

HOUSE BILL NO. 2325

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CHRISTOFANELLI.

4077H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 700.010, RSMo, and to enact in lieu thereof five new sections relating to the manufacture and distribution of manufactured homes.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 700.010, RSMo, is repealed and five new sections enacted in lieu thereof, to be known as sections 700.010, 700.203, 700.206, 700.209, and 700.213, to read as follows:

700.010. As used in sections 700.010 to 700.500, for the purpose of sections 700.010 to 700.500, the following terms mean:

(1) "Authorized representative", any person, firm or corporation, or employee thereof, approved or hired by the commission to perform inspection services;

(2) "Code", the standards relating to manufactured homes, or modular units as adopted by the commission. The commission, in its discretion, may incorporate, in whole or in part, the standards codes promulgated by the American National Standards Institute, the United States Department of Housing and Urban Development or other recognized agencies or organizations;

(3) "Commission", the public service commission;

(4) "Dealer", any person, other than a manufacturer, who sells or offers for sale four or more used homes or one or more new manufactured homes, or one or more new modular units in any consecutive twelve-month period;

(5) "Good cause", for purposes of determining whether there is good cause for a proposed action, the following factors shall be considered:

(a) **The extent of the affected dealer's penetration in the relevant market area;**

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 17 **(b) The nature and extent of the dealer's investment in its business;**
18 **(c) The adequacy of the dealer's service facilities, equipment, parts, supplies, and**
19 **personnel;**
20 **(d) The effect of the proposed action on the community;**
21 **(e) The extent and quality of the dealer's service under warranties; and**
22 **(f) The dealer's performance under the terms of its dealer agreement;**
23 **(6) "Installer", an individual who is licensed by the commission to install**
24 **manufactured homes under sections 700.650 to 700.692;**
25 **(7) "Line-make", a group of manufactured homes or modular units that have all**
26 **of the following characteristics:**
27 **(a) They are offered for sale, lease, or distribution under a common name,**
28 **trademark, service mark, or brand name of the manufacturer or distributor of those**
29 **structures;**
30 **(b) They are targeted to a particular market segment, as determined by their**
31 **decor, features, equipment, weight, size, and price range;**
32 **(c) They are all of a single, distinct classification of product type having a**
33 **substantial degree of commonality in construction;**
34 **(d) They are all of the same model that is distinguishable by length and interior**
35 **floor plan from other manufactured homes or modular units within the same product**
36 **type, notwithstanding the fact that the model may share some or most of the same decor,**
37 **features, equipment, weight, and price range; and**
38 **(e) The dealer is specifically authorized to sell as new that particular line-make**
39 **and model of manufactured home or modular unit under the terms of the dealer's**
40 **existing agreement with the manufacturer or distributor;**
41 ~~[(6)]~~ **(8) "Manufactured home", structure, transportable in one or more sections,**
42 **which, in the traveling mode, is eight body feet or more in width or forty body feet or more in**
43 **length, or, when erected on site, is three hundred twenty or more square feet, and which is**
44 **built on a permanent chassis and designed to be used as a dwelling with or without a**
45 **permanent foundation when connected to the required utilities, and includes the plumbing,**
46 **heating, air-conditioning, and electrical systems contained therein. The term includes any**
47 **structure that meets all of the requirements of this paragraph except the size requirements and**
48 **with respect to which the manufacturer voluntarily files a certification required by the United**
49 **States Secretary of Housing and Urban Development and complies with the standards**
50 **established under Title 42 of the United States Code;**
51 ~~[(7)]~~ **(9) "Manufacturer", any person who manufactures manufactured homes, or**
52 **modular units, including persons who engage in importing manufactured homes, or modular**
53 **units for resale;**

54 ~~[(8)]~~ **(10)** "Modular unit", a transportable building unit designed to be used by itself
55 or to be incorporated with similar units at a point-of-use into a modular structure to be used
56 for residential, commercial, educational or industrial purposes. This definition shall not apply
57 to structures under six hundred fifty square feet used temporarily and exclusively for
58 construction site office purposes;

