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**Texas Department of Housing and Community Affairs**  
**Manufactured Housing Board Meeting**  
**August 3, 2012**

Michael H. Bray, Chair

Anthony G. Burks, Member

Bob R. McCarn, Member

Sheila M. Vallés-Pankratz, Member

Donnie W. Wisenbaker, Member

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

**August 3, 2012**

**ROLL CALL**

	<u>Present</u>	<u>Absent</u>
Michael H. Bray, Chair	_____	_____
Anthony G. Burks, Member	_____	_____
Bob R. McCarn, Member	_____	_____
Sheila M. Vallés-Pankratz, Member	_____	_____
Donnie W. Wisenbaker, Member	_____	_____
Number Present	_____	
Number Absent		_____

\_\_\_\_\_, Presiding Officer

**MANUFACTURED HOUSING BOARD MEETING  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
1500 N. Congress, Capitol Extension Committee Room E2.028**

**Austin, Texas 78701**

**August 3, 2012 10:30 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. | Consideration and action to approve the minutes of the board meeting on June 15, 2012  | Chair       |
| Item 2. | Presentation, discussion and action to approve the FY 2013 Operating Budget.   | Kassu Asfaw |
| Item 3. | Presentation, discussion and action to approve the execution of amendment to the Administrative Services Agreement for FY 2013 between the Manufactured Housing Division and TDHCA.              | Kassu Asfaw |
| Item 4. | Presentation, discussion and action to approve the FY 2014 - 2015 Legislative Appropriations Request.  | Kassu Asfaw |
| Item 5. | Presentation, discussion and possible action to approve the proposed amendments to 10 Texas Administrative Code Chapter 80 for publication as proposed in the Texas Register for public comment. | Joe Garcia  |

**REPORT ITEMS**

- |    |  |            |
|----|--|------------|
| 1. | Executive Director's Report to include issues relating to operations, budget and performance of the Manufactured Housing Division. | Joe Garcia |
|----|--|------------|

**PUBLIC COMMENT**

Chair

**EXECUTIVE SESSION**

Chair

*Note: The Board may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.*

- (a) If necessary, the Board will go into executive session to discuss Personnel Matters relating to the executive director's performance evaluation and compensation review pursuant to Sec. 551.074, Texas Government Code.
- (b) If necessary, the Board will go into executive session for Consultation with Attorney pursuant to Sec. 551.071, Texas Government Code.

**RECONVENE**

Chair

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

**ADJOURN**

Chair

*To access this agenda or request information, please visit our website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or contact Sharon Choate, TDHCA/MHD, 1106 Clayton Lane, Suite 270W, Austin, Texas 78723, 512-475-2206, [sharon.choate@tdhca.state.tx.us](mailto:sharon.choate@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 REGULAR MEETING OF THE  
MANUFACTURED HOUSING BOARD**

On Friday, June 15, 2012, at 10:30 a.m., there was a regular meeting of the Manufactured Housing Board (the “Board”) at 1500 N. Congress, Capitol Extension Committee Room E2.030. Michael Bray presided. Bob McCarn and Sheila Vallés-Pankratz constituting a quorum, attended. Anthony Burks and Donnie Wisenbaker were absent. The following Manufactured Housing Division (the “MHD”) staff were present: Joe Garcia, Amy Morehouse, and Sharon Choate. Elena Peinado from the Texas Department of Housing and Community Affairs (other than the MHD) and Melissa Juarez from the Office of Attorney General were present.

Michael Bray called the roll and confirmed the presence of a quorum.

Michael Bray asked the board if there were any additions or corrections to the minutes of the board meeting on March 23, 2012. Hearing none, the minutes were filed for the record.

Amy Morehouse presented for discussion and action the State Office of Administrative Hearings Proposal for Decision and the Division’s final order in the Matter of the Complaint of TDHCA/MHD vs. Wholesale Homes, Inc., Docket Number: 332-12-3974.MHD. Upon motion of Sheila Vallés-Pankratz, duly seconded by Bob McCarn, the motion was unanimously approved.

The Board did not go into an Executive Session.

Joe Garcia delivered the Executive Director's Report.

The next board meeting was tentatively set for Friday, August 3, 2012.

There being no further business to come before the board, the meeting was adjourned at 11:05 a.m.

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Sharon Choate, Secretary

Approved:

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Michael Bray, Presiding Chair

