

ARIZONA'S ESCROW LAW - ONE YEAR LATER



Ken Anderson
President

Four years ago your Board of Directors voted to move forward with legislation for a statute to replace the existing trust account. While the vote was unanimous, there was concern by some Board members as to possible negative impacts to the industry. Would it prove to be affordable; would it add red tape to our handling of customer funds; would audits prove more difficult; would the bill have the teeth to prevent fraud? All of these questions and more were brought up. Why did your Board feel the legislation was necessary? The trust account legislation was developed in the 1980's when the average transaction was \$25,000. There was a recovery fund that each retailer contributed \$30.00 per sale to cover consumer complaints for work that was either not performed or work that was not completed properly and the retailer had gone out of business. At one time in the past ten years there was approximately \$2,000,000 in the fund. Then the business downturn, retailers went out of business and in some cases, committed fraud. One

retailer ultimately defrauded his customers by over \$1,000,000. Each of those customers, many of whom never received their homes, filed complaints against the recovery fund and were awarded the funds. The old statute did not have the necessary teeth for the legal community to go after the perpetrators which led to the funds being depleted and customers put on a waiting list to receive funds as they became available. We then began discussions with our lobbyist, Scot Butler and our regulator, the Department of Fire, Building and Life Safety. Out of those discussions Scot developed preliminary language for the escrow legislation. The bill did not pass the first year because of opposition from a segment of the brokers association but, with an amendment, did pass the State legislature the second year.

After almost one year I am pleased to report that the new escrow law has performed well. There have been zero claims against the fund for fraud and with the help of established title companies, the price for escrow service is affordable and the audits have been fair and reasonable.

Donna Grant with the DFB&LS has indicated that dealers have performed well on the audits. These are the four most common violations.

She reported that a few dealers thought the law only applied to new manufactured homes with a purchase price of \$50,000 or more. The escrow law applies to all new manufactured homes regardless of the purchase price.

Some dealers/brokers have created escrow settlement statements on behalf of the title or escrow company. Because the dealer/broker is not an employee of the escrow/title company and the dealer/broker did not make disbursements on behalf of the escrow/title company, the DFB&LS will not accept these settlement statements. The Department must be able to evidence the title company's settlement date, the names of the parties that the title company paid, the amounts the title company paid to the listed parties and determine that the title company was responsible for filing the Affidavit of Affixture or title.

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ARIZONA'S ESCROW LAW *(continued)*

The dealer may not be paid by the title company prior to consummation of the sales transaction. In the escrow instructions, the dealer cannot authorize the title company to disburse funds to the dealer prior to application for title transfer being made or consummation/termination of the sales transaction.

If the title company is responsible for titling the home or filing for Affidavit of Affixture, the dealer's file must contain evidence of this. This evidence may be in the form of a final, dated settlement statement from the Title Company and evidence that the title company did, in fact, apply for title or Affidavit of Affixture.

After one year I would rate the program a success as it has addressed the major issues we, as an industry faced. We are on parallel with other real estate transactions, our customers can feel more secure and we can now aggressively pursue those that attempt to cheat the system.

AHA will continue to work with the DFB&LS to resolve issues or glitches and like California, expect the escrow system to become smoother and more effective over the next few years.

The following are the Title Companies that our members use frequently and have also become members of AHA.



Judy Kaiser
Fidelity National Title
6245 E. Broadway, #200
Tucson, AZ 85711
Phone: (520) 751-2927
Email: jukaiser@fnf.com



Mikie Halenar
Pioneer Title Agency Inc
421 S. Beeline Hwy, PO Box 250
Payson, AZ 85547
Phone: (928) 474-3235
Email: mikie.halenar@ptaaz.com



Lee Ann Watterson
Stewart Title & Trust of Tucson
3939 East Broadway
Tucson, AZ 85711
Phone: (520) 327-7373
Email: lwatterson@stewartaz.com

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FEATURED LEADER: SHANE WILLSON NORTHWEST CHAPTER PRESIDENT



Shane Willson
Northwest Chapter
President

Shane Willson is the owner of Copperstate Services and manager of Prestige Homes, Inc. in Kingman. He is currently serving as President of the AHA Northwest Chapter.

