



Texas Department of Housing and Community Affairs
Manufactured Housing Board Meeting
on August 19, 2003

Cary Yates, Chair

Jack Davis, Member
Clement "Pete" Moreno, Member

Joan Tavarez, Member

**Texas Department of Housing and Community Affairs
Manufactured Housing Board Meeting**

August 19, 2003

ROLL CALL

	<u>Present</u>	<u>Absent</u>
Cary Yates, Chair	_____	_____
Jack Davis, Member	_____	_____
Clement "Pete" Moreno, Member	_____	_____
Joan Tavarez, Member	_____	_____
Number Present	_____	
Number Absent		_____

_____, Presiding Officer

**MANUFACTURED HOUSING BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, 4th Floor Boardroom, Austin, Texas 78701
August 19, 2003 9:00 a.m.**

AGENDA

CALL TO ORDER, ROLL CALL	Chair
CERTIFICATION OF QUORUM	Chair

The Board of the Manufactured Housing Division of the Texas Department of Housing and Community Affairs (TDHCA) will meet to consider and possibly act upon:

ACTION ITEMS

- | | | |
|---------|---|-------------|
| Item 1. | Presentation, discussion and consideration of possible approval of minutes of board meeting of July 22, 2003. | Chair |
| Item 2. | Presentation, discussion and adoption of the operating budget for FY 2004. | Kassu Asfaw |
| Item 3. | Presentation, discussion and consideration of possible approval to amend and renew the administrative agreement between the Manufactured Housing Division and TDHCA for the annual amount of \$500,000. | Tim Irvine |

REPORT ITEMS

- | | | |
|---------|-----------------------------|------------|
| Item 1. | Executive Director's Report | Tim Irvine |
|---------|-----------------------------|------------|

EXECUTIVE SESSION

Chair

- | | |
|---------|---|
| Item 1. | Personnel Matters under Sec. 551.074, Texas Government Code |
|---------|---|

RECONVENE

Reconvene in public session and take action on any matters coming out of Executive Session.

PUBLIC COMMENT

Chair

ADJOURN

Chair

To access this agenda or request information, please visit our website at www.tdhca.state.tx.us or contact Piper Smith, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3845, psmith@tdhca.state.tx.us.

Individuals who require auxiliary aids, services or translators for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.

Agenda Action Item No. 1

MINUTES OF THE BOARD OF DIRECTORS

DIVISION OF MANUFACTURED HOUSING

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

On Tuesday, July 22, 2003, at 9:00 a.m. the regular meeting of the Board of Directors (the "Board") of the Manufactured Housing Division ("MHD") of the Texas Department of Housing and Community Affairs ("TDHCA") was held in the TDHCA board room on the 4th floor at 507 Sabine, Austin, Texas. Cary Yates presided, and Piper Smith recorded the minutes. The following directors, constituting a quorum, were present: Cary Yates, Presiding Officer, Jack Davis, Pete Moreno, and Joan Tavarez. The following members of MHD staff were present: Kassu Asfaw, Cindy Bocz, Ed Cervenka, Sharon Choate, Joe Garcia, Jim Hicks, Tim Irvine, Nancy Stone, and Piper Smith. The following members of the TDHCA staff were present: Bill Dally, Gina Esteves, and Michael Lyttle. Jason Ray, Assistant Attorney General, was present. The following members of the public were present: Jody Anderson, Bill Beville, Mike French, and Cathy Mitchell.

The chairman called the roll and declared the presence of a quorum. Upon motion of Jack Davis, duly seconded by Joan Tavarez, the minutes of the previous meeting were approved as presented.

Jim Hicks, Team Leader for Consumer Protection, presented a proposed order to be entered against Jamie Lynn Grant dba Grant's Installing, Docket No. 332-03-1746, Case No's., MHD2003000235-UR and MHD2003000389-UR. As supported by the SOAH Proposal for Decision, the issuance of the order was unanimously approved upon motion of Jack Davis, duly seconded by Joan Tavarez.

Joe Garcia, Manager of Licensing & Recordation, presented a proposed order to be approved in the matter of TDHCA vs. Charlene Seidel Holub, Docket No. 332-03-2995. The proposal for the issuance of a new title, as set forth in the Proposal for Decision of SOAH, was accepted, and upon motion of Pete Moreno, duly seconded by Joan Tavarez.