**D R A F T**

Budget Categories	FY 13 Budget (a)	FY 12 Budget (b)	Variance (a-b)	Percentage Change
Salaries and Wages	3,651,484	3,988,479	\$ (336,995)	-8%
Payroll Related Costs	620,752	717,900	-97,148	-14%
Travel In-State	396,325	300,000	96,325	32%
Travel Out-of State	0	0	0	0%
Home Owner Consumer Claims ( Rider # 13 )	400,000	300,000	100,000	33%
Professional Fees	70,000	50,000	20,000	40%
Materials and Supplies	200,000	124,000	76,000	61%
Repairs/Maintenance	150,000	98,692	51,308	52%
Printing and Reproduction	30,000	30,000	0	0%
Rental/Lease	146,523	163,000	-16,477	-10%
Membership Dues	1,000	1,000	0	0%
Staff Development	38,000	33,400	4,600	14%
Texas Online	19,120	19,120	0	0%
Employee Tuition	1,000	500	500	100%
Advertising	1,500	1,500	0	0%
Freight/Mail Delivery	10,200	2,000	8,200	410%
Temporary Help	75,000	62,000	13,000	21%
Furniture/Equipment	100,000	17,541	82,459	470%
Communications/Utilities	185,000	156,000	29,000	19%
Capital Outlay - Computers/Server	200,000	114,000	86,000	75%
State Office of Risk Management	10,000	10,000	0	0%
Subtotal	6,305,904	6,189,132	116,772	2%
Indirect Support	512,127	512,127	-	0%
Total Manufactured Housing *	<b>\$ 6,818,031</b>	<b>\$ 6,701,259</b>	<b>\$ 116,772</b>	<b>2%</b>
FTE's	64	64	-	0%
<b>Method of Finance:</b>				
General Revenue	19,120	19,120	-	0%
Appropriated Receipts	6,498,911	6,382,139	116,772	2%
Federal Funds	300,000	300,000	-	0%
Total Method of Finance	<b>\$ 6,818,031</b>	<b>\$ 6,701,259</b>	<b>\$ 116,772</b>	<b>2%</b>

\* NOTE: Breakdown of the Total Budget:

- \$ 5,685,152 - Total Direct Strategies Appropriations to MHD
  - \$ 620,752 - Payroll related costs - an indirect appropriation, which is a state-wide allocation by the Comptroller; it's included here for assessment or information purposes.
  - \$ 512,127 - Administrative Support costs - an indirect appropriation, which is the service contract fees with the TDHCA; it's included here for assessment or information purposes.
- \$6,818,031**

Texas Department of Housing and Community Affairs  
 Manufactured Housing Division  
 Operating Budget Allocation to Direct Strategies  
 For FY 2013

Description	Expenditures	E.1.1. SOL & Licensing	E.1.2. Inspections	E.1.3. Enforcement	E.1.4. Texas Online	Total Budget
Salaries and Wages	\$ 3,651,484	1,295,290	1,231,180	1,125,014		\$ 3,651,484
Payroll Related Costs	620,752	217,263	211,056	192,433	-	620,752
Travel In-State	396,325	11,000	379,325	6,000	-	396,325
Travel Out-of State	0	0	0	0	-	0
Home Owner Consumer Claims ( Rider # 13 )	400,000	0	0	400,000	-	400,000
Professional Fees	70,000	24,500	23,800	21,700	-	70,000
Materials and Supplies	200,000	72,000	66,000	62,000	-	200,000
Repairs/Maintenance	150,000	54,000	49,500	46,500	-	150,000
Printing and Reproduction	30,000	18,400	2,000	9,600	-	30,000
Rental/Lease	146,523	122,523	6,000	18,000	-	146,523
Membership Dues	1,000	370	340	290	-	1,000
Registration Fees	38,000	13,300	12,920	11,780	-	38,000
Texas Online	19,120	0	0	0	19,120	19,120
Employee Tuition	1,000	360	330	310	-	1,000
Advertising	1,500	1,200	150	150	-	1,500
Freight/Delivery	10,200	7,200	1,500	1,500	-	10,200
Temporary Help	75,000	48,111	13,444	13,445	-	75,000
Furniture/Equipment	100,000	36,000	33,000	31,000	-	100,000
Communications/Utilities	185,000	64,750	62,900	57,350	-	185,000
Capital Outlay - Computers/Server	200,000	72,000	66,000	62,000	-	200,000
State Office of Risk Management	10,000	3,700	3,400	2,900	-	10,000
	<b>\$ 6,305,904</b>	<b>\$ 2,061,967</b>	<b>\$ 2,162,845</b>	<b>\$ 2,061,972</b>	<b>\$ 19,120</b>	<b>\$ 6,305,904</b>

FTE's 64 29 19.6 15.4 64

Method of Finance:

	General Revenue	Appropriated Receipts	Federal Funds	Total
Strategy One	2,061,967	0	2,061,967	2,061,967
Strategy Two	2,162,845	0	200,000	2,162,845
Strategy Three	2,061,972	0	100,000	2,061,972
Strategy Four	19,120	19,120	0	19,120
	<b>\$ 6,305,904</b>	<b>\$ 19,120</b>	<b>\$ 5,986,784</b>	<b>\$ 300,000</b>

Indirect Support:

	F.1.1.	F.1.2.	F.1.3.	Total
Financial Administration	179,075	179,075		179,075
Information Resource Technologies	174,506	174,506		174,506
Operating Support	158,546		158,546	158,546
	<b>\$ 512,127</b>	<b>\$ 179,075</b>	<b>\$ 174,506</b>	<b>\$ 158,546</b>

Method of Finance:

Appropriated Receipts \$ 512,127 \$ 179,075 \$ 174,506 \$ 158,546 \$ 512,127

**Exhibit A**

**Manufactured Housing  
Administrative Support Schedule  
Fiscal Year 2013**

	<b>FTE's</b>	<b>Salaries</b>	<b>Payroll Related Costs</b>	<b>Total</b>
<b>Support:</b>				
Executive Office	0.10	\$ 11,653	\$ 2,680	\$ 14,334
Internal Audit	0.40	26,740	6,150	32,890
Policy and Public Affairs	0.22	18,436	4,240	22,676
Human Resources	0.40	24,410	5,614	30,025
Purchasing and Facilities Management	0.90	47,659	10,962	58,621
Information Systems	2.08	141,875	32,631	174,506
<b>Financial Administration:</b>				
Director, Financial Administration	0.10	10,175	2,340	12,515
Payroll	0.20	12,982	2,986	15,968
Accounting Manager	0.15	14,245	3,276	17,521
Travel	0.50	26,702	6,141	32,843
Payables	0.45	26,329	6,056	32,384
Program Accountant	1.00	55,158	12,686	67,844
<b>Total Support, Manufactured Housing</b>	<b>6.50</b>	<b>\$ 416,364</b>	<b>\$ 95,762</b>	<b>\$ 512,127</b>

**Manufactured Housing Division  
Revenue Summary and Projections  
For FY 2013-12**

<b>FEE TYPE</b>	<b>FY 2013 Projected (c)</b>	<b>FY 2012 Act/Est. (d)</b>	<b>Variance (c-d)</b>	<b>Percentage Change</b>
Training	95,000	95,000	-	0%
SOL - Titles	3,300,000	3,300,000	-	0%
Licenses	525,000	759,000	(234,000)	-31%
Inspections	903,000	903,000	-	0%
Admin. Penalties	3,000	3,000	-	0%
Public Information	3,300	3,300	-	0%
Reimbursement - HORTF	350,000	235,000	115,000	49%
Returned Check Charge	-	-	-	0%
	<b>5,179,300</b>	<b>5,298,300</b>	<b>(119,000)</b>	<b>-2%</b>
Federal Fund	<b>604,558</b>	<b>604,558</b>	-	0%
<b>Total</b>	<b>\$ 5,783,858</b>	<b>\$ 5,902,858</b>	<b>\$ (119,000)</b>	<b>-2%</b>

*\* Note: The assumptions for FY 2013 revenues use the actual/estimates for FY 2012 and modified historical trends.*



**Texas Department of Housing and Community Affairs  
 Manufactured Housing Division  
 Budget and Expense Status  
 September 1, 2011 - August 31, 2012  
 For FY 2012**

Budget Categories	Annual Budget (a)	*1 YTD Act/Est. Expenses Sep - Aug (b)		Remaining Budget As of August	Remaining Budget Not Used %
Salaries and Wages	\$ 3,988,479	\$	3,322,426	666,053	17%
Payroll Related Costs	717,900		666,305	51,595	7%
Travel In-State	300,000		275,671	24,329	8%
Travel Out-of State	0		0	0	0%
Home Owner Consumer Claims ( Rider # 13 )	300,000		251,593	48,407	16%
Professional Fees	50,000		45,000	5,000	10%
Materials and Supplies	124,000		109,833	14,167	11%
Repairs/Maintenance	98,692		89,201	9,491	10%
Printing and Reproduction	30,000		16,965	13,035	43%
Rental/Lease	163,000		154,651	8,349	5%
Membership Dues	1,000		750	250	25%
Registration Fees	33,400		15,550	17,850	53%
Texas Online	19,120		13,250	5,870	31%
Employee Tuition	500		500	0	0%
Advertising	1,500		289	1,211	81%
Freight/Mail Delivery	2,000		7,882	(5,882)	-294%
Temporary Help	62,000		33,852	28,148	45%
Furniture/Equipment	17,541		15,217	2,324	13%
Communications/Utilities	156,000		143,000	13,000	8%
Capital Outlay	114,000		102,000	12,000	11%
State Office of Risk Management	10,000		7,835	2,165	22%
Subtotal	6,189,132		5,271,770	917,362	15%
Indirect Support	512,127		471,499	40,628	8%
<b>Total Manufactured Housing</b>	<b>\$ 6,701,259</b>	<b>\$</b>	<b>5,743,269</b>	<b>\$ 957,990</b>	<b>14%</b>

\* 1 YTD expenses column represents actual expenditures from September to June, and projected expenditures from July to August.

*Agenda Action Item No. 3*

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**AND**  
**MANUFACTURED HOUSING DIVISION'S**  
**ADMINISTRATIVE SERVICES AND COST REIMBURSEMENT AGREEMENT**

This Administrative Services and Cost Reimbursement Agreement ("Agreement") is made effective as of September 1, 2012 by and between the **Texas Department of Housing and Community Affairs**, a public and official department of the State of Texas ("TDHCA"), and the **Manufactured Housing Division** of TDHCA.

**RECITALS:**

**WHEREAS**, Subchapter AA, Sections 2306.6001 through 2306.6023 of the Texas Government Code, requires:

- (1) that beginning on September 1, 2001, TDHCA began to administer and enforce the Texas Manufactured Housing Standards Act (Chapter 1201 of the Texas Occupations Code) through the Manufactured Housing Division ("MH Division");
- (2) that the MH Division be governed by a five member board that is to be an independent entity within TDHCA, administratively attached to TDHCA, and not an advisory board to TDHCA ("MH Board");
- (3) that the MH Board and the division director of the MH Division are to exercise authority and responsibilities assigned to them under the Texas Manufactured Housing Standards Act (Chapter 1201 of the Texas Occupations Code); and
- (4) that the MH Board shall develop a budget for the operations of the department relating to the MH Division and shall reduce administrative costs by entering into an agreement with TDHCA to enable the sharing of department personnel, equipment, and facilities.

