

SPEECH BY:

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ASHEVILLE, N. C.

MARCH 26, 1974

"NATIONAL HOUSING POLICY AND
THE MOBILE HOME INDUSTRY"

BE ASSURED THAT I AM AWARE OF THE IMPACT OF YOUR
INDUSTRY ON THIS STATE AND ON THE COUNTRY AT LARGE.

TODAY THERE ARE APPROXIMATELY 8 MILLION AMERICANS
LIVING IN MOBILE HOMES. NINETY-FIVE PERCENT OF ALL
HOMES IN AMERICA SELLING FOR LESS THAN \$15,000 ARE
MOBILE HOMES. TO GIVE YOU A FIGURE CLOSER TO HOME,
LAST YEAR (1973) APPROXIMATELY 50% OF NEW RESIDENTIAL
ELECTRICAL HOOK-UPS IN NORTH CAROLINA WERE FOR MOBILE
HOMES.

NOT SURPRISINGLY, SUCH A LARGE INDUSTRY AFFECTING
SO MANY PEOPLE ATTRACTS THE ATTENTION OF THE FEDERAL
GOVERNMENT. SUCH IS THE CASE IN THE HOUSING AND
COMMUNITY DEVELOPMENT ACT OF 1974 NOW BEFORE CONGRESS.

BEFORE ADDRESSING SPECIFICALLY HOW THIS LEGISLATION WOULD AFFECT YOUR INDUSTRY, LET ME OFFER SOME GENERAL THOUGHTS ABOUT NATIONAL HOUSING POLICY. I WOULD EMPHASIZE THAT THESE ARE PRELIMINARY IN NATURE AND SUBJECT TO REVISION.

FIRST OF ALL, THERE HAS BEEN A DRAMATIC IMPROVEMENT IN THE QUALITY OF HOUSING AVAILABLE TO OUR PEOPLE IN THE PAST TWO DECADES -- ESPECIALLY THE HOUSING AVAILABLE TO THE MIDDLE CLASS LIVING IN THE SUBURBS OF AMERICA.

BUT STATISTICS CAN BE MISLEADING. WE HAVE BAD HOUSING IN MANY RURAL AREAS OF THIS COUNTRY. WE HAVE POOR HOUSING IN PARTS OF MANY OF OUR CITIES. AND WE SPEND A VERY LARGE PERCENTAGE OF OUR PERSONAL INCOME ON HOUSING.

THE FEDERAL GOVERNMENT UNDER SEVERAL ADMINISTRATIONS HAS CONTRIBUTED TO THE "URBAN CRISIS" BY ENCOURAGING -- THROUGH ITS TAXING, LENDING, AND HOUSING CONSTRUCTION POLICIES -- THE FLIGHT OF THE MIDDLE CLASS TO THE SUBURBS AND OUT OF THE HEART OF OUR CITIES. THIS IS INDICATIVE OF THE FACT THAT WE HAVE NOT HAD AN URBAN POLICY IN THE UNITED STATES BUT, INSTEAD, A MIXTURE OF POLICIES THAT WERE OFTEN AT CROSS PURPOSES AS THEY AFFECTED THE

ENVIRONMENT IN WHICH PEOPLE LIVE. WE HAVE HAD NO LESS THAN 60-ODD SEPARATE HOUSING PROGAMS, FOR EXAMPLE.

IN THE SOUTHEASTERN STATES WE HAVE NOT ESCAPED THE NATIONAL PROBLEM OF CENTRAL CITY DECAY. AND WE HAVE A SPECIAL SOUTHERN URBAN PROBLEM: SPRAWL OUTSIDE OF CITIES THAT IS ENCOURAGED BY LOCAL PROPERTY TAX STRUCTURES.

LET ME NOW TURN YOUR ATTENTION TO THE HOUSING AND COMMUNITY DEVELOPMENT ACT PASSED BY THE SENATE ON MARCH 11, BUT STILL TO BE ACTED ON BY THE HOUSE.

