

Date: 10.19.2021

To: HUD Office of Inspector General (OIG)

From: L.A. "Tony" Kovach

Subject: Formal complaint against specific HUD officials, including allegations about those named herein.

**Preface.** Once the causes of the affordable housing crisis are known, along with relevant facts and evidence, a possibly swift cure comes into focus.

Many of those issues related to affordable housing and the housing crisis in general fall under the umbrella of the declared mission and purpose of the U.S. Department of Housing and Urban Development (HUD).

This letter of complaint to the HUD OIG, along with items linked – with those linked items to be considered as part of this complaint submission - aim to expose long festering problems that harm tens of millions. Among them are the millions who depend on HUD for housing support. Also included among those impacted are the billions paid by taxpayers annually. The status quo also harms an array of would-be homeowners who are otherwise effectively trapped in a life of rental and/or housing subsidies where they are denied their part of the American Dream. That denies them the opportunity to create equity and the opportunity for generational wealth, which homeownership is widely believed to support.

What's described herein happens to disproportionately impact minorities, as HUD Secretary Marcia Fudge and others cited herein have duly and aptly noted.

Beyond personal experience, among the sources for this complaint and formal request for investigation by HUD's OIG will be research performed by specific third parties to myself and third parties to HUD.

These third-party sources matter because it takes this complaint beyond the scope of some mere opinion. Rather, such outside researchers matters because this complaint is based upon solid evidence and known facts; including my own but as or more important that of numbers of others.

A) These 3<sup>rd</sup> parties include, but are not limited to, the research performed by James A. "Jim" Schmitz Jr, a senior economist and research/writer at the Minneapolis Federal Reserve. Schmitz, at various times with other similar level and background research colleagues, has documented a pattern they have described as "sabotaging monopolies." They specifically accuse HUD of what can be described as a corrupt collusion with private builders and a nonprofit in a manner that fits the notion of an Iron Triangle. Their manufactured home industry related research is part of the evidence that will be advanced and should be considered as included as supporting evidence of this complaint.

B) Then there is evidence based on well over one hundred footnoted facts from the legal research of Samuel "Sam" Strommen at Knudson Law. That is linked here, along with a look at those who have attempted to refute his thesis. I would argue his dissenters argue ineffectively and when those critics are examined, they routinely benefit from the status quo. Meaning, Strommen's thesis stands up well to scrutiny.

C) While Strommen approached this issue as involving corruption from within the manufactured housing industry, and Schmitz et al looked at forces inside HUD and outside of the manufactured housing industry, their respective research largely support each other. Strommen and Schmitz et al are metaphorically like bookends supporting a row of books.

Then there will be evidence provided that comes from a source with direct knowledge of the allegations involving HUD officials being described.

D) That person is former federal official and attorney William "Bill" Matchneer, J.D. Matchneer has on more than one occasion made public and published statements that fit the fact and evidence pattern that are described herein.

E) A group of Democratic lawmakers that raised a related issue some years ago in a letter to then Bush-43 era HUD Secretary Mel Martinez.

F) Next, there are statements made by Ayden, N.C. Mayor Pro-Tem Ivory Mewborn. Rev. Mewborn was recently elected as the Vice Chairman of the Pitt County Human Rights Commission. Rev. Mewborn wrote a joint letter with this writer published in the Reflector newspaper that is linked here. As was previously noted, all linked items are to be considered as part of the evidence that this complaint writer is asking to be included. Crosslinked items from those linked sources should also be followed as additional evidence of the fact-pattern that will reveal the purported malfeasance of various officials at HUD.

Rev. Mewborn was advised in advance of this complaint. He has said he is "all in" on raising these issues with a broad range of federal and state officials, on behalf of his constituents that include, but are not limited to, the Taft family. The photos provided are from the Reflector and are used with the written permission of editor Bobby Burns.



*Tyronne and Jaime Taft*, left Ayden “Plant a Home” Program, photos used with permission, Greenville Daily Reflector.



*Rev. Ivory Mewborn*

<https://www.manufacturedhomelivingnews.com/huds-own-report-confirm-alarms-hud-officials-manufactured-housing-institute-leaders-duck-charges-of-racial-bias-dereliction-thwarting-racial-equity-more-in-plant-a-home/>

With that backdrop, Rev. Mewborn and my letter to the editor of the Reflector was picked up by Google News.

From: Google Alerts <[googlealerts-noreply@google.com](mailto:googlealerts-noreply@google.com)>

Date: October 1, 2021 at 11:04:13 PM EDT

To: [LATonyK@gmail.com](mailto:LATonyK@gmail.com)

Subject: Google Alert - Manufactured Housing Association for Regulatory Reform

Manufactured Housing Association for Regulatory Reform

Daily update · October 2, 2021

NEWS

[Legal, moral and pragmatic reasons support affordable home ownership and Ayden's Plant ...](#)

Greenville Daily Reflector

The cost of HUD Code **manufactured homes**, said Carson citing the research, ... that the **Manufactured Housing Association**

## "Manufactured Housing Association for Regulatory Reform"

As-it-happens update · October 2, 2021

NEWS

[Legal, moral and pragmatic reasons support affordable home ownership and Ayden's Plant ...](#)

Greenville Daily Reflector

... the principle of "enhanced preemption" that the **Manufactured Housing Association for Regulatory Reform** (MHARR) has stressed for years must be applied.

In candor, Ayden city officials *might* be slowly starting to pivot after our joint letter was published. That said, there is no predicting what other Ayden officials other than Mayor Pro-Tem Mewborn will do. This pattern has gone on far too long. So, even if local officials in Ayden relent, that specific complaint bears investigation.

I personally contacted Teresa Payne, J.D., Administrator of the Office of Manufactured Housing Programs (OMHP) at HUD and others shortly after learning about this issue. They have, per local media and local officials, not made any response there. Nor have they responded to me. That's outrageous, given that team Biden has made such noise about 'racial equity' and racial justice. More on all of this is available.

Now let's ponder the following for a few moments. Two Google search results will illustrate the issues being raised. Once their meaning is understood, these Google searches and related should speak volumes.

The first search under the "all" tab of Google is for "HUDUser.gov" "Manufactured Housing Improvement Act" "Enhanced Preemption." Note that when a search item is placed in quotes, search engines will narrow the search to those items and thus to a more precise outcome.



"HUDuser.gov" "manufactured housing improvement act" "enhanced preem X



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About 2 results (0.60 seconds)

No results found for "HUDuser.gov" "manufactured housing improvement act" "enhanced preemption".

Results for HUDuser.gov manufactured housing improvement act enhanced preemption (without quotes):

https://www.manufacturedhomepronews.com › In... PDF

### Innovative Housing Showcase 2019 The Innovative Housing ...

Senior-level speakers discussed how the federal government is championing many of the ... HUD USER Home > PD&R Edge Home > Community Development Archive.

https://www.manufacturedhomepronews.com › hud-bui...

### Todd M. Richardson HUD, Builders, NAHB, Innovative ...

May 17, 2021 — That failure to enforce the 2000 reform law's enhanced preemption of HUD Code manufactured homes has spanned the Bush-Cheney administration and ...

Images for HUDuser.gov manufactured housing improv...



Feedback

The next search is also under the "all" search table on Google. It is for "HUD.gov" "Manufactured Housing Improvement Act" "Enhanced Preemption." There are only 2 results for the search phrase above, and 4 for the search phrase below.





"HUD.gov" "manufactured housing improvement act" "enhanced preemptor" X



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About 4 results (0.38 seconds)

https://www.hud.gov › dfiles › Housing › images PDF

### MHCC - HUD

Jan 6, 2020 — using HUD code manufactured homes, the **enhanced preemption** of the **Manufactured Housing Improvement Act** of 2000 (MHIA 2000).

https://www.hud.gov › sites › Housing › documents PDF

### DRAFT MINUTES MHCC REGULATORY ENFORCEMENT ...

Aug 6, 2019 — MHIA created a new and **enhanced preemption** by including extra language ... passage of the **Manufactured Housing Improvement Act** of 2000 (the.

https://www.manufacturedhomelivingnews.com › huds-...

### HUD Officials, Manufactured Housing Institute Leaders Duck ...

Sep 9, 2021 — Fast forward to the **Manufactured Housing Improvement Act** of 2000 (MHIA). ... to **Manufactured Housing Improvement Act's "enhanced preemption"** ... You visited this page on 9/30/21.

https://manufacturedhomelivingnews.com › uploads PDF

### HUD Response to Richland, Mississippi Zoning issue, August ...

Aug 13, 2012 — amended by the **Manufactured Housing Improvement Act** of 2000, states: Whenever a Federal manufactured home construction and safety standard ...

Images for "HUD.gov" "manufactured housing improve..."



