

HOUSE BILL REPORT

HB 1029

As Passed House

March 10, 1993

Title: An act relating to consumer remedies for purchasers of manufactured homes.

Brief Description: Purchasing manufactured homes.

Sponsors: Representatives H. Myers, Vance and Flemming.

Brief History:

Reported by House Committee on:

Trade, Economic Development & Housing, February 4, 1993,

DP;

Passed House, March 10, 1993, 95-0.

HOUSE COMMITTEE ON TRADE, ECONOMIC DEVELOPMENT & HOUSING

Majority Report: Do pass. Signed by 13 members: Representatives Wineberry, Chair; Shin, Vice Chair; Forner, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Casada; Conway; Morris; Quall; Schoesler; Sheldon; Springer; Valle; and Wood.

Staff: Charlie Gavigan (786-7340).

Background: Mobile home manufacturers and dealers are required to provide a manufacturer's written warranty with each new mobile home sold. The purchaser must also be provided with a dealer's written warranty for all installation services performed by the dealer. The warranties are valid for a minimum of one year from the date of sale, and remain valid even though the mobile home is sold to another purchaser. Since there is often a gap in time between when a mobile home is sold and when it is delivered, the one-year warranty period may be substantially shorter by the time the purchaser moves into the mobile home. There are no statutory warranties to cover installations made by people other than the dealer.

The Uniform Commercial Code provides that unless excluded or modified, each sale of goods is accompanied with an implied warranty of fitness for a particular purpose and an implied warranty of merchantability. These implied warranties generally require that the goods must pass in the trade without objection, and the goods are fit for the ordinary

purpose for which the goods are used. These warranties can be waived by the purchaser.

An inspection of the mobile home must be conducted by the purchaser and the dealer. All systems of the mobile home must be tested in the course of this inspection. A mobile home manufacturer, dealer, or salesperson is required to place all "on deposit" funds from the purchaser into escrow until the purchaser has taken delivery of the mobile home. There is no clear definition of what constitutes "delivery." If delivery is considered to occur before the purchaser of a mobile home has taken the inspection of the mobile home, then there are no moneys left in the escrow account for the purchaser to withhold payment.

Summary of Bill: The statutory warranty period that must be provided for all new mobile home sales begins to run when the mobile home is delivered instead of when it is sold. Any one who installs a mobile home warrants that it was installed in accordance with the state installation code.

Each sale of a new mobile home is made with an implied warranty that it conforms in all material aspects to applicable federal and state laws establishing standards of safety or quality. Each sale of a new mobile home is made with an implied warranty of fitness for a particular purpose and merchantability. These implied warranties cannot be waived.

A purchaser of a mobile home is deemed to take delivery when the home has been inspected and the test of all the systems in the home has been completed. Only those funds advanced to the seller as a requirement for the seller to order the mobile home are considered to be funds that the purchaser has placed "on deposit" for escrow purposes. Loan proceeds or payments made on an installment contract are expressly excluded from the requirement that they be kept in escrow until the mobile home has been delivered.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill protects consumers by clarifying ambiguities in warranty law when manufactured homes are purchased or installed. The bill corrects the current situation in which a one year warranty may only be effective for a couple months. The bill also protects the consumer by clarifying that delivery of the home is not complete until after the mandatory inspection is done.

Testimony Against: None.

Witnesses: Art Farley, Department of Licensing (in favor).