BRIEFLY, THIS LEGISLATION IS A MAJOR REWRITE OF ALL OUR BASIC HOUSING LAWS AND A MAJOR CONSOLIDATION AND REFORM OF COMMUNITY DEVELOPMENT PROGRAMS. THIS IS PROBABLY THE MOST SIGNIFICANT LEGISLATIVE PROPOSAL ON THIS SUBJECT SINCE THE FEDERAL GOVERNMENT BECAME INVOLVED IN HOUSING BACK IN THE 1930'S -- ACCORDING TO SENATOR JOHN SPARKMAN, CHAIRMAN OF THE SENATE BANKING, HOUSING AND URBAN AFFAIRS COMMITTEE.

IT IS SIGNIFICANT FOR A NUMBER OF REASONS. IN SIZE AND COVERAGE IT EXCEEDS ANY PREVIOUS HOUSING BILL EVER PROPOSED OR PASSED BY CONGRESS. EVERY LANDMARK HOUSING BILL OF THE PAST -- THE NATIONAL HOUSING ACT

OF 1934 SETTING UP THE FHA, THE PUBLIC HOUSING ACT OF 1937, THE URBAN RENEWAL ACT OF 1949 AND 1954, THE MODEL CITIES ACT OF 1956, AND THE INTEREST SUBSIDY ACT OF 1968 -- HAVE BEEN REWRITTEN AND CONSOLIDATED INTO THIS 1974 BILL.

THIS LEGISLATION IS ALSO SIGNIFICANT BECAUSE AT THIS TIME THE GOVERNMENT'S HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS ARE IN TOTAL DISARRAY. THERE SEEMS TO BE UTTER CONFUSION AT THE FEDERAL LEVEL AND THE LOCAL LEVEL AS TO WHERE WE ARE GOING AND WHAT CAN BE EXPECTED IN THE FUTURE FOR FEDERAL ASSISTANCE IN THESE FIELDS.

LAST YEAR, ON JANUARY 5, THE WHITE HOUSE CUT OFF ALL HUD SUBSIDY FUNDS FOR A PERIOD OF 18 MONTHS. THIS CAUSED GREAT CONSTERNATION AMONG MAYORS AND OTHER LOCAL GOVERNMENT OFFICIALS. DESPITE OBJECTIONS, THIS MORATORIUM IS STILL IN EFFECT. THERE HAVE BEEN SEVERAL COURT DECISIONS TO FORCE HUD TO RELEASE FUNDS; BUT HUD HAS APPEALED, AND NOTHING YET HAS COME FROM THESE DECISIONS.

PERHAPS THE ONLY WAY OUT OF THE CURRENT DILEMMA, AS SENATOR SPARKMAN HAS SUGGESTED, IS THE ADOPTION OF NEW PROGRAMS UNDER A NEW LAW WHICH, WITH CONGRESSIONAL

AND PRESIDENTIAL APPROVAL, WOULD PUT THE FEDERAL GOVERNMENT BACK IN THE HOUSING AND COMMUNITY DEVELOPMENT BUSINESS.

FOR THE MOST PART, THE LEGISLATION BEFORE CONGRESS IS A CONSOLIDATION BILL BRINGING TOGETHER HOUSING PROGRAMS ON THE ONE HAND AND COMMUNITY DEVELOPMENT PROGRAMS ON THE OTHER.

ON THE HOUSING SIDE, THE EXISTING FHA PROGRAMS WOULD BE CONSOLIDATED INTO TWO BASIC PROGRAMS -- A HOME OWNERSHIP PROGRAM AND A RENTAL PROGRAM.

ON COMMUNITY DEVELOPMENT, ABOUT 10 CATEGORICAL PROGRAMS ARE BEING CONSOLIDATED INTO A SINGLE COMMUNITY DEVELOPMENT PROGRAM. THE MOST IMPORTANT OF THESE ARE URBAN RENEWAL, MODEL CITIES, AND WATER AND SEWER.

I WOULD DIRECT YOUR ATTENTION TO CHAPTER VI OF THE ACT. IT WOULD CREATE A NATIONAL MOBILE HOME ADMINISTRATION WITHIN HUD TO SET NATIONAL STANDARDS FOR CONSTRUCTION AND SAFETY OF MOBILE HOMES. FURTHER, IT WOULD REQUIRE MANUFACTURERS TO FURNISH A ONE-YEAR WARRANTY THAT SUCH HOMES MEET SUCH STANDARDS.