59 ~~[(9)]~~ **(11)** "New", being sold or offered for sale to the first purchaser for purposes
60 other than resale;

61 ~~[(10)]~~ **(12)** "Person", an individual, partnership, corporation or other legal entity;

62 ~~[(11)]~~ **(13)** "Premises", a lot, plot, or parcel of land including the buildings, structures,
63 and manufactured homes thereon;

64 **(14) "Proprietary part", any part manufactured by or for and sold exclusively**
65 **by the manufacturer;**

66 ~~[(12)]~~ **(15)** "Recreational park trailer", a recreational park trailer as defined in the
67 American National Standards Institute (ANSI) A119.5 Standard on Recreational Park
68 Trailers. A recreational park trailer is not a recreational vehicle;

69 ~~[(13)]~~ **(16)** "Recreational vehicle", a recreational vehicle as defined in the American
70 National Standards Institute (ANSI) A119.2 Standard on Recreational Vehicles;

71 ~~[(14)]~~ **(17)** "Seal", a device, label or insignia issued by the public service commission,
72 U.S. Department of Housing and Urban Development, or its agent, to be displayed on the
73 exterior of the manufactured home, or modular unit to evidence compliance with the code;

74 ~~[(15)]~~ **(18)** "Setup", the operations performed at the occupancy site which renders a
75 manufactured home or modular unit fit for habitation, which operations include, but are not
76 limited to, moving, blocking, leveling, supporting, and assembling multiple or expandable
77 units.

700.203. 1. All manufacturers and dealers doing business in this state shall have
2 **a written agreement signed by both parties.**

3 **2. The manufacturer shall designate in writing subject to annual review the area**
4 **of sales responsibility exclusively assigned to a dealer and shall not establish another**
5 **dealer for the same line-make in the same area during the duration of the agreement**
6 **unless the manufacturer can show good cause for the addition of the new dealer,**
7 **including reasonable evidence that the market will support the establishment of a new**
8 **dealership.**

9 **3. Sales of manufactured homes or modular units by manufacturers or**
10 **distributors shall be in accordance with published prices, charges, and terms of sale in**
11 **effect at any given time. The manufacturer shall sell products on the same basis, with**
12 **respect to all rebates, discounts, and programs, to all competing dealers similarly**
13 **situated.**

14 **4. No manufacturer, directly or through any officer, agent, or employee, may**
15 **terminate a dealer agreement without good cause. The burden of showing good cause is**
16 **on the manufacturer. Prior to the expiration of a dealer agreement, both parties shall**
17 **enter into negotiations for renewal of the dealer agreement in good faith, and neither**
18 **will arbitrarily require a substantial change in competitive circumstances. When taking**
19 **on a competing manufacturer's lines, a dealer shall notify existing manufacturers in**
20 **writing, at least thirty days prior to entering into such an agreement, to sell the same**
21 **type of manufactured home or modular unit.**

700.206. 1. Except as provided in this section, a manufacturer shall provide a
2 **dealer at least one hundred twenty days' prior written notice of termination. The notice**
3 **shall state all the reasons for termination and shall further state that if, within thirty**
4 **days following receipt of the manufacturer's notice, the dealer provides to the**
5 **manufacturer a written notice of intent to cure all claimed deficiencies, the dealer will**
6 **then have one hundred twenty days from the date of the manufacturer's notice to rectify**
7 **such deficiencies. If the deficiency is rectified within one hundred twenty days, the**
8 **manufacturer's notice shall be void. However, if the dealer fails to provide the notice of**
9 **intent to cure deficiencies in the prescribed time period, the termination shall take effect**
10 **thirty days after the dealer's receipt of the manufacturer's notice unless the dealer has**
11 **new and untitled inventory on hand, in which case, if requested by the dealer, it shall**
12 **take effect upon the sale of the remaining inventory but in no event later than one**
13 **hundred twenty days from the manufacturer's notice of termination.**

14 **2. The one-hundred-twenty day notice may be reduced to thirty days' notice if**
15 **the grounds for termination are due to:**

16 **(1) Conviction of or pleas of nolo contendere to a felony of a dealer, or one of its**
17 **owners;**

