

# Home on the Road

*Voice of West Virginia's factory-built housing industry*

September 2008



## Retailers support image campaign

ATLANTA — West Virginia Housing Institute Inc. Co-President Steve Brown played a key role this month for a second time in promoting a national image campaign for the factory-built housing industry.

Brown, co-owner with his wife Pam of The Home Show of Hurricane, argued during the Manufactured Housing Institute meeting in Atlanta that a proposal to fund the campaign with an assessment of \$50-a-floor would be unsuccessful. That plan would raise \$5 million, based on estimated shipments of 85,000 floors next year.

The National Retailers Council, to which the Hurricane businessman is a member, voted to adopt a proposal calling for a charge of \$100-a-floor on both HUD-code and modular homes.

Kevin Clayton, president and CEO of Clayton Homes Inc., supported the lower figure. It was made a motion by Alabama state executive Sherry Norris, but was defeated.

(Continued on p. 4)



## Mobile home task force seeks your comments, Wilfong says

FLATWOODS -- The state Department of Health wants your comments on what should be changed in rules and regulations that control mobile home parks.

The department has formed a task force to determine how regulatory rules should be changed. They have been in effect with little modification since their adoption in 1971.

Kevin Wilfong, co-president of the West Virginia Housing Institute Inc., is your representative on the task force, which is made up of state and county officials and the factory-built housing industry.

Wilfong, owner of Middletown Home Sales, is a mobile home park owner in Fairmont. Also representing owners on the task force is Regina Kelly, manager of Jobrier Village, LLC, a mobile home park in Davisville.

Wilfong told the task force meeting in Flatwoods in September he would seek input from industry members as to what they think should be eliminated, modified or added to the current regulations.

The task force, chaired by Fred Barley of the state Health Department in Charleston, also is polling the county departments of health to determine whether they should continue to oversee the parks. No other portion of the housing industry in the state is

(Continued on p. 5)

## Ethics OKs informal meets

CHARLESTON – The state Ethics Commission has given regulators of factory-built housing a green light to meet informally with the West Virginia Housing Institute Inc. to discuss industry issues.

Lew Brewer, executive director of the commission, said the six-member West Virginia Manufactured Housing Construction and Safety Standards Board also can accept free meals and drinks from WVHI without running afoul of state law.

Furthermore, he said the Institute can pay for the overnight lodging of the State Board and staff if the board holds a meeting outside Charleston at the industry's request.

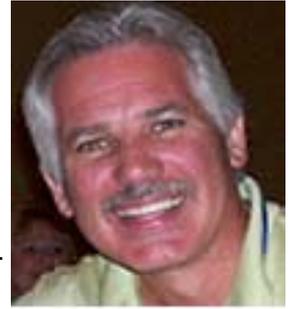
The information, provided to the State Board and also included in a multi-page decision released by the commission, came as welcome news to WVHI.

Kevin Wilfong, co-president of the industry association, has been a leading advocate of WVHI's board meeting informally with state regulators and their staff to discuss problems in a nonconfrontational atmosphere.

(Continued on p. 5)

# THE PODIUM

## Image campaign, I say yes, and am confident you do, too



Steve Brown  
Co-President  
Board Member

**By Steve Brown**

The word from the Manufactured Housing Institute meeting in Atlanta in September was not uniformly dreary, but much of it was.

MHI is projecting about 91,000 floors sold this year, but is basing next year's projections on sales of 85,000 floors. As a cautionary move, I applaud that attitude, I just hope MHI is making a mistake. But with the sliding housing situation the way it is, things continue to look bleak on our side and for the stick-built market.

You know I have been a longtime and ardent advocate of a national advertising campaign to change the image of factory-built housing. Twice now — once in St. Louis and once in Atlanta — I have represented the position of our board and membership that a national image campaign is essential to put us on the road to recovery.

