



**OHIO SENATE
GENERAL GOVERNMENT AND AGENCY REVIEW COMMITTEE**

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OHIO MANUFACTURED HOMES ASSOCIATION
MAY 7, 2019**

**HB 166—AMENDMENT TO RESTORE OHIO MANUFACTURED
HOMES COMMISSION PER PREVIOUS LAW—PROPONENT**

Chairman Schuring, Vice Chair Rulli, Ranking Member O'Brien and Members of the Committee. I am Tim Williams, Executive Director of the Ohio Manufactured Homes Association (OMHA). Since 1947 the Association has represented all segments of the manufactured homes industry providing affordable homeownership for 750,000 Ohioans.

Today, I am testifying in support of an amendment to restore the regulation of manufactured homes to the Ohio Manufactured Homes Commission (MHC). During the last state budget cycle (FY 2018- 2019) the Kasich Administration abolished the independent stand-alone Manufactured Homes Commission and scattered its program within various functional areas buried deep within the Department of Commerce (DOC) bureaucracy. Unfortunately, the Kasich Administration was ill prepared to take over a program in which its Commerce Department lacked expertise in the unique nature of manufactured homes.

- A bit of history -- The Ohio Manufactured Homes Commission (MHC) was created to implement the federal mandate for a manufactured homes installation and a consumer complaint program under Speaker Householder in 2003-2004.
- The General Assembly moved dealer and salespersons licensing and Manufactured Home Park regulation to the MH Commission in 2010 and 2013 respectively, thus creating a one stop shop for all manufactured homes regulation.



- The former 9-member Commission had a majority of its members appointed by the General Assembly —three appointments by the House Speaker, three by the Senate President and three by the Governor. Commissioners received no compensation. The MHC was 100% self-funded by fees operating 25% below its appropriation.
- A significant function of the Commission was conducting home installations. The Commission conducted 100% inspection of new and used home installations (25,000 homes inspected over its tenure), resulting in less than ten complaints in its last 3 years. Today, per the LSC Redbook, the Department of Commerce only conducts “periodic” inspections resulting in 168 complaints in the last year alone.

Unfortunately, since taking on the program in January 2018, the Department of Commerce has struggled with the regulation of the manufactured homes program:

--Customer service responsiveness has too often resulted in the inability to reach a live person, multiple rerouted calls and delayed follow up. Under the Manufactured Homes Commission same day or 24-hour responsiveness was the standard.

--DOC has no expertise with the specialized nature of manufactured homes. The result has often been inaccurate and conflicting information and policies. The Manufactured Homes Commission’s cross-trained staff had 88 years of combined manufactured homes experience.

--Required installer education is taught via remote video feed by instructors unable to answer basic questions specific to Ohio requirements (*for example, they talk about tsunamis in Hawaii and earthquakes in California, etc.*) By contrast the MH Commission’s classes were taught in person by industry experts with live feedback.



--Commerce periodically struggles in providing timely manufactured home park inspection reports and various plan review changes. The MH Commission typically provided same day inspection reports or within 2-3 days.

--Two Department of Commerce attorneys with no manufactured homes knowledge process consumer complaints while requiring unnecessary paperwork which discourages complaints. The MH commission handled 95% of complaints over the phone and usually within 24 hours.

Having said all of this, I do want to emphasize the new DOC Director Sheryl Maxfield has been genuinely interested in what is best for the manufactured homes program regardless of where it is located. The issues I have mentioned are in no way a reflection of her leadership as she inherited many of these problems from the former Administration.

The resident/tenants' rights group (Association of Manufactured Home Residents of Ohio) supports restoration of the Manufactured Homes Commission. The U.S. Department Housing and Urban Development (*which governs manufactured homes factory construction*) endorsed the Commission during legislative hearings in 2017.

In the essence of time, OMHA requests consideration of a second amendment referenced below as written testimony. The proposed amendment permits manufactured homes salespersons to assist purchasers in understanding the home financing process and preparing loan application packages consistent with the new federal law.

Mr. Chairman, members of the Committee, I respectfully ask for your support of these two amendments.



Second amendment- Manufactured Home retailer regulation rollback

OMHA supports the proposed amendment to HB 166 (*impacting Ohio Revised Code Chapter 1322.04*) which would be consistent with the new federal law “*The Economic Growth, Regulatory Relief and Consumer Protection Act*”, signed by the President on May 24, 2018.

The proposed amendment ensures uniformity consistent with the new federal law and allows manufactured home retailers to better assist purchasers with their financing applications while maintaining all consumer protections consistent with existing state and federal financing laws.

Under existing Ohio law, retailers of manufactured homes cannot assist the potential home purchaser with generalized financing guidance including activity such as completing a residential mortgage application, among other common assistance. These unnecessary restrictions have been a significant barrier for lower and moderate-income citizens to realize their dream of homeownership. Often prospective home purchasers understandably are confused and intimidated by the myriad of financing options, terms and paperwork making it difficult to make informed home financing choices.

The proposed amendment to HB 166 mirrors the new federal law by allowing manufactured homes retailers and salespersons to provide general information to customers regarding typical interest rates, fees and financing options. Retailers would also be able to assist home purchasers with the preparation of residential loan packages, which means compiling loan application materials, supporting documentation and provide generalized instructions. The amendment would treat manufactured home retailers/salespersons the same as real estate agents who are able to discuss general financing and provide assistance in loan application preparation.

Under the amendment, manufactured home retailers like real estate agents would also be able to provide customers with a list of lenders available to discuss financing options and refer/recommend a customer to lenders as long as they do not negotiate loan terms and do not receive any compensation, fees, financial gain or anything else of value for referring the customer to lenders.



Retailers would still be prohibited from providing financing directly to the purchaser unless the retailer is properly licensed under the Ohio and Federal SAFE Act as a mortgage loan originator. Therefore, critical consumer protections remain in place.

The proposed amendment will result in a home purchasing process that arms the consumer with the most complete information to make informed financing choices for their new home.

We ask for support of the proposed amendment to HB 166 incorporating in to Ohio law “*The Economic Growth, Regulatory Relief and Consumer Protection Act*” as passed by Congress and signed by the President.

For reference purposes

Manufactured Housing Facts:

- Manufactured housing provides quality, affordable housing for more than 22 million low and moderate-income Americans.
- The median annual income of manufactured homeowners is slightly more than \$26,000 per year, nearly 50 percent less than that of all homeowners.
- Manufactured housing represents 7.3 percent of all occupied housing units, and 10.3 percent of all occupied single-family detached housing.
- Based on U.S. Census data, the average price per square foot of a manufactured home is \$44, compared to \$94 for a site-built home.
- Unlike site-built homes, manufactured homes are built almost entirely in a controlled manufacturing environment in accordance with federal building codes administered by the Department of Housing and Urban Development (commonly referred to as the “HUD Code”). Homes are transported to the home-sites where they are installed in compliance with federal and state laws.