Tim Irvine presented for final approval and adoption proposed amendments to 10 TAC § 80.54(b) and (c) and new 10 TAC §§ 80.129, 80.133, 80.134, and 80.137. It was noted that these matters had been brought to the board previously for consideration and non-substantive changes had been made to bring them into conformity with Occupations Code, Chapter 1201, as amended by Senate Bill 521. Upon motion of Pete Moreno, duly seconded by Joan Tavarez, the board unanimously approved the proposed rules.

Tim Irvine presented for possible approval to propose and publish for comment new and amended rules to 10 TAC Chapter 80. Mr. Irvine provided to the board an outline as to what the law generally states and how the rules address these requirements. MHD was asked, late in the 78th Legislative Session; to assist on specific issues regarding titling transactions in reference to Senate Bill 521. With this Bill the consumer has the ability to choose to treat the home as chattel or real property. A process was developed to streamline the titling process through the use of statements of ownership and location. Along with the creation of the statement of ownership and location came significant new disclosure requirements, the two primary disclosures being §162 Disclosure, which calls to the

consumer's attention the fact that by purchasing a manufactured home they will have other expenses, and §163 Disclosure, which requires specific estimated costs that the consumer will incur.

At the request of Jack Davis the § 163 Disclosure was revised to require the most specific tax information available and to clarify that the definition of creditor in the proposed rules is not the controlling definition of a creditor required to escrow for property taxes. Also, the language in the § 162 Disclosure on escrowing of taxes should track the statutory language verbatim.

The Board at this time invited public comment. Ms. Cathy Mitchell from the Consumer's Union was in attendance and provided public comment as to the new proposed rules posted for adoption and the ones for publication. Ms. Mitchell stated regarding the proposed new Deceptive Trade Practices Rule they thought the changes weakened the rule and they preferred the old verbiage because it was clear. Mr. Irvine indicated that he had reviewed these changes with the Attorney General's Office and did not view them as substantive changes. He noted that the rule, as revised, made it clear what the MHD would view as evidence of deceptive practices, but licensees would still be offered due process and the right to a hearing on any such matter.

Tim Irvine delivered a report regarding the reorganization, budget, and some positive results that will be taking place from the reorganization. The Board expressed their concerns over the reorganization, how it will affect MHD and the reduction in force that is necessary in order to accommodate our state operating budget.

Kassu Asfaw delivered a summary of the operating budget for MHD for fiscal year 2004 as a draft that will be reviewed and after recommendations will be submitted during the next Board Meeting scheduled on August 19, 2003 for final approval.

At 11:35 a.m., the Board, with senior staff, Jason Ray, and members of the Workforce Review Committee present, went into Executive Session to discuss personnel matters.

At 11:56 a.m. the Board reconvened in open session. Upon motion of Pete Moreno, duly seconded by Jack Davis, the Board authorized and directed management to take only such action and make such reductions as necessary to comply with the FY 2004 Operating Budget, as proposed. All such reductions are to be coordinated with Human Resources and the Office of the Attorney General and to be done in accordance with previously approved policy. Affected employees are to be notified on July 28, 2003 that the reduction will be effective as of August 31, 2003 and July 28, 2003 will be the last day worked for affected employees.

The Board invited general public comment. Jody Anderson, Director of the Texas Manufactured Housing Association, provided the Board with an update as to the current status of the industry, their Association, and information regarding a few new lenders interested in financing manufactured housing in Texas. Mr. Anderson extended an invitation to the Board to attend the upcoming TMHA convention that will be held in Fort Worth, Texas this coming September. Mr. Anderson did have comments regarding what was published and will be making written comments during the period allowed. Mr. Irvine provided Mr. Anderson and the Board with information as to the statutory requirement in regard to information submitted to the Texas Register and the comment periods.

Mr. Yates thanked Mr. Anderson for keeping the Board current with the industry.

The next Board meeting is set for August 19, 2003 at 9:00 a.m.

There being no further business to come before the Board the meeting was adjourned at 12:10 p. m.