Given the various statements on "enhanced preemption" referenced herein, this paucity of results on the HUD website reflects either:

- a.) a stunning miss by HUD, and/or some type of wink-and-a-nod obscuring of what Matchneer said was one of the key provision of the MHIA.
- b.) Recall that Democratic lawmakers also stressed the importance of "enhanced preemption," and they used that phrase.
- c.) So, while that specific phrasing is not in the 2000 Reform Law, the term is nevertheless a fairly common usage for those who are speaking of the meaning of the law with respect to HUD's ability to overcome discriminatory zoning barriers.

It is worth noting that in one of those documents in the second Google search shown above, a copy of which is linked here, there are three mentions of "enhanced preemption." They are as follows.

Page 142 – Soheyla Kovach (Co-founder of MHPProNews.com and MHLivingNews.com).

Page 164 – R.E. "Bob" Crawford

Page 230 – by "submitter" #122 – L.A. "Tony" Kovach (this complaint writer).

Restated, none of them are by a HUD official. Given that these are interconnected with the causes and Congressionally planned cure for the affordable housing crisis, this matters a great deal. So, while it is a bit of 'inside baseball,' it is absolutely related to part of HUD's mission.

d.) If this aspect of HUD's mission involving the MHIA and "enhanced preemption" are not being properly implemented, which many named herein believe it is not, then HUD's OIG should be probing the matter in order to determine how over 2 decades of such a failure is possible.

Note that Bob Crawford at that time was president of historic Dick Moore Housing, one of the largest independent retailers of HUD Code manufactured housing ever. Crawford and Moore supported creating a new third-national trade group, because MHI was in their view and that of others then and since, not doing their claimed job. It is fair to say that he is more well versed on this topic than many.

Additionally, it should be mentioned as a disclosure that this writer has previously submitted a complaint to HUD OIG. An investigation was performed by Thomas Neighbors and one or more colleague(s) associated with your office. As evidence for that, this is a cut-and-paste from an email follow up to our initial in-person discussion, which included evidence provided to them of that claimed wrongdoing.

from: **Neighbors,**  
**Thomas** <TNeighbors@hudoig.gov>  
to: "L. A. Tony K" <latonyk@gmail.com>  
date: Jun 29, 2017, 11:59 AM  
subject: RE: Tom follow up and Testing your  
email address

Good morning, Tony. This is the correct email. Thank you.

Thomas C. Neighbors  
Assistant Special Agent in Charge  
Office of Inspector General  
U.S. Department of Housing and Urban Development  
909 S.E. 1<sup>st</sup> Avenue, Suite 491  
Miami, FL 33131  
Desk (305) 520-5116  
Fax (305) 536-3085

Neighbors and his colleague said that the investigation would take time, that they and others would be doing other probes, and that they would not be advising me of the specific outcomes of the complaint.

That said, we communicated several times over the course of time since the date shown.

While the specific outcomes of Neighbors' and HUD OIG's investigation sparked by my previous complaint are not known, that research should also be considered. Why? In part because those named by this writer at the time were later reportedly re-assigned and/or have since been separated from HUD's Office of Manufactured Housing Programs (OMHP).

Certainly, there were other pressures brought to bear that became known in part through a report in the [Washington Post](#) and [related analysis of that report](#) that are also going to be referenced as an exhibit for this complaint. Note that my prior complaint accused a former HUD OMHP official of effectively colluding with one or more individuals involved at the Manufactured Housing Institute (MHI). While MHI and several named by various researchers are outside of the direct purview of your office, it is my understanding that your office are able to make a referral to other agencies that could investigate them in a manner that has the teeth of law enforcement.

As a disclosure, I am the cofounder and publisher of MHPProNews and MHLivingNews. Some of what follows has impacted various clients of our firm, past and present. In a sense, it has thus impacted me too, mostly adversely. That said, this complaint is my own. It is being done on my initiative. Let me also note that while I am not an attorney, I have worked with several attorneys over the years. As a writer and publisher, several have said that I have a better than typical understanding of the law, particularly as it relates to manufactured housing connected matters we have published about. So, while I may not always use the correct legal phrasing, the logic of various applicable laws should be apparent.

With that backdrop, let me proceed with this formal complaint against HUD OMHP Administrator Teresa Payne, J.D, and HUD Secretary Marcia Fudge, who the evidence presented herein will reflect that they and others at HUD have failed to do their respective duties under the law. By accident and/or design, their actions and inactions benefit a few while harming the very Americans of all colors and creeds that they and you are duty bound to serve.

This complaint will next use some pull quotes from HUD research, from various public officials, from the Manufactured Housing Improvement Act of 2000 (MHIA or 2000 Reform Law), and others as stated or linked. It will begin with the work of Pamela Blumenthal and Regina Gray.

Following the Blumenthal and Gray references, will be the contents of a speech by former HUD Secretary Benjamin "Ben" Carson, M.D. that address by the Secretary Carson and others pledged to usher in a new era between the manufactured housing industry and HUD. The facts provided by Dr. Carson, while they merit adjustment for subsequent Biden White House-era inflation, are based upon principles that still apply. They should therefore be part of the measure used to determine the level and types of harm alleged herein.

There is a research document that HUD produced during the term of President Barack Obama and Vice President Joe Biden. That research is entitled— and is included by reference.

A letter from various Democratic lawmakers who were part of the widely bipartisan coalition of Congressional lawmakers to then Bush 43-era HUD Secretary Mel Martinez is also included as a reference. If there are any doubts about the meaning of the legalities in question under the MHIA, that letter sheds light and thus guidance for the intention of the lawmakers. Restated, that and an array of evidence that will be included that also involved testimony to Congress, formal comments letters, and other published items will all point to clear violations of the duties of OMHP Administrator Payne and Secretary Fudge, members of the Office of General Counsel, and others at HUD.

The U.S., while one of the [wealthiest nations on earth, lags behinds dozens of nations](#) in the [rate of homeownership](#). Hold that thought. Because only one mainstream news report was published about U.S.



Department of Housing and Urban Development (HUD) report entitled "[Opportunities to Increase Housing Production and Preservation](#)," per [Google News](#). That research by Blumenthal and Gray, along with other items will follow. When considered, each of these items are evidence of the failure of numbers of federal officials, but the focus here are specific failures at HUD involving the responsibilities of HUD OMHP Administrator Payne and Secretary Fudge. With respect to the later, a CSPAN video and related transcript is also part of the evidence being provided by linked reference that reveals her specific denial before members of Congress in a video recorded hearing of her obligations under federal law, specifically, but not limited, to the MHIA.

Some experts, investors, and [professionals believe a housing crash is looming](#). Many have said that the status quo is not sustainable. Conventional housing starts have dropped as prices continue to rise. Affordable housing is needed, and manufactured homes are the most proven form of such affordable housing.

HUD is the primary regulatory of manufactured homes, which makes this issue of singular concern to HUD.

#### 1. HUD PD&R's Blumenthal Gray

["Opportunities to Increase Housing Production and Preservation"](#), was published on the HUD User "Edge" Policy Development and Research site on 9.7.2021. *"In this article, Pam Blumenthal and Regina Gray discuss the impact of regulatory barriers on housing affordability."*

Blumenthal and Gray stated decades of evidence proves the following. "Federally sponsored commissions, task forces, and councils under both Democratic and Republican administrations have examined the effects of land use regulations on affordable housing for [more than 50 years](#)."

The evidence suggests that they were not exaggerating. Indeed, a few weeks before, this writer citing other HUD research that spanned a number of decades, came to a similar conclusion. Namely, that regardless of political party, the problems that are causing the affordable housing crisis are well documented and have festered for some 50 years.

<https://www.manufacturedhomelivingnews.com/why-so-few-affordable-u-s-homes-federal-other-research-monopolies-moats-manufactured-housing-impacts-renters-current-manufactured-homeowners-conventional-homeowners-most-americans/>

Other such references could and will be made. But suffice it for now to say that Blumenthal and Gray have provided a contention that is based upon widely agreed upon evidence.

Oddly, while HUD is the primary federal regulatory of manufactured homes, manufactured housing was not mentioned by the research/writer duo.

Yet, to fix the affordable housing crisis, an [increased supply of manufactured homes is needed, said then-President Trump's HUD Secretary Ben Carson](#), M.D. That text will be provided in toto, below.

It should be noted that quoting a source represents what a person said at a moment in time. Any quote herein should not be considered as necessarily endorsing all that a referenced person, or their organization, ever did or said. That noted, the quotations and references herein will point to what should be the self-evident failure of those this complaint aims at for having failed to do their respective jobs.

2. **Dr. Ben Carson, Secretary of Housing and Urban Development  
Manufactured Housing Conference Remarks,  
New Orleans, Louisiana, Hyatt Regency Hotel, May 7, 2019**

*As prepared for delivery. The speaker may add or subtract comments during his presentation.*

Thank you, Joe [*Stegmayer, MHI Chairman*], for those kind words. And thank you to MHI for inviting me to join you this morning. On behalf of HUD, it is a privilege to share my vision for addressing America's affordable housing challenges - and the role of manufactured housing - with so many leaders and pioneers of the industry here today.