This image campaign still has its rough edges. What exactly will the ads look like? Where will they be placed and in what amounts? Questions remain. I suggest the funding for the campaign be allocated on a basis that takes into consideration the floors sold in each state. We cannot have traditional advertising patterns, either. For example, an ad in *The New York Times* or *Washington Post*, traditional big-media markets, are not going to have the powerful impact an ad would have in an area rich with our potential customers. So some adjustments are going to have to be made for an ad campaign.

How much should be put into television and how much into print media? How about the exploding medium of the Internet? What is to be allocated to this new and powerful resource, which is a conduit for protecting those of us against dealers who are unwilling to pay? How do we drive customers to those of us paying for the ads to ensure those not paying receive no benefits? These are issues that need exploration.

The National Retailers Council arrived at an assessment of \$100-a-floor, something I fought for, to have sufficient funds to make some impact. We determined \$50-a-floor just would not be relevant.

I understand Kevin Clayton's urging caution and careful consideration of any plan. Those are wise precautions. He wants additional information at all levels, demographics, expenditures, the contents of the ads. I welcome all that, too.

But we must act. This is the time to move. I want you to let us know what you think of this proposal so we can let the manufacturers know. They still must vote before this campaign can begin in the spring.



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Want to keep up on the latest with the factory-built housing industry in West Virginia? Want to be listed on our web-site or linked to it?

The West Virginia Housing Institute Inc. is at [www.wvhi.org](http://www.wvhi.org). Take a look at what we have on the site. Tell us what you want added or improved.

The inside scoop is in the members-only section. And you only have to call Andy Gallagher at (304) 346-8985 to join.

## National dues assessment increasing for West Virginia

ATLANTA — West Virginia will see an increase in the new year to help fund the industry's national trade association, the Manufactured Housing Institute.

Facing declining shipments nationwide, MHI continues a severe belt-tightening process that has involved a reduction in programs and staff at the Arlington, VA, headquarters. MHI's board of governors even voted to reduce pension benefits to employees at its meeting in Atlanta.

The West Virginia Housing Institute Inc.'s assessment is going to increase in the new year by \$328, based on shipments of 1,824.

MHI agreed to a minimum assessment of \$1,000 for each state, then \$1 for each floor shipped into the state. Under that formula, West Virginia goes from paying \$2,496-a-year to paying \$2,824 yearly.

## Industry news

### No reciprocity for contractors

CHARLESTON — The West Virginia Contractors Licensing Board is unable to grant individual licensing by reciprocity to contractors who want to work on manufactured housing across state lines.

Virginia members of the West Virginia Housing Institute Inc. had sought permission to do manufactured housing contracting work in the Mountain State without having to get a license from the Contractor Licensing Board.

All contractors who work in West Virginia must be licensed by the board.

The members sought licensing by reciprocity — that is West Virginia regulators would recognize the contractor license issued by the Virginia agency corresponding to the Contractor Licensing Board. The contractor then could work without essentially being tested on the same knowledge by West Virginia regulators.

Chairman Michael A. Carl of Glen Dale said the West Virginia board did not believe it could make the requested change.

The national contractors association is discussing similar proposals, but no consensus has been achieved as to what ought to be fair and equal licensing, he explained.

### State Board issues licenses

CHARLESTON -- Saying “everybody deserves a second chance,” state regulator Jack Albert moved successfully to have a retail dealer’s license issued to Judy Fato doing business as Twin Oaks Home Sales, LLC, of Buckhannon.

The license was issued by the West Virginia Manufactured Housing Construction and Safety Standards Board after lengthy wrangling over whether Frank Fato, Mrs. Fato’s husband, could be issued a state license.

State Board Chair Fran Cook said a retail location previously owned by Frank Fato had gone out of business in the early 1990s. It had failed to complete installation work at that time. That work was then paid for through the expenditure of \$25,448 from the state recovery fund.

The recovery fund was voluntarily entered into by retailers and others in the industry. The fund is made up of fines and fees imposed on the industry. The money is used to protect consumers from injury when a firm goes out of business.