He grew up in Virginia. Shane served in the Army from 1963-66 then moved to San Diego, CA where he began work with a mobile home installation and transport company. In 1977 he received his general contractor's license and became involved in site building, both residential and commercial.

When the economy tanked in 1980 he moved to Kingman because the community had excellent opportunities for anyone in the manufactured home business. He obtained his I-10G master installer's license and his sales license. His original sales license was S00057. Since that time he has sold, installed and transported manufactured homes primarily for Prestige Homes, Inc.

Shane Willson and Candy Reif have been together for 37 years. They have raised 5 children, have 11 grandchildren and 1 great-grand daughter. His favorite hobby is fishing.



The Phoenix Chapter has reserved an Exhibitor Booth at the Maricopa County Home and Garden Show, which will take place over 3 days - July 19, 20 & 21 at the University of Phoenix Stadium in Glendale. Phoenix Chapter Vice President, Brian Brastad, is heading up the project and has picked out a large booth in a great location.

We are looking for members of the Phoenix Chapter to help man the booth during operating hours. We'll be promoting the manufactured housing industry and educating the public on what a great product we have to offer.

If you would like to volunteer to help with set-up or man the booth, please contact Brian Brastad at (480) 380-5020 or crgmesa@cavco.com.

Friday, July 19 & Saturday, July 20: 10:00 AM to 6:00 PM
Sunday, July 21: 10:00 AM to 5:00 PM

AHA Leadership

Executive Committee

Joshua Wendt, Chairman
Cody Pearce, Vice Chairman
Harold Burtzloff, Treasurer
Rick Busbee, Secretary
Keith Papham, Past Chairman

Board of Directors

Sam Baird
Norman Ball
Rick Boles
Brian Brastad
Michael Bryant
Harold Burtzloff
Rick Busbee
Rick Gastineau
Keith Papham
Cody Pearce
David H. Roe, Sr.
Scott Townsend
Joshua Wendt

Chapter Presidents

Shane Willson, Northwest
Brian Brastad, Phoenix
Michael Bryant, Southwest
Scott Townsend, Tucson
Mark Coble, White Mountain

Gov't & Zoning Committee

Norman Ball, Chairman
Brian Brastad
Paul DeSanctis
Terry Gleeson
Cody Pearce
Lyle Richardson

AHA MEMBERS HONORED AT 2013 NATIONAL CONGRESS & EXPO

Individuals and companies were honored for outstanding achievement in the manufactured and modular housing industry at the 2013 National Congress and Expo awards luncheon held in Las Vegas April 17, 2013. AHA Members who were recognized for their contributions are as follows:



NATIONAL AWARDS FOR INDUSTRY LEADERSHIP

- Manufacturer of the Year – Cavco Industries, Inc., Phoenix, AZ
- National Lender of the Year – 21st Mortgage Corporation, Knoxville, TN
- Regional Lender of the Year – CU Factory Built Lending, San Antonio, TX
- Floor Plan Lender of the Year – 21st Mortgage Corporation, Knoxville, TN
- Manufactured Home Community Operator of the Year – Yes! Communities, Denver, CO

DESIGN AWARDS

Manufactured Home Design

- New Single-Section Manufactured Home Design (Production) – Fleetwood Homes, Inc. “Bainbridge 15562A”
- New Manufactured Home Design – 1800 SF or Less (Production) – CMH Manufacturing West “Balboa Island 2130
- ”New Manufactured Home Design – Over 1800 SF (Production) – CMH Manufacturing West “Balboa Island 3045”
- New Single Section Manufactured Housing Design (Concept) – Fleetwood Homes, Inc. “Green Hill 18762G”
- New Manufactured Home Design – 1800 SF or Less (Concept) – Fleetwood Homes, Inc. “Canyon Lake 28603L”
- New Manufactured Home Design – Over 1800 SF (Concept) – Fleetwood Homes, Inc. “Vogue 40764V”

