

1350.5500 MANUFACTURED HOMES IN THE HANDS OF DEALERS AND DISTRIBUTORS.

Subpart 1. **Responsibility of manufacturer.** The manufacturer is responsible for correcting any failures to conform and imminent safety hazards which exist in manufactured homes which have been sold or otherwise released to a distributor or dealer but which have not yet been sold to a purchaser. Generally this responsibility does not extend to failures to conform or imminent safety hazards that result solely from transit damages that occur after the manufactured home leaves the control of the manufacturer when the home is released by the manufacturer. This part sets out the procedures to be followed by dealers and distributors for handling manufactured homes in these cases. Regardless of whether the manufacturer is responsible for repairing a manufactured home, no dealer or distributor may sell a manufactured home if it contains a failure to conform or an imminent safety hazard.

Subp. 2. **Notification and record.** Whenever a dealer or distributor finds a problem in a manufactured home which the manufacturer is responsible for correcting, the dealer or distributor shall contact the manufacturer, provide full information concerning the problem, and request appropriate action by the manufacturer in accord with subpart 4. Where the manufacturer agrees to correct, the manufacturer shall maintain a complete record of its actions. Where the manufacturer authorizes the dealer to make the necessary corrections on a reimbursable basis, the dealer or distributor shall maintain and submit a complete record of its actions to the manufacturer.

Subp. 3. **Amount of reimbursement.** An agreement by the manufacturer to correct or to authorize corrections on a reimbursable basis constitutes the commissioner's determination, for purposes of section 613(b) of the act with respect to judicial review of the amount which the manufacturer agrees to reimburse the dealer or distributor for corrections.

Subp. 4. **Manufacturer's option.** Upon a final determination by the commissioner under part 1350.4800, or upon a determination by the secretary or a court of competent jurisdiction that a manufactured home fails to conform to the standard or contains an imminent safety hazard after the manufactured home is sold or otherwise released by a manufacturer to a distributor or a dealer and prior to the sale of the manufactured home by the distributor or dealer to a purchaser, the manufacturer shall have the option to either:

A. immediately furnish, at the manufacturer's expense, to the purchasing distributor or dealer the required conforming part or parts or equipment for installation by the distributor or dealer on or in the manufactured home, and the manufacturer shall reimburse the distributor or dealer for the reasonable value of the installation plus a reasonable reimbursement of not less than one percent per month of the manufacturer's or distributor's selling price prorated from the date of receipt by certified mail of notice of

noncompliance to the date the manufactured home is brought into compliance with the standards, so long as the distributor or dealer proceeds with reasonable diligence with the installation after the part or component is received; or

B. immediately repurchase, at the manufacturer's expense, the manufactured home from the distributor or dealer at the price paid by the distributor or dealer, plus all transportation charges involved and a reasonable reimbursement of not less than one percent per month of the price paid prorated from the date of receipt by certified mail of notice of the imminent safety hazard, serious defect, defect, or noncompliance to the distributor. The value of the reasonable reimbursements shall be fixed by mutual agreement of the parties or by a court in an action brought under section 613(b) of the act.

This part does not apply to any manufactured home purchased by a dealer or distributor which has been leased by the dealer or distributor to a tenant for purposes other than resale. In that instance the dealer or distributor has the remedies available to a purchaser under parts 1350.3900 to 1350.5700.

Statutory Authority: *MS s 327.33; 327B.01 to 327B.12*

History: *24 SR 1846*

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