The board earlier had refused to grant a license to Frank Fato, but the new license is in his wife’s name.

The Fatos agreed to reimburse the recovery fund for the past expenditure that was made on behalf of Frank Fato’s

former business, but they refused to pay the 10 percent interest that had been added on to the debt since that time.

Assistant Attorney General Elizabeth G. Farber said it is unlikely the state could collect the 10 percent interest because the Fatos could not be held “legally responsible” to pay it.

When the Fatos agreed to reimburse the state immediately with a check, Albert, of Cross Lanes, said, “I really appreciate that and I admire that. Everybody deserves a second chance.”

With that, the board unanimously agreed to license the Fato dealership.

The board also issued dealership licenses to Crown Homes of Morgantown and Barker’s Mobile Homes Inc of Hagerhill, KY; a manufacturer license to Crest Homes of Middlebury, IN; and a contractor license to Tri County Manufactured Homes of Bunker Hill, Jefferson County.

### Just say no to \$100 image campaign assessment, Phil says

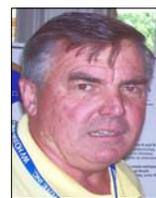
By *Phil Fogleman*

WVHI board member

Owner Frontier Homes, Summersville

I'm against the whole proposal.

I'm not sure what we'll gain on the state or local level or the hows, whens, and hows.



*Fogleman*

One-hundred fifth dollars-, \$100-per-floor are definitely too expensive, in my opinion.

I would rather see something on the state level if you could get association members to contribute say \$25-a-floor, as a maximum.

The devil's advocate position would say that dealers would much rather put their money into their own advertising.

Any thoughts?!

(See related stories on p. 1 and 6)

## Plumber's license qualifications clarified by State Board

**CHARLESTON** — State regulators have issued a clarification concerning the licensing of people working on plumbing in factory-built housing.

A person who holds a contractor's license for plumbing with the Contractors Licensing Board and conducts only plumbing work on manufactured homes, may obtain a license from the Manufactured Housing Board as a contractor without taking the manufactured housing installation test.

### **Home on the Road Newsletter**

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**Home on the Road** is a publication of the West Virginia Housing Institute Inc., published four times a year (March, June, September and December).

Free subscription with paid membership dues. All advertising must be paid in advance. *Home on the Road* reserves the right to reject any advertising. Make checks payable to WVHI. Send ads with payment and news to Andy Gallagher.

#### **Advertising rates**

Full page: \$200

Half page: \$100

Quarter page: \$60

Classified: \$30 for each 3 lines

These rates are double for nonmembers.

Retailers from p. 1 “I don’t think \$5 million is going to move anything.” Brown declared. “It’s not going to move the pendulum to where we want to go. I think the opportunity is on us now to do this in the spring.”

At \$100-a-floor, the council was told about \$11 million would be raised. Only three members of the council — representing Oklahoma, Texas and Tennessee — voted no.

A proposal was made to set the assessment at \$150-a-floor, but that died without a second. The council then recommended the \$100 figure to the manufacturers.

At MHI’s last meeting, the National Retailers Council, again at Brown’s urging, voted to ask MHI to support a national advertising campaign to be paid for by fees imposed on retail centers.

MHI’s board of governors overwhelmingly voted at Atlanta to support the national advertising campaign. It told the Retailers Council to come up with a fee level that the Manufactured Housing Division could find acceptable.

The proposal made to the MHI board called for a campaign that involves television, internet and print media that would begin in the spring.

The Manufacturers Division delayed a vote for three weeks.

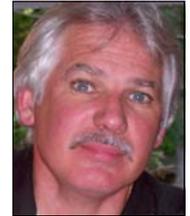
In the meantime, Clayton directed Gail Cardwell, president of MHI, to obtain additional information about the ad campaign proposals to flesh out information provided so far. He wanted to know more of the demographics, how the ads would

look and where they would be placed.