**NOW THEREFORE**, TDHCA has agreed to provide for indirect and direct administrative services as hereinafter provided for a monthly administrative fee described herein to be paid by the MH Division to TDHCA. The parties, TDHCA and the MH Division, agree as follows:

**1. ADMINISTRATIVE SERVICES AND REIMBURSEMENT OF OPERATING COSTS**

**1.1 Scope of Services**

During the term of this Agreement, TDHCA shall continue to provide for the budgeted costs and expenses set out on the annual operating budget for the MH Division attached as Exhibit "A" in the manner contemplated by the annual operating budget for TDHCA and to account for all such actual payments and receipts. These services, will include, but not be limited to, administrative support services from TDHCA's Executive Office; Internal Audit; Policy and Public Affairs; Human Resources; Purchasing and Facilities Management; Information Systems; and Financial Administration (collectively the "Services").

**2. TERM**

**2.1 Term**

This Agreement shall be effective September 1, **2012** and shall continue in full force and effect until August 31, **2013**, unless sooner terminated pursuant to Section 4.1 of this Agreement.

**3. ADMINISTRATIVE SERVICES FEES AND COST REIMBURSEMENTS**

**3.1 Reimbursement to TDHCA for Operating Costs**

TDHCA shall be reimbursed by the MH Division for all operating costs incurred by TDHCA on their behalf out of budgeted receipts attributable to the MH Division as set out on Exhibit "A".

**3.2 Payments to TDHCA for Services**

As compensation for the Services performed by TDHCA personnel pursuant to this Agreement, TDHCA shall be paid \$42,677.25 monthly by the MH Division (or a total annual amount not to exceed \$512,127.00) for each month during the term of this Agreement.

#### **4. TERMINATION OF AGREEMENT**

##### **4.1 Early Termination**

Either party and, the duly constituted MH Board contemplated by Sections 2306 once appointed, may terminate this Agreement prior to the August 31, **2013** term provided in Section 2.1 upon 30 days' written notice to the other party. Administrative fees due for Services provided up to and including the date of such early termination shall be prorated and shall be payable in full to TDHCA upon such early termination. If this Agreement is terminated by the MH Board, TDHCA agrees to take all actions necessary to deliver to the MH Board possession or control of all books, records, and property of the MH Division in TDHCA's possession in an orderly manner and without interruption of the MH Division's business.

#### **5. FORCE MAJEURE**

##### **5.1 Force Majeure**

In the event that performance by a party of any of its obligations under the terms of this Agreement shall be interrupted or delayed by an act of God, by acts of war, riot, or civil commotion, by an act of State, by strikes, fire, or flood, or by the occurrence of any other event beyond the control of such party, such party shall be excused from such performance during the period of time when the interruption occurred and for such period of time as is reasonably necessary after such occurrence abates for the effects thereof to have dissipated.

#### **6. MISCELLANEOUS**

##### **6.1 Notices**

All notices, requests, demands and other communications under this Agreement shall be deemed to be duly given if delivered or sent in accordance with this Section 6.1 and all of its subsections; and if addressed as follows:

**If to TDHCA to:**

Texas Department of Housing and Community Affairs  
221 E. 11<sup>th</sup> Street, Third Floor  
Austin, Texas 78701  
ATTENTION: Timothy K. Irvine, TDHCA Executive Director  
[Tim.Irvine@tdhca.state.tx.us](mailto:Tim.Irvine@tdhca.state.tx.us)  
FAX: (512) 469-9606

**If to the Manufactured Housing Division to:**

Manufactured Housing Division  
1106 Clayton LN. Twin Towers, Suite 270W  
Austin, Texas 78723  
ATTENTION: Joe Garcia, MH Division, Executive Director  
[Joe.Garcia@tdhca.state.tx.us](mailto:Joe.Garcia@tdhca.state.tx.us)  
FAX: (512) 475-0495

or to such other address or to the attention of such other person as the recipient party has specified in accordance with this Section 6.1 by prior written notice to the sending party. Every notice required or contemplated by this Agreement to be given, delivered or sent by any party may be delivered in person or may be sent by courier, facsimile, e-mail, first class mail, or certified mail (or its equivalent under the laws of the country where mailed), addressed to the party for whom it is intended, at the address specified in this Agreement. Any party may change its address for notice by giving notice to the other parties of the change. Any written notice will be effective no later than the date actually received. Unless otherwise provided in this Agreement, notice by courier, express mail, certified mail, or registered mail will be effective on the date it is officially recorded as delivered by return receipt or equivalent and in the absence of such record of delivery it will be presumed to have been delivered on the fifth business day after it was deposited, first-class postage prepaid, in the United States first class mail. Notice not given in writing will be effective only if acknowledged in writing by a duly authorized officer of the party to whom it was given.