Modular Design

- New Modular Home Design – 2200 SF or Less (Production) – Cavco/Durango “Living Homes C6”
- New Modular Home Design – Over 2200 SF (Production) – CMH Manufacturing West “The Los Altos”
- New Modular Multifamily or Duplex Design (Production) – CMH Manufacturing, Inc. “St. Michael’s Senior Housing
- New Modular Home Design – 2200 SF or Less (Concept) – Palm Harbor Homes “Capullo”

THANK YOU AMBER!

Chairwoman Amber Boles had a recent change in her assignment with James Hardie Building Products. As a result, Amber will no longer be affiliated with the factory built housing industry. She notified our office of the recent change and further indicated she would not be able to devote the time necessary to fulfill her role as AHA Chairman. Amber has played a major role with AHA and will be sorely missed. In addition to serving on our Board of Directors for many years, Amber served as Annual Convention Chairman and was one of our biggest financial supporters by sponsoring our Golf Tournament for 8 consecutive years and the Chairman’s Banquet for the past 2 years. On behalf of the Board of Directors, thank you, Amber for your service and for many great memories. Due to the change, your Board of Directors elected Joshua Wendt from W5 Construction to fill the remainder of Amber’s term as Chairman and Cody Pearce from Cascade Financial Services to serve as Vice Chairman. Thank you, Joshua and Cody, for your commitment to AHA.

MEMBER ASSISTANCE NEEDED IN SECURING CO-SPONSORS TO HR 1779

In April, Reps. Stephen Fincher (R-TN), Bennie Thompson (D-MS) and Gary Miller (R-CA) introduced the **Preserving Access to Manufactured Housing Act** (H.R. 1779). The measure would amend provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act that would curtail the availability of credit needed by those seeking to purchase manufactured housing. Over the coming weeks, Sen. Sherrod Brown (D-OH) is expected to introduce companion legislation in the Senate. Additional information will be provided at that time.

Specifically, the bill would revise the High-Cost Mortgage triggers for manufactured home loans, and make clarifications to the Loan Originator definition as it applies to manufactured home retailers and salespeople. These two areas of the law - which are scheduled to become effective January 2014 - would substantially reduce lender ability to originate manufactured home loans.

Assistance is needed from MHI members and others within the manufactured housing industry in contacting their Representatives to request they co-sponsor H.R. 1779. A detailed issue brief/action alert, along with a sample letter that can be faxed to Congressional offices, can be found on the website at www.manufacturedhousing.org.

If you are unsure who your U.S. Representative is, use the search tool on the U.S. House of Representative's Web site at www.house.gov.

- **Support from members of the House Financial Services Committee is particularly important.**

Manufactured housing industry members with Representatives on this committee are asked to contact these Representatives ASAP to request they co-sponsor H.R. 1779. Visit the House Financial Services Committee Web site at financialservices.house.gov/about/members.htm to view a roster of the committee members.

- **Highlighting the manufactured housing presence in your state**

is an effective way of underscoring the important role manufactured housing plays in the larger housing market. Visit the U.S. Census Web site at www.census.gov/fastfacts/ to search the level of manufactured housing by state and county. Be sure to also mention the role your business plays in providing jobs and homes in your community!

MHI is grateful for the dedicated assistance provided by its members in working to secure bipartisan support for this important legislation. MHI thanks industry members and state associations in California, Mississippi and Tennessee for again working with Reps. Fincher, Thompson and Miller to secure their commitment to reintroduce this important legislation.

