

# Home on the Road

Volume 1 No. 2

July, 2005



## August 9-11

# Annual Convention at Stonewall Resort

ROANOKE – Time to make those reservations for three wondrous days in West Virginia’s lake country.

Beautiful Stonewall Jackson Lake and Resort is the backdrop for this year’s first statewide convention of the West Virginia Housing Institute Inc.

“The formation of the two groups last year into the Institute has given us a lot of positive momentum in 2005,” said Co-President Kevin Wilfong of Fairmont, head of Middletown Home Sales.

“Our first convention plays on the unity theme and good, hard work for our industry in the future,” said Co-President Steve Brown of Hurricane, head of The Home Shows.

A number of issues crucial to the industry will be discussed during the Aug. 9-11 convention.

Mitch Woodrum, head of the state’s regulatory board for the industry, will be featured speaker on opening night. Woodrum’s message will set the agenda for the industry in 2006.

The second phase of the regulatory issue will be addressed Wednesday morning when William Matchneer, head of the manufactured housing section of the U.S. Department of Housing and Urban Development, speaks to the convention.

A number of changes are envisioned for the industry in 2006 with modifications in federal law at the end of this year. Matchneer will give his insights into those issues. The extent of the changes is extensive.

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## We’re excited to share the news. . .

*Our Annual Meeting/Convention Agenda has changed to further reflect the excitement that is building for this year’s Convention at Stonewall Resort!*

### Tuesday, August 9, 2005

1:00 p.m.	Registration Desk Opens
1:00 – 3:30 p.m.	WVHI, Inc. Executive Board Meeting
4:00 p.m.	Check-in Time at Stonewall Resort
5:00 – 5:30 p.m.	Welcome session begins with featured speaker Mitch Woodrum, director of the manufactured housing division of the WV Division of Labor. Mitch will discuss proposed legislative changes and entertain your concerns at a question & answer session immediately following.
5:30 – 9:30 p.m.	Welcome reception and outdoor (weather permitting) Barbeque with hot dogs, hamburgers and all the fixins – bring your appetite! Expect some surprises!

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***Better be  
on hand  
to  
see what’s  
happening...***

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# Annual Convention at Stonewall Resort . . .

*Continued from page 1*

Lisa Smith, ombudsman with the state Workers Compensation Fund, will be on hand to tell members how privatization of that fund will affect all of us in the industry and how our rates are to be set after the change. The change was a major issue for Gov. Joe Manchin. Her speech may have a major effect on your pocketbook.

Joe Hatfield, head of the West Virginia Housing Development Fund, will talk about how the industry should allow a \$20-per-transaction tax to help draw down millions in federal funds for our industry in the future. The bill will be in the 2006 Legislature. You need to see whether you support it.

A representative of the appraisal industry will address particular problems we face in appraisals. The popular legal forum will discuss a wide range of issues.

This year's convention will feature quality entertainment, elaborate dining, a barbecue, an excellent golfing tournament, and limitless recreational opportunities all with the backdrop of West Virginia's newest and most elegant state park.

*Don't miss out on the excitement that is building for this year's first statewide Annual Convention/Meeting!*

**If you haven't made your reservations yet, please contact Beth O'Dell, deputy executive director, at (304) 346-8985 or [wvhi@verizon.net](mailto:wvhi@verizon.net)**



## Housing Institute lawsuit challenges random audits

HUNTINGTON – A lawsuit challenging the right of state regulators to volunteer to do complimentary and unsolicited inspections for West Virginia homebuyers is being challenged by the West Virginia Housing Institute, Inc.

In a lawsuit filed in Cabell County Circuit Court in Huntington, the Institute contends the West Virginia Division of Labor's Manufactured Housing Section has no authority to make the random inspections, which have led to thousands of dollars in fines against members of the Institute.

The lawsuit, filed by Jason Stemple of the law firm of Duffield & Stemple of Huntington, appeals a May 10 ruling that upheld the legality of random audits in a case that involved The Home Show-Barboursville and its manager, Michael C. Storage.

The state Manufactured Housing Construction and Safety Board issued multiple citations to the retailer on Aug. 6, 2004, alleging defects in factory-built housing units sold to Glenn Moore, James and Donna Cheesebrew, and Mabel Long. The inspections were made although the homeowners did not complain to the state about their homes. The petition asked the court to permanently bar the DOL from conducting unsolicited random audits.