I AM RELUCTANT TO SEE THE NATIONAL GOVERNMENT GET INTO THE REGULATION OF THE MOBILE HOME INDUSTRY. YOU KNOW OF MY FIRM BELIEF IN STATES RIGHTS.

BUT I HAVE ALWAYS SAID THAT STATES' RIGHTS ARE FOR RESPONSIBLE STATES. IF NORTH CAROLINA AND OTHER STATES WERE MORE DILIGENT IN SETTING HIGH STANDARDS WITHIN THEIR BORDERS -- AND IF THE INDUSTRY MORE EFFECTIVELY POLICED ITSELF -- PERHAPS EXTENSIVE FEDERAL INVOLVEMENT COULD BE AVOIDED.

LET ME DESCRIBE TO YOU HOW MY OFFICE HAS BECOME FAMILIAR WITH THE PRACTICES OF YOUR INDUSTRY.

IN THE SUMMER OF 1973 STAFF MEMBERS OF THE CONSUMER PROTECTION DIVISION BEGAN TO VISIT MOBILE HOME MANUFACTURERS AND DEALERS PURELY TO DISCUSS PROBLEMS WITHIN THE INDUSTRY. AFTER REVIEWING THE FILES OF COMPLAINTS, AND REPORTS ON THESE FIELD VISITS, WE SOUGHT A BETTER WORKING RELATIONSHIP WITH THE DEPARTMENT OF MOTOR VEHICLES, ENFORCEMENT & THEFT DIVISION. AS A RESULT A SPECIAL GROUP WITHIN ENFORCEMENT & THEFT WAS SET UP TO HANDLE MOBILE HOME INVESTIGATIONS.

IN DECEMBER OF 1973 STAFF MEMBERS OF CONSUMER PROTECTION DIVISION VISITED WITH THE BOARD OF DIRECTORS OF THE NORTH CAROLINA MANUFACTURED HOUSING INSTITUTE AND DESCRIBED OUR PROBLEMS AND OBJECTIVES.

WE EXPLAINED THAT OUR OFFICE RECEIVED COMPLAINTS ON LESS THAN 25 PER CENT OF THE MOBILE HOME DEALERS IN NORTH CAROLINA AND MULTIPLE COMPLAINTS AGAINST ONLY 2.5 PER CENT OF THE 800 RETAIL OUTLETS IN NORTH CAROLINA.

COMPLAINTS TO CONSUMER PROTECTION DIVISION INVOLVE SEVERAL PROBLEMS. THE LARGEST CATEGORY IS FACTORY DEFECTS, SALES MISREPRESENTATIONS AND CONTRACT DISPUTES ARE FEWER IN NUMBER BUT MORE SERIOUS. MOST PROBLEMS WITH MOBILE HOMES INITIALLY INVOLVE AN ISOLATED PROBLEM SUCH AS A ROOF LEAK. IF PROMPT REPAIR SERVICE IS NOT AVAILABLE, THEN OTHER MAJOR DAMAGE WITHIN THE HOME MAY RESULT. THE CONSUMER PROTECTION DIVISION VIEWS THE FAILURE TO PROVIDE PROMISED WARRANTY SERVICE AS A DECEPTIVE TRADE PRACTICE. WE ARE TAKING A TWO PRONGED APPROACH TO DEAL WITH THIS PROBLEM.

THE FIRST OBJECTIVE IS TO SEE THAT WARRANTY PROMISES ARE KEPT AND THAT QUALITY CONTROL IS MAINTAINED. THE

WARRANTY PROMISES WILL BE HANDLED BY US AND BY THE NORTH CAROLINA DEPARTMENT OF MOTOR VEHICLES. THE DEPARTMENT OF MOTOR VEHICLES LICENSE ALL MANUFACTURERS AND DEALERS IN NORTH CAROLINA FOR THE SALE OF MOBILE HOMES. THE QUALITY CONTROL WORK IS REGULATED BY THE STATE BUILDING CODE COUNCIL UNDER THE NORTH CAROLINA DEPARTMENT OF INSURANCE.

