

**FULL AND PROPER IMPLEMENTATION OF THE MANUFACTURED
HOUSING IMPROVEMENT ACT OF 2000 – FACT SHEET #7**

**HUD HAS USED THE SAME MONITORING CONTRACTOR
FOR 35 YEARS WITHOUT FULL COMPETITION**

The federal program has had the same monitoring contractor (i.e., the same entity, with the same personnel, albeit under different names) since the start of federal regulation in 1976. Although the contract is subject, officially, to competitive bidding, the contract is a de facto sole source procurement. Because the federal program is unique within the residential construction industry and no other entity has ever served as contractor, no other organization has directly comparable experience. Thus, solicitations for the contract are based on a red herring -- award factors that track the experience and performance of the existing contractor -- effectively preventing anyone else from getting an award. Moreover, the one time that another organization did submit a bid, its lower-priced offer was subject to a second round of analysis that ultimately deemed the entrenched contractor's offer better for HUD, based on its years of direct experience.

Without new ideas and thinking, the program remains stuck in the 1970's and has not evolved along with the industry. This is one of the primary reasons that the federal program, government at all levels and other organizations and entities continue to view and treat manufactured homes as "trailers," causing untold problems for the industry and consumers, including financing, placement and other issues.

Moreover, the 2000 law was designed to assure a balance of reasonable consumer protection and affordability. But the HUD program and its contractor have a history of constantly ratcheting-up regulation, with more detailed, intricate and costly procedures, inspections, record-keeping, reports and red-tape, despite the fact that consumer complaints, as shown by HUD's own data, are minimal. This is a result, in part, of a structure that provides a financial incentive for the monitoring contractor to find fault with manufactured homes.

This cycle must be broken, and the program must be brought into compliance with the objectives and focus of the 2000 law. It is thus essential that the program ensure that there is full and open competition for the monitoring contract when the next solicitation occurs in 2012, with new award criteria that do not penalize or ward off new bidders without direct program experience, and a structure that does not provide a financial incentive for excessive or punitive regulation.

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