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State regulators react negatively to Smith proposal on manufactured housing license

CHARLESTON -- State regulators rejected a proposed settlement Thursday from a troubled manufactured housing contractor that would allow him to apply for a new license in exchange for the payment of \$8,000 in cease and desist fines levied against him by the state.

The West Virginia Manufactured Housing Construction and Safety Standards Board threw the question back at Gary Smith of Belle, insisting that he come up with documentation to prove he was not responsible for a total of \$43,000 in fines aimed at two companies with which he was involved.

The State Board also learned that its program may be in jeopardy because of financial changes being proposed by the U.S. Department of Housing and Urban Development.

Smith, who is facing criminal charges in Fayette County over the cease and desist fines issued against Smith and Jones Mobile Home Movers Inc., asked that the board's regulatory action be restricted to imposing the fines against S&J, for which Smith acknowledged he was responsible.

However, he asked that the fines levied by the State Board and owed by Allstate Mobile Home Sales & Service Inc. which operated in Belle from 1995 to 2004, not be attributed to him because he was an employee of the company and never an officer.

Members of the State Board, which has been for years trying to halt Smith from illegally setting manufactured homes, reacted with shock and incredulity when he denied a link to Allstate other than as an employee. Members said he appeared before the State Board earlier and sought leniency for Allstate in regulatory matters.

"He's thumbed his nose at this board for 10 years," said board member Gary Shaw. Board member Steve Solomon said Smith's lawyer was insulting the board with his proposal.

At the request of board member George Gunnell, the State Board voted to have Smith provide work records that would prove he was an employee of Allstate and not an officer. He was given 14 days to comply. Left in abeyance were all other matters.

Meanwhile, Smith's attorney said part of his plea agreement in Fayette County required him to clean up any problems he has with the state regulators and re-apply for his contractor license.

On the federal financing matter, Deputy Labor Commissioner Mitch Woodrum said the current funding system that finances the state regulatory program has never provided sufficient funds to run the program. HUD had been subsidizing the state program by \$40,000 for each of the last four years. Now, HUD is discussing a new funding system that will only marginally increase the \$16,000 in yearly payments the state earns as a result of manufactured housing shipments to West Virginia, while totally eliminating the subsidy.

The proposed changes will be discussed in a regional teleconference on Aug. 10 that will be hosted by Pamela Beck Danner, administrator of manufactured housing programs from HUD.

Division of Labor officials said that without a sufficient funding source the state regulatory program may go out of business after 2017, which is how long the federal subsidy is guaranteed. Labor Commissioner John R. Junkins Jr. said it would take \$200,000 to fund the program minimally.

Gunnell said industry members would discuss the problem and see if they could come up with a solution to help fund the regulatory panel.

On another matter, DOL wants to make it easier for contractors to work on modular home setups. It wants to eliminate residential building and general contracting specialties on their contractor licenses and instead require only a manufactured housing specialty designation on their license. The change will make it easier for contractors to get their licenses.

In other action, the board:

--Approved licenses for 95 retailers, 33 manufacturers, and 135 contractors for the 2015-16 fiscal year, plus licenses for four other contractors and a new application for Fairmont Homes of Nappanee, IN, a manufacturer.

--Levied \$1,500 in fines against three manufacturers for using unlicensed contractors in their setups and reprimanded four contractors for working without a license.

--Imposed \$75 in fines for failing to file quarterly reports detailing their work in the previous quarter.