**6.2 Entire Agreement**

This Agreement contains the entire agreement of the parties with respect to the matters covered by its terms. Any written or oral representations, promises, agreements or understandings concerning the subject matter of this Agreement that is not contained in this Agreement shall be of no force or effect. No change, modification or waiver of any of the terms of this Agreement shall be binding unless reduced to writing and signed by authorized representatives of both parties.

**6.3 Assignment**

This Agreement shall be binding upon and inure to the benefit of the parties hereto, and the legal representatives, successors in interest and assigns, respectively, of each such party. Notwithstanding the preceding sentence, this Agreement shall not be assigned in whole or in part by either party without the prior written consent of the other party.

**6.4 Governing Law**

This Agreement shall be construed under and governed in all respects, including without limitation, issues of validity, interpretation, performance and enforcement, by the laws, and not the conflicts of law, of the State of Texas.

**6.5 No Waiver**

The failure of any party hereto at any time to require performance of any provision of this Agreement shall in no way affect the right of such party to require performance of that provision. Any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself or a waiver of any right under this Agreement.

## **6.6 Partial Invalidity**

If any one or more of the provisions of this Agreement should be ruled wholly or partly invalid or unenforceable by a court or other government body of competent jurisdiction, then:

- (A) the validity and enforceability of all provisions of this Agreement not ruled to be invalid or unenforceable will be unaffected;
- (B) the effect of the ruling will be limited to the jurisdiction of the court or other government body making the ruling;
- (C) the provision(s) held wholly or partly invalid or unenforceable will be deemed amended, and the court or other government body is authorized to reform the provision(s), to the minimum extent necessary to render them valid and enforceable in conformity with the parties' intent as manifested herein; and
- (D) if the ruling, and/or the controlling principle of law or equity leading to the ruling, is subsequently overruled, modified, or amended by legislative, judicial, or administrative action, then the provision(s) in question as originally set forth in this Agreement will be deemed valid and enforceable to the maximum extent permitted by the new controlling principle of law or equity.

## **6.7 Time**

Time is of the essence under this Agreement. If the last day permitted for the performance of any act required or permitted under this Agreement falls on a Saturday, Sunday, or legal holiday in the State of Texas, the time for such performance shall be extended to the next succeeding business day that is not a legal holiday.

**6.8 Jurisdiction and Venue**

Suit to enforce this Agreement or any provision thereof will be brought exclusively in the state or federal courts located in Austin, Travis County, Texas.

**6.9 Section Headings**

The article and section headings contained in this Agreement are for reference purposes only and shall not in any way control the meaning or interpretation of this Agreement. Each person signing below represents that he or she has read this Agreement in its entirety (including any and all Schedules and Exhibits); understands its terms; is duly authorized to execute this Agreement on behalf of the party indicated below by his name; and agrees on behalf of such party that such party will be bound by those terms.

**IN WITNESS WHEREOF**, the parties have signed this Agreement to be effective as of September 1, 2012.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

By: \_\_\_\_\_  
Timothy K. Irvine  
Executive Director

**MANUFACTURED HOUSING DIVISION**

By: \_\_\_\_\_  
Joe A. Garcia  
Executive Director



MEMBERS OF THE TEXAS MANUFACTURED HOUSING BOARD:

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**Michael Bray, Chairman**

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**Sheila M. Valles-Pankratz, Member**

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**Anthony G. Burks, Member**

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**Donnie W. Wisenbaker, Member**

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**Bob R. McCarn, Member**

**ADMINISTRATIVE SERVICES AGREEMENT AND COST REIMBURSEMENT AGREEMENT**

**Exhibit A**

**Manufactured Housing  
Administrative Support Schedule  
Fiscal Year 2013**

	<b>FTEs</b>	<b>Salaries</b>	<b>Payroll Related Costs</b>	<b>Total</b>
<b>Support:</b>				
Executive Office	0.10	\$ 11,653	\$ 2,680	\$ 14,334
Internal Audit	0.40	26,740	6,150	32,890
Policy and Public Affairs	0.22	18,436	4,240	22,676
Human Resources	0.40	24,410	5,614	30,025
Purchasing and Facilities Management	0.90	47,659	10,962	58,621
Information Systems	2.08	141,875	32,631	174,506
<b>Financial Administration:</b>				
Director, Financial Administration	0.10	10,175	2,340	12,515
Payroll	0.20	12,982	2,986	15,968
Accounting Manager	0.15	14,245	3,276	17,521
Travel Accountant	0.50	26,702	6,141	32,843
Payables	0.45	26,329	6,056	32,384
Program Accountant	1.00	55,158	12,686	67,844
<b>Total Support, Manufactured Housing</b>	<b>6.50</b>	<b>\$ 416,364</b>	<b>\$ 95,762</b>	<b>\$ 512,127</b>

**Texas Department of Housing and Community Affairs  
 Manufactured Housing Division  
 Legislative Appropriations Request  
 For FY 2014 & 2015**

