

HOUSE BILL REPORT

HB 2872

As Reported By House Committee On:

Financial Institutions & Insurance

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

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

Revised for 1st Substitute: Protecting purchasers of manufactured homes.

Sponsors: Representatives DeBolt, Alexander, Benson and Hatfield.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/1/00, 2/4/00 [DPS].

Brief Summary of Substitute Bill

- A manufactured home dealer cannot accept a power of attorney from a purchaser.
- The Joint Task Force on Manufactured Home Sales is created to review consumer protection issues regarding the sale of manufactured homes and is to report to the Legislature in December 2000.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean; Cairnes; DeBolt; Keiser; Quall; Santos and Talcott.

Minority Report: Do not pass. Signed by 1 member: Representative Sullivan.

Staff: Charlie Gavigan (786-7340).

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.

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 Substitute Bill:

A manufactured home dealer cannot accept a power of attorney.

The Joint Task Force on Manufactured Home Sales is created. It is comprised of four members of the House of Representatives, four Senators, three citizens representing mobile home purchasers, and a representative of manufacturers, dealers, installers, escrow or title companies, lenders, and local governments. The non-legislative members are appointed by the Governor. The co-chairs are to request participation from the Attorney General's Office, the Department of Licensing, the Department of Community, Trade and Economic Development, and the Department of Financial Institutions to serve on the joint task force as nonvoting members and may appoint other experts and advisors as nonvoting members.

The staff of Senate Committee Services and the House Office of Program Research shall provide administrative and clerical assistance to the joint task force. The joint task force is co-chaired by one senator and one state representative chosen by the task force from opposite parties.

The Joint Task Force on Manufactured Home Sales is to review the sales practices, transfer of ownership, land-home packages offered by dealers, installation, and other related practices and make recommendations to provide better protection for purchasers of manufactured homes. The joint task force must present a final report, including recommendations and a legislative bill draft, if general consensus is reached on a bill draft, to the legislative committees represented on the joint task force by December 15, 2000. The joint task force expires December 31, 2000.

Substitute Bill Compared to Original Bill: The escrow provisions are removed and a joint task force is created to look at using escrows and other alternatives to protect purchasers of manufactured homes. A provision is added to prohibit dealers from obtaining powers of attorney from the purchaser.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Unscrupulous dealers have caused serious harm to purchasers of manufactured homes, particularly in Lewis County. Improper sales practices and fraud, combined with unsophisticated people chasing their dream to own a home, led to numerous people losing their homes in Lewis County and Moses Lake. There are 150 repossessions in Lewis County from one dealer. People face financial ruin, and one suicide has occurred related to this. More consumer protections are necessary; purchasing a manufactured home is being treated the same as buying a car. A more formal closing process like an escrow would provide greater protections to purchasers.

Testimony Against: The improper sales practices and fraud were wrong; they were mostly done by one dealer. However, mandating escrows to close manufactured home sales won't solve this problem. Greater enforcement and prosecution of illegal activity is what is needed.

Testified: (In Support) Representative Richard DeBolt, sponsor; Judy Anderson; and Lou Sager.

(Opposed) Mike Ryhard, Washington Manufactured Housing Association; Brett Pierce, Conesco Finance Corp.; and Del Detray, Detray's Quality Homes.