

Auctioned Residential Prefabricated Homes

Subject:

Status of certain residential prefabricated homes auctioned by the Oregon Housing and Community Services Department that were intended for survivors of the 2020 wildfires in Oregon.

History:

In 2020, Oregon experienced many large and devastating wildfires. In Southern Oregon, a significant number of homes were destroyed by wildfires. In response to housing needs in this area, and other areas in Oregon, the Oregon Housing and Community Services Department ordered 140 replacement homes from a prefabricated structure manufacturing facility located in Idaho. Each of the homes ordered received an Oregon insignia of compliance as specified in Oregon law.

Note: An Oregon insignia of compliance is a tag attached to a prefabricated building that indicates it was designed and manufactured according to Oregon laws and Oregon adopted specialty codes and standards at the time of construction for a specified occupancy classification and intended use for the purposes of rent, sale, lease, or installation in Oregon.

In November 2024, the Oregon Department of Administrative Services, on behalf of the Oregon Housing and Community Services Department, auctioned 68 of these residential prefabricated replacement homes in the Southern Oregon area. These homes may also be identified as “modular units” or “property” in other related documents.

Certain disclosure documents associated with the auction are attached for reference only and indicate that these homes were sold with a warranty disclaimer, a purchaser’s assumption of risk, and notice of potential condition of a home. Any and all questions about the terms of the auction or the status of these residential prefabricated homes at the time of auction must be directed to the following persons:

John Cody
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Surplus Property Program
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Matt Eggert
Construction Project Manager
Oregon Housing and community Services
Disaster Recovery Resilience
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A list of the 68 homes associated with the auction in Southern Oregon and certain “reference only” documents from the Oregon Housing and Community Services Department are also attached to this document.

Status of these Prefabricated Homes:

It has come to the Division's attention that these residential prefabricated homes may need some repairs. It's unknown to the Division what actual repairs may be needed, if any, for any particular home. Based on prior investigation, as disclosed in the "reference only" auction documents, the Division believes there may be code compliance concerns with roofing materials, roof ventilation, flashing around doors and windows, and improper sealing of exterior envelope penetrations. Specifically, the Division believes that the roofing material installation may not be code compliant, and may not be in compliance with the manufacturer's installation instructions.

Additionally, the Division was made aware that some of these homes may have experienced water intrusion. The results of any water intrusion issues are outside the scope of the state building code and any repairs regarding the same are outside of the local building department permit and inspection process.

The Oregon insignia of compliance issued for each home will remain attached provided the occupancy classification and intended use does not change from the original approved design as specified on the Oregon Insignia of Compliance (Group R-3 – Detached One-Family Dwelling), and that no alterations are performed without the approval of the Division's Prefabricated Structures Program.

Note: The types of repairs mentioned above, including any needed roof or flashing installation or repair, are not considered alterations. Alterations are typically a change in occupancy type, a change in use, or adding or removing systems different from the original approval (like certain structural, mechanical, electrical, plumbing installations).

Local Building Department's Role:

These residential prefabricated homes have an Oregon insignia of compliance attached to them and as such, local building departments must accept these units as allowed by ORS 455.705 and the administrative rules adopted in OAR chapter 918, division 674 provided the design criteria meets or exceeds the local geographic area.

As specified in OAR 918-674-0015(5) local building departments are responsible for issuing permits and performing inspections of the installation of prefabricated buildings in their jurisdiction including, but not limited to the foundation, site utilities, location on property, fire separation distances, and any other site-specific requirements. This includes issuance of a certificate of occupancy following final inspection approval.

Note: As mentioned above, the Oregon insignia of compliance indicates that a prefabricated building was designed and inspected according to Oregon adopted specialty codes at the time of construction. The Oregon insignia of compliance is not a "permit" or a "certificate of occupancy." In the case of an Oregon approved prefabricated building it takes the combination of an approved prefabricated building (insignia of compliance) and local installation permits and inspection approvals before a local certificate of occupancy can be issued. If an approved prefabricated building moves from one jurisdiction to another, a new certificate of occupancy would be required following approved final installation inspection from the receiving jurisdiction.