*Agenda Action Item No. 4*

**D R A F T**

<b>Budget Categories</b>	<b>FY 14 Budget (a)</b>	<b>FY 15 Budget (b)</b>	<b>Variance (b-a)</b>	<b>Percentage Change</b>
Salaries and Wages	\$ 3,515,384	\$ 3,719,107	\$ 203,723	5.8%
Travel In-State	300,000	300,000	0	0.0%
Travel Out-of State	0	0	0	0.0%
Home Owner Consumer Claims ( Rider # 13 )	300,000	300,000	0	0.0%
Professional Fees	80,000	80,000	0	0.0%
Materials and Supplies	125,373	125,373	0	0.0%
Repairs/Maintenance	125,874	125,874	0	0.0%
Printing and Reproduction	11,000	11,000	0	0.0%
Rental/Lease (Building and Copy Machines)	146,523	146,523	0	0.0%
Membership Dues	1,000	1,000	0	0.0%
Registration Fees	25,600	25,600	0	0.0%
Texas Online	19,120	19,120	0	0.0%
Employee Tuition	1,000	1,000	0	0.0%
Advertising	300	300	0	0.0%
Mail/Freight Delivery	10,000	10,000	0	0.0%
Temporary Help	20,000	20,000	0	0.0%
Furniture/Equipment	20,000	20,000	0	0.0%
Communications/Utilities	119,373	119,373	0	0.0%
Capital Outlay - Computers, Servers, etc.	78,600	56,600	-22,000	-28.0%
State Office of Risk Management	10,000	10,000	0	0.0%
<b>Total</b>	<b>\$ 4,909,147</b>	<b>\$ 5,090,870</b>	<b>181,723</b>	<b>3.7%</b>
FTE's	64	64	-	0%
<b>Method of Finance:</b>				
General Revenue	19,120	19,120	-	0.0%
Appropriated Receipts	4,590,027	4,771,750	181,723	4.0%
Federal Funds	300,000	300,000	-	0.0%
<b>Total Method of Finance</b>	<b>\$ 4,909,147</b>	<b>\$ 5,090,870</b>	<b>\$ 181,723</b>	<b>3.7%</b>

**Texas Department of Housing and Community Affairs  
 Manufactured Housing Division  
 Appropriations Request Allocation to Direct Strategies  
 For FY 2014**

<b>Description</b>	<b>Expenditures</b>	<b>E.1.1. SOL &amp; Licensing</b>	<b>E.1.2. Inspections</b>	<b>E.1.3. Enforcement</b>	<b>E.1.4. Texas Online</b>	<b>Total Budget</b>
Salaries and Wages	\$ 3,515,384	\$ 1,195,230	\$ 1,230,384	1,089,770	\$ -	3,515,384
Travel In-State	300,000	11,000	284,000	5,000	-	300,000
Travel Out-of State	0	0	0	0	-	0
Home Owner Consumer Claims ( Rider # 13 )	300,000	0	0	300,000	-	300,000
Professional Fees	80,000	29,600	28,021	22,379	-	80,000
Materials and Supplies	125,373	48,834	38,919	37,620	-	125,373
Repairs/Maintenance	125,874	46,573	42,797	36,503	-	125,874
Printing and Reproduction	11,000	10,000	500	500	-	11,000
Rental/Lease	146,523	98,714	40,357	7,452	-	146,523
Membership Dues	1,000	370	340	290	-	1,000
Registration Fees	25,600	15,014	5,848	4,738	-	25,600
Texas Online	19,120	0	0	0	19,120	19,120
Employee Tuition	1,000	600	200	200	-	1,000
Advertising	300	111	102	87	-	300
Freight/Delivery	10,000	3,700	3,400	2,900	-	10,000
Temporary Help	20,000	19,000	500	500	-	20,000
Furniture/Equipment	20,000	17,000	1,000	2,000	-	20,000
Communications/Utilities	119,373	45,033	42,480	31,860	-	119,373
Capital Outlay	78,600	29,082	26,724	22,794	-	78,600
State Office of Risk Management	10,000	3,700	3,400	2,900	-	10,000
	<b>\$ 4,909,147</b>	<b>\$ 1,573,561</b>	<b>\$ 1,748,972</b>	<b>\$ 1,567,493</b>	<b>\$ 19,120</b>	<b>\$ 4,909,147</b>

FTE's 64 29.6 18.5 15.9 64

**Method of Finance:**

	<b>General Revenue</b>	<b>Appropriated Receipts</b>	<b>Federal Funds</b>	<b>Total</b>
Strategy One:	1,573,561	0	1,573,561	1,573,561
Strategy Two:	1,748,972	0	200,000	1,748,972
Strategy Three:	1,567,493	0	100,000	1,567,493
Strategy Four	19,120	19,120		19,120
	<b>\$ 4,909,147</b>	<b>\$ 19,120</b>	<b>\$ 300,000</b>	<b>\$ 4,909,147</b>

Texas Department of Housing and Community Affairs  
 Manufactured Housing Division  
 Appropriations Request Allocation to Direct Strategies  
 For FY 2015