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Jean Lewis | 866.595.7228 x.6215 | jlewis@sacu.com



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2013 AHA ANNUAL CONVENTION AT TALKING STICK RESORT - NOVEMBER 7 - 8, 2013

Mark your calendars and make your plans to attend the 2013 Annual Convention & Golf Tournament at the Talking Stick Resort and Casino on November 7 & 8, 2013.

Talking Stick Resort is a luxurious Four-Diamond Scottsdale resort, where fun is limited only by your imagination. Play in style on our 240,000 square foot casino, one of the largest in Arizona. Savor the flavors and take in the panoramic views from the award-winning Orange Sky Restaurant. Check out Vegas-style entertainment and local favorites as they take the stage in the TSR Showroom. Test your skills on 36-holes of championship golf at Talking Stick Golf Club, one of the most scenic and challenging golf courses in Scottsdale. Then when it's time to relax, head up to The Spa at Talking Stick and enjoy a relaxing spa treatment overlooking incredible views of the Valley.



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DFBLS FY 2014 FEE SCHEDULE APPROVED EFFECTIVE JULY 1, 2013

DEPARTMENT OF FIRE, BUILDING AND LIFE SAFETY

1110 WEST WASHINGTON, SUITE 100
PHOENIX, ARIZONA 85007
(602) 364-1003
(602) 364-1052 FAX

OFFICE OF ADMINISTRATION * OFFICE OF MANUFACTURED HOUSING * OFFICE OF STATE FIRE MARSHAL

FEE SCHEDULE FOR 2014 FISCAL YEAR

FEE S ARE EFFECTIVE JULY 1, 2013

LICENSING FEES

	Class	Class Description	New License	Renewal License
MANUFACTURER	M-9A	Factory-built-buildings (FBB) and subassemblies	\$ 864.00	\$ 432.00
	M-9C	Manufactured (MFG) Homes	\$ 864.00	\$ 432.00
	M-9E	Master, includes M-9A and M-9C	\$ 1,358.00	\$ 679.00
RETAILER/ DEALER/ BROKER	D-8	Retailer Mobile/MFGHomes	\$ 566.00	\$ 283.00
	D-8B	Broker Mobile/MFG Homes	\$ 432.00	\$ 216.00
	D-10	Retailer FBB or FBB Subassemblies	\$ 566.00	\$ 283.00
	D-12	Master, includes D-8, D-8B, and D-10	\$ 864.00	\$ 432.00
INSTALLERS	I-10C	General Installer	\$ 432.00	\$ 216.00
	I-10D	Installer of Attached Accessory Structures	\$ 432.00	\$ 216.00
	I-10G	Master, includes I-10C and I-10D	\$ 741.00	\$ 370.00
SALESPERSON	NA	Employee of a licensed Retailer/Dealer/Broker	\$ 206.00	\$ 103.00

PLAN FEES

Description	FEE
Standard Plan Review	
Application Submittal and Plan Review	\$150.00 Includes up to 1 hour of plan review time
Plan Review	\$119.00 hour Each additional hour
EXPEDITED Plan Review	
Expedited Application and Plan Review	\$269.00 Includes up to 1 hour of plan review time
Expedited Plan Review	\$238.00 hour Each additional hour

(Continued on Page 8)

DFBLS FY 2014 FEE SCHEDULE *(continued)*

CERTIFICATE (INSIGNIA) FEES

Description	FEE
Installation Certificate	\$10.00 each
Modular Manufacturer Certificate	\$51.00 each
Reconstruction Certificate	\$51.00 each

PERMIT FEES

Description	STATE ISSUED PERMIT FEE	IGA FEE
Mobile/MFG Home	\$350.00 each	Up to \$ 350.00 each
FBB – residential	\$ 450.00 per story <i>including systems</i>	Up to \$ 600.00 per story <i>including systems</i>
FBB – commercial	\$ 4.50/LF per story <i>including systems</i>	
Renewal permit (MFG and FBB)	\$ 82.00	
Special Use	\$ 67.00	
Rehabilitation – Mobile Home	\$ 49.00	