Under President Trump's leadership, our nation is witnessing historic highs in employment, job creation, and economic growth. The financial optimism of everyday Americans has surged to an 18-year high, and is nearing an all-time record. For those families who have access to affordable housing, they are facing their bright futures with confidence.

And yet a serious challenge still persists: millions of hardworking Americans who seek affordable rents or sustainable homeownership simply cannot get their foot in the door. We have reached the point where many of our nation's teachers, nurses, police officers, and firefighters struggle to live in or around the communities they serve.

What they face is a critical shortage in our country's supply of affordable homes.

This is not just a housing crisis - it has a human face. Homes are at the heart of building strong families, strong communities, and ultimately, a strong country.

HUD's mission is to ensure all Americans have access to safe, quality, and affordable housing. And we believe that manufactured housing has a promising role to play - especially in the area of quality affordable housing.

For that reason, one year ago, I announced that HUD was in position to usher in a "new era of cooperation and collaboration between our Department and the manufactured housing industry."

Today, I'd like to share HUD's current vision for how we are diagnosing affordable housing challenges, and how manufactured housing is an active ingredient in the medication we are prescribing for a stronger America.

*Affordable Housing*

Our nation's shortage of affordable housing is ultimately an issue of supply and demand. With millions of people in need, high demand is already guaranteed. That's why HUD has focused our strategy on increasing supply - namely, by promoting initiatives, programs, techniques, and technologies that produce more affordable homes.

Since the key constraint on supply is the cost of new construction and development, the solution to the problem is to change the cost side of the equation.

Manufactured housing has emerged out of the limestone and stepped into the limelight, to address precisely this need.

According to MHI reports, the average cost per square foot of a manufactured home is nearly half that of a site-built home - \$49 [dollars] per square foot, as opposed to \$107 [dollars]. These dramatic cost savings in construction enable responsible citizens to secure housing that may be considerably less expensive than renting or purchasing a site-built home.

And yet, even at this lower price, manufactured homes appreciate in value at a rate similar to site-built homes, according to the Federal Housing Finance Agency Housing Price Index. Sustainable homeownership is the number one builder of financial capital for most American families. For example, the average net worth of a renter is \$5,000 [dollars], while the average net worth of a homeowner is \$200,000 [dollars]. That's an extraordinary 40-fold difference. But with comparable home appreciation rates to site-built

homes, manufactured homes exhibit their own extraordinary potential to be a wealth creation tool for ordinary, everyday American families.

Beyond the matter of price, there are also flexible ownership models, such as land-lease manufactured home communities, that could have the potential to combine affordability with a sense of neighborhood and lifestyle.

These factors - asset-building and community-building - are important to HUD's mission to be more than a place that simply houses people, but a place that actually lifts people out of poverty and helps them become self-sufficient.

### Manufactured Housing and Low-Income Communities

This industry is already having a tremendous impact on serving those communities who are most in need.

Today, more than 20 million Americans live in manufactured housing, which makes up approximately 10 percent of single-family residences. As a result, manufactured housing has become the largest source of unsubsidized affordable homes in the nation -which saves taxpayer dollars.

By housing families that average between \$30,000 to \$50,000 [dollars] per year in income, manufactured homes also allow more people and families to pursue an American Dream that may have once felt out of reach.

While lives are helped through new homes, livelihoods are helped through new jobs. More than 40,000 citizens are employed in this sector, from all walks of life. And the Administration is especially impressed by the use of American suppliers in American manufacturing plants.

That is how innovation turns into opportunity.

### Opportunity Zones

Which brings me to the topic of Opportunity Zones.

Opportunity Zones were created under the *2017 Tax Cuts and Jobs Act* to stimulate economic development and job creation by incentivizing long-term capital investments in low-income neighborhoods. They are also a potent tool to combat the shortage of affordable housing.

HUD expects that Opportunity Zones will be a catalyst for transformational real estate development in communities that are economically distressed. Thirty-five million Americans now live in such designated areas, in all 50 states. There, millions of housing units are needed, in both urban and rural areas.

I would encourage the industry participants here today to consider the role of Opportunity Zones in the context of local development plans, and how manufactured housing stakeholders may be included. As bursts of activity for new buildings and construction are unlocked by this powerful tax incentive, communities within Opportunity Zones are likely to experience significant growth and changing needs. When newly empowered residents pursue their path to self-sufficiency, such areas may generate strong local demand for affordable housing solutions - which manufactured homes are particularly well-positioned to provide.

### Healthy Homes

Manufactured housing can also play a role in HUD's mission to promote healthy homes.

After many decades as a pediatric neurosurgeon - tasked with caring for the welfare of children - safety is a paramount concern for me in any housing solution.

As HUD Secretary, I have instituted a broad array of initiatives designed to promote healthy homes and to eliminate environmental hazards. For example, last December, HUD awarded nearly \$140 million [dollars] in grant funding to 48 state and local government agencies to help protect families from lead-based paint and other threats.

For me, this is a personal issue. At an early age, I learned first-hand the hazards of an unsafe home. My mother raised my brother and me by herself from the time I was eight years old. While she struggled with single motherhood, our problems multiplied when we moved to a tenement in Boston. There, we shared a roof with rats, roaches and a host of other risks.

While my brother and I emerged with our health intact, many families do not. That's why, as HUD Secretary, I advocate for new techniques and new technologies that can ameliorate these menaces. In manufactured housing, innovations in construction techniques have the potential to facilitate building in a less wasteful, and more environmentally sound way. Innovations in construction materials could create components that are higher performing, less prone to mold, wind or water damage, and more resistant to deterioration.

Those are the ingredients of a healthier home.

### Natural Disasters

Such advantages are even more visible in the face of natural disasters.

Natural disasters do not just devastate housing capital - they devastate human capital, through lives interrupted, school days missed, and communities fragmented under strain. As a result, last year, HUD allocated more than \$35 billion [dollars] in funding to 16 state and local governments, to help America's hardest hit regions. These grants represented the largest single amount of disaster recovery assistance in HUD's history.

Manufactured housing can help mitigate this kind of damage through the use of environmentally resilient construction materials, as well as by providing an affordable and permanent housing solution for lower-income survivors.

On a recent visit to Alabama, I was shown a site that was demolished by massive tornadoes - and the only homes in the area that successfully weathered the storm were manufactured houses. It was a silent testament to their resilience. It is also possible that HUD's work with industry leaders to update wind Standards for manufactured housing in 1994 could have helped to limit damage and potentially save lives.

This city, New Orleans, is all too familiar with the pain natural disasters can cause. If manufactured homes can alleviate some of those harms in the future, the next hurricane may leave much less devastation, and much more hope, in its wake.

### Innovative Housing Showcase

I'd now like to cover two of the obstacles to adoption, and how HUD is trying to help.

The first obstacle is that manufactured housing is often overlooked because it is misunderstood. Many times, when people hear the words "manufactured house," their first image is an old trailer that lacks the modern amenities and features of a site-built home. This image is a false façade.

The fact that manufactured homes can be so beautifully done - and in fact are often indistinguishable from site-built homes - is manufactured housing's best kept secret. Well, HUD believes that secret should be shared.

That's why we are proud to help educate both the American public and policymakers by featuring manufactured homes at HUD's inaugural Innovative Housing Showcase, which will be held this June on the National Mall in Washington, D.C.

During the Showcase, MHI will be participating and working with its members to present at least two manufactured homes to be prominently displayed in the heart of our Nation's capital, viewable to thousands of onlookers during the five-day event.

### Deregulation; Removing Regulatory Burdens

The second obstacle is the presence of regulatory roadblocks that still stand in the way.

HUD recognizes the importance of removing undue bureaucratic burdens on the industry while striving to maintain the quality, safety, durability, and affordability of manufactured homes. As a result, we have placed an increased emphasis on clarifying our regulations, including by undertaking a full-scale review of our manufactured housing program to ensure we preserve the proper amount of oversight without stifling the industry.

We are also currently evaluating our Office of Policy Development and Research's recent recommendation to expedite the manufactured home code-making process within HUD - which could better help HUD Standards keep pace with new industry innovations and techniques.

To advance these efforts, I am grateful for the many insights MHI has provided to HUD in the form of its available reports, educational materials, and constructive dialogue.

Last week, I spoke before the Manufactured Housing Consensus Committee, who makes the initial recommendations for proposed changes to our HUD-code provisions, setting in motion the approval process for updating regulations. The committee has an aggressive agenda and must be efficient to reach consensus and close out many of the more than 300 log and deregulatory items outstanding.

That's why, to provide more help, I've brought on more staff at HUD for the manufactured housing and regulatory affairs offices. These new team members have extensive backgrounds and experience in the field. They are ready to work with committee members not just when visiting plants, State Administrative Agencies, third-party inspection agencies, or addressing consumer complaints, but on a holistic basis - to assist with getting HUD code updated and more hard-working Americans housed.

### Conclusion

In closing, manufactured housing is a vital part of HUD's prescription to make safe, quality, desirable, affordable homes available to millions of hard-working Americans.