Description	Expenditures	E.1.1. SOL & Licensing	E.1.2. Inspections	E.1.3. Enforcement	E.1.4. Texas Online	Total Budget
Salaries and Wages	\$ 3,719,107	\$ 1,301,687	\$ 1,264,497	\$ 1,152,923	\$ -	\$ 3,719,107
Travel In-State	300,000	11,000	284,000	5,000	-	300,000
Travel Out-of State	0	0	0	0	-	0
Home Owner Consumer Claims ( Rider # 13 )	300,000	0		300,000	-	300,000
Professional Fees	80,000	29,600	28,021	22,379	-	80,000
Materials and Supplies	125,373	48,834	38,919	37,620	-	125,373
Repairs/Maintenance	125,874	46,574	42,797	36,503	-	125,874
Printing and Reproduction	11,000	10,000	500	500	-	11,000
Rental/Lease	146,523	98,714	40,357	7,452	-	146,523
Membership Dues	1,000	370	340	290	-	1,000
Registration Fees	25,600	15,014	5,848	4,738	-	25,600
Texas Online	19,120	0	0	0	19,120	19,120
Employee Tuition	1,000	600	200	200	-	1,000
Advertising	300	111	102	87	-	300
Freight/Delivery	10,000	3,700	3,400	2,900	-	10,000
Temporary Help	20,000	19,000	500	500	-	20,000
Furniture/Equipment	20,000	17,000	1,000	2,000	-	20,000
Communications/Utilities	119,373	45,033	42,480	31,860	-	119,373
Capital Outlay	56,600	20,942	19,244	16,414	-	56,600
State Office of Risk Management	10,000	3,700	3,400	2,900	-	10,000
	<b>\$ 5,090,870</b>	<b>\$ 1,671,879</b>	<b>\$ 1,775,605</b>	<b>\$ 1,624,266</b>	<b>\$ 19,120</b>	<b>\$ 5,090,870</b>

FTE's 64 29.6 18.5 15.9 64

Method of Finance:

	General Revenue	Appropriated Receipts	Federal Funds	Total
Strategy One:	1,671,879	0	1,671,879	1,671,879
Strategy Two:	1,775,605	0	200,000	1,775,605
Strategy Three:	1,624,266	0	100,000	1,624,266
Strategy Four:	19,120	19,120	-	19,120
	<b>\$ 5,090,870</b>	<b>\$ 19,120</b>	<b>\$ 4,771,750</b>	<b>300,000</b>

**Texas Department of Housing and Community Affairs  
 Manufactured Housing Division  
 Revenue Summary and Projections  
 For FY 2014-2015**

<b>FEE TYPE</b>	<b>FY 2014 Projected (c)</b>	<b>FY 2015 Projected (d)</b>	<b>Variance (c-d)</b>	<b>Percentage Change</b>
Training	98,000	98,000	-	0.0%
SOL - Titles	3,500,000	3,500,000	-	0.0%
Licenses	765,000	565,000	(200,000)	-26.1%
Inspections	905,000	905,000	-	0.0%
Admin. Penalties	3,000	3,000	-	0.0%
Public Information	3,300	3,300	-	0.0%
Reimbursement - HORTF	350,000	405,000	55,000	15.7%
Returned Check Charge	-	-	-	0.0%
	<b>5,624,300</b>	<b>5,479,300</b>	<b>(145,000)</b>	<b>-2.6%</b>
Federal Fund	604,000	604,000	-	0%
<b>Total</b>	<b>\$ 6,228,300</b>	<b>\$ 6,083,300</b>	<b>(145,000)</b>	<b>-2.3%</b>

**Preamble for Proposed Manufactured Housing Rules**  
*Administrative Rules of the Texas Department of Housing and Community Affairs*  
*10 Texas Administrative Code, Chapter 80*

The Manufactured Housing Division of the Texas Department of Housing and Community Affairs (the “Department”) proposes to amend 10 Texas Administrative Code, Chapter 80, §§80.25 and 80.41 relating to the regulation of the manufactured housing program. The rules are revised for clarification purposes.

Section 80.25(j)(5): Proposal to clarify electrical testing must be performed on all new manufactured homes.

Section 80.41(d): Proposal to clarify the curriculum for the continuing education program.

Joe A. Garcia, Executive Director of the Manufactured Housing Division of the Texas Department of Housing and Community Affairs, has determined that for the first five-year period that the proposed rules are in effect there will be no fiscal implications for state or local government as a result of enforcing or administering these sections. There will be no effect on small or micro-businesses because of the proposed amendments. There are no anticipated economic costs to persons who are required to comply with the proposed rules.

Mr. Garcia also has determined that for each year of the first five years that the proposed rules are in effect the public benefit as a result of enforcing the amendments will be to provide clarification of procedures.

Mr. Garcia has also determined that for each year of the first five years the proposed rules are in effect there should be no adverse effect on a local economy, and therefore no local employment impact statement is required under Administrative Procedure Act (APA), Texas Government Code §2001.022.

If requested, the Department will conduct a public hearing on this rulemaking, pursuant to the Administrative Procedure Act, Texas Government Code §2001.029. The request for a public hearing must be received by the Department within 15 days after publication.

Comments may be submitted to Mr. Joe A. Garcia, Executive Director of the Manufactured Housing Division of the Texas Department of Housing and Community Affairs, P. O. Box 12489, Austin, Texas 78711-2489 or by e-mail at [mhproposedrulecomments@tdhca.state.tx.us](mailto:mhproposedrulecomments@tdhca.state.tx.us). The deadline for comments is no later than 30 days from the date that these proposed rules are published in the *Texas Register*.