Regarding these auctioned residential prefabricated homes, if a local building department discovers, through standard installation permit and inspection processes, that a code violation exists to any state adopted specialty code regarding the construction of the prefabricated building (not the foundation, site utility connections, or other site-specific installations) those items should be brought to the attention of the Prefabricated Structures Program. Any violation identified is required to have a citable path to an Oregon adopted specialty code provision, Oregon statute or administrative rule, or other adopted Division standard. Please submit any notice of violations along with the citable path to the contact provided below. If the Prefabricated Structures Program agrees that a code violation exists, the local building department may require that they be appropriately remedied.

These corrections may require additional permits or inspections to determine code compliance. Also, any State of Oregon licensing laws associated with this work applies. For example, unless otherwise exempt by statute, administrative rule, or code, electrical and plumbing installations are required to be performed by licensed individuals.

Items Outside the Scope of the Building Code:

Other repairs that are outside the scope of the state building code are the responsibility of the building owner and may or may not be conditions associated with other binding documents or conditions.

Local building departments may choose to use tools to attach their own “disclosure,” “hold harmless,” or other document as an attachment to the certificate of occupancy or other means to document the status of a home.

Contact:

If there are any questions or concerns regarding this matter, please contact me.

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971-375-7026

BILL OF SALE

For good and valuable consideration the receipt of which is hereby acknowledged, the State of Oregon, acting by and through its Oregon Housing and Community Services Department (“Seller”) does hereby sell, assign, transfer, and convey to _____ (“Purchaser”), the personal property owned by Seller that is described in Schedule I attached hereto and incorporated herein by this reference (the “Property”), **subject to** the provisions set forth below.

SELLER’S DISCLAIMER OF WARRANTIES (IMPLIED WARRANTY OF MERCHANTABILITY, IMPLIED WARRANTY OF FITNESS, AND ALL OTHER WARRANTIES): THE PROPERTY IS BEING SOLD ON AN “AS IS, WHERE IS,” OR “WITH ALL FAULTS” BASIS. THE ENTIRE RISK AS TO THE QUALITY AND PERFORMANCE OF THE PROPERTY IS WITH THE PURCHASER, AND IF THE PROPERTY PROVES DEFECTIVE AFTER PURCHASE, PURCHASER AND NOT THE MANUFACTURER, DISTRIBUTOR, RETAILER OR SELLER ASSUMES THE ENTIRE COST OF ALL NECESSARY SERVICING OR REPAIR. SELLER FURTHER DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF TITLE (INCLUDING ANY WARRANTY THAT THE PROPERTY IS FREE AND CLEAR OF ANY SECURITY INTEREST OR OTHER LIEN OR ENCUMBRANCE), OR INFRINGEMENT.

SELLER’S DISCLAIMER OF TORT LIABILITY: SELLER HEREBY DISCLAIMS ALL LIABILITY ARISING IN TORT OF ANY NATURE WHATSOEVER, WHICH MAY INCLUDE ANY NEGLIGENCE OF SELLER ASSOCIATED WITH OR RELATED TO THE PROPERTY, INCLUDING BUT NOT LIMITED TO SELLER’S STORAGE, INSPECTION, MAINTENANCE, MARKETING AND SALE OF THE PROPERTY.

PURCHASER’S ASSUMPTION OF RISK; WAIVER OF RIGHT OF ACTION; INDEMNIFICATION: PURCHASER ACKNOWLEDGES THAT THE PROPERTY MAY CONTAIN CONSTRUCTION DEFECTS IN VIOLATION OF STATE OF OREGON BUILDING CODES AND MANUFACTURER’S INSTALLATION INSTRUCTIONS. PURCHASER FURTHER ACKNOWLEDGES THAT THE PROPERTY MAY CONTAIN PHYSICAL DAMAGE AND HAZARDOUS CONDITIONS. PURCHASER HAS INSPECTED THE PROPERTY OR HAS HAD THE OPPORTUNITY TO INSPECT THE PROPERTY AND HEREBY ACCEPTS THE CONDITION AND STATE OF REPAIR OF THE PROPERTY AND ASSUMES ALL RISK, KNOWN OR UNKNOWN, EXISTING OR NOT, ASSOCIATED WITH OR RELATED TO THE PROPERTY, INCLUDING BUT NOT LIMITED TO ALL RISK OF PERSONAL INJURY AND ALL RISK AS TO THE QUALITY, CHARACTER, CONDITION AND PERFORMANCE OF THE PROPERTY. PURCHASER HEREBY WAIVES ANY RIGHT OF ACTION AGAINST SELLER AND FURTHER WAIVES ANY RIGHT OF ACTION AGAINST THE STATE OF OREGON, INCLUDING ITS OFFICERS, EMPLOYEES AND AGENTS (THE “STATE”) FOR PERSONAL INJURY ARISING FROM OR RELATED TO THE PROPERTY CAUSED BY SELLER’S