18 **(2) The business operations of the dealer having been abandoned or closed for**
19 **ten consecutive business days unless the closing is due to an act of God, strike or labor**
20 **difficulty, or other cause over which the dealer has no control;**

21 **(3) A material misrepresentation by the dealer; or**

22 **(4) The suspension, revocation, or refusal to renew the dealer's license.**

23 **3. The notice provisions of this section shall not apply if the reason for**
24 **termination is insolvency, the occurrence of an assignment for the benefit of creditors,**
25 **or bankruptcy.**

26 **4. A dealer may terminate its dealer agreement at any time by giving written**
27 **notice of such intention to the manufacturer at least thirty days prior to the effective**
28 **date specified for termination.**

700.209. If the dealer agreement is terminated, cancelled, or not renewed by the manufacturer for cause, or if the dealer voluntarily terminates a dealer agreement in a manner permitted by such agreement, or if the manufacturer terminates or discontinues a franchise by discontinuing a line-make or by ceasing to do business in this state, or if the manufacturer changes the distributor or method of distribution of its products in this state or alters its sales regions or marketing areas within this state in a manner that eliminates or diminishes the dealer's market area, the manufacturer shall, at the election of the dealer, within thirty days of termination, repurchase:

(1) All new, untitled recreation vehicle inventory, acquired from the manufacturer in the previous eighteen months, which has not been altered or damaged to the extent that such damage must be disclosed to the consumer pursuant to section 700.213, at one hundred percent of the net invoice cost, including transportation, less applicable rebates and discounts to the dealer;

(2) All current and undamaged manufacturer's accessories and proprietary parts sold to the dealer for resale, if accompanied by the original invoice, at one hundred five percent of the original net price paid to the manufacturer to compensate the dealer for handling, packing, and shipping the parts; and

(3) Any fully and correctly functioning diagnostic equipment, special tools, current signage, and other equipment and machinery, at one hundred percent of the dealer's net cost plus freight, destination, delivery and distribution charges, and sales taxes, if any, provided it was purchased by the dealer within five years before termination and upon the manufacturer's request and can no longer be used in the normal course of the dealer's ongoing business.

The manufacturer shall pay the dealer within thirty days of receipt of all items returned for repurchase under this section.

700.213. 1. On any new manufactured home or modular unit, any uncorrected, significant damage or any corrected damage exceeding five hundred dollars or ten percent of the dealer's invoice, whichever is greater, shall be disclosed to the dealer in writing prior to delivery. The dealer is responsible for disclosing such damage to the consumer in writing and shall obtain a written acknowledgment of such damage from the consumer. A copy of the consumer's acknowledgment shall be provided to the manufacturer. Factory or dealer repairs to glass, tires, wheels, bumpers, audio/video equipment, in-dash components, instrument panels, decorating items, appliances, furniture, and components are excluded from disclosure when properly replaced by substantially similar manufacturer's or distributor's original equipment, materials, or parts.

12 **2. Whenever a new manufactured home or modular unit is damaged prior to**
13 **transit to the dealer, or is damaged in transit to the dealer, when the carrier or means of**
14 **transportation has been determined by the manufacturer or distributor, the dealer**
15 **shall:**

16 **(1) Notify the manufacturer or distributor of such damage by the next business**
17 **day after the date of delivery of such new manufactured home or modular unit to the**
18 **dealership or within such additional time as specified in the manufacturer-dealer**
19 **agreement; and**

20 **(2) Either:**

21 **(a) Request from the manufacturer or distributor authorization to replace the**
22 **components, parts, and accessories damaged or otherwise correct the damage; or**

23 **(b) Reject the vehicle by the next business day after delivery.**

24 **3. If the manufacturer or distributor refuses or fails to authorize repair of such**
25 **damage within ten days after receipt of notification, or if the dealer rejects the**
26 **manufactured home or modular unit because of damage, ownership of the new**
27 **manufactured home or modular unit shall revert to the manufacturer or distributor.**
28 **The dealer shall exercise due care in custody, but the dealer shall have no other**
29 **obligations, financial or otherwise, with respect to such manufactured home or modular**
30 **unit.**

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