INSPECTION FEES

Description	FEE
MFG facility	\$ 51.00 per hour, plus mileage @ 0.445/mile
Installation <i>(first 3 inspections included in the cost of the permit)</i>	\$ 82.00 per hour, plus mileage @ 0.445/mile
Technical Service	\$ 82.00 per hour
Rehabilitation – Mobile Home	\$ 82.00 per hour

ADMINISTRATIVE FUNCTION FEES

Description	FEE
Change name of license	\$ 10.00 each
Change license location	\$ 10.00 each
Change license telephone number	\$ 10.00 each
Add branch location	\$ 10.00 each
Delete branch location	\$ 10.00 each
Reinstate bond	\$ 10.00 each
Process returned check	\$ 10.00 each
Change status of license to inactive	\$ 10.00 each
Copies	\$.50 each
All refunds are subject to a fee of	\$ 59.00 each

POSITIVE ENERGY FLOWS AT THE 2013 NATIONAL CONGRESS & EXPO

MHI would like to thank the 830 attendees, speakers, sponsors, and exhibitors that helped make the 2013 Congress & Expo for Manufactured and Modular Housing a great event. Attendance was up 18 percent over last year's Congress & Expo. Attendees from all sectors of the industry and from across the country convened at the Paris Hotel in Las Vegas on April 16th – 18th to take advantage of the educational sessions, the National Communities Council (NCC) Forum, networking opportunities, and to see the latest and greatest products and services offered by the exhibitors.



Sponsored by Wells Fargo, the Wednesday general session Keynote speaker was Ro Khanna, a former Deputy Assistant Secretary at the Department of Commerce. Khanna managed the 108 domestic Commerce offices that help U.S. companies export and innovate. In that role, Khanna became an advocate for an economic growth agenda focused on advanced manufacturing and dynamic service industries. He authored the book, *Entrepreneurial Nation*, which discusses the future of American manufacturing and provides many examples of successful U.S. manufacturing companies and identifies the attributes and policies that contribute to their success.

Sponsored by Assurant Specialty Property, Thursday's general session speaker was Dr. Celia Chen, senior director at Moody's Analytics, where she specializes in housing economics. Dr. Chen provided information on recent housing market gains and predictions for the future. She provided evidence of strengthening economic growth which in turn fuels increased household formation. In addition, housing continues to be undervalued in many markets throughout the U.S. and housing affordability remains high. Combined with stabilizing lending standards, she demonstrated that home sales will strengthen. The pace of homebuilding continues to be below normal and this will help absorb excess housing (vacant homes for sale, for rent, or held off the market). She demonstrated that the new home market is tightening in terms of supply and the number of months on the market. This will result in a ramping up of residential construction and she predicted that manufactured home shipments will also rise during the next few years. [Click here](#) to view Dr. Chen's presentation.

Twelve educational workshops were presented by outstanding speakers and panels. Wednesday's workshops were sponsored by Neace Lukens and Thursday's workshops were sponsored by RHP Properties, Inc. The workshops covered the following topics: Surging Demand for Manufactured Housing in Energy Boom Areas; Maximizing Ancillary Revenue from Cable TV Providers; AML/SAR, SAFE Act and Lease-to-Purchase – What You Need to Know; Increase Customer Confidence by Improving Your Retail Sales Center Environment; Managing Your Community Water Systems; MHI Legislative and Regulatory Update; Are There Business Opportunities in the Home Resale Market for Retailers; Lending and the Impact of Dodd-Frank on the Manufactured Housing Industry;

Enhance Your Professional Image; Attracting More Cash and Credit-Worthy Customers to Your Sales Center; Ask the Attorneys; and Protecting Your Business, Saving Money and Planning for the Future. To view handout materials from the workshops, [click here](#).



Retailers Council

David H. Roe, Jr.

