

SENATE BILL REPORT

SB 5668

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 25, 2009

Title: An act relating to the sale of used manufactured/mobile homes.

Brief Description: Restricting the use of consignment contracts in the sale of used manufactured/mobile homes.

Sponsors: Senators Berkey, Schoesler, McCaslin, Benton and Marr.

Brief History:

Committee Activity: Financial Institutions, Housing & Insurance: 2/11/09, 2/25/09 [DPS].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: That Substitute Senate Bill No. 5668 be substituted therefor, and the substitute bill do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Franklin, McDermott, Parlette and Schoesler.

Staff: Philip Brady (786-7460)

Background: Manufactured and mobile homes are considered vehicles under the law of Washington. Used manufactured and mobile homes may be sold either on consignment or by a listing contract. In a consignment contract, a vehicle dealer takes delivery or entrustment of a vehicle and agrees to sell it on behalf of the owner. In a listing contract, a listing dealer locates a buyer for the home on behalf of the owner. Under consignment contracts, buyers and sellers may never meet, reducing transparency and increasing the risk of undisclosed terms of sale.

Summary of Bill (Recommended Substitute): Sale of used manufactured and mobile homes must be by listing contract if the manufactured or mobile home both exists as a home and is intended to remain a home. Listing contracts on manufactured or mobile homes must define the amount or type of compensation the agent, dealer, or broker will receive, and must be written on a notice attached to the contract itself that also includes a description of the home and its location. A procedure for exchange of offers, counter offers, and acceptance are set out, and require both parties to see, sign, and receive the same documents.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, HOUSING & INSURANCE COMMITTEE (Recommended Substitute): A requirement was added for notices to be attached to the listing contract. The notice must contain a description and the location of the home, details of the agent, dealer, or broker's compensation, and procedures for changing that compensation.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: This would provide the same rights to sellers of mobile and manufactured homes that sellers of real property receive. Consignment is potentially an issue because dealers can conceal profits. A transparent listing contract is only an option under current law, not a requirement. Sellers should have a right to know what their property is selling for, how much of it the dealer takes, and how much will come to the seller. Everyone should get these rights, especially the elderly owners of these homes who may be more vulnerable than most people.

Persons Testifying: PRO: Bob Mitchell, Washington Realtors; Robert Cochran, John Woodrine, Manufactured Housing Communities of Washington.