Piper Smith
Acting Secretary

Approved:

Cary Yates, Presiding Officer

Agenda Action Item No. 2

**Texas Department of Housing and Community Affairs
Historical Budget Analysis
Manufactured Housing Division
For FY 2003 and 2004**

Budget Categories	FY 03 Budget (a)	FY 04 Budget (b)	Variance (b-a)	* Percentage Change
Salaries and Wages	\$ 3,542,921	\$ 2,792,339	\$ (750,582.00)	-21%
Payroll Related Costs	779,443	675,894	-103,549	-13%
Travel In-State	258,000	200,000	-58,000	-22%
Travel Out-of State	2,000	0	-2,000	-100%
Home Owner Consumer Claims (Rider # 18)	303,219	100,000	-203,219	-67%
Professional Fees	34,000	31,000	-3,000	-9%
Materials and Supplies	73,554	65,000	-8,554	-12%
Repairs/Maintenance	25,088	56,000	30,912	123%
Printing and Reproduction	45,053	28,000	-17,053	-38%
Rental/Lease	369,965	358,393	-11,572	-3%
Membership Dues	1,000	0	-1,000	-100%
Registration Fees	30,000	500	-29,500	-98%
Employee Tuition	3,000	0	-3,000	-100%
Advertising	1,500	200	-1,300	-87%
Freight/Delivery	7,000	5,000	-2,000	-29%
Temporary Help	22,647	30,000	7,353	32%
Furniture/Equipment	15,700	0	-15,700	-100%
Communications/Utilities	139,847	125,000	-14,847	-11%
Capital Outlay	29,744	10,000	-19,744	-66%
State Office of Risk Management	46,631	10,000	-36,631	-79%
Subtotal	5,730,312	4,487,326	-1,242,986	-22%
Indirect Support	570,195	500,000	-70,195	-12%
Total Manufactured Housing	\$ 6,300,507	\$ 4,987,326	\$ (1,313,181.00)	-21%
FTE's	87.50	61	-26.50	-30%
Method of Finance:				
General Revenue	2,930,660	2,319,838	-610,822	-21%
Appropriated Receipts	2,877,883	2,278,061	-599,822	-21%
Federal Funds	491,964	389,427	-102,538	-21%
Total, Method of Finance	\$ 6,300,507	\$ 4,987,326	\$ (1,313,181)	-21%

* The high percentage in variance is due to the budget cut during the Legislative Session; consequently, the Division has made a staff reduction to meet its appropriation.

Texas Department of Housing and Community Affairs
 Manufactured Housing Division
 Operating Budget Allocation to Direct Strategies
 For FY 2004

Description	Expenditures	E.1.1.	E.1.2.	E.1.3.	Total
		Titling & Licensing	Installation Inspection	Complaints Enforcement	
Salaries and Wages	\$ 2,792,339	\$ 812,245	\$ 1,033,192	\$ 946,901	\$ 2,792,338
Payroll Related Costs	675,894	196,606	250,087	229,200	675,894
Travel In-State	200,000	58,177	74,002	67,821	200,000
Travel Out-of State	0	0	0	0	0
Home Owner Consumer Claims (Rider # 18)	100,000	29,088	37,001	33,911	100,000
Professional Fees	31,000	9,017	11,470	10,512	31,000
Materials and Supplies	65,000	18,907	24,051	22,042	65,000
Repairs/Maintenance	56,000	16,289	20,721	18,990	56,000
Printing and Reproduction	28,000	8,145	10,360	9,495	28,000
Rental/Lease	358,393	104,251	132,609	121,534	358,393
Membership Dues	0	0	0	0	0
Registration Fees	500	145	185	170	500
Employee Tuition	0	0	0	0	0
Advertising	200	58	74	68	200
Freight/Delivery	5,000	1,454	1,850	1,696	5,000
Temporary Help	30,000	8,727	11,100	10,173	30,000
Furniture/Equipment	0	0	0	0	0
Communications/Utilities	125,000	36,360	46,251	42,388	125,000
Capital Outlay	10,000	2,909	3,700	3,391	10,000
State Office of Risk Management	10,000	2,910	3,700	3,391	10,001
	\$ 4,487,326	\$ 1,305,290	\$ 1,660,353	\$ 1,521,683	\$ 4,487,326

Method of Finance:

	General Revenue	Appropriated Receipts	Federal Funds	Total
Strategy One:	\$ 1,305,290	\$ 593,249	\$ 638,460	\$ 1,305,290
Strategy Two:	1,660,353	780,384	690,761	1,660,353
Strategy Three:	1,521,683	713,631	720,455	1,521,683
	\$ 4,487,326	\$ 2,087,264	\$ 2,049,676	\$ 4,487,326

Indirect Support:

	F.1.1.	F.1.2.	F.1.3.	Total
Central Administration	260,000	260,000		260,000
Information Resource Technologies		160,000		160,000
Operating Support			80,000	80,000
	260,000	260,000	80,000	500,000

Method of Finance:

Appropriated Receipts	\$ 260,000	\$ 260,000	\$ 160,000	\$ 80,000	\$ 500,000
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**Manufactured Housing Division
Revenue Summary and
Projections
For FY 2003-04**

FEE TYPE	FY 2003 Act/Est (c)	FY 2004 Projected (d)	Variance (d-c)	Percentage Change
Training	\$ 65,000.00	\$ 80,000.00	\$ 15,000.00	23%
Titles *	3,600,000	5,747,645	2,147,645	60%
Licenses	936,000	1,090,700	154,700	17%
Inspections *	1,098,118	2,000,620	902,502	82%
Admin. Penalties	100,740	100,740	-	0%
Public Information	2,150	2,150	-	0%
Returned Check Charge	5,184	5,184	-	0%
	\$ 5,807,192	\$ 9,027,039	\$ 3,219,847	55%
Federal Funds:				
Floors Shipped	208,021	208,021	-	0%
Floors Produced	58,673	58,673	-	0%
Federal Inspection Reimbursement	23,100	24,000	900.00	4%
	\$ 289,794	\$ 290,694	\$ 900	0%
Total	\$ 6,096,986	\$ 9,317,733	\$ 3,220,747	53%

** Note: The assumptions for FY 2004 revenues use the actuals/estimates for FY 2003, the modified historical trends, and the new rates, which will become effective as of October 2003.*

**Texas Department of Housing and Community Affairs
 Manufactured Housing Division
 Budget and Expense Status
 From September to August
 For FY 2003**

Budget Categories	Annual Budget (a)	* YTD		Remaining Budget As of August
		Act/Est Expenses Sep - Aug (b)	Variance Sep - Aug (a-b)	
Salaries and Wages	\$3,542,921	\$3,473,525	\$69,396	\$69,396
Payroll Related Costs	779,443	819,572	-40,129	-40,129
Travel In-State	258,000	259,674	-1,674	-1,674
Travel Out-of State	2,000	0	2,000	2,000
Home Owner Consumer Claims (Rider # 18)	303,219	254,513	48,706	48,706
Professional Fees	34,000	33,557	443	443
Materials and Supplies	73,554	90,848	-17,294	-17,294
Repairs/Maintenance	25,088	28,648	-3,560	-3,560
Printing and Reproduction	45,053	27,536	17,517	17,517
Rental/Lease	369,965	344,867	25,098	25,098
Membership Dues	1,000	1,240	-240	-240
Registration Fees	30,000	4,791	25,209	25,209
Employee Tuition	3,000	0	3,000	3,000
Advertising	1,500	57	1,443	1,443
Freight/Delivery	7,000	7,351	-351	-351
Temporary Help	22,647	28,549	-5,902	-5,902
Furniture/Equipment	15,700	0	15,700	15,700
Communications/Utilities	139,847	120,578	19,269	19,269
Capital Outlay	29,744	14,659	15,085	15,085
State Office of Risk Management	46,631	1,000	45,631	45,631
Subtotal	\$5,730,312	\$5,510,965	\$219,347	\$219,347
Indirect Support	570,195	510,529	59,666	59,666
Total Manufactured Housing	\$ 6,300,507	\$ 6,021,494	\$ 279,013	\$ 279,013

* YTD expenses column represents actual expenditures from September to June, and projected expenditures from July to August.