"By creating disputes where none existed, the board has placed the manufactured housing industry in a position where it will face unnecessary lawsuits by homeowners or administrative action by the board," the Institute alleged.

"The board has conceded that no specific authority allows it to conduct 'complimentary inspections.' Rather, the board alleges that its general authority allows it to randomly conduct 'complimentary inspections', the lawsuit contends.

"Nowhere do these regulations allow the board to conduct 'complimentary inspections' of a manufactured home without a written complaint from a consumer. If such authority existed, the West Virginia Legislature would have specifically set forth that authority, as it has done for other types of investigations or inspections."

## Brown contends random audits are “illegal”

CHARLESTON – The state Board of Manufactured Housing Construction and Safety has been performing “illegal” random audits and blames today’s industry for sins of the past, a factory-built housing leader charged.

State law allows the board to perform audits on homes only if a written request is made, said Co-President Steve Brown, head of The Home Shows of Hurricane. Brown appeared before state regulators to complain about industry treatment at the hand of state officials.



The state’s program of randomly calling homeowners to ask if the residents would like to have an audit performed – commonly referred to as “random audits” -- is improper and ought to be stopped, Brown charged.

Without regard to the defense of industry representatives, the board imposes “fines like they are water in this office,” Brown asserted. “It’s entirely disappointing to see how many people are being disciplined on minuscule issues. I think it’s absolutely ridiculous,” Brown said.

Factory-built housing, which provides the bulk of new housing in West Virginia, is languishing under the constraints of overregulation, while the stick-built industry has no similar controls, the Putnam County-based businessman said.

### **“You people brought this upon yourself.”**

“You people brought this upon yourself,” said board member Jack Albert of the western Kanawha County town of Cross Lanes. His term on the six-member panel runs through June 30, 2008.

Brown disagreed. He said the board was punishing current industry for bad practices employed in the past. “You’re penalizing good people,” Brown said.

### **State board invited, but none appears**

He indicated the panel was out of touch with the current industry. His assertion was underscored when the state board members were invited to attend the June West Virginia Housing Industry board meeting, but not one appeared.

On the random audits, Albert said, the state makes the inspections under authority of the U.S. Department of Housing and Urban Development, based upon an “interpretation of a recommendation by HUD,” Albert said. Brown said he would challenge that interpretation in court.

The West Virginia Housing Institute Board of Directors appointed a subcommittee in June to make recommendations to the state panel about how the industry would like to see its regulatory functions modified.

The panel is chaired by Karen Bailey of Pineville, with Brown; Co-President Kevin Wilfong of Fairmont; George Gunnell of Hurricane; Jim Reckling of Roanoke, Va.; and Gregg Dies of Andersonville, Tenn., as members.

“Random audits are improper and need to be stopped.”

# We're excited to share the news. . .

*Continued from page 1*

## **Wednesday, August 10, 2005**

- 9:00 – 9:15 a.m. Annual meeting with election of officers
- 9:30 –10:15 a.m. William Matchneer, associate deputy of the U. S. Department of Housing and Urban Development.  
*Mr. Matchneer's remarks will be focusing on changes in the federal law, which become effective at the end of 2005. This is a timely and informative session that you will not want to miss!*
- 10:15-10:45 a.m. Joe Hatfield, executive director of the West Virginia Housing Development Fund. Mr. Hatfield's presentation will center on answering the question of "Why we, as an industry, should support a \$20 fee on our sales transactions that is proposed to fund an affordable housing program that could ultimately mean extra millions of dollars in federal funds coming to us."
- 10:45-11:30 a.m. Lisa Smith, ombudsman with the state Workers' Compensation Fund. Ms. Smith explains privatization plans for the Workers' Comp fund and how that, as well as a new rate structure, will affect the factory-built housing industry.
- Noon Lunch - at your convenience
- 1:10 p.m. Golf Tournament begins. First tee time at Stonewall Jackson's fabled golf course. Not a player? Check out the multitude of other possibilities at the Stonewall Resort from recreation to relaxation at the Spa. The Stonewall Resort is ready to provide an experience that is "Close to Nature – Far from Ordinary"!
- 6:00 p.m. – Midnight Reception and Awards Banquet with entertainment and a celebration of meeting the challenges of 2004-2005.

## **Thursday, August 11, 2005**

- 9:00 –10:00 a.m. Legal Forum featuring discussions based on litigation and other issues central to our industry. Invited to participate: John Teare of Bowles Rice McDavid Graff & Love, PLLC and Johnnie Brown of Pullen Fowler and Flanigan, representing our industry concerns, and Jason Stemple, Duffield Law Offices of Huntington.
- 10:00 – 10:30 a.m. David Shields, chairman of the state Appraisal Board, addresses appraisal problems with factory-built homes.

