FIRST REGULAR SESSION HOUSE COMMITTEE SUBSTITUTE NO. 2 FOR SENATE COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 313

94TH GENERAL ASSEMBLY

Reported from the Special Committee on Professional Registration and Licensing May 9, 2007 with recommendation that House Committee Substitute No. 2 for Senate Committee Substitute for Senate Bill No. 313 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(21)(f).

D. ADAM CRUMBLISS, Chief Clerk

1161L.09C

AN ACT

To repeal sections 700.010, 700.045, 700.056, 700.065, 700.070, 700.090, 700.100, 700.115, 700.450, 700.455, 700.460, 700.465, 700.470, and 700.650, RSMo, and to enact in lieu thereof fourteen new sections relating to consumer protection, with penalty provisions.

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

Section A. Sections 700.010, 700.045, 700.056, 700.065, 700.070, 700.090, 700.100, 700.115, 700.450, 700.455, 700.460, 700.465, 700.470, and 700.650, RSMo, are repealed and 2 fourteen new sections enacted in lieu thereof, to be known as sections 700.010, 700.041, 3 700.045, 700.056, 700.065, 700.090, 700.095, 700.096, 700.097, 700.098, 700.100, 700.115, 4 5 700.650, and 1, to read as follows: 700.010. As used in sections 700.010 to 700.500, for the purpose of sections 700.0102 to 700.500, the following terms mean: 3 (1) "Authorized representative", any person, firm or corporation, or employee thereof, 4 approved or hired by the commission to perform inspection services; 5 (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 6

7 standards codes promulgated by the American National Standards Institute, the United States

8 Department of Housing and Urban Development or other recognized agencies or organizations;

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.

9 (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;

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(5) "Installer", an individual who is licensed by the commission to install manufactured homes, under sections 700.650 to 700.692;

15 (6) "Manufactured home", a factory-built structure or structures which, in the traveling 16 mode, is eight body feet or more in width or forty body feet or more in length, or, when erected 17 on site, contains three hundred twenty or more square feet, equipped with the necessary service 18 connections and made so as to be readily movable as a unit or units on its or their own running 19 gear and designed to be used as a dwelling unit or units with or without a permanent foundation. 20 The phrase "without a permanent foundation" indicates that the support system is constructed with the intent that the manufactured home placed thereon may be moved from time to time at 21 22 the convenience of the owner;

[(6)] (7) "Manufacturer", any person who manufactures manufactured homes, or modular units, including persons who engage in importing manufactured homes, or modular units for resale;

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

[(8)] (9) "New", being sold or offered for sale to the first purchaser for purposes other
 than resale;

33 [(9)] (10) "Person", an individual, partnership, corporation or other legal entity;

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

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

39 [(12)] (13) "Recreational vehicle", a recreational vehicle as defined in the American
40 National Standards Institute (ANSI) A119.2 Standard on Recreational Vehicles;

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

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

700.041. 1. There is hereby established a fund in the state treasury to be known as the "Manufactured Housing Customer Recovery Fund" for the purpose of paying consumer claims pursuant to procedures the commission may promulgate by rule. The public service commission shall administer the manufactured housing consumer recovery fund and all moneys in the fund shall be used solely as prescribed in this section. Any interest earned from the investment of the moneys in the fund shall be credited to the fund.

Claims approved by the commission pursuant to law may be paid from the fund
subject to appropriation. No claims may be considered by the commission until after all
other legal remedies have been exhausted. The commission may establish an advisory
committee to assist with the evaluation of all claims filed by consumers. The committee
members shall be volunteers and serve without compensation.

3. Notwithstanding the provisions of section 33.080, RSMo, to the contrary, moneys in the manufactured housing consumer recovery fund shall not be transferred to the credit of the general revenue fund at the end of the biennium; however, the total amount in the manufactured housing consumer recovery fund shall not exceed thirty-two percent of the amount of the annual appropriation of the manufactured housing fund from the preceding fiscal year. Moneys in the manufactured housing consumer recovery fund may be transferred back to the manufactured housing fund by appropriation.

700.045. It shall be a misdemeanor:

2 (1) For a manufacturer or dealer to manufacture, rent, lease, sell or offer to sell any
3 manufactured home or modular unit after January 1, 1977, unless there is in effect a registration
4 with the commission;

5 (2) To rent, lease, sell or offer to sell any new manufactured home or new modular unit 6 or used modular unit used for educational purposes manufactured after January 1, 1974, which 7 does not bear a seal as required by sections 700.010 to 700.115;

8 (3) To affix a seal or cause a seal to be affixed to any manufactured home or modular 9 unit which does not comply with the code;

10 (4) To alter a manufactured home or modular unit in a manner prohibited by the 11 provisions of sections 700.010 to 700.115;

(5) To fail to correct within a reasonable time not to exceed ninety days after being
ordered to do so in writing by an authorized representative of the commission a code violation
in a new manufactured home or new modular unit or used modular unit used for educational

15 purposes owned, manufactured or sold if the same is manufactured after January 1, 1974.

16 Reasonable and necessary extensions may be granted by the commission; or

17 (6) To interfere with, obstruct, or hinder any authorized representative of the commission18 in the performance of his or her duties.

700.056. Every dealer of a manufactured home offered for sale in this state shall at the 2 time of sale provide the purchaser with a bill of sale containing at least the following: The total 3 price of the unit, serial number, and its contents, the name or names of the person or persons 4 responsible for the installation and setup, including site preparation and waivers, a list of all furniture and appliances in the manufactured home, any other costs which will be assessed 5 to the purchaser by the dealer or installer such as transportation, handling, or such other costs, 6 7 and the sales tax payable for such manufactured home. 700.065. All **new** manufactured homes located in this state shall be anchored and tied down in accordance with the standards promulgated by the commission pursuant to the 2

3 provisions of sections 700.010 to 700.115 and sections 700.650 to 700.692.

700.090. 1. Every manufacturer or dealer [of manufactured homes] who sells or offers

2 for sale, on consignment or otherwise, a manufactured home or modular unit from or in the state

3 of Missouri shall register [each location] with the commission **each place of business at which**

4 the manufacturer or dealer sells or offers for sale a manufactured home or modular unit.

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2. The commission shall issue a certificate of registration to a manufacturer who:

6 (1) Completes and files with the commission an application for registration which 7 contains the following information:

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(a) The name of the manufacturer;

9 (b) The address of the manufacturer and addresses of each factory owned or operated by 10 the manufacturer, if different from the address of the manufacturer;

(c) If a corporation, the state of original incorporation, a list of the names and addresses
of all officers and directors of the corporation, and proof of the filing of all franchise and sales
tax forms required by Missouri law;

(d) If not a corporation, the name and address of the managing person or personsresponsible for overall operation of the manufacturer;

(2) Files with the commission an initial registration fee of seven hundred fifty dollars inthe form of a cashier's check or money order made payable to the state of Missouri.

18 3. The commission shall issue a certificate of registration to a dealer who:

19 (1) Completes and files with the commission an application for registration which 20 contains the following information:

21 (a) The name of the dealer;

(b) The business address of the dealer and addresses of each separate facility owned and
operated by the dealer from which manufactured homes or