Clayton Homes #1005

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Chino Valley, AZ 86323

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Web: www.claytonhomesnorthernaz.com

A CUP OF COFFEE WITH... JOE STEGMAYER

FROM MH SALES MARKETING MANAGEMENT

1.) Who, what and where?

Joe Stegmayer, Chairman, Cavco Industries, Inc..

2.) Background: (Educational/Professional snapshot before entering the factory-built housing arena)

I graduated from the University of Louisville, national basketball champions; it was a great educational experience. My career began as a marketing assistant for a small steel company which meant that I just did whatever several bosses assigned me. The business grew rapidly and became a multi-billion dollar Fortune 500 company. My mentor was the founder and CEO. He was a great teacher, and while demanding, was fair, forgiving of honest mistakes, and would recognize and reward good performance. The company's management style was featured in several best-selling books and in various magazines. I then moved to Clayton Homes where again I was fortunate to meet and work with so many good, capable people. As an integrated company within MH, Clayton enabled me to learn about the manufacturing, retail, finance, and community segments of the industry. The people running each of these lines of business were all top notch in their fields and good coaches from whom one could really learn.



3.) When and How:

I first became involved with Cavco in 2000 when it was owned by Centex Homes, a large, on site home builder that was diversified into a number of building related businesses. I worked at their Dallas headquarters looking for acquisitions and working with Cavco management until Centex decided to spin-off Cavco to its shareholders. In 2003, Cavco became an independent, publicly owned company traded on the NASDAQ stock exchange.

My wife and I moved our family to Phoenix and have been here since. Cavco began in 1965 and operated five plants when I joined the team. The company had a great name for quality and design in the southwest but its facilities in Texas and New Mexico were opened shortly before the industry downturn. We made the decision to close them and began to re-build our small company during difficult years for the industry.

4.) What are your personal interests or hobbies? How do you like to spend non-work time?

Time away from work is spent with my wife and two children. We enjoy traveling, scuba diving, skiing and community involvement.

5.) You've been busy in your executive leadership activities with the Manufactured Housing Institute. Please give our readers a snapshot of what that looks like and over what time line.

It has been rewarding to be on the executive committee of MHI's board for a number of years and it was an honor to be chairman these past two years.

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COFFEE WITH JOE STEGMAYER *(CONTINUED)*

Initially I was concerned about taking time away from our company so before accepting I asked past Chairman Gary McDaniel who was encouraging and a number of other MHI members also offered their support and assistance. Also our management team supported our additional commitment to MHI and provided time for me to become more involved.

Ken Cashin, who preceded me had done a great job of steering the organization as had Don Glisson Jr. and Kevin Clayton in their officer roles, so things were in good shape considering the tough times for the industry. The job gave me the opportunity for working with many of the very capable state association executives and their members. I am thankful for each division: communities, finance, supplier, retail and manufacturing for the work they contributed to make MHI stronger and increasingly more effective. I am confident that our new chairman, Nathan Smith, will build on the progress we have made.

6.) Can you give us a snapshot of Cavco's growth and acquisitions in recent years? (Palm Harbor, Fleetwood, etc.)

Cavco has grown its business organically through our facilities in Arizona and the plant we re-opened in Texas. In addition we were very excited to add Fleetwood Homes nearly four years ago. Fleetwood's solid reputation for quality and customer service is reflected in their strong retail distribution network and so this was a great fit for us. The addition of Fleetwood's seven factories gave us a much broader geographic footprint.

When we were able to acquire Palm Harbor Homes two years ago, we expanded the range of products and designs we offer to homebuyers, plus we added great distribution and financial services to our company.

7) Problem solving and team building are two of the keys that CEOs and C-Suite level leaders deal with routinely. What sort of process do you use in your leadership role and why?

I'm not sure that I can make my answer complicated enough for you. We have good people, with years of experience in this industry. We had a strong core group at the original Cavco and have added many capable, hardworking people with the acquisitions of Fleetwood and Palm Harbor. We give people room to get their job done. We communicate a lot.

