

# ***HOUSE BILL ANALYSIS***

## ***HB 2872***

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***Title:*** An act relating to escrows on the sale of manufactured homes.

***Brief Description:*** Establishing an escrow procedure for the sale of manufactured homes.

***Sponsors:*** Representatives DeBolt, Alexander, Benson and Hatfield.

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### **HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

***Meeting Date:*** February 1, 2000.

***Bill Analysis Prepared by:*** Charlie Gavigan (786-7340)

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***Background:*** A manufactured home (mobile home) is built in a factory and moved, generally in two sections, to a site. The manufactured home is built on a frame that includes a wheel chassis and hitch so that the home can be towed on the public highways. The construction of these homes is regulated by the federal Department of Housing and Urban Development. Manufactured homes are treated in statute as personal property and titled as vehicles, unless a statutory process to eliminate the title and treat the home as real property is followed.

Manufacturers and dealers of manufactured homes are licensed and regulated by the Department of Licensing. State law requires that 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.

An escrow is a transaction in which an escrow company, title company, or attorney acts as an independent third party to effectuate a sale on behalf of a buyer and seller.

**Summary of Bill:** Any sale of a manufactured home whose title already has not been eliminated must be closed in escrow. In addition to typical escrow activities, the escrow must provide the purchaser of the manufactured home with a notice designed by the Department of Licensing in consultation with the Attorney General and the Department of Financial Institutions. The notice must provide the purchaser with information regarding the purchase of a manufactured home, including : (1) a summary of the purchaser's warranty and installation rights; and (2) examples of improper sales practices (such as side agreements, delivering a different home than the one purchased, or providing the seller with a power of attorney). The Department of Licensing is authorized to adopt rules to implement these provisions.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** This act contains an emergency clause and takes effect immediately.