

**DRAFT (4/2/04)**

**PRINCIPLES FOR AMENDING  
SUBPART I – CONSUMER COMPLAINT HANDLING  
REMEDIAL ACTIONS**

The Manufactured Housing Improvement Act (MHIA) of 2000 provides the Manufactured Housing Consensus Committee with the authority to propose recommendations for changes to the Manufactured Home Procedural and Enforcement Regulations to the U.S. Department of Housing and Urban Development (HUD).

One important regulation needing change in light of the MHIA of 2000 is the Procedural and Enforcement Regulation governing consumer complaint handling and remedial actions by manufacturers known as Subpart I. Subpart I regulates the way manufacturers investigate specific problems regarding manufactured homes brought to their attention from any source, the reporting of their findings, and if a serious defect or imminent safety hazard exists, the manufacturer's correction.

The MHIA of 2000 requires the implementation in December of 2005 of a national dispute resolution program and the regulation of installers and the installation set-up of manufactured homes. Subpart I should be updated to accommodate these program improvements.

Subpart I also should be updated due to the changes in manufactured home construction over the last 25+ years. Today, multi-section homes exceed 50% of manufactured home production. These multi-section homes have more of their construction completed on-site rather than in the factory due to the increased potential for transportation damage and size limitations for highway travel.

To address on-site construction, HUD is considering on-site completion rules and the MHCC has already provided the Department its recommendations for drafting those rules. Subpart I should be up-dated to address the on-site construction work that is the responsibility of the manufacturer.

To develop its Subpart I recommendations, the MHCC utilized as its baseline document, proposed amendments to Subpart I presented to the MHCC by the Manufactured Housing Association for Regulatory Reform.

The MHCC utilized the following principles to develop its recommendations:  
(numbers used for ease of commenting; bullets to be used in final)

1. Subpart I regulations should clearly identify, especially to the homeowner, what problems manufacturers will correct. At a minimum problems currently being corrected will continue to be corrected.

2. Subpart I should hold the manufacturer accountable for all construction to comply with the Federal manufactured home construction and safety standards
3. If a person is contractually obligated to provide a service or extend a warranty for work that is the manufacturer's responsibility, Subpart I regulations would not preclude fulfillment of that obligation or warranty
4. Subpart I regulations should clearly define when a manufacturer has a duty to investigate and how the investigation should be performed
5. Subpart I should describe methods available to conduct an investigation and indicate the investigation methods may vary based on the circumstances surrounding the problem
6. Subpart I regulations should hold the manufacturer accountable for choosing the most appropriate method of investigation based on the known facts concerning the problem
7. Subpart I regulations should support the manufacturer's findings and subsequent course of action when a manufacturer has conducted in good faith an appropriate investigation based on the facts available and taken appropriate action. If additional information is presented, then a new investigation may be necessary. SAAs and HUD oversight may be conducted as necessary.
8. Subpart I regulations should require manufacturers to utilize service records and approved designs as part of the investigative process
9. Subpart I regulations should clearly identify who is accountable for problems occurring to sections of homes that are in transit, in storage or at retail sales centers
10. Subpart I regulations should not hold the manufacturer responsible for normal wear and aging, unforeseeable consumer abuse or neglect of proper maintenance. The regulations need to indicate how old the manufactured home needs to be before these factors could be considered the primary cause of the problem. The life of the product warranty may be considered for time limits
11. The manufacturer's responsibility for construction should be separate and distinct from any manufacturer responsibility for installation
12. Subpart I regulations should utilize consistent wording and be in conformance with the Act as amended by the MHIA 2000
13. Subpart I regulations should place a priority on correcting the problem while maintaining requirements for sufficient documentation to identify patterns in construction problems

14. HUD cannot exceed its statutory authority and must implement all of the requirements of the Act
15. For each recommendation, the MHCC will consider the factors in Section 604(e) of the Act and any other statutory guidance
16. The recommendations for notification and correction should be consistent with the requirements of Sections 602 and 615 of the Act