Additionally, other manufacturers said the proposal was so new to them that they wanted to consult with their retailers to determine if the proposed fee would be acceptable to the dealers.

Those present expressed a general concern that the imposition of the fee might drive members out of participation in industry trade associations while giving an unfair advantage to companies now unwilling to join or assist the associations by paying dues.

The manufacturers expect to meet in a teleconference in three weeks and then vote on the proposal.



*Brown*

“... The opportunity is on us now to do this in the spring.”

—  
Steve Brown

## Fed regs no reason for concern, Woodrum says Oct. 20 is deadline for changes

**CHARLESTON – New federal installation standards are to be imposed on the factory-built housing industry as of Oct. 20.**

These new standards have caused widespread anxiety among industry members concerned about changes they face and what they will have to do to meet these new requirements.

But there is no reason for concern, says our chief state regulator.

If West Virginia's installation program is approved by the U.S. Department of Housing and Urban Development, then installers and dealers can practice business exactly as they are right now without change, says Mitch Woodrum, chief of the manufactured housing section with the West Virginia Division of Labor.

DOL believes HUD will approve the state's program.

The West Virginia Housing Institute Inc. asked Woodrum to prepare a manual, at WVHI expense, to explain changes retailers and contractors would have to know, and asked if he would be willing to explain the program changes in a series or regional meetings or one meeting in Charleston.

"If HUD gives us full approval, our enforcement in West Virginia will be business as usual, with the exception of the continuing education classes," Woodrum responded.

"If not, we will be more than happy to advise the industry on the changes HUD is requiring West Virginia to make in order to be fully approved."

## Impact fees under study

CHARLESTON -- Industry and government officials have been holding informal talks on developing strategies for dealing with current and future county impact fees.

The fees are imposed on new homebuilders to pay for the impact of their location in the county. They pay for additional school costs, police and fire protection and emergency services.

This informal group, which includes Delegates Daryl Cowles, R-Morgan, and Craig Blair, R-Berkeley, and individuals representing the West Virginia Association of Counties, West Virginia Homebuilders Association, the West Virginia Housing Institute Inc. and the Eastern Panhandle Homebuilders Association, was formed under the direction of Delegate Jonathan Miller, R-Berkeley.

Adoption of impact fees by Jefferson County, where individuals now pay more than \$12,000 in impact fees to develop a new home, and the defeat of a zoning proposal in Berkeley County led to the informal discussion group's formation.

"Impact fees in Jefferson County are excessive," Miller said. "At the same time, we would like to see if we can craft legislation that will allow a form of impact fees that meets local needs while they do not intimidate those who want to develop housing, and do not frighten away homeowners themselves."

The group has held its meetings during the monthly between-sessions interim meetings of the Legislature.

"We are in the talking stage and no legislation has been drafted, but we have gotten some good input and are developing some ideas," Miller said.

The committee has entertained several options, including capping impact fees at a certain amount; allowing impact fees without zoning but capping them at a very small amount; and creating a more fair and equal formula for calculating impact fees.

Ethics from p. 1

Wilfong,  
owner of Mid-  
dletown Home

Sales of Fairmont, and WVHI Co-President Steve Brown, co-owner with his wife Pam of The Home Show of Hurricane, have long sought to reduce tensions between the two sides.

"The information provided by Mr. Brewer exactly parallels what we have been told by WVHI general counsel John Teare that we could meet to discuss matters with the board without being so formal," said Wilfong, who went to the State Board earlier this year to make his proposal.

"We welcome this decision," agreed Brown.

Brewer said informal work sessions have to be announced publicly and minutes have to be kept, but are not barred under state law.

Health from p. 1

similarly regu-  
lated, WVHI

pointed out to the task force.

**While regulation may have made sense in 1971, the industry has made substantial strides since that time and improved not only its product but also its image.**

**"We are very pleased with the extremely open and cooperative effort evidenced by the Department of Health, the various county health departments that are participating, and other officials,"** Wilfong said.

