.~~ (i) The portion of the quality assurance system required by
36 paragraph (b)(4)(iii) of this section must receive the concurrence of the manufacturer's IPIA to the extent that
37 it is applicable to the completion on site of the affected manufactured homes. It must include a commitment
38 by the manufacturer to prepare a final site inspection report that will be submitted to the IPIA for its review.
39 When appropriate, this portion of the quality assurance system will be deemed a change in the
40 manufacturer's quality assurance manual for the applicable models, in accordance with §§ 3282.203 and
41 3282.361.

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

48 ~~(c) Requirements applicable to completion of construction.~~

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

51 ~~(2) Labeling.~~ (i) A manufacturer that has received a DAPIA approval under paragraph (b)(2) of this

1 section may certify and label a manufactured home that is substantially completed in the manufacturer's
 2 plant at the proper completion of the in-plant production phase, even though some aspects of construction
 3 will be completed on site in accordance with the DAPIA's approval. Any such home is to be shipped with a
 4 certification label, and an on site completion notice.

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

7
 8 **On Site Completion Notice**

9 This home has been built to an on-site completion program approved by the Department of Housing and
 10 Urban Development. The home will require additional construction or assembly at its final destination to
 11 assure compliance with HUD standards. Inspections for on-site work will be completed as determined by
 12 the approved Primary Inspection Agency for the manufacture in the state of origin.

13
 14 This home may be transported and installed prior to completion of the on-site completion process. The
 15 local authority having jurisdiction at the place of installation may proceed with its inspection process as it
 16 sees necessary.

17
 18 The on-site completion instructions are provided with the home and are to be followed exactly to assure
 19 compliance with the HUD standards. The retailer/ distributor must notify the manufacture to arrange for
 20 the on-site completion work at (*insert home address*).

21
 22 This notice is to remain affixed to the home until the on-site completion process has been completed.
 23 When complete, the notice and the required paperwork are to be returned to the manufacturer.

24
 25 Manufacturer:

26 Date:

27 Certification Label Number:

28
 29 (B) The notice must meet the requirements in paragraph (d)(1) of this section.

30 (ii) When the manufacturer has completed the site work in accordance with the approved designs
 31 and the manufacturer has performed the necessary inspections to approve the work on site. The on site
 32 completion notice shall be removed according to the agreements among the manufacturer, DAPIA and IPIA
 33 .

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

38 Each site inspection report must include:

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

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

41 (C) The address of the home site;

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

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

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

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

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

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

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

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

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

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

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

22 (d) ~~Consumer information.~~ (1) ~~Notice.~~ Any home completed under the procedures established in
23 this section must be shipped with a notice that explains that the home will comply with the requirements of
24 the standards only after all of the site work has been completed and inspected. The notice must be legible
25 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
26 notice must read as follows:

27
28 **NOTICE**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (5) Providing the IPIA a copy of the instructions for completing the work on site;

25 (6) Certifying through the labeling process that the home meets the requirements of this part;

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

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

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

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

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

39 (12) Reporting to HUD or its agent the serial numbers assigned to each home completed in
40 conformance with this section.

41
42 (g) ~~Revocation or amendment of DAPIA or IPIA approval.~~ The DAPIA that issued an approval, the
43 IPIA that concurred with the approval or the Secretary may revoke or amend, prospectively, an approval
44 notification issued under paragraph (b) of this section. The approval may be revoked or amended whenever
45 the DAPIA, IPIA or Secretary determines that:

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

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

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

50
51 (h) ~~Failure to comply with the procedures of this section.~~ In addition to other sanctions available

1 under the MHIA of 2000 and this part, the Secretary may prohibit any manufacturer or PIA found to be in
2 violation of the requirements of this section from applying the procedure in the future, after providing an
3 opportunity for an informal presentation of views in accordance with § 3282.152(f). Repeated infractions of
4 the requirements of this section may be grounds for the suspension or disqualification of a PIA or
5 manufacturer.

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

13
14 6. Section 3282.203 is amended by adding a new sentence at the end of paragraph (e) to read as
15 follows:

16 ~~§ 3282.203 DAPIA services.~~

17 * * * * *

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

20 * * * * *

21
22 7. Section 3282.361(c)(4) is amended by revising the first sentence to read as follows:

23 ~~§ 3282.361 Design Approval Primary Inspection Agency (DAPIA)~~

24 * * * * *

25 (c) * * *

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

29 * * * * *

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

32 ~~§ 3282.362 Production Inspection Primary Inspection Agencies (IPIAs)~~

33 * * * * *

34 (c) * * *

35 (2) * * *

36 (i) * * *

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

42 * * * * *

43 (d) * * *

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

46 * * * * *

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

48 ~~§ 3282.552 Manufacturer reports for joint monitoring fees.~~

49 For each month, the manufacturer must submit to the IPIA in each of its manufacturing plants, and
50 to HUD or its agent, a production report that includes the serial numbers of each manufactured home
51 manufactured and labeled at that plant during the preceding month. The report must also include the date of

1 completion, State of first location of these manufactured homes after leaving the plant, type of unit, and any
2 other information required under this part. The State of first location is the State of the premises of the
3 retailer, or purchaser to whom the manufactured home is first shipped. The report for each month must be
4 submitted by the tenth day of the following month. The manufacturer is encouraged to submit the report
5 electronically, when feasible.

6
7 **Dated:**_____

8
9 _____

10
11 **John C. Weicher, Assistant Secretary for Housing-Federal**

12 **Housing Commissioner**

13
14 **[FR-4216-P-01]**