Sure we have rules that we have to follow as a federally regulated manufacturer and especially as a publicly owned company; but our people know the guidelines and don't take inappropriate shortcuts. We are here to take care of our customers' needs, if we do that everything else will fall in line.

15. Closing thoughts or comments, sir?

We are optimistic about the future for the systems built housing industry, a term that applies to manufactured and modular homes. This optimism is not based on a wish or hopes; rather it is based on the many advantages our industry has over other methods of providing places for people of various social and economic backgrounds to live.

This is just a portion of the interview with Cavco Industries' Joe Stegmayer. For the entire article, please go to www.MHProNews.com - **CLICK HERE** for a direct link to the article.

PREBUILT LOAN PREDICAMENT

THE WALL STREET JOURNAL APRIL 23, 2013

The manufactured-housing industry is pressing lawmakers to roll back an obscure part of the Dodd-Frank law, arguing it will crimp demand for prebuilt homes, hurting lenders, builders and owners. The industry effort has rare bipartisan support in Congress, with both Democrats and Republicans expressing concern that the law could trigger a decline in lending for manufactured homes.

At issue is a provision of Dodd-Frank that aims to combat predatory lending. Loans with rates and fees above certain thresholds are supposed to be designated "high cost" by the Consumer Financial Protection Bureau and thus subject to fewer legal protections.

The bureau earlier this year decided to call loans high-cost if they have an annual percentage rate of more than 6.5 percentage points above a national average and 8.5 percentage points for many loans under \$50,000. Lenders to manufactured-home buyers say many of their loans would fall into the high-cost category with this regulation, which goes into effect in January. They warn that they won't make such loans because they carry increased legal risk.



Mortgage rates for traditional homes average below 3.5%, but rates for manufactured homes are above 10% in some cases, including fees. Lenders say they need to charge higher rates partly because buyers of manufactured homes often have low incomes, imperfect credit and carry a higher risk of default.

House lawmakers this week plan to introduce legislation that would designate fewer loans as high-cost, and a key Democrat on the Senate Banking Committee, Sen. Sherrod Brown of Ohio, is working on similar legislation to be introduced in coming weeks.

Mr. Brown said in a statement that manufactured homes "represent a different product, with a different consumer base" than loans for traditional homes, and that his legislation would "bring regulations for manufactured housing in line with their place in the market."

Consumer advocates dispute the industry's case, arguing that lenders will be able to fall within the new triggers by reducing fees and interest charged to meet the high-cost thresholds.

"I'm skeptical that this is going to suddenly result in a huge downturn of lending in this area," said John Van Alst, staff attorney with the National Consumer Law Center in Boston.

Stocks of manufactured-housing companies have soared this year as investors bet that consumers priced out of the apartment market and those looking to retire will opt for manufactured housing. Shares of Sun Communities Inc have climbed more than 20% since January, while Equity LifeStyle Properties Inc. is up nearly 20%.

But proponents of the legislation point out that mortgage buyers Fannie Mae or Freddie Mac buy few loans for manufactured homes, causing lenders to the industry to obtain funding at a higher cost.

(Continued on Page 13)

PREBUILT LOAN PREDICAMENT *(CONTINUED)*

Manufactured homes also tend to lose value over time, and lenders can recover less money if there is a foreclosure. Lenders shy away from such high-cost mortgages—only about 2,400 such loans were made in 2011, a fraction of the lending market.

THE WALL STREET JOURNAL.
WSJ

Tim Williams, chief executive of 21st Mortgage, the largest lender to builders of manufactured homes, says roughly a third of his company's loans from 2010 and 2011—about 6,100 mortgages—would have fallen outside the Consumer Financial Protection Bureau's thresholds.

The bureau's restrictions will curb demand for homes, harming low-income buyers in rural areas and leaving them with few other options, says Mr. Williams, whose company is owned by the largest seller of manufactured homes, Berkshire Hathaway Inc.-owned Clayton Homes. In addition, existing homeowners will be harmed, as well, because "they will not be able to sell these houses," Mr. Williams says.

