

Consumers Union's Manufactured Home Warranty Tips

*Negotiating the maze of warranty services
on your manufactured home*

You've decided that a manufactured home is right for you, but want to ensure that your home looks like the model you saw on the lot, and everything works as it should after you move in. What can you do to protect yourself?

Prior to the sale:

Buying a manufactured home is a major purchase, so take some time to educate yourself about all aspects of the process.

Research construction quality and upgrade options, the proper site for your home, financing, and insurance. You can get started with our free brochures "Dealing with Dealers and Financiers", and "Tips on Mobile Homes", which are available (as well as links to materials from other organizations) at www.consumersunion.org/mh.



Although it can be more difficult, also research the service record of the dealerships at which you shop. Our research shows proper after-purchase warranty service is very important for consumer satisfaction. Ask questions and get commitments in writing from several retailers about the following aspects of warranty service:

Warranty terms: Manufacturers, retailers and installers may offer separate warranties, each of which covers a different part of the home. Ask for copies to take home and compare against other packages from other retailers. Make sure you get a copy of the complete warranty, not just a summary brochure. Look at the combined terms of all the warranties that cover a home. All new homes should have a warranty, but used homes may not, or

may have a very limited warranty. Be wary of homes sold 'as-is' with no warranty - there may be hidden problems with the home.

► How long does the warranty last?
► What is covered and what is excluded? Warranties typically disclaim responsibility for normal wear and tear, consumer abuse, site preparation and neglect of maintenance. Many exclude "cosmetic" items – the definition of which can be a source of contention down the line. Some exclude important items such as wall cracks and leaky faucets, and doors and windows. Used homes typically have extremely limited warranties.

► What can void the warranty? Sometimes moving or selling the home can void the warranty, as can improper site preparation. Does the home need regular maintenance to keep the warranty in force? What kind of maintenance?

► Are appliances covered by a separate warranty? Who do you contact for service?

► Who performs the warranty work? How does the retailer, manufacturer, and installer split responsibility? Who do you contact first? Consumer Reports recommends purchasing direct from a manufacturer, but this is not possible in all states due to licensing laws.

► Be wary of "extended warranties." These are often little more than high-priced insurance products issued by third party companies. Terms of extended warranties may be different than the original warranty, so evaluate them as closely. If you are financing the extended warranty, factor in the interest costs.

Site preparation: Many warranties become void if the installation site is not properly prepared. Find out if the installer, retailer, park owner, or site contractor will certify that the site is properly



prepared to receive a home and meet the warranty requirements. This may protect you if the manufacturer, retailer, or installer attempts to invalidate their warranty due to improper site preparation.

Arbitration clauses: These contract terms limiting your right to sue are more common in manufactured homes than conventional housing. Does the retailer, manufacturer, or finance company use mandatory arbitration clauses in their contracts? What does it cost to file a claim? Will they sell you the home without the clause, or with the clause amended to your satisfaction? Ask to see the agreement while shopping.

Quality of Service: Does the retailer have references from previous customers? Check more than one, preferably people who have been in their homes long enough to experience the quality of warranty service. You can also check the record of the manufacturer, retailer, and installer at agencies such as the state attorney general, or the state manufactured housing agency. Many states require retailers to be licensed. Is their license current? Do they have a history of complaints? Have they posted a bond? How long have they been in business? If the manufacturer does not contract with the dealer to perform warranty service, you should check the history of the manufacturer as well.

Escrow of Funds: Some consumer report delays in warranty service. If the retailer has already been paid in full, there is less incentive for prompt service. Is the retailer willing to escrow (i.e. delay receiving) some of the funds until completion of the installation of the home and inspection by a third party?

Inspection: Will the final home be inspected by a third party? For used homes, we advise you have the home professionally inspected prior to any pur-

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chase commitment.

After the Purchase:

Once you've bought the home, you can continue to take steps to protect your investment and ensure proper service.

- ▶ Store in a safe place all documents pertaining to the sale of your home, in addition to any correspondence with the retailer, manufacturers and state or federal agencies.

- ▶ Review the homeowner's guidelines and other information found in the homeowner's manual your retailer gives you upon receipt of your new home. This manual is required by Federal law. There should be information on how to deal with warranty issues, as well as maintenance requirements that may need to be followed to keep your warranty valid.

- ▶ Maintain documentation of maintenance performed on the home.

- ▶ If you are contacted by your lender about the status of the home, don't tell them the installation is complete unless it is complete **to your satisfaction**. You can tell the lender it has been delivered, but has not yet been properly installed to your satisfaction.