The foundations of a better tomorrow are built with the new techniques and new technologies of today. And for manufactured housing, that time is now.

I look forward to continuing our work together in the months ahead, and delivering that brighter future to the hearts and homes of the American people we proudly serve.

Thank you, and God Bless.

###

<https://archives.hud.gov/remarks/carson/speeches/2019-05-07.cfm>

Per HUD's website: Content Archived: January 7, 2021



2A). The above provides an array of insights that shed light on what Blumenthal and Gray wrote, and vice-versa. For example. In no particular order of importance are the following from Dr Carson's address above, which was delivered to the Manufactured Housing Institute (MHI). Let's note that the reference to "Joe" by Dr. Carson is to Joseph "Joe" Stegmayer, then MHI's chairman. Stegmayer is also named as a defendant in a suit being brought by the Securities and Exchange Commission.

Each of the bullet's below are quotes from the Carson address to MHI. Note these pull-quotes are not always in the order delivered.

i). The first obstacle is that manufactured housing is often overlooked because it is misunderstood. Many times, when people hear the words "manufactured house," their first image is an old trailer that lacks the modern amenities and features of a site-built home. This image is a false façade.

ii). The second obstacle is the presence of regulatory roadblocks that still stand in the way.

HUD recognizes the importance of removing undue bureaucratic burdens on the industry while striving to maintain the quality, safety, durability, and affordability of manufactured homes.

Those points i and ii reflect what Blumenthal and Gray said, and oddly didn't say about regulatory barriers that include zoning, and the role that manufactured homes should play in that process.

iii). Manufactured housing can help mitigate this kind of damage through the use of environmentally resilient construction materials, as well as by providing an affordable and permanent housing solution for lower-income survivors.

iv). On a recent visit to Alabama, I was shown a site that was demolished by massive tornadoes - and the only homes in the area that successfully weathered the storm were manufactured houses. It was a silent testament to their resilience.

v). As a result, manufactured housing has become the largest source of unsubsidized affordable homes in the nation -which saves taxpayer dollars.

vi). The fact that manufactured homes can be so beautifully done - and in fact are often indistinguishable from site-built homes - is manufactured housing's best kept secret. Well, HUD believes that secret should be shared.

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vii). The financial optimism of everyday Americans has surged to an 18-year high, and is nearing an all-time record. For those families who have access to affordable housing, they are facing their bright futures with confidence.

And yet a serious challenge still persists: millions of hardworking Americans who seek affordable rents or sustainable homeownership simply cannot get their foot in the door. We have reached the point where many of our nation's teachers, nurses, police officers, and firefighters struggle to live in or around the communities they serve.

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This is not just a housing crisis - it has a human face. Homes are at the heart of building strong families, strong communities, and ultimately, a strong country.

HUD's mission is to ensure all Americans have access to safe, quality, and affordable housing. And we believe that manufactured housing has a promising role to play - especially in the area of quality affordable housing.

For that reason, one year ago, I announced that HUD was in position to usher in a "new era of cooperation and collaboration between our Department and the manufactured housing industry."

viii). Our nation's shortage of affordable housing is ultimately an issue of supply and demand. With millions of people in need, high demand is already guaranteed. That's why HUD has focused our strategy on increasing supply - namely, by promoting initiatives, programs, techniques, and technologies that produce more affordable homes.

ix). According to MHI reports, the average cost per square foot of a manufactured home is nearly half that of a site-built home - \$49 [dollars] per square foot, as opposed to \$107 [dollars]. These dramatic cost savings in construction enable responsible citizens to secure housing that may be considerably less expensive than renting or purchasing a site-built home.

And yet, even at this lower price, manufactured homes appreciate in value at a rate similar to site-built homes, according to the Federal Housing Finance Agency Housing Price Index. Sustainable homeownership is the number one builder of financial capital for most American families. For example, the average net worth of a renter is \$5,000 [dollars], while the average net worth of a homeowner is \$200,000 [dollars]. That's an extraordinary 40-fold difference. But with comparable home appreciation rates to site-built homes, manufactured homes exhibit their own extraordinary potential to be a wealth creation tool for ordinary, everyday American families.

x). These factors - asset-building and community-building - are important to HUD's mission to be more than a place that simply houses people, but a place that actually lifts people out of poverty and helps them become self-sufficient.

##

### **3. What Dr. Carson, Blumenthal, and Gray Reveal about OMHP's Teresa Payne and HUD Secretary Marcia Fudge in the Light of the Manufactured Housing Improvement Act of 2000 and "Enhanced Preemption"**

In those ten bullets from former Secretary Carson and the HUD PD&R research cited by Blumenthal and Gray are the key elements of the solution to the affordable housing crisis. While no serious person thinks that only manufactured housing should be used to meet American housing needs, lawmakers that established the original HUD Code and the epic revisions found the Manufactured Housing Improvement Act (MHIA) revealed is that the free market could do much of the work of meeting the affordable housing needs of the nation.

Clearly, OMHP's Payne at HUD can't claim ignorance of these matters. After all, it falls directly into her department. Furthermore, a source at HUD deemed reliable informs MHPProNews that Payne and others there are periodic readers of MHPProNews.com, which is the most-read trade media in our profession. In conjunction with the items published in MHPProNews are reports and analysis found on MHLivingNews, which are linked from MHPProNews home page and elsewhere. What we publish is also, per sources, read by others in Washington, D.C. who work in various aspects of the federal government. One example of from third-party Mailchimp that is linked here. Among other facts, it says that Washington, D.C. has often been the third-most active metro area that reads our publication's 2x weekly email news updates that link our new reports. There are direct contacts and other sources that support that finding.

Then, in various addresses and venues, Secretary Fudge seems to praise manufactured homes and touts their importance, implying knowledge.

What is not mentioned by Blumenthal or Gray is the Manufactured Housing Improvement Act of 2000 (MHIA or 2000 Reform Law). Neither they nor Dr. Carson mention the so-called "enhanced preemption" provisions of the 2000 Reform Law.

- i.) To the extent possible, each of them should be asked: were they aware of the MHIA?
- ii.) More specifically, were they aware of the so-called "enhanced preemption" provision of the MHIA?

Let's see what others have said about this topic and the MHIA law.

**"With respect to zoning discrimination Congress, in the 2000 reform law, strengthened and enhanced federal preemption in order allow for the invalidation of state or local requirements," such as discriminatory zoning mandates, that have the effect of excluding mainstream manufactured homes."**

- Mark Weiss, J.D.,  
President and CEO  
Manufactured Housing Association for  
Regulatory Reform (MHARR),  
Washington, D.C. On 2.9.2021



**Mark Weiss, J.D.,**  
President & CEO of MHARR.



While MHProNews concurs with this specific comment, the case can be made that MHI was just posturing with this comment. Editorially, *MHProNews* does not endorse MHI.



**"HUD has jurisdictional authority to move beyond case-by-case enforcement and take an official policy position opposing state and local regulatory schemes that are inconsistent with Congressional intent."**

- Lesli Gooch, Ph.D.  
then EVP, now CEO of MHI

## Implementation of MHIA 2000

(As of 2-17-03)

### Activity

Appointment by HUD of non-career administrator within the Department to run the MH Program.

Federal preemption of HUD Code -- "broadly and liberally construed."

GSEs (Fannie Mae, Freddie Mac) working with industry to develop securitization programs for MH loans.

HUD reviewing FHA MH loan programs and develop changes where necessary.

### Status

Completed. William Matchneer appointed as non-career administrator in May 2002. Mark Calabria appointed in September 2002 as Deputy Assistant Secretary (DAS), to whom Matchneer reports.

Ongoing. Since MHIA was enacted, HUD has sent at least two letters to municipalities advising them that their zoning ordinances are preempted by MHIA 2000. HUD also in process of issuing a new "Statement of Policy" regarding its interpretation of federal preemption language in MHIA 2000. Once issued, this statement may be used by states and municipalities to fight discrimination against manufactured housing.

Ongoing. Meetings with HUD are in the works to encourage greater GSE participation.

Ongoing. FHA Title I (personal property) insurance program: HUD has awarded outside contract to help develop recommendations to strengthen program. Report due to HUD in June 2003.

These bullets are pull quotes from a Manufactured Housing Institute (MHI) document provided to MHPRONews as part of a trove of other items as part of a 'news tip.'

Note that this is pre-Warren Buffett led Berkshire Hathaway's acquisition of Clayton Homes and their associated lending. The items above, had they been properly implemented, could have taken manufactured housing to new record highs. So how does one explain that items that MHI once made public they now hide - even on their own website?