**Registration remains an affordable \$125.00 per person**

**Room Reservations: Contact Stonewall Resort \* 1-888-278-8150**

**[www.stonewallresort.com](http://www.stonewallresort.com)**

**For our Reserved Block of Rooms, mention West Virginia Housing Institute, Inc. Convention**

## The Podium



# Buddy, can you spare 69 cents?

**By Kevin Wilfong**

**Co-President of the West Virginia Housing Institute Inc.**

The factory-built housing industry in West Virginia is involved in a reawakening and a rebirth. We need you to participate in our effort. Will you join us?

I make this request because many of you know me personally and know I stand only for the best for our industry. I am asking you to help me, and us, right now.

Can you pledge just 69 cents a day to finance the West Virginia Housing Institute, Inc.? That figure is just over a quarter if you own a rental community and wish to join.

We have saved you that already by what the Institute did in its first year of existence. The Legislature was poised to pass an incredibly punitive bill that would have increased fines on all of us while cutting our response time, but the Institute successfully defended each and every one of you – member or not – to prevent that from happening. We also stood firm this year to persuade lawmakers not to impose a new fee on every sales transaction that took place in our industry.

“...factory-built housing in WV is involved in a reawakening and a rebirth...”

Late last year, two separate but equal groups in our industry unified to form the Institute. Our first year of existence has seen tremendous strides in the Legislature, in dealing with state regulators, and in trying to tackle problems associated with zoning and discriminatory restrictions against our products.

So much more needs to be done and that can only be done with your help.

The Institute is preparing a legislative package of proposals this fall that will affect EVERY one of you out there. Do you want to have a say in the direction of your business? If so, the Institute is the way to do that. Join today. Strength in numbers.

Soon, we will be discussing the formation of a political action committee to help put financial muscle behind the moral persuasion we have been able to use to influence public policy about our industry.

Our membership is only a fraction of what it should be. Too many of us are allowing a handful to carry the financial burden. We need everyone.

I encourage each of you, colleagues, to join our – YOUR – Institute. It is for the good of all of us. I encourage each of you to tell your suppliers, contractors, toters, banks with whom you do business, and your legal firms to also sign up as members. What happens in our industry is vitally important to their pocketbooks, too.

Please act on this today. Call Beth O'Dell, deputy director, and get signed up. She's at (304) 345-8985 or [wvhi@verizon.net](mailto:wvhi@verizon.net).

## In Brief....state and national legislative update

*WVHI Executive Director Andy Gallagher reports on recent legislative activities affecting WVHI members and the state's manufactured housing industry.*

### **State regulators being given three years by the feds**

The deputy assistant secretary for manufactured housing at the U.S. Department of Housing and Urban Development says all state programs are going to be given broad, conditional approval for their programs come the end of the year under federal changes in the law that affects our industry.



*Andy Gallagher*

"There is going to be a reasonable phase-in period," Gary Cunningham told a meeting of factory-built housing association directors in Washington. State programs will be given conditional approval even if they have not submitted standards to fully come into compliance with the federal changes. He says they will be given approval for their programs for three years.

Cunningham said HUD is giving this broad-based authority because it wants to limit the number of state programs its tiny staff has to administer.

Good news for the state regulators, who don't have to hurry, and good news for our members, who had been concerned about changes.

### **Thirteen pages of regulation comments made**

The West Virginia Housing Institute Inc., following recommendations of our national group, the Manufactured Housing Institute in Washington, has filed 13 pages of comments on changes to regulations proposed by the U.S. Department of Housing and Urban Development.

Filed with the regulations division of the HUD office of general counsel, the comments deal with model manufactured home installation standards proposed by the federal government.

Along with MHI, the Institute is concerned with a number of proposals made by the feds and we have forwarded our comments to make sure we are heard.

### **Ask Rep. Capito to be a friend to the industry**

West Virginia's two Democratic congressmen, Reps. Alan Mollohan and Nick Rahall, are members of the Congressional Manufactured Housing Caucus. Each has been extremely helpful to our industry in Washington.

Rep. Shelley Moore Capito, R-W.Va., is not a member.

As we constantly preach, strength is in numbers. We would like Capito to join the caucus. Please urge her to become a member. She can be reached at The Honorable Shelley Moore Capito, 1431 Longworth House Office Building, Washington, DC 20515.