NEGLIGENCE OR THE NEGLIGENCE OF THE STATE. PURCHASER SHALL FOREVER INDEMNIFY AND DEFEND (SUBJECT TO ORS CHAPTER 180) SELLER AND FURTHER SHALL FOREVER INDEMNIFY AND DEFEND (SUBJECT TO ORS CHAPTER 180) THE STATE FROM AND AGAINST ALL CLAIMS, SUITS, ACTIONS, LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES OF ANY NATURE WHATSOEVER ARISING OUT OF, OR RELATING TO THE PROPERTY, INCLUDING BUT NOT LIMITED TO ANY DEFECTS THEREIN OR THE CONDITION THEREOF NOW OR IN THE FUTURE.

Entire Agreement; Conflicts. This Bill of Sale, together with Schedule I attached hereto, constitutes the entire agreement between Seller and Purchaser and merges all prior and contemporaneous communications with respect to the Property. Notwithstanding anything to the contrary in any other agreement, contract, or document arising from or relating to the Property or the auction that Purchaser participated in to purchase the Property, this Bill of Sale controls in the event of a conflict with any such agreement, contract, or document.

Dated as of _____, 20____.

SELLER:

State of Oregon, acting by and through its Oregon
Housing and Community Services Department

By/Signature: _____

Printed Name: _____

Its: _____

Date Executed: _____

PURCHASER:

By/Signature: _____

Printed Name: _____

Its: _____

Date Executed: _____

**SCHEDULE I
TO
BILL OF SALE**

REFERENCE
ONLY

NOTICE

THIS INFORMATION WAS OBTAINED BY THIRD PARTIES IN APRIL, MAY, AND SEPTEMBER OF 2023 AND IS BEING MADE AVAILABLE TO POTENTIAL PURCHASERS FOR THEIR CONSIDERATION WHEN ASSESSING THE CONDITION AND POSSIBLE RISKS ASSOCIATED WITH ONE OR MORE OF THE MODULAR UNITS AVAILABLE FOR SALE AND TO ENCOURAGE POTENTIAL PURCHASERS TO PURSUE ANY FURTHER DUE DILIGENCE AS THEY MAY DEEM NECESSARY OR APPROPRIATE TO MAKE AN INFORMED BUYING DECISION. NEITHER THE OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT NOR ANY AGENCY OR DEPARTMENT OF THE STATE OF OREGON REPRESENT OR WARRANT THAT THIS INFORMATION ACCURATELY REFLECTS THE CURRENT CONDITION OF THE MODULAR UNITS OR THE ACCURACY, COMPLETENESS, USEFULLNESS, OR APPLICABILITY OF THIS INFORMATION, OR ANY CONCLUSIONS PROVIDED THEREIN, TO ANY PARTICULAR MODULAR UNIT AVAILABLE FOR SALE. IT IS THE RESPONSIBILITY OF EACH POTENTIAL PURCHASER TO ASSESS THE CONDITION AND POSSIBLE RISKS ASSOCIATED WITH A PARTICULAR MODULAR UNIT AND RELY SOLELY ON HIS/HER OWN DUE DILIGENCE AND JUDGEMENT TO MAKE AN INFORMED BUYING DECISION.

Visual Inspections

In April and September of 2023 visual inspections of a number of these residential structures was performed. What follows is a summary of issues identified during those inspections subject to the disclaimers and limitations set forth above.