**"The term "enhancement" is consistent with my view that Congress probably considered the lack of a serious enforcement history of the preemption provision and therefore added language to the [MHIA of] 2000 Act directing HUD to take enforcement of [enhanced] preemption more seriously. This has always been my legal opinion."**

William "Bill" Matchneer, J.D.,  
Former administrator HUD Office of Manufactured Housing Programs (OMHP)







**4) HUD Must Implement and Enforce its Enhanced Preemption Authority...**

**MHI Proposes that HUD shall issue a revised and updated policy statement regarding the Department’s position concerning preemption and state and local zoning, planning, or development restrictions that either several limit or outright prohibit manufactured housing.”**

**- Lesli Gooch, Ph.D.  
then EVP, now CEO of MHI**

<https://www.manufacturedhomelivingnews.com/huds-own-report-confirm-alarms-hud-officials-manufactured-housing-institute-leaders-duck-charges-of-racial-bias-dereliction-thwarting-racial-equity-more-in-plant-a-home/>



**“Federal preemption as amended by the Manufactured Housing improvement Act of 2000 is designed to allow HUD Code manufactured homes, constructed in accordance with the federal standards, to be shipped and sited anywhere in the United States, regardless of where the home is constructed. This is essential to maintaining the uniformity of manufactured housing construction and safety regulation and maintaining the fundamental affordability of HUD Code homes. As a corollary, it is designed to prevent local jurisdictions from imposing their own costly standards on HUD Code homes, or using standards or other devices, such as discriminatory zoning measures, to exclude HUD Code homes. This benefits homebuyers by ensuring a**

**uniform, cost-effective set of standards for construction and safety, while it benefits independent businesses by reducing the type of regulatory compliance burdens that would ensue if thousands of jurisdictions around the country were free to impose their own unique or differing standards or requirements. Ultimately, this helps expand homeownership opportunities for millions of lower and moderate-income Americans, while it helps industry businesses to grow and provide employment opportunities in the nation’s heartland.”**



Then, consider that HUD and various stakeholders in manufactured housing have testified to members of Congress in 2011 and 2012 about the failure to implement aspects of the MHIA.

<https://www.manufacturedhomeprnews.com/masthead/hud-has-failed-manufactured-housing-manufactured-housing-institute-cavco-exec-hits-hud-failure-to-enforce-manufactured-housing-improvement-act-enhanced-preemption/>

<https://www.govinfo.gov/content/pkg/CHRG-112hrg75068/html/CHRG-112hrg75068.htm>

<https://www.govinfo.gov/content/pkg/USCODE-2012-title42/html/USCODE-2012-title42-chap70-sec5401.htm>

Note that the GAO investigated the implementation of the MHIA. Part of their summary said this:

### **“Why GAO Did This Study**

Manufactured housing traditionally has been a low-cost option in the U.S. housing market. For nearly 40 years, HUD has provided standards for the manufactured housing industry by developing and updating the HUD Code. The 2000 Act was intended, among other things, to establish a balanced consensus process for updating the standards and regulations for enforcing them and to encourage manufactured housing as an affordable option. GAO was asked to study HUD’s implementation of the 2000 Act.”

Perhaps no one has heretofore thought to complain? Regardless, as this partial survey reflects, there is ample evidence that the MHIA has not been properly implemented. This falls onto the shoulders of specific HUD officials, that include HUD Secretary Fudge, OMHP’s Payne, per Matchneer - members of the Office of General Counsel, and apparently others too.

Note that another pull-quote from the GAO says that HUD should: “develop a plan to assess how FHA financing might further manufactured home affordability;”

The entire GAO report is found at the link below.

<https://www.gao.gov/assets/gao-14-410.pdf>

Oddly, the GAO report has one tab for “Federal Preemption” but does not mention the term “enhanced preemption” per a Word search of the document.

That said, consider that HUD’s former attorney Henry S. Czauski claimed that HUD was implementing the MHIA. That’s odd, because former OMHP Administrators William “Bill” Matchneer said during an MHCC meeting that in his experience, HUD’s Office of General Counsel declined involvement in enforcement actions involving the MHIA’s enhanced preemption provision.

iii). Clearly attorneys Czauski and Matchneer can’t both be correct at the same time, and in the same respect. That in itself merits some level of inquiry.

iv.) Based upon the evidence that will be provided herein, it reflects that Matchneer appears to be correct, not Czauski.

v.) The split between Czauski and Matchneer sheds light on Administrator Payne, who per locals in Ayden, N.C. and elsewhere failed to get involved in an issue that involved an apparent violation of federal law. Those cases included, but are not necessarily limited to, harms done to minority rights protected by

the MHIA. There are arguably other aspects of federal law that could apply too, some of which are also in HUD's jurisdiction.



Each of the above are HUD Code manufactured homes. Each of the above pre-date the so-called CrossMods by years.

#### **4. Schmitz et al, Strommen, CSPAN, Nonprofits, and Other Researchers into Manufactured Housing, the Affordable Housing Crisis, and How This Reflects on Various Professionals at HUD, Including But Not Limited to, Payne and Fudge**

Minneapolis Federal Reserve's James Schmitz Jr. and his colleagues have written a series of evidence-based research reports on the contributing factors for the dearth of affordable housing in the U.S.

Schmitz and his colleagues said "[Solving the Housing Crisis will Require Fighting Monopolies](#)." Those researchers asserted that HUD and others are "[Sabotaging the Competition](#)" for modern manufactured homes. Like the Washington Post's Beth DeCarbo and [other researchers](#), Schmitz et al say modern manufactured homes have good quality, durability, and value.

Depending on the source, there are [between 4](#) and [8+ million](#) affordable homes are needed in the U.S.



Given that conventional builders can't keep up with the demand, several believe that manufactured homes are needed and useful. DeCarbo's recent report would fall into that category, but so too would the Urban Institute research that specifically named manufactured housing as an important part of the solution.

There are several third-party research reports related to manufactured housing that are found in the report linked below.

<https://www.manufacturedhomelivingnews.com/ultimate-reporters-researchers-affordable-housing-advocates-or-shoppers-3rd-party-research-reports-on-mobile-homes-manufactured-homes-and-modular-housing/>

These include studies that are routinely university-level research. They support the importance and value of HUD Code manufactured homes.

That these issues persist are noted by MHI, MHARR, and others in our industry. That said, there are evidence-based reasons to believe that MHI, and some of their dominating brands, are posturing on this to some degree. The reason for that is illustrated by the fact that they make these comments – which are considered key by informed members of the industry – but if this law was properly implemented, would upset the efforts of MHI's dominating brands to consolidate the manufactured home industry.



Laurie Hough

Executive Vice President and Chief Financial Officer

SKYLINE CHAMPION



“...**but** [Skyline Champion is] **really more focused on the growth of the company through M&A** [merger and acquisition or ‘consolidation’]. **That would definitely be our top priority.**”

- **Laurie Hough**
- *Executive Vice President and Chief Financial Officer Skyline Champion Corporation (SKY).*

*Per Motley Fool Q3 2020 Investors Earnings Call Transcript on 1.29.2020.*

<https://www.manufacturedhomepronews.com/masthead/fresh-insights-from-manufactured-housing-institute-mhi-member-community-consolidator-undermines-mhis-claimed-agenda-publicly-traded-manufactured-housing-properties-inc-otc-mhpc-investo/>

<https://www.manufacturedhomepronews.com/masthead/tangled-web-deception-and-misdirection-havenpark-capital-havenpark-communities-fannie-mae-manufactured-housing-institute-displaced-inc-mhaction-w/>



*Note: consolidation in a relatively stagnant industry is easier than in an industry that is growing robustly.*

It is with that backdrop, that Secretary Fudge's direct involvement in this issue is illustrated via the CSPAN video and related transcript below.

<https://www.manufacturedhomepronews.com/hud-sec-marcia-fudge-zoning-manufactured-homes-until-we-start-to-address-this-we-are-going-to-continue-to-be-perpetually-in-this-kind-of-situation-news-analys/>



MHARR has publicly admonished Sec. Fudge for failing to mention manufactured housing after claiming in various testimony that she supported it.

<https://www.manufacturedhomepronews.com/mharr-admonishes-hud-secretary-marcia-fudge-biden-admin-for-manufactured-housing-oversights-follow-ups-on-overdue-hud-federal-mandates-on-manufactured-homes/>

MHARR's track record reflects that they are earnestly seeking the enforcement of the MHIA, while MHI is arguably posturing.

<https://manufacturedhousingassociationregulatoryreform.org/mharr-urges-hud-and-fhfa-to-address-zoning-and-consumer-financing-under-their-new-agreement/>

This may explain part of the dynamic that has allowed HUD to escape this proper implementation of the MHIA for so long.

That said, the law is the law regardless if any outside advocates ask for enforcement or not.