The amended section is proposed under Section 1201.052 of the Texas Occupations Code, which provides the Director with authority to amend, add, and repeal rules governing the Manufactured Housing Division of the Department and Section 1201.053 of the Texas Occupations Code, which authorizes the board to adopt rules as necessary and the director to administer and enforce the manufactured housing program through the Manufactured Housing Division.

No other statutes, codes, or articles are affected by the proposed rules.

The agency hereby certifies that the proposed amended section has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

## Proposed Manufactured Housing Rules

### **§80.25. Generic Standards for Multi-Section Connections Standards.**

- (a) – (i) (No change.)
- (j) Electrical Connections: Depending on the model and/or manufacturer of the home, electrical crossovers may be located in either the front end and/or rear end of the home. Check along mating line for other labeled access panels.
  - (1) – (4) (No change.)
  - (5) Electrical testing: At the time of installation, the following tests must be performed on all new manufactured homes:
    - (A) All site installed or shipped loose fixtures shall be subjected to a polarity test to determine that the connections have been properly made.
    - (B) All grounding and bonding conductors installed or connected during the home installation shall be tested for continuity, and
    - (C) All electrical lights, equipment, ground fault circuit interrupters and appliances shall be subjected to an operational test to demonstrate that all equipment is connected and functioning properly.
  - (6) (No change.)
- (k) (No change.)

### **§80.41. License Requirements.**

- (a) – (c) (No change.)
- (d) Continuing Education.
  - (1) Continuing education program courses must total eight (8) hours and shall include any revisions to the Code within the preceding two years and the Department's current complaint resolution process and may also include any of the following:
    - (A) A minimum of two (2) hours of continuing education addressing the law and rules with a focus on any revisions to the Code or Rules within the preceding two years. ~~installation requirements~~;
    - (B) A minimum of one (1) hour of continuing education addressing the Department's current complaint resolution process. ~~manufactured home financing~~;



(C) The following additional topics may be covered to satisfy the remaining credit hours needed not addressed in subparagraph (A) or (B) of this paragraph. ~~operation of manufactured home parks and communities; or~~

(i) installation requirements;

(ii) manufactured home financing;

(iii) operation of manufactured home parks and communities;

(iv) insurance requirements;

(v) industry best practices;

(vi) business ethics;

(vii) topical market statistics or trends; or

(viii)~~(D)~~ other subjects determined by the Department to relate directly to the lawful operation of a business subject to the Code.

(2) Acceptable evidence that the requirements of §1201.113(b) of the Standards Act have been satisfied by the license holder or their related person on record with the Department, would be a certificate, letter, or similar statement provided by the approved education provider indicating that the education program ~~course~~ was timely completed. Such evidence may be submitted by fax, mail, e-mail, or in person.

(3) For license renewal, evidence of any required completion, with reference to license number, must be received by the Department before a license may be renewed.

(4) Approval of courses and providers. In order to be considered for approval by the Board to provide continuing education courses, including prospective conditional courses in accordance with paragraph (5) of this subsection, a party wishing to be considered for such approval must submit, ~~for each course for which approval is sought~~, an application, accompanied by the nonrefundable processing fee, and the following:

(A) A narrative overview of each ~~the~~ course, describing subject matter to be covered;

(B) Brief biographies, including credentials of each instructor demonstrating in depth knowledge of the subject matter to be taught;

(C) A copy of any course materials to be used. If the course materials are deemed to be proprietary they should be placed in a separate envelope, marked confidential, and accompanied by a written statement as to why they should not be treated as open records. There is no assurance that such materials will ultimately be accorded any exemption from disclosure under the Open Records provisions of the Government Code;

- (D) A schedule of any fees to be charged for each the course;
- (E) If completion of the continuing education program course is limited to any particular group, a description of the limitation;
- (F) As such information becomes available, an indication as to the locations, times, and dates for offerings; and
- (G) Such other information as the Department may require.

(5) Prospective continuing education programs, including all portions of education courses, must be pre-approved by the board prior to the course being held or broadcast.

(6)(5) Once the Department determines that a request for approval is complete, that request will be placed on the next regularly scheduled meeting of the Board for consideration. The Department will provide the board with a written recommendation on each such request. The staff will advise the applicant of the board's action within ten (10) business days of the date of the board meeting, including a written statement as to any limitations, conditions, or other requirements imposed.

(A) Approvals shall be for a period not to exceed two years. The Department may, at no cost, attend or send a representative to attend any approved portion of the continuing education program course to determine that the course is being taught in accordance with the terms of approval.

(B) The Department may revoke or suspend approval of a continuing education program course if the Department determines that any of the courses are course-is not being taught in accordance with the terms of approval or that any of the courses are course-is not being administered in accordance with the law or these rules. Any action to revoke or suspend such an approval is a contested matter under Chapter 2001, Government Code, and the party against whom revocation or suspension is sought may make a written request for a hearing before an Administrative Law Judge. If no such hearing is requested within thirty (30) calendar days after receipt of notice from the Department, the Department order of suspension or revocation shall become final.

(e) – (f) (No change.)