

# NDMHA News

*North Dakota Manufactured Housing Association*

## MINUTES OF ANNUAL MEETING NORTH DAKOTA MANUFACTURED HOUSING ASSOCIATION JANUARY 14, 2009

**INSIDE THIS ISSUE:**

<b>2009 ANNUAL MEETING MINUTES</b>	1	<p>The Annual Meeting of the North Dakota Manufactured Housing Association was held at the Kelly Inn in Bismarck, North Dakota, January 14, 2009 beginning at 9:00 a.m.</p> <p><u>President Jim Farnsworth</u> presided as chairman of the meeting.</p>
<b>2009 ANNUAL MEETING MINUTES</b>	2	<p>The meeting was called to order. A quorum was present. The meeting was open for business.</p> <p style="text-align: center;"><u>EXECUTIVE SESSION</u></p>
<b>MHI ENERGY STAR TAX CREDIT UPDATE</b>	3	<p>It was moved by <u>Bob Duschscherer</u>, seconded by <u>Dan Berg</u>, and unanimously carried that the minutes of the Annual Meeting held September 12, 2007 be approved.</p>
<b>FEMA 85 REVISIONS</b>	3	<p><u>Jim Farnsworth</u> presented the Treasurer's Report. It was moved by <u>Bob Duschscherer</u>, seconded by <u>Chad Evans</u>, and unanimously carried that the Treasurer's Report and all disbursements made from September 1, 2007 to August 31, 2008, attached as <u>Exhibit A</u> and January 1, 2008 to December 31, 2008, attached as <u>Exhibit B</u> thereunder be approved.</p>
<b>MHI 2009 SUMMER MEETING</b>	3	<p><u>Jim Farnsworth</u> presented the nominations from the Nomination Committee for the Board of Directors positions expiring this year. The nominations were <u>Dan Berg</u>, <u>Bob Duschscherer</u> and <u>Roger Van Raden</u> for the At-Large Directors; <u>Kent French</u> was nominated for the Governmental Affairs Director; <u>Ron Mitzel</u> was nominated for the Manufacturer Director and <u>Glenn Bender</u> was nominated for the Financial Director.</p>
<b>FHA BORROWERS-\$8,000 TAX CREDIT</b>	4	<p><u>Larry Gullickson</u> reported that he would like <u>Neil Shelkey</u> from <u>Daily Mobile Home Service</u> to take his position as an At-Large Directors on the Board. <u>Larry</u> would then move to the open Park Operator Position on the Board. It was moved by <u>Kent French</u>, seconded by <u>Lance Kennedy</u>, and unanimously carried that <u>Larry Gullickson</u> will serve on the Board as the Park Operator Director and <u>Neil Shelkey</u> will serve on the Board as an At-Large Director.</p> <p>It was moved by <u>Chad Evans</u>, seconded by <u>Lance Kennedy</u>, and unanimously carried that nominations cease and unanimous ballots be cast for <u>Dan Berg</u>, <u>Bob Duschscherer</u> and <u>Roger Van Raden</u> for the At-Large Directors; <u>Glenn Bender</u> for Financial Director; <u>Kent French</u> for Governmental Affairs Director and <u>Larry Gullickson</u> for Park Operator Director to the Board of Directors of the North Dakota Manufactured Housing Association for a two-year term.</p>

Larry Gullickson questioned if NDMHA's Installation Committee is a valid committee since the State is now responsible for the *Manufactured Home Installation Program*. Dan Berg and Kent French reported that the current Installation Committee consists of NDMHA Board members, NDMHA members, Cal Steiner from the Department of Commerce, Ray Ziegler from the North Dakota Building Officials Association and Jerry Hjelmstad from the North Dakota League of Cities. Only one Installation Committee currently exists.

Larry Gullickson indicated that he would like to see NDMHA spend money on TV advertisement, promoting new members, updating NDMHA's website and possible radio advertisement. Many members felt that updating and ongoing website maintenance would be very beneficial to consumers and NDMHA members. After much discussion by membership it was decided that the Board will discuss further during the Board meeting on January 15, 2009.

#### LEGISLATIVE SESSION

The Legislative Panel consisted of Kent French from Liechty Homes and Thomas Kelsch from the Kelsch, Kelsch, Ruff and Kranda Law Firm, Mandan, ND.

Thomas Kelsch stated that members should become familiar with the *2009 Legislative Deadlines*, attached as Exhibit C. Tom also stressed the importance of NDMHA being very proactive on all issues regarding this industry and to keep in contact with their local legislatures.

Mike Anderson from the North Dakota Housing and Finance Agency presented House Bill 1259, attached as Exhibit D. This statute relates to the affordable housing fund to amend and reenact sections of the North Dakota Century Code. The priority is housing for those who need it the most. HUD will make the final decision on what will be considered medium income.