<https://www.manufacturedhomelivingnews.com/former-manufactured-housing-institute-president-manufactured-home-owners-urban-institute-and-you/>

<https://www.manufacturedhomelivingnews.com/huds-urban-institutes-edward-golding-knew-because-manufactured-housing-institutes-lesli-gooch-told-him/>

<https://www.manufacturedhomelivingnews.com/strommen-felony-conspiracy-case-monopolization-of-affordable-manufactured-housing-and-manufactured-home-communities-rube-goldberg-machine-of-human-suff/>



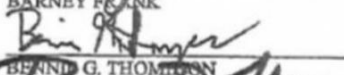
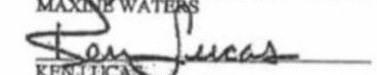

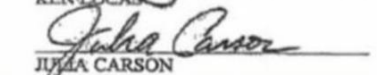
<https://www.manufacturedhomelivingnews.com/huds-own-report-confirm-alarms-hud-officials-manufactured-housing-institute-leaders-duck-charges-of-racial-bias-dereliction-thwarting-racial-equity-more-in-plant-a-home>

<https://www.manufacturedhomepronews.com/masthead/bat-guano-the-government-wants-high-quality-low-cost-housing-and-manufactured-housing-provides-that-product-warren-buffett-per-manufactured-housing-institute-examini/>

<https://www.manufacturedhomepronews.com/grumpy-economist-cochrane-sun-communities-sui-favorable-demand-drivers-with-supply-constraints-investor-data-yields-quick-case-study-in-buffett-moat/>

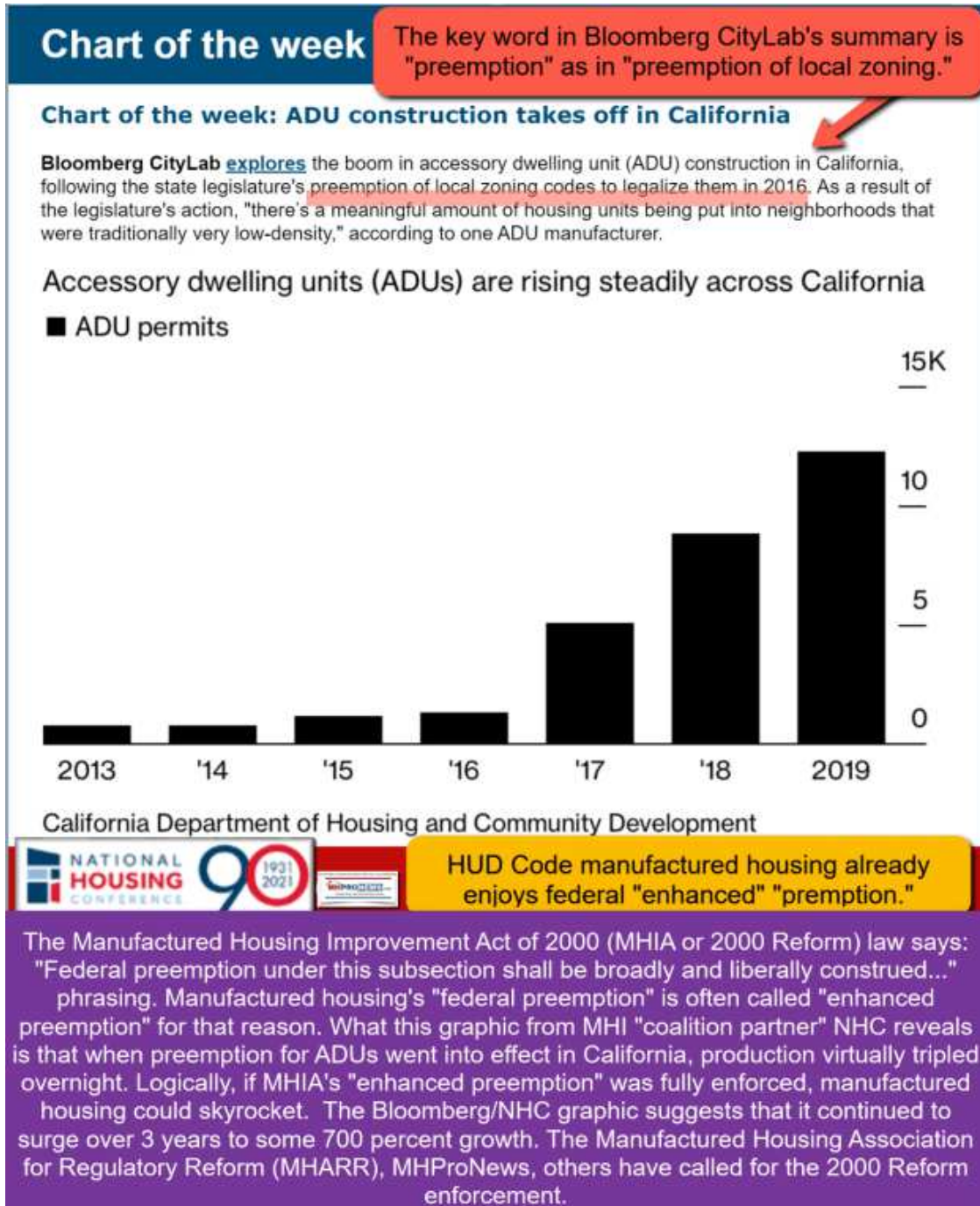
More specifically, these combined changes have given HUD the legal authority to preempt local requirements or restrictions which discriminate against the siting of manufactured homes (compared to other single family housing) simply because they are HUD-code homes. We ask that HUD use this authority to develop a Policy Statement or regulation to address this issue, and we offer to work with you to ensure that it comports with Congressional intent.

Sincerely,

 BARNEY FRANK	 MAXINE WATERS
 BEN RAY LUJAN	 KEN LUCAS
 BARON P. HILL	 JULIA CARSON

If HUD keeps good records, this [PDF of a linked letter](#) from the lawmakers above should be in HUD's files.

Note that the chart and related article shown below reflects what would likely occur at the national level if HUD properly and fully implemented the "enhanced preemption" provisions of federal law.



Note that the experience of California and Accessory Dwelling Units (ADUs) being given state preemption sheds light on what could occur if HUD were to properly implement federal preemption for manufactured homes.

<https://www.manufacturedhomeproneews.com/manufactured-housing-institute-mhi-reviewing-biden-housing-plan-mhi-coalition-partner-national-housing-conference-exposes-mhi-claimed-manufactured-housing-leader/>

But instead, manufactured housing is operating at only about 30 percent of the level it was in 1998.

<https://www.manufacturedhomeproneews.com/masthead/august-2021-manufactured-housing-production-shipment-data-reveals-darkness-shadows-and-light-for-hud-code-manufactured-home-industry-manufactured-housing-association-for-regulatory-reform-facts/>

## 5. Related Closing Thoughts

The fact that a casual form of apparent corruption appears to be common does not make it lawful or just.

There is the notion sometimes referred to as the "revolving door," sometimes called the "Iron Triangle," or other similar terms. Then, there are the insights of Schmitz et al and the moat. These may shed light on the motivations of those in this picture. But motivation is less the concern of this complaint than the fact that these officials are not doing the job which citizens and elected officials entrust to them. Additionally, every public official takes an oath of office that ought to be more than a mere formality.

Some may think that this involves several people and thus is difficult to swallow. Not necessarily so. Additionally, as a letter linked here to WND reflects, there are several multi-billion dollar scandals in the 21<sup>st</sup> century alone. For whatever reason, they escaped regulatory scrutiny for years.

On the FHFA "Listening Session" comments website for 3.25.2021, they thoughtfully provided a separate link to comments by this writer.

<https://www.fhfa.gov/Media/Documents/Kovach-statement.pdf>

Among the Berkshire and MHI related concerns side, several opportunities for them to respond or refute the concerns outlined herein went without response.

<https://www.manufacturedhomelivingnews.com/machine-of-human-suffering-berkshire-hathaways-clayton-homes-manufactured-housing-institute-attorneys-response-to-allegations-felony-abuses-knudson-law/>

That this pattern harms consumers is evidenced from reports like the ones linked below.

<https://www.manufacturedhomelivingnews.com/predatory-rhp-properties-ceo-ross-partrich-announces-dozens-of-new-manufactured-home-communities-bought-unpacking-rhp-suns-shiffman-els-nader-frank-rolfe-resid/>

<https://www.manufacturedhomelivingnews.com/manufactured-home-resident-advocate-bob-van-cleef-federal-statement-to-fhfa-fannie-mae-freddie-mac-hits-the-jackpot-with-manufactured-home-but-problems-with-manufactu/>

It should be noted that the late Robert Van Cleef spent the last years of his life fighting the problems that are illustrated and documented from the reports linked herein.

These items are more than sufficient to establish the problems that HUD's OIG must investigate in as transparent a fashion as possible while still protecting the rights of the accused.

These thought-provoking quotes should be pondered in considering this complaint.

"Truth can withstand the most rigorous scrutiny, but a lie cannot." So wrote James in NM in a posted comment. That is pithy and quite true.

"No man has a good enough memory to be a successful liar." - **Abraham Lincoln**. A plethora of lies or misinformation, no matter how common, will if carefully examined with an objective vantagepoint yield to the truth.

"Facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts and evidence." - **John Adams**.