Recommendations and comments should be submitted to Andy Gallagher, executive director of WVHI, PO Box 2182, Charleston, WV 25328; or by email to [andy\\_wvhi@verizon.net](mailto:andy_wvhi@verizon.net) or by fax at (304) 346-8986 or simply by calling Gallagher or his assistant, Trish Johnson, at (304) 346-8985.

## Ex-J&J Homes employees file lawsuit

MORGANTOWN — Former employees of the defunct J&J Homes in Morgantown and Reedsville have filed a lawsuit in Monongalia County for back pay and insurance.

J&J, owned by Michael Newbrough, closed its doors in February 2007, leaving some customers without homes.

Nine former employees of the company filed the lawsuit in Monongalia County Circuit Court.

Customers who were awaiting repairs on their homes when the offices closed were able to obtain reimbursement through the state's recovery fund in the Division of Labor.

This is a fund factory-built housing dealers voluntarily entered into to provide payments to protect consumers if a retailer goes out of business unexpectedly.

## What do you think about a national advertising campaign financed on HUD-code and modular floors sold in West Virginia?

Dear West Virginia Housing Institute Inc. Retailer:

We are interested in your position and comments on a national advertising campaign for our industry that would be funded from an assessment on floors we sell.

Here is the background on this issue:

Earlier this month, at MHI meetings in Atlanta, our co-president, Steve Brown, participated in discussions concerning a national image campaign.

Extensive research on this issue has been conducted by the national firms of J.F. Roper Associates and J.D. Power and Associates over the past few years. We learned much from this research about customer expectations. MHI would like to begin a national image campaign in the spring of 2009, using television, print and the Internet.

At the Atlanta meetings there was a presentation made to most of the divisions by an advertising agency, Goddard and Associates, outlining the general demographics of our customers. They showed us three television and three print ad concepts.

The research leading up to this proposal indicated that in any campaign we should stress quality rather than the low price of our product. All the ads were consistent with an image of quality, and were done well. We learned a national program like the "got milk" or "go RVing" campaigns would require an annual budget of \$10 million to \$15 million.

Based on shipment expectations of 85,000 HUD-code homes this year, we feel our industry needs to make a multiyear commitment to this advertising program.

The retailers division passed a motion to fund the advertising campaign with a \$100-per-floor assessment that would include modulars and would be included on the home invoice. It would result in about \$11 million. This motion was passed on to the manufacturers division where further discussions prevailed.

The manufacturers decided to delay action for at least three weeks. They plan to meet at that time by conference call to make a decision. They said the interim will give them additional time to survey their retailers and corporate executives prior to making a final determination.

With all that said, we invite each of you to express your views on this possible program. We can assure you that each and every response will be considered in this important decision.

Please send your responses to [andy\\_wvhi@verizon.net](mailto:andy_wvhi@verizon.net).

Regards,

Andy Gallagher  
Executive Director

## Virginia says tunnels should be fully restored to our traffic on Interstate-77

CHARLESTON – Virginia Department of Highways officials predict an early end to the 2 1/2-year bottleneck that has affected manufacturing housing traffic into West Virginia from the South.

The tunnel structural rehabilitation project on Interstate 77 in western Virginia that caused such headaches for manufactured housing transportation is nearing completion.

Andy Fowler, operations manager of the Big Walker Mountain and East River tunnels on I-77 in Virginia, said “only sporadic lane closures” should occur after mid-September. The two tunnels feed into the West Virginia Turnpike, the main north-south road from Virginia into Charleston with access to Interstate 79.

Fowler said structural upgrade of the tunnels should be completed by Dec. 1.