Mike presented House Bill 1165, attached as Exhibit E. This bill is to amend and reenact a section of the North Dakota Century Code relating to the mobile home and manufactured housing finance program. Mike stated this should help guarantee loans and make financing easier on mobile/manufactured homes. This should also help lower the current interest rates.

Mike also presented House Bill 1177, attached as Exhibit F. This bill is to amend and enact four new sections of the North Dakota Century Code relating to a housing tax credit program for difficult to develop areas in the state. This is meant to attract developers, builders, investors, real estate agents and consumers to rural hard to develop areas within the state.

Thomas Kelsch presented House Bill 1039, attached as Exhibit G. This bill is to amend and reenact sections of the North Dakota Century Code relating to exemptions from process and relating to alternative exemptions. Thomas asked members to primarily note the following sentence, "This section does not preclude the debtor from claiming a mobile home as a dwelling house as part of the homestead".

Thomas also presented House Bill 2027, attached as Exhibit H. This Bill is to amend and reenact a section of the North Dakota Century Code relating to extraterritorial zoning jurisdiction of cities. This could drastically increase the cost of housing in the state and cause more issues with zoning.

Kent French indicated that they are currently working on legislation which would allow installers to install and hook up water and sewer lines on manufactured homes. Cal Steiner with the Department of Commerce would supply the training.

There being no further business to come before the membership, it was moved by Lance Kennedy, seconded by Kent French, and unanimously carried that the meeting be adjourned.

Dated this 14th day of January 2009.  
Date of certification of these minutes.



President  
Larry Gullickson

## **MHI Calls on Congress to Extend and Improve the Energy Star Tax Credit**

MHI held a series of Congressional visits on Capitol Hill urging Congress to extend the Energy Star tax credits for modular and manufactured housing beyond 2009, and to improve the tax credit further by increasing the credit amount to \$2,500 and re-directing it to manufactured home buyers.

Meetings were held with Senator Olympia Snowe (ME-R), Senator Susan Collins (ME-R) along with meetings with congressional staffers in the offices of Senator Max Baucus (MT-D), Congressman Bob Etheridge (D-2nd-NC), and Congresswoman Ginny Brown-Waite (R-5th-FL). In a significant gain for industry, all have expressed support of MHI's recommendations on these issues.

MHI extends special thanks to Karen Brown-Mohr, Executive Director of Manufactured Housing Association of Maine and Emanuel Levy, Executive Director, Systems Building Research Alliance for their participation in these meetings helping to ensure they were successful.

The ENERGY STAR tax credit is set to expire in December 2009. Currently, manufacturers who build ENERGY STAR homes are eligible to receive a \$1,000 tax credit while modular home builders are eligible to receive a \$2,000 tax credit by exceeding the International Energy Conservation Code (IECC) by 50 percent. Both of these tax credits are part of Section 45L of the IRS Code. MHI staff will continue to work with and urge Congressional leaders to extend the tax credit beyond 2009, increase the tax credit to \$2,500, and direct the manufactures' tax credit to the consumer.

*MHI Week in Review—May 15, 2009*

## **FEMA 85 Revisions Nearing Completion**

MHI submitted additional comments to FEMA on their final draft revisions to Protecting Manufactured Homes from Floods and Other Hazards ("FEMA 85"). Many state and local jurisdictions rely upon FEMA 85 guidance for the installation of manufactured housing in flood hazard areas in order to participate in the National Flood Insurance Program (NFIP). FEMA intends on completing the revisions and publishing the revised guide next month.

MHI has been working with FEMA to address a number of concerns with the recommendations in the guide, in particular guidance on anchor and pier requirements and in addition, concerns that jurisdictions will misinterpret the intent of the guide and adopt it as mandatory without allowing alternative foundation designs that are not included in the document.

MHI has been successful in ensuring the guide provides more reasonable and better anchor requirement guidance, specifically by including expanded anchor spacing tables to cover multiple home widths, roof slopes, pier heights & anchor strengths and to better acknowledge consideration of local conditions. MHI has also been successful in ensuring language clarifying that guide is not intended to be all inclusive or mandatory in order to participate in the NFIP and that alternative designs are completely acceptable is included in the document.

FEMA has however remained firm on more restrictive pier design guidance limiting the use of dry stack and surface bonded piers depending on the flood velocities in the flood zone where the home is located. MHI maintains the guidance is overly restrictive and has been pushing FEMA to conduct research which they have agreed to do. MHI will continue to work with FEMA to address this concern and will also be working with FEMA in the development of additional commentary and technical bulletins that will accompany the guide to help ensure it is used correctly by any jurisdiction relying upon it.

*MHI Week in Review—May 15, 2009*

## **Register Today for MHI's 2009 Summer Meeting & Legislative Conference to be Held at the Capital Hilton, Washington, D.C. June 15-17, 2009.**

Join MHI for its Summer Meeting & Legislative Conference. Your voice can make a difference! Register today at [www.manufacturedhousing.org](http://www.manufacturedhousing.org).