Agenda Action Item No. 3

ADMINISTRATIVE SERVICES AND COST REIMBURSEMENT AGREEMENT

AMENDMENT NO. 3

SECTION 1. The **Texas Department of Housing and Community Affairs**, a public and official department of the State of Texas ("TDHCA"), and the **Manufactured Housing Division**, an independent entity within TDHCA ("MH Division") do hereby contract and agree to amend their original agreement as initially executed by the Executive Director of TDHCA effective September 1, 2001 through August 31, 2002 for the performance of administrative services.

SECTION 2. The parties hereto agree to amend the agreement identified above so that Section 1.1, Scope of Services, is revised to read hereafter as given below:

“Section 1.1, Scope of Services.

During the term of this Agreement, TDHCA shall provide administrative support services to the MH Division from TDHCA’s Internal Audit; Governmental Communications; Human Resources; Facilities and Support; Information Systems; and Financial Services areas and such incidental services as may be necessary (collectively the "Services") as further specified in Exhibit A to this agreement. TDHCA shall be solely responsible for furnishing the necessary supplies, services, equipment, and offices to provide such Services. All such Services are subject to oversight and direction by the MH board of directors, the Executive Director of the MH Division, and such MH Division employees as either of them may designate, subject to any conflicting requests from TDHCA’s Executive Director, TDHCA’s board of directors, and the immediate supervisors of the TDHCA employees performing such Services. The Services shall be provided in a manner consistent with the manner in which they are provided to other operations of TDHCA, except as TDHCA and the MH Division may otherwise agree.”

SECTION 3. The parties hereto agree to amend the agreement identified in Section 1 above so that Exhibit A is revised hereafter to read as given in Exhibit A to this amendment.

SECTION 4. The parties hereto agree to amend the agreement identified in Section 1 above so that Section 2.1, “Term,” is revised to read hereafter as given below:

“Section 2.1, Term.

This Agreement is effective September 1, 2001 through August 31, 2004, unless sooner

terminated pursuant to Section 4.1 of this Agreement.”

SECTION 5. The parties hereto agree to amend the agreement identified in Section 1 above so that Section 3.2, “Payments to TDHCA for Services” is revised to read hereafter as given below:

“Section 3.2, Payments to TDHCA for Services.

As compensation for the Services performed by TDHCA employees pursuant to this Agreement, MH Division shall pay TDHCA FORTY-ONE THOUSAND SIX HUNDRED SIXTY-SIX AND SIXTY-SIX ONE-HUNDREDTHS DOLLARS (\$41,666.66) for each month during the term of this Agreement (for a total annual amount not to exceed FIVE HUNDRED THOUSAND HUNDRED AND NO ONE-HUNDREDTHS DOLLARS (\$500,000.00).”

SECTION 6: The parties hereto agree that this amendment shall become effective on September 1, 2003.

SECTION 7. The parties hereto agree that all of the terms of the agreement identified in Section 1 above shall remain in effect and shall continue to govern except to the extent that they conflict with the terms of this amendment.

SECTION 8. By the signing of this amendment, the parties hereto expressly understand and agree that this amendment shall become a part of the agreement identified in Section 1 above as though it were set forth word for word herein.

WITNESS OUR HANDS EFFECTIVE SEPTEMBER 1, 2003.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: _____
Edwina P. Carrington
Executive Director

MANUFACTURED HOUSING DIVISION

By: _____
Tim Irvine
Executive Director

Exhibit A

Manufactured Housing
Administrative Support Schedule
Fiscal Year 2004

	FTEs	Salaries	Payroll Related Costs	Total
Support:				
Internal Audit	0.30	\$ 19,515	\$ 4,684	\$ 24,198
Governmental Communications	0.50	33,738	8,097	41,835
Human Resources	1.00	47,636	11,433	59,069
Facilities and Support	0.85	34,536	8,289	42,825
Information Systems	2.00	104,477	25,081	129,558
Financial Administration:				
Director, Financial Administration	0.15	12,001	2,880	14,881
Payroll	0.25	12,237	2,937	15,174
Accounting Manager	0.25	17,391	4,174	21,565
Travel	0.35	15,353	3,685	19,037
Payables	0.25	12,333	2,960	15,293
Program Accountants	1.30	56,653	13,597	70,250
Purchasing	0.80	37,350	8,964	46,314
Total Support, Manufactured Housing	8.00	\$403,220	\$ 96,780	\$ 500,000