- ▶ As you near the end of your warranty period, carefully inspect the home for signs of problems.

If you have a problem:

What to do when you have a problem with your manufactured home that should be covered under your warranty:

- ▶ Organize all your records and write down exactly what your complaints are. Also make record of all conversations with retailers, manufacturers, state and federal agencies from this point on.

- ▶ Contact your retailer first. If they are not helpful or will not resolve your situation, get in touch with your manufacturer.

- ▶ Phone calls are fine, but follow up with notifications to both your manufacturer and retailer in writing. Address the letters to specific people with



specific titles to create a clear paper trail. Contact information should be in some of the written material and information you received when your home was installed. Include your name, address, home or work telephone numbers and label number of your home. (The label number can be found on a red seal issued by HUD and affixed to all homes built under their jurisdiction)

- ▶ Keep the letter brief and to the point. Be sure to include the date and place you made the purchase, who performed your installation, the serial or model number and warranty terms, what went wrong and what, of anything, you have tried to do to correct it.

- ▶ Enclose copies of your records (Store the originals in a safe place), including receipts, guarantees, warranties, cancelled checks, contracts, model and serial numbers and any other documents.

- ▶ You may also mention that you will wait a reasonable amount of time (whatever you determine it to be) before seeking the aid of a consumer protection agency or legal representation

- ▶ Send the letters by certified mail. Some states will require this as proof of notice.

- ▶ If service personal attempt to perform work, but do not complete repairs to your satisfaction, do not sign off on service orders that state the job has been completed.

Regulatory Relief:

All manufactured homes should be constructed to meet the federal building standards adopted and administered by the U.S. Department of Housing and Urban Development. This national code is called the National Manufactured Home Construction and Safety Standards, and it regulates manufactured home design and construction, strength and durability, fire resistance and energy efficiency. The code also dictates the performance standards for heating, plumbing, air conditioning, thermal and electrical systems. HUD generally contracts with state agencies (State Administrative Agencies or SAAs) to enforce the code and monitor complaints.

If you cannot get your retailer or purchaser to perform the necessary repair work, contact your SAA for a complaint form. Contact information should be in your homeowner's manual. The only states without HUD-affiliated (SAAs) are: Alaska, Connecticut, Delaware, Hawaii, Massachusetts, New Hampshire, North Dakota, Ohio, Oklahoma, Vermont and Wyoming. Complaints originating in these states should be directed to HUD (1-800-927-2891). The HUD website also offers information about SAAs at <http://www.hud.gov/offices/hsg/sfh/mhs/mhssaa.cfm>.

- ▶ Fill out the complaint form and send it back to the agency with dated copies of your correspondence with retailers and manufacturers, in addition to a copy of your purchase agreement. The agency will review your complaint and send an inspector or district representative out to your home. Depending on your state's number of inspectors and the urgency of your claim, this process can take several weeks. Follow up if the delay becomes unreasonable. If the agency declines to inspect your home, in some states, such as Texas, you have the right to ask for, and receive, an inspection. If the inspector finds your problem to be a result of a manufacturing defect, they will lobby both your manufacturer and retailer to remedy the situation. **Even if your warranty has expired**, some states will still force the retailer and manufacturer to compensate

owners whose problems are the result of a manufacturing defect. Your state may even have a recovery fund with which to fix your problem if this is the case and your retailer or manufacturer is out of business.

- ▶ Used homes have shorter warranty periods, and your state may only have limited jurisdiction over them.

- ▶ If the SAA directs the licensee to perform work and it is not completed to your satisfaction, tell the SAA. They may assume the work is completed and close your file if they don't hear from you.

Final Steps:

If you have no success with your State Administrative Agency or HUD and you feel the regulatory system was not sufficient to address your problems, be sure to notify your state and federal elected officials. Your final option is to seek legal assistance. Many State Bar Associations will help consumers locate lawyers willing to take manufactured home warranty cases. If you are low income, you may be able to qualify for assistance from your local Legal Aid office.

The court system may be able to address issues such as implied warranty and deceptive trade practices violations that state agencies won't tackle. Implied warranties are non-verbal, non-written guarantees that a product is fit to serve the purpose for which it was sold. Be forewarned, however, that if you signed an arbitration agreement in your purchase documents, you may go before a private court rather than the public civil justice system.

Hopefully, your manufactured home purchase won't lead to these steps. However, knowing your options from the beginning can help guide you to a happy purchase.