*MHI Week in Review—May 15, 2009*

**HUD Secretary: FHA Borrowers Soon Can Use \$8,000 Tax Credit at Closing.**  
***Details are still unclear whether or not home buyers must be working with a state housing finance agency to monetize credit for downpayment or equity.***

In a significant boost to the housing market, HUD Secretary Shaun Donovan announced yesterday that first-time buyers using FHA loans would soon be allowed to “monetize” the \$8,000 federal first-time buyer tax credit and use the funds for their downpayment.

“We, like you, believe that this new tax credit is not only a tremendous opportunity for first-time home buyers, but also an enormous benefit for communities struggling to deal with an oversupply of housing. ... We all want to enable FHA consumers to access the tax credit funds when they close on their home loans so that the cash can be used as a downpayment. So FHA will permit trusted FHA-approved lenders and HUD-approved nonprofits, as well as state and local governmental entities to “monetize” the tax credit through short-term bridge loans. We think the policy is a real win for everyone, ensuring that borrowers can tap into the numerous organizations that are already part of the FHA network to receive this additional benefit,” Donovan told attendees at the National Association of Realtors (NAR) Real Estate Summit in Washington.

The details of the program still haven’t been announced, but the revised policy seems to offer two main benefits.

First, it clarifies HUD’s position regarding state finance agencies that had already established programs to help first-time buyers use the tax credit as part of their downpayment or additional equity in their home purchase. While a handful of states had already begun doing this, according to Rob Dietz, director of tax issues at the NAHB, others had been waiting for more information; Donovan’s remarks appear to give HUD’s blessing to the practice.

Second, the policy should bolster the housing market by allowing first-time buyers using FHA loans to stretch their dollar by using the federal credit at settlement as part of their closing funds, rather than waiting months for a refund on a tax return. “This allows them to solve the ‘chicken or the egg’ question [of which comes first]: the promised tax credit or the closing” that allows them to get the money, Dietz told BUILDER Tuesday, adding: “They have a right to this credit amount as a first-time buyer. It makes sense to turn this credit into their home equity.”

But two important questions remain unanswered: Will first-time home buyers be able to monetize the tax credit using any FHA-approved lender? Or will they need to be working with a state housing finance agency, which usually requires additional documentation and provides financial and homeownership counseling to those who qualify for their help? “We will attempt to answer those questions once we’ve published our mortgagee letter,” HUD spokesman Brian E. Sullivan told BUILDER Wednesday. The answers are of considerable importance to builders.

Expanding the use of the tax credit “would be huge,” said David Drees, president of the Drees Company, a large private builder based in Kentucky. “The downpayment is still the biggest obstacle to buying a home for first-time buyers.”

If these buyers could monetize the tax credit, they would essentially receive a short-term bridge loan for the amount of the credit (which could vary based on their income and the home’s sales price). They could apply that money to their downpayment or as additional equity in their home. For buyers working with a state housing finance agency, the monetized tax credit often becomes a “soft” second mortgage, which they must pay back once they receive their tax refund. If buyers don’t pay it back quickly, Dietz explained, the bridge loan typically converts to a 10-year second mortgage, ensuring that the agency gets its money back no matter what. “They’re getting the money anyway,” Drees noted of the tax credit. “This just moves up the process.”

As advantageous as that sounds to sales-starved builders, though, the pending policy also raises unavoidable questions about whether “giving” buyers money for their downpayment via a short-term loan from an FHA lender or a state housing finance agency is really a good idea. That’s what worries Jerry Wade, owner of Artistic Homes in Albuquerque, N.M., who wonders whether the new policy might allow borrowers who wouldn’t otherwise be able to amass a downpayment and qualify for a loan, buy a home. “That’s what got us in this mess in the first place,” he said.

Dietz respectfully disagreed, pointing out the relatively small (\$8,000) amount and universe (only first-time buyers) of the credit. “There’s no doubt that the purpose of the tax credit is to stimulate housing demand. We estimate new and existing home sales will increase by 160,000. But it’s not a tax credit that is in anyway large enough to reflate the market—it’s just a useful and limited tool to smooth out the market,” he said. “As for causing sales to return to 2005 levels or push prices up, this tax credit is not capable of doing that.”

He also noted that different state housing finance agencies have different policies regarding the amount of their own equity that buyers must invest in a home when purchasing through such programs. It would be “unlikely” that monetizing the tax credit for FHA borrowers, who are required to contribute a 3.5% downpayment, would lead to a resurgence of “zero-down” loans, according to Dietz.

*Alison Rice is senior editor, online, at BUILDER magazine. BUILDER senior editor John Caulfield also contributed reporting to this story from the BUILDER 100 Conference in Chicago.*  
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