"He who passively accepts evil is as much involved in it as he who helps to perpetrate it. He who accepts evil without protesting against it is really cooperating with it." – **Rev. Martin Luther King, Jr.**

"The time is always right to do what is right." – **Rev. Martin Luther King, Jr.**

"You will know the truth, and the truth will set you free." – **Jesus of Nazareth**, per John 8.32.

"Moreover, regulatory bodies, like the people who comprise them, have a marked life cycle. In youth they are vigorous, aggressive, evangelistic, and even intolerant. Later they mellow, and in old age—after a matter of ten or fifteen years—they become, with some exceptions, either an arm of the industry they are regulating or senile." — **John Kenneth Galbraith**, The Great Crash of 1929 (Per GoodReads).

This can be viewed through the lens of Galbraith's insights, or a range of terms that have been used to describe what has occurred in our profession. One of them that should be explored in your research is the understanding of "the moat" as preached by Warren Buffett, Kevin Clayton, and others involved with Berkshire Hathaway and MHI.

Per Yahoo Feb 6, 2020: Buffett on the moat

"**What we're trying to do**," he said, answering a question from the audience, "is we're trying to find a business with a wide and long-lasting moat around it, surround -- protecting a terrific economic castle with an honest lord in charge of the castle."



Warren Buffett  
Chairman

BERKSHIRE HATHAWAY INC.



“THE MOST IMPORTANT  
*thing for me is*

FIGURING OUT HOW BIG

**A MOAT THERE IS  
AROUND THE BUSINESS.**

*What I would  
LOVE, OF COURSE IS*

*a big castle and a*

**BIG MOAT WITH PIRANHAS AND**

**■ CROCODILES.” ■**

- Warren Buffett,

per

U.S. News and World Report.



“...Of course, Warren [Buffett] looks for companies that have that enduring competitive advantage. That's part of our moat, and we intend to deepen and widen that part of our moat.

... Warren likes to say that there's two kinds of competition that he doesn't like, foreign and domestic.

...Warren is very competitive. It's just amazing, his personality, to be such a genius...he paints such an image in

each of our manager's minds about this moat, this competitive moat, and our job is very simple, and we share this. It's so fun sharing some of the things that he [Warren] passes along throughout our organization, and we challenge every one of our team members, every department. Who is your customer? Deepen and widen your moat to keep out the competition...

But some of our competitors do a good job, but our plans are to make that difficult for them...”

- Kevin Clayton,  
President and CEO of Chairman  
Warren Buffett led Berkshire Hathaway  
owned Clayton Homes.

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Photo credit: still from video posted on this page.



<https://www.manufacturedhomelivingnews.com/warren-buffetts-moat-per-kevin-clayton-ceo-clayton-homes-interview-transcript-video-affordable-housing-and-manufactured-homes/>

While they come at the issues involving problems involving manufactured housing from different perspectives, [The Nation](#), [Forbes](#), [Seattle Times](#), [Financial Times](#), [GuruFocus](#), and [The Jacksonville Florida Times Union](#) are among mainstream media that examined predatory practices including evidence-based allegations of Warren Buffett [led Berkshire Hathaway deploying a monopolistic "moat"](#) methodology. That range of sources that span the [left-right media divide](#) fits into the Schmitz et al as well as Strommen allegations.



**"Here, in the midst of what could be declared without the merest hint of shame or irony one of the most comprehensive affordable housing gluts in American history, pernicious forces are skulking in the [backdrop]: consolidating power, subsuming an industry rife with lack of oversight, and preying upon the vulnerability of the impoverished in a gross, incestuous symbiosis."**

- Samuel Strommen
- Knudson Law research on
- **The Monopolization of the American Manufactured Home Industry and the Formation of REITs: a Rube Goldberg Machine of Human Suffering"**



<https://www.manufacturedhomelivingnews.com/strommen-felony-conspiracy-case-monopolization-of-affordable-manufactured-housing-and-manufactured-home-communities-rube-goldberg-machine-of-human-suff/>

*Note: there are two published versions of this report, both of which have Strommen's thesis as the core document. Each presents related analysis, facts, and commentary.*

**Letter by Elected Ayden Official, Rev Mewborn and Publisher L. A. "Tony" Kovach**

[https://www.reflector.com/standard/opinion/editorial\\_columnists/legal-moral-and-pragmatic-reasons-support-affordable-home-ownership-and-aydens-plant-a-home-program/article\\_378be022-22ca-11ec-8b8f-433a5b26a726.html](https://www.reflector.com/standard/opinion/editorial_columnists/legal-moral-and-pragmatic-reasons-support-affordable-home-ownership-and-aydens-plant-a-home-program/article_378be022-22ca-11ec-8b8f-433a5b26a726.html)

Contact information:

Reverend Ivory L. Mewborn  
Mayor Pro-Tem Ayden, NC  
Vice Chair Pitt County Human Relations Council



Cell 252-481-8661

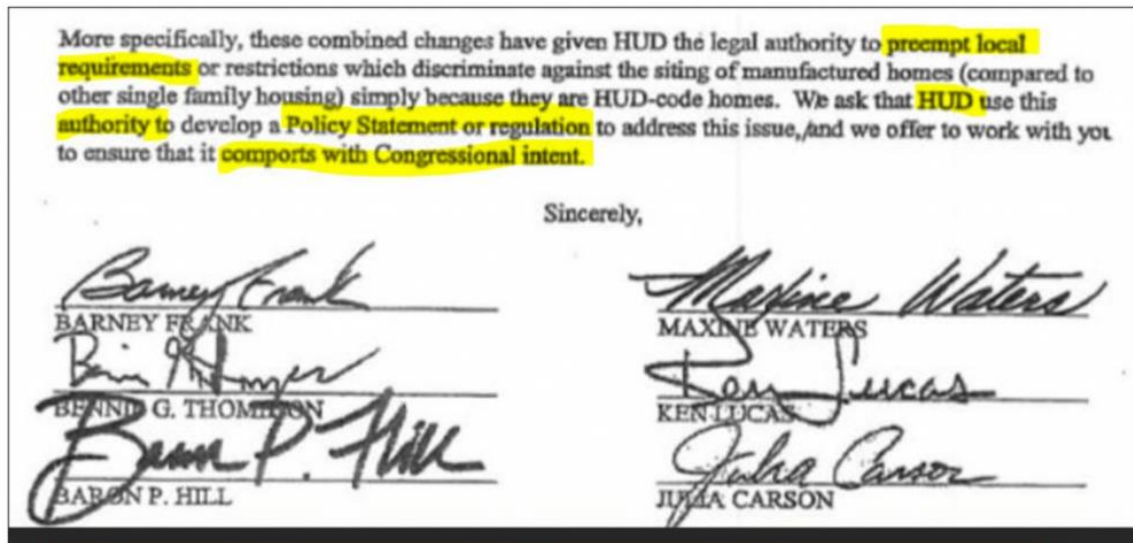
[L. A. "Tony" Kovach](#)

Co-Founder and Publisher of  
Manufactured Home Industry Leading  
MHPProNews.com and MHLivingNews.com  
Kissimmee, FL  
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## Summary and Conclusion

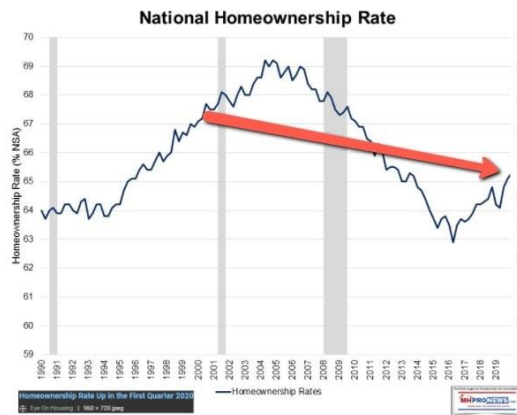
The above and linked items lay out a robust array of evidence from federal, third-party, and other sources.

But let's step back and consider once more what Democratic lawmakers said.



That was 2003. That applies as much today as it did then.

Since the passage of the HUD Code's MHIA in 2000 the trendline for homeownership in the U.S. is overall lower now than then.



PROUD MEMBER OF



THE NATIONAL ASSOCIATION SERVING CONSOLIDATORS OF THE MANUFACTURED HOUSING INDUSTRY



"The Manufactured Housing Institute [MHI] acts not only as the public mouthpiece of the Big 3 manufacturers (in the name of the industry) but also appears to act directly on its behalf in its various lobbying endeavors."<sup>95</sup>



Samuel Strommen

Strommen said he "submits that the MHI's conduct in obfuscation judicious decision-making by the [FHFA and HUD] constitutes a conspiracy to restrain trade under Section 1 of the Sherman Act, and by virtue of the misrepresentative nature of the conduct, should not be afforded *Noerr* protection."



– Sam Strommen, *The Monopolization of the American Manufactured Home Industry and the Formation of REITs: a Rube Goldberg Machine of Human Suffering.*

<https://www.manufacturedhomelivingnews.com/strommen-felony-conspiracy-case-monopolization-of-affordable-manufactured-housing-and-manufactured-home-communities-rube-goldberg-machine-of-human-suff/>

PROUD MEMBER OF



THE NATIONAL ASSOCIATION  
SERVING CONSOLIDATORS OF THE  
MANUFACTURED HOUSING INDUSTRY



**"MHI's relationship with HUD and the GSEs is no secret: most recent issues of MHVillage [s MHInsider] touts some form of progress.<sup>115</sup> And yet, only a few loans for this new class of home have been securitized by GSEs.<sup>116</sup>**



Samuel Strommen

**MHIs lobbying of the FHFA, or for that matter HUD, seems to invariably result in policies that either benefit the Big 3 [i.e.: Clayton, Skyline-Champion, Cavco], or at the very least, mitigate detriment. The outcome of these lobbying efforts is stultifying at best, and an abject failure at worst."**



– Sam Strommen,  
**The Monopolization of the American Manufactured Home Industry and the Formation of REITs: a Rube Goldberg Machine of Human Suffering.**

<https://www.manufacturedhomelivingnews.com/strommen-felony-conspiracy-case-monopolization-of-affordable-manufactured-housing-and-manufactured-home-communities-rube-goldberg-machine-of-human-suff/>



<https://www.manufacturedhomeproneews.com/former-hud-fha-trump-admins-brian-montgomery-manufactured-housing-expose-trump-derangement-syndrome-conflicts-of-interest-revolving-door-iron-triangle-case-study-analysis-plus-manufactu/>

It should be obvious to any thinking person that something has gone terribly wrong at HUD. Blumenthal and Gray said this is a 50-year pattern. HUD Secretary Carson had in mind to make manufactured housing a solution that has yet to be properly implemented. Congress passed legislation that were meant to solve this issue over 20 years ago.

Let's sum up while introducing a few more pieces of evidence.

For renters of modest means, a [manufactured home may be the only path to home ownership](#), according to research by [Scholastica "Gay" Cororaton](#), CBE, for the National Association of Realtors Journal of Real Estate Studies. Her report is [linked here](#), with the manufactured home data starting on page 48-78. Though MHI was aware of the research, that largely positive report about [manufactured homes by Cororaton is also missing from the MHI website](#).

There is more, but that's sufficient to make the following increasingly obvious points.

- Who doubts that Warren Buffett led-Berkshire Hathaway has the ability to fund Clayton Homes and MHI in a fashion that might make manufactured housing properly understood and surging during an affordable housing crisis?
- Indeed, Berkshire has media resources and [owned dozens of newspapers for years](#).
- Or why didn't Berkshire push for the often discussed by [MHI - but never launched](#) - national image and education campaign? [In a normal world, if your industry is sliding](#), isn't it common sense to go to the core issues and fix that trend?

Such obvious misses point to evidence-based allegations of "felony" acts made by [Samuel Strommen](#) at Knudson Law. In Strommen's heavily footnoted research, he systematically lays out the evidence for a scheme by industry insiders to keep manufactured housing *underperforming*. What would be the motivation? In order to foster consolidation.

Per [Strommen, what MHI and specific, named corporate insiders are engaged in are "felony" acts of antitrust, possible RICO](#), and other apparent violations of federal law. When Berkshire, MHI, certain corporate leaders and others [were asked to respond to those allegations, there was silence](#).

In this evidence-based framework, the [SEC suit allegations are like a puzzle piece](#). Each piece fits into an image explaining why decades of federal policies failed to solve known issues for 50 years.

[Congress passed the bipartisan fix for this multi-decade pattern with the MHIA](#), but the law is obviously not being properly implemented.

The time for accountability is long passed due. I'm hereby requesting a formal investigation that is as transparent as possible into these concerns that appear to involved corruption, malfeasance, or otherwise failing to follow the law for whatever reason(s).

Respectfully submitted,

L. A. "Tony Kovach

PS: I'm happy to provide clarification or additional information as may be required.

Appendix items follow. Note that it is my intention to see to it that public officials beyond HUD are made aware of these concerns. It is also my intention to continue to bring these concerns to the light of the general public and industry professionals.

----- Forwarded message -----

From: **Ivory Mewborn** <[ivory923@ymail.com](mailto:ivory923@ymail.com)>  
Date: Sat, Oct 16, 2021 at 11:55 PM  
Subject: Re: Rev Ivory Fwd: Rev Ivory, food for thought — Please see prior message first  
To: L. A. "Tony" Kovach <[latonyk@gmail.com](mailto:latonyk@gmail.com)>

I'm all in. Let's do it.



**“Look at the facts...We are extraordinary innovative. We have made extraordinary progress with manufactured housing. A lot of people think that is trailers and double wides. Manufactured housing is so nice today. You can't tell them [apart] from stick-built [conventionally constructed] houses. And they are more tolerant [resilient] to natural disasters. They accumulate equity just as fast. A lot less expensive. But we have all these regulations to keep them out. Modular homes. Accessory dwelling units. 3D printable homes...**

**...but the fact of the matter is we've got all this stuff, but we can't use it because of the silly regulations. Zoning...it goes on and on.**

**Can we fix that? We absolutely can. It comes back to working together. We are not enemies. Let's stop spending time working against each other...**

**...We are not perfect. But let's learn from our imperfections.**

**Our [national] symbol is the bald eagle. A majestic bird flying high over everything. But it couldn't do that without a right wing and a left wing. Two left wings it can't fly. Two right wings it can't fly. But together, it can soar high above, and we can solve our problems.**

**Thank you so much.”**

HUD Secretary Ben Carson, Keynote Address to USC Schwarzenegger Institute and USC Sol Price Center for Social Innovation, on February 13, 2020.

Note: Arguably unlike MHI comments, and some others named herein, Dr. Carson appeared to be consistent in his praise of manufactured housing, even at venues that did not have MHI or apparent industry professionals present. The quote above illustrates that point. That said, Dr. Carson and others named herein ought to be questioned if he was informed about the MHIA and its enhanced preemption clause. If so, why didn't he act? If not, why didn't HUD's Payne or others their fail to inform him about HUD's MHIA preemption authority?



HUD Secretary Ben Carson, M.D.  
Credits: HUD/Flickr.

"Our nation's shortage of affordable housing is ultimately an issue of supply and demand. With millions of people in need, high demand is already guaranteed. That's why HUD has focused our strategy on increasing supply – namely, by promoting initiatives, programs, techniques, and technologies that produce more affordable homes.

Since the key constraint on supply is the cost of new construction and development, the solution to the problem is to change the cost side of the equation.

Manufactured housing has emerged out of the limestone and stepped into the limelight, to address precisely this need.

According to MHI reports, the average cost per square foot of a manufactured home is nearly half that of a site-built home – \$49 [dollars] per square foot, as opposed to \$107 [dollars]. These dramatic cost savings

in construction enable responsible citizens to secure housing that may be considerably less expensive than renting or purchasing a site-built home.

And yet, even at this lower price, manufactured homes appreciate in value at a rate similar to site-built homes, according to the Federal Housing Finance Agency Housing Price Index. Sustainable homeownership is the number one builder of financial capital for most American families. For example, the average net worth of a renter is \$5,000 [dollars], while the average net worth of a homeowner is \$200,000 [dollars]. That's an extraordinary 40-fold difference. But with comparable home appreciation rates to site-built homes, manufactured homes exhibit their own extraordinary potential to be a wealth creation tool for ordinary, everyday American families."



Mary Gaiski

"This year, we've had more calls about zoning discrimination than in the previous five to seven years." –

PMHA's Mary Gaiski said per *McCalls*, adding:

"It's getting worse instead of better."



When asked by MHPProNews about her quote in *McCalls*, Gaiski did not deny or clarify that statement.





How Warren Buffett broke  
American capitalism

FINANCIAL TIMES

SEPTEMBER 12 2017



ROBIN HARDING

**“The [Warren] Buffett definition of good management [for Berkshire Hathaway owned firms] is therefore clear. If you have effective competitors, you are doing it wrong...”**

– Robin Harding, *in the article cited at the left.*



<https://www.manufacturedhomelivingnews.com/warren-buffetts-moat-per-kevin-clayton-ceo-clayton-homes-interview-transcript-video-affordable-housing-and-manufactured-homes/>

AMERICANPRESS  
*institute*



**“There are many kinds of journalism, but at the heart of their constitutional responsibilities, journalists are in the business of monitoring and keeping a check on people and institutions in power.”**

– American Press Institute.

We publish 7 days a week. If there are typos or other inadvertent errors, please hold me excused for them.

That said, this document summarizes years of research into these issues. Had someone asked me about this 8 years ago, I would likely have smiled politely and would have privately been skeptical. But a series of ‘aha’ moments and tips have brought me to the point that the evidence is simply overwhelming. Those who might have pushed back have either declined doing so, or when they began to debate the merits they rather swiftly backed down, based upon facts, evidence and applied common sense.

L. A. “Tony” Kovach