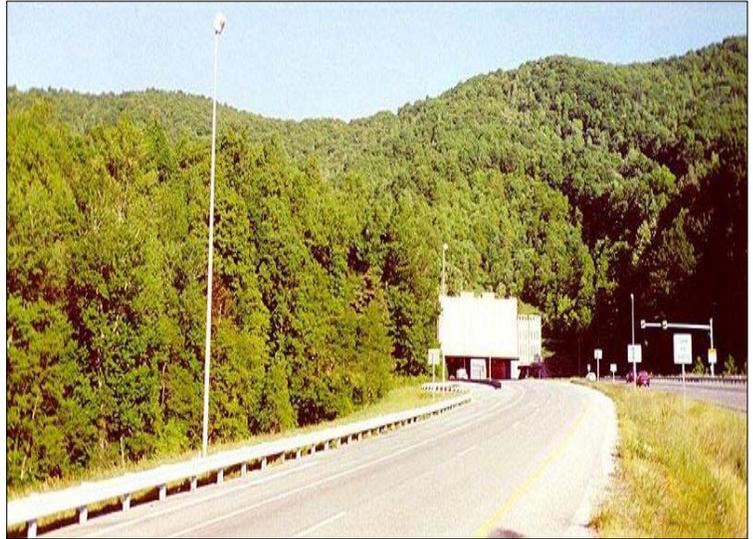
“It looks like we may be a little ahead of schedule,” Fowler said. Most lane closures have been eliminated and the tunnel work is “in the final stages of installing handrails on the walkways.”

The closure of the tunnels to upgrade them to federal standards had caused considerable hardship for manufactured housing shipments from plants in Virginia, North Carolina and Tennessee in particular.

Rigs had to be rerouted over three circuitous mountain courses to make shipments into West Virginia.

Trucking companies moving wide loads, should call 1-866-7-TUNNEL for lane closure information, before traveling to the tunnels.

Check tunnels access at 1-866-7-TUNNEL



*Big Walker Mountain Tunnel northbound on Interstate 77 from the Virginia side. The tunnel is located on the Virginia-West Virginia border and has been a major bottleneck to our traffic, which emerges into West Virginia.*

Good news from HUD on existing painted anchors

### SUBJECT: Existing Inventories of Painted Anchors

Since May, we have been asked if there are any conditions under which existing inventories of painted anchors may be used after October 20, 2008 effective date of HUD's Model Manufactured Home Installation Standards, since painted anchors will not meet the level of protection against weather deterioration and corrosion required by 3285.402.

After discussing this issue with several interested parties, HUD has decided that existing inventories of painted anchors **manufactured prior to October 20, 2008**, may be used to install manufactured homes until February 2, 2009 in all states, including those states in which HUD will administer the installation program. However, since the HUD installation standards will not preempt state law, states such as Florida may continue to enforce their own anchor requirements.

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P R O V I D I N G   T H E  
A M E R I C A N  
D R E A M

**COME JOIN NOW!!! CUT AND MAIL – MEMBERSHIP DATA**

Firm Name: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
Telephone (\_\_\_\_) \_\_\_\_\_ Fax (\_\_\_\_) \_\_\_\_\_  
Home Phone (\_\_\_\_) \_\_\_\_\_ Email \_\_\_\_\_

**DUES STRUCTURE:**

**MANUFACTURER:** Dues shall be Fifty Dollars (\$50.00) per floor for each home shipped within the State of West Virginia to dealers, contractors, retailers or sales locations in West Virginia. These dues shall be remitted to the West Virginia Housing Institute, Inc. on a monthly basis.

\_\_\_\_\_ We will send \$50.00 per floor shipped to West Virginia on a monthly basis.

**RENTAL COMMUNITY AND CONTRACTORS:-** Per Annum

\_\_\_\_\_ \$100.00

**ALL OTHER CATEGORIES: -** Per Annum

\_\_\_\_\_ \$250.00

\_\_\_\_\_ Title \_\_\_\_\_

Signature

**Please Remit To:**  
WVHI  
PO Box 2182  
Charleston, WV 25328-2182