OUR SECOND OBJECTIVE IS TO SEE THAT ENOUGH TRAINED REPAIR PERSONNEL ARE AVAILABLE TO DO THE REPAIR WORK ECONOMICALLY. WE WILL BE WORKING WITH THE NORTH CAROLINA DEPARTMENT OF LABOR AND THEIR APPRENTICESHIP PROGRAMS AND WITH THE COMMUNITY COLLEGES TO SEE THAT ENOUGH REPAIR MEN ARE TRAINED IN THE FUTURE.

DURING FEBRUARY 1974 STAFF MEMBERS OF CONSUMER PROTECTION DIVISION PARTICIPATED IN SEMINARS SPONSERED BY THE MANUFACTURED HOUSING INSTITUTE. THESE SEMINARS WERE DESIGNED TO ACQUAINT DEALERS WITH US AND OUR PROBLEMS. WE ALSO EXPLAINED WHAT WE EXPECTED FROM THE INDUSTRY -- "COOPERATION".

LET ME POINT OUT TO YOU THAT THE CONSUMER PROTECTION DIVISION REALIZES:

- (1) CONSUMERS OFTEN EXAGGERATE THEIR COMPLAINTS TO GET ATTENTION.
- (2) SOME CONSUMERS WILL NEVER BE HAPPY WITH ANY PRODUCT.
- (3) SOME CONSUMERS PREFER TO CONTRACT THE BETTER BUSINESS BUREAU OR CONSUMER PROTECTION DIVISION RATHER THAN THE DEALER AB OUT A PROBLEM.

CONSUMER PROTECTION DIVISION COLLECTS AND RETAINS COMPLAINTS ON MOBILE HOMES.

THESE COMPLAINTS ARE REVIEWED AND HANDLED BY CONSUMER PROTECTION DIVISION, NORTH CAROLINA DEPARTMENT OF INSURANCE, DEPARTMENT OF MOTOR VEHICLES AND THE FEDERAL TRADE COMMISSION - SINGLY OR BY COMBINATION. COMPLAINTS ARE INDEXED BY:

- (1) MANUFACTURER
- (2) DEALER
- (3) CONSUMER
- (4) INSPECTION LABORATORY

WHEN POSSIBLE WE NOW NOTIFY EVERY CONCERNED PARTY, INCLUDING DEALER'S HOME OFFICES.

THE OFFICIAL TITLE OF CONSUMER PROTECTION DIVISION IS "BUSINESS AND CONSUMER PROTECTION DIVISION". WE CAN, HAVE, AND WILL IN THE FUTURE PROTECT AND ASSIST THE DEALERS AND MANUFACTURERS. HOWEVER, WE DEPEND TO A LARGE EXTENT ON THE INDUSTRY TO ADVISE US OF PROBLEM AREAS.

IF ONE DEALER (OR FACTORY) OFFERS A WARRANTY AND DOES NOT KEEP IT, NOT ONLY IS THE CONSUMER INJURED BUT THE COMPETITORS ARE PLACED AT A DISADVANTAGE.

OR IF A FACTORY OR DEALER KNOWINGLY CEASES TO DO BUSINESS IN NORTH CAROLINA TO EVADE PREVIOUS COMMITMENTS ALMOST EVERYONE SUFFERS. WE ARE ACTING ON SUCH A CASE AT THE PRESENT TIME.

IN CONCLUSION, I WOULD STRESS TWO POINTS:

- (1) IF YOU DON'T WANT TO OFFER WARRANTIES, OR THE MANUFACTURERS DON'T WISH TO OFFER THEM, THEN DON'T. BUT WE URGE YOU TO KEEP THOSE THAT ARE OFFERED.
- (2) WE ARE NOT TRYING TO GET MORE LAWS PASSED IN NORTH CAROLINA TO REGULATE YOUR INDUSTRY. BUT WE ARE TRYING TO ENFORCE WHAT IS ON THE BOOKS.