- Missing horizontal flashing along the top of all exterior doors.
- Missing horizontal metal flashing at windows, dryer and exhaust vents, and other penetrations allowing water to penetrate the interior wall cavity.
- Failure to properly install and integrate weather resistant barrier (“WRB”).
- Failure to properly seal exterior penetrations to prevent water intrusion into the building envelope.
- Failure to properly install fasteners at fiber cement board siding.
- Failure to install drainage gaps at wall assemblies.
- Failure to properly provide drainage at wall assembly.
- Failure to properly install flashing.
- Failure to properly seal penetrations at exterior wall assembly.
- Failure to install backer rod around penetrations at exterior wall assembly.
- Failure to properly install exterior vents.
- Failure to properly seal exterior vents.
- Failure to seal utility penetrations.

- Failure to properly install conduits at exterior walls.
- Failure to properly install windows.
- Failure to properly install flashing end dams.
- Failure to integrate exterior siding and WRB at penetrations.
- Failure to properly install exterior doors.
- Failure to properly install roof.
- Failure to properly slope roof.
- Failure to properly install sealant at base of roof assembly.
- Failure to properly install and seal penetrations at roof.
- Failure to properly install flooring.
- Failure to properly install drywall.
- Failure to properly paint exteriors and interiors of units.
- Failure to properly install window trim.
- Failure to properly install fasteners/nails at exterior.
- Improper nailing patterns and spacing at exterior.
- Failure to properly install sealants.
- Failure to have required continuous air barrier on exterior walls.
- Failure to properly install Z-metal flashing at exterior siding and trim.
- Failure to properly seal exterior penetrations.
- Failure to properly allow for drainage at exterior envelope and roofing.
- Missing head flashing at doors.
- Damage and cracking at siding.
- Failure to properly install flashing seams and overlaps at roofs.
- Failure to properly install plumbing vents at roof.
- Failure to properly install roof flashing.
- Damage to ceiling and walls.
- Damage, scuffs, and scrape marks on interior floors.
- Failure to properly install door trim.
- Failure to properly set doors.
- Moisture damage at and around doors and windows.
- Failure to properly install structural window straps.
- Failure to properly install door thresholds.
- Missing or improperly installed door sills.
- Missing light fixtures.
- Failure to properly install HVAC and component parts.
- Failure to properly install receptacle boxes, including receptacle boxes installed with gaps along the tops and sides allowing water penetration into the interior wall cavity.
- Failure to install metal roof ridge cap flashing, including flashing has neither been sealed between the overlap joints nor mechanically fastened with pop rivets.
- Metal clad cable, which is not approved for wet locations, was installed on the exterior of several units and could corrode.

Indoor Environmental Quality Report

In May of 2023 six units were investigated for moisture intrusion. The investigation identified compromised areas where moisture was occurring, some of which were resulting in mold contamination.

Areas where moisture intrusion was frequently observed included –

- Range hood exhaust vent not flashed on exterior wall.

- All exterior doors – No flashing on header trim.

- Stress cracks in drywall.

- Low pitch metal roofing needs sealant on overlaps.

- Exterior receptacles not caulked properly.

All six units inspected included some or all the above moisture intrusion areas. Water damage was noted in all six units. In several cases mold contamination was also noted.

In a visual inspection and a limited indoor air quality investigation for microbial contamination and water damage it was found that:

Unit #17

Outside temperature: 55.7 Humidity: 47.2

Indoor temperature: 59.6 Humidity: 48.2

Spore test Spore trap: No, mold spores present.

Spore test swab OSB sheathing: No, mold spores present.

Elevated moisture –

- Living Room/Entry – Floor, Entry door jamb and casing, Drywall on ceiling

- Kitchen - Drywall below Microwave range hood

Visible Water Damage –

- Living Room/Entry – Entry door jamb and casing, Drywall on ceiling

Unit #19

Outside temperature: 55.7 Humidity: 47.2

Indoor temperature: 56.6 Humidity: 54.1

Spore test Spore trap: Yes, mold spores present.

Elevated moisture –

- Living Room/Entry- Front entry doors jamb and casing just above floor, Floor inside both entry doors.

- Kitchen – Drywall just below microwave range hood, Floor

Visible Water Damage –

- Back Bedroom – Ceiling drywall

- Living Room/Entry- Front entry doors jamb and casing just above floor, Floor inside both entry doors.

Unit #20

Outside temperature: 55.7 Humidity: 47.2
Indoor temperature: 53.4 Humidity: 57.7
Spore test Spore trap: Yes, mold spores present.

Elevated moisture –

Living Room/Entry- Front entry doors jamb and casing just above floor, Floor
Kitchen – Drywall below Microwave range hood

Visible Water Damage –

Living Room/Entry- Front entry doors jamb and casing just above floor, Floor

Unit #51

Outside temperature: 55.7 Humidity: 47.2
Indoor temperature: 60.3 Humidity: 48.3
Spore test Spore trap: Yes, mold spores present.

Elevated moisture –

Back Bedroom- Drywall above window, Exterior door jamb
Bathroom- Drywall above window
Living Room/Entry - Floor
Kitchen - Drywall below Microwave range hood, Floor

Visible Water Damage –

Back Bedroom – Exterior door
Living Room/Entry – Exterior door jamb and casing just above floor.

Unit #52

Outside temperature: 55.7 Humidity: 47.2
Indoor temperature: 60.8 Humidity: 50.1
Spore test Spore trap: No, mold spores present.

Elevated moisture –

Front Bedroom – Drywall upper wall to ceiling
Living Room/Entry – Floor in front of entry door
Kitchen - Drywall below Microwave range hood

Visible Water Damage –

Living Room/Entry – Floor in front of entry door

Unit #55

Outside temperature: N/A Humidity: N/A
Indoor temperature: N/A Humidity: N/A
Spore test swab OSB sheathing: Yes, mold spores present.

Elevated moisture –

At Entry doors – Jambs and casing, Drywall, OSB Sheathing interior and exterior, Subfloor,
Laminate flooring.
Kitchen – Drywall behind stove and cabinets at range hood, OSB sheathing behind range
hood and stove, Cabinets, subfloor, Laminate Floor.

Visible Water Damage –

At entry doors – Jambs and casing, Drywall, OSB Sheathing interior and exterior, Subfloor, Laminate flooring.

Kitchen – Drywall behind stove and cabinets at range hood, OSB sheathing behind range hood and stove, Cabinets, subfloor, Laminate Floor.

Mold growth present

At entry doors – Jambs and casing, Drywall

Kitchen – Drywall behind stove and cabinets at range hood, OSB sheathing behind range hood and stove, Cabinets, subfloor, Laminate Floor.

Per U.S. EPA relative indoor humidity should be 30-50%.

REFERENCE ONLY

List of Homes Auctioned in Southern Oregon

Mfr Serial Number	Insignia Number
M2106-008	1211620
M2106-015	1211627
M2106-017	1211629
M2106-018	1211630
M2106-019	1211631
M2106-020	1211632
M2106-022	1211634
M2106-028	1211640
M2106-030	1211642
M2106-031	1211643
M2106-032	1211644
M2106-033	1211645
M2106-034	1211646
M2106-035	1211647
M2106-038	1211650
M2106-039	1211651
M2106-042	1211654
M2106-043	1211655
M2106-044	1211656
M2106-045	1211657
M2106-046	1211658
M2106-047	1211659
M2106-048	1211660
M2106-049	1211661
M2106-050	1211662
M2106-051	1211663
M2106-052	1211664
M2106-053	1211665
M2106-055	1211667
M2106-056	1211668
M2106-057	1211669
M2106-058	1211670
M2106-062	1211674
M2106-063	1211675

Mfr Serial Number	Insignia Number
M2106-064	1211676
M2106-065	1211677
M2106-067	1211679
M2106-068	1211680
M2106-069	1211681
M2106-071	1211683
M2106-074	1211686
M2106-075	1211687
M2106-079	1211691
M2106-081	1211693
M2106-082	1211694
M2106-085	1211697
M2106-090	2122702
M2106-092	1212054
M2106-093	1212055
M2106-097	1212059
M2106-110	1212072
M2106-111	1212073
M2106-118	1212080
M2106-119	1212081
M2106-121	1212083
M2106-125	1212087
M2106-126	1212088
M2106-127	1212089
M2106-128	1212090
M2106-129	1212091
M2106-132	1212094
M2106-133	1212095
M2106-134	1212096
M2106-135	1212097
M2106-136	1212098
M2106-137	1212099
M2106-138	1212100
M2106-139	1212101