### **Sponsors needed for HR 2803 the FHA Title I program**

This bill would reform the Federal Housing Administration's Title I mortgage insurance program, which insures loans made by private lenders to finance the purchase of manufactured homes that will be placed on land-lease communities or otherwise not be classified as real property. Loan limits now are too low at \$48,600. This would gradually raise that limit.

There were 30,000 Title I loans in 1992, but that number for various reasons dropped off to only 1,000 in the last two years. In West Virginia, 112 Title I loans were made in 1992, a figure that dropped to 22 in 2004.

We also encourage you to tell your congressional representatives to support HR 1461 "the Federal Housing Finance Reform Act of 2005." This would make changes in the federal governance of the Fannie Mae and Freddie Mac loan programs. Included in the legislation is a new statutory duty requiring both to serve specific underserved markets for the purchase of mortgage loans, including manufactured housing. We favor this bill and want to urge you to tell your representative to support it.

In the Senate, similar legislation to HR 1461 is being introduced. Ask Sens. Robert C. Byrd and Jay Rockefeller, both D-W.Va., to sign on to it.

Rockefeller, by the way, is a member of our caucus and has been an exceptionally good friend to the industry. Tell him how much we appreciate his support when you next see him.

## WVHI welcomes nine new members

The West Virginia Housing Institute Inc. has begun an aggressive campaign to encourage new membership to strengthen our organization. We are asking all retailers to reach out to their suppliers, toters, lenders, lawyers, contractors and anyone else in the industry to encourage them to join the group. The Institute has a broadbased membership and encourages a diverse mix of members.

More members gives us greater political clout at the Capitol and in facing municipal and county governments and greater economic power locally. Also, a larger membership means the costs are less expensive for everyone.

Membership remains a low \$250 year for all members but communities, which pay \$100-a-year.

We also encourage those within our group to deal with others who are members to show our support for their active participation in West Virginia's largest housing segment.. We are pleased to announce the following new members:

**Dealers:** Brandywine Homes Inc. of Nitro

**Lenders:** 21<sup>st</sup> Mortgage of Roanoke, Va.

**Installing contractors:** United Contracting Inc. of Buckhannon

**Suppliers:**

Les Pullen Insurance Agency Inc. of Marmet

Kanawha Brick & Block Co. of Nitro

**Rental communities:**

Country Roads Park LLC of Poca

Fairfield Manor Mobile Home Park of Morgantown

RTC Communities LLC of West Hamlin

Hapi Day Park of Winfield

## Housing Institute seeks zoning reforms and battles discrimination

CHARLESTON – The West Virginia House Institute Inc. (WVHI), speaking for the factory-built housing industry in the state, has asked the federation of town and cities to join with it in reforming zoning restrictions against our homes in municipalities.

WVHI proposed passage of House Bill 3088 in this year's Legislature — a bill that would have restricted towns and cities from banning our housing solely on the basis it is factory-built. Although one legislative committee approved it, time ran out in the 60-day session before the bill could be passed.

In a letter to Lisa Dooley, executive director of the West Virginia Municipal League, the Institute said it would re-introduce the proposal in the 2006 Legislature. It asked Dooley's group to support the legislation as an equitable way to protect both municipalities and our industry from discriminatory actions involving each. " ... We want to ensure that newer factory-built homes are not caught up in prejudices resulting during the infancy of our industry. Our homes truly have matured and we hope your officials will give us a second view," the Institute wrote Dooley.

No word from the League yet as to whether it will assist the Institute.

Meanwhile, the Institute in letters to the Jefferson County Commission in May and June has been activate in criticizing impact fees imposed in the county.

The Institute told Commission President Rusty Morgan that imposing a fee of \$7,279 on every new home illegally discriminates against factory-built home dwellers.

"I repeat that we would like to have the fee eliminated altogether," the Institute said. "At the very least, we wish you would consider some type of economic scaling of the fee so the income and ability to pay of a person purchasing one of our more affordable homes is given favorable consideration against a person who plans to purchase a stick-built home costing \$150,000 or more."

Morgan, so far, has made no reply. State Sen. John Yoder, R-Jefferson and a lawyer, believes the impact fee is discriminatory and is active in working with the Institute to resolve the problem.



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*WVHI - Promoting and protecting  
the general welfare of  
the factory-built housing industry*

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**Invest in your  
future ...**

**Join WVHI today!!**

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