"If we see that financing dwindle...it certainly will mean closure of a number of plants," says Joe Stegmayer, chief executive of Cavco Industries Inc., the industry's second-biggest manufacturer. "Plants are already struggling now."

In publishing its rule in January, the consumer bureau said it didn't have enough information on why it the industry wouldn't be able to make loans under the current thresholds and "not certain" that lending would slow. Before Dodd-Frank, the high-cost designation only applied to loans for refinancing, but the financial law expanded it to apply to loans for purchases as well.

For all 2012, nearly 55,000 new manufactured homes were sold, up from about 52,000 in 2011 but a far cry from a peak of more than 370,000 in 1998, according to the Manufactured Housing Institute, an industry trade group.

By Alan Zibel and Dawn Wotapka. View the article at: www.online.wsj.com

ARTICLE SAYS MH IS THE ANSWER

In the April 22, 2013 article "How the 'Trailer Park' Could Save Us All," by Lisa Margonelli for Pacific Standard Magazine, Margonelli says, ***"A healthy, inexpensive, environmentally friendly solution for housing millions of retiring baby boomers is staring us in the face. We just know it by a dirty name."***



Every day since January 1, 2011, some 10,000 American baby boomers have retired, and that will continue until 2030, when people over 65 will make up 19 percent of the population (up from 13 percent today). Old is the new boom and it is changing the culture and the conversation. In Washington, D.C., anxiety about the decreasing proportion of workers to retirees underlies the frenzied discussion of "entitlement reform."

CLICK HERE to read the full article.

DFBLS NOTICE ON FROST FREE FOUNDATION

Debra Blake, Deputy Director, Department of Fire, Building & Life Safety, recently sent email notification of two (2) DAPIA approved alternate engineering designs for the installation of manufactured homes in jurisdictions with a frost depth requirement. Other than the date approved, there is no difference in the frost free foundations design or engineering firm in the attached documents. Why the date difference? . . .

1. FFF design_2013 is the DAPIA approved design dated 2013 as adopted by addendum to the installation manuals for Cavco Homes
2. FFF design_2010 is the DAPIA approved design dated 2010 as adopted by addendum to the installation manuals for Chariot Eagle, Champion Home Builders and CMH Buckeye (Clayton Homes)

Important: All manufactured homes installed in Arizona must comply with the federal regulations, 24 CFR § 3285.312 (b). If a home is shipped to and installed in Arizona that was manufactured by any manufacturer other than those listed in numbered items 1 and 2, above, it is the responsibility of the installer and inspector to ensure compliance with the regulatory requirements for footings placed in freezing climates which may include:

- Conventional footings placed below the frost line depth for the manufactured home site; or
- Alternate engineered foundation designed by a registered engineer or architect and approved by the manufacturer's DAPIA as an addendum to the manufacturer's installation manual.

A copy of the installation manual and approved alternate frost free foundation design must be on site during the inspection.



CALENDAR OF EVENTS

AUGUST

6th Northwest Chapter Meeting, 6:00 pm
Calico's Restaurant, 418 W Bealle, Kingman
Shane Willson, Chapter President
prestigehomes@citlink.net

13th Phoenix Chapter Meeting, 5:30 pm
Nellos Restaurant, Tempe
Brian Brastad, Chapter President
crgmesa@cavco.com

AUGUST *(continued)*

14th Tucson Chapter Meeting, 6:30 pm
Old Pueblo Grille, 60 North Alvernon
Scott Townsend, Chapter President
stownsend@westernamericanhousing.com

NOVEMBER

7-8 AHA Annual Convention & Golf Tournament
Talking Stick Resort & Casino
For more information contact Kim at
(480) 456-5630 or kim@azhousing.org

Visit our website www.azhousing.org for an archive of past newsletters, shipment reports and other information!

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