

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

S

1

SENATE BILL 718

Short Title: Modular Home Sales/Installation Requirements. (Public)

Sponsors: Senators Hoyle; and Bingham.

Referred to: Commerce.

March 22, 2005

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH REQUIREMENTS FOR SELLING AND INSTALLING
3 MODULAR HOMES.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Chapter 143 of the General Statutes is amended by adding a
6 new Article to read:

7 "Article 9G.

8 "Modular Home Sales and Installation Requirements.

9 "**§ 143-151.70. Definitions.**

10 As used in this Article:

- 11 (1) "General contractor" means the same as defined in G.S. 87-1.
12 (2) "Installation contractor" means the same as defined in
13 G.S. 143-143.9(13) and licensed under G.S. 143-143.11.
14 (3) "Manufactured home retailer or dealer" means the same as defined in
15 G.S. 143-143.9(7) and licensed under G.S. 143-143.11.
16 (4) "Modular home" means a factory-built structure that is designed for
17 use as a one- or two-family dwelling, is manufactured in accordance
18 with the specifications for modular homes under the North Carolina
19 State Residential Building Code, and bears a seal or label issued by the
20 Department of Insurance under G.S. 143-139.1.
21 (5) "Modular home builder" means a person who furnishes for
22 consideration a modular home to a purchaser who will occupy the
23 modular home. The purchaser can be a person who will lease or rent
24 the unit as real property.

25 "**§ 143-151.71. Selling and installation requirements.**

26 (a) A modular home builder doing business in this state shall be licensed as
27 either a manufactured home retailer or a general contractor.

1 **(b)** Any person, other than a manufactured home retailer or general contractor,
2 who undertakes to erect a modular home for compensation shall be licensed by the State
3 as an installation contractor.

4 **(c)** An installation contractor who undertakes to erect a North Carolina labeled
5 modular home shall comply with the manufacturer's installation instructions and
6 applicable provisions of the State Building Code. Before securing a permit to erect a
7 modular home, an installation contractor shall provide the code enforcement official
8 proof that the contractor has in force, for each modular home to be erected, a five-
9 thousand dollar (\$5,000) surety bond insuring compliance with the provisions of the
10 State Building Code governing the installation of modular homes. The bond shall cover
11 installation of the home as defined in the manufacturer's installation requirements. The
12 bond required by this subsection shall be in addition to the bond required by G.S.
13 143-143.12(4).

14 **(d)** A manufactured home retailer who undertakes to erect a North Carolina
15 labeled modular home shall comply with the manufacturer's installation instructions and
16 applicable provisions of the State Building Code. Before securing a permit to erect a
17 modular home, a manufactured home retailer shall have in force, for each modular
18 home to be erected, a five-thousand dollar (\$5,000) surety bond insuring compliance
19 with the provisions of the State Building Code governing the installation of modular
20 homes. The bond shall cover installation of the home as defined in the manufacturer's
21 installation requirements. The bond required by this subsection shall be in addition to
22 the bond required by G.S. 143-143.12(2) and (3).

23 **(e)** With respect to a manufactured home retailer who is a modular home builder,
24 the bonds required by G.S. 143-143(2) and (3) shall also be conditioned on the retailer
25 complying with all requirements governing the sale of modular homes. Any buyer of a
26 modular home who suffers any loss or damage by any act of a dealer that constitutes a
27 violation of any requirements governing the sale of modular homes may institute an
28 action to recover against the dealer and the surety.

29 **(f)** With respect to an installation contractor who undertakes to erect modular
30 homes, the bond required by G.S. 143-143.12(4) shall also be conditioned on the
31 contractor complying with all requirements governing the erecting of modular homes.
32 Any buyer of a modular home who suffers any loss or damage by an act of an
33 installation contractor that constitutes a violation of requirements governing the erecting
34 of modular homes may institute an action to recover against the contractor and the
35 surety.

36 **(g)** In erecting a modular home, any person undertaking to provide additional,
37 on-site constructed improvements to the modular home, or to the property on which the
38 modular home is situated, shall be licensed as a general contractor if the amount of the
39 undertaking exceeds the amount established in G.S. 87-1.

40 **(h)** A complaint by a buyer of a modular home that arises out of the sale or
41 installation of the modular home shall be filed with the Manufactured Housing Board if
42 the complaint is against a manufactured home retailer or installation contractor and the
43 name and license number of the dealer or installation contractor appears on the building
44 permit.

1 (i) A complaint by a buyer of a modular home that arises out of the sale or
2 installation of a modular home shall be filed with the State Licensing Board for General
3 Contractors if the complaint is against a general contractor and the name and license
4 number of the general contractor appears on the building permit."

5 **SECTION 2.** G.S. 143-139.1(a) reads as rewritten:

6 "(a) Certification. – The State Building Code may provide, in circumstances
7 deemed appropriate by the Building Code Council, for testing, evaluation, inspection,
8 and certification of buildings, structures or components manufactured off the site on
9 which they are to be erected, by a recognized independent testing laboratory having
10 follow-up inspection services approved by the Building Code Council. Approval of such
11 buildings, structures or components shall be evidenced by labels or seals acceptable to
12 the Council. All building units, structures or components bearing such labels or seals
13 shall be deemed to meet the requirements of the State Building Code and this Article
14 without further inspection or payment of fees, except as may be required for the
15 enforcement of the Code relative to the connection of units and components and
16 enforcement of local ordinances governing zoning, utility connections, and foundations
17 permits. The Building Code Council shall adopt and may amend from time to time such
18 reasonable and appropriate rules and regulations as it deems necessary for approval of
19 agencies offering such testing, evaluation, inspection, and certification services and for
20 overseeing their operations. Such rules and regulations shall include provisions to insure
21 that such agencies are independent and free of any potential conflicts of interest ~~which~~
22 that might influence their judgment in exercising their functions under the Code. Such
23 rules and regulations may include a schedule of reasonable fees to cover administrative
24 expenses in approving and overseeing operations of such agencies and may require the
25 posting of a bond or other security satisfactory to the Council guaranteeing faithful
26 performance of duties under the Code.

27 ~~The Building Code Council may also adopt rules to insure that any person that is not~~
28 ~~licensed, in accordance with G.S. 87-1, and that undertakes to erect a North Carolina~~
29 ~~labeled manufactured modular building, meets the manufacturer's installation~~
30 ~~instructions and applicable provisions of the State Building Code. Any such person,~~
31 ~~before securing a permit to erect a modular building, shall provide the code enforcement~~
32 ~~official proof that he has in force for each modular building to be erected a \$5,000~~
33 ~~surety bond insuring compliance with the regulations of the State Building Code~~
34 ~~governing installation of modular buildings."~~

35 **SECTION 3.** This act becomes effective January 1, 2006.