

SENATE BILL REPORT

HB 1029

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, FEBRUARY 24, 1994

Brief Description: Purchasing manufactured homes.

SPONSORS: Representatives H. Myers, Vance and Flemming

HOUSE COMMITTEE ON TRADE, ECONOMIC DEVELOPMENT & HOUSING

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass as amended.

Signed by Senators Prentice, Vice Chairman; Fraser, McAuliffe, Newhouse, Pelz, Prince, Sutherland and Vognild.

Staff: Dave Cheal (786-7576)

Hearing Dates: March 31, 1993; April 1, 1993; February 17, 1994; February 24, 1994

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. Because there can be a gap in time between when a mobile home is sold and when it is delivered, the actual warranty period may be less than one year 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 excluded by certain disclaiming provisions within a contract.

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 inspected the mobile home, there may be no moneys left in the escrow account for the purchaser to withhold payment.

SUMMARY:

Provisions concerning the warranty and delivery of manufactured homes are modified.

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 dealer, manufacturer, or contractor 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.

SUMMARY OF PROPOSED COMMITTEE AMENDMENT:

The definition of "delivery" is clarified.

A certification and training program for manufactured home set-up and installation contractors is established. At least one certified installer must supervise the set up of a manufactured home.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

Defining warranty rights, particularly the time of delivery, is much needed and will help avoid many disputes between consumers and dealers.

Installation training is a great need throughout the state. Surveys have demonstrated a high percentage of defective installations with adverse effects on heating systems.

TESTIMONY AGAINST: None

TESTIFIED: PRO: Mark Wiser, Chelan County PUD; Ralph Rowland,
Snohomish County PUD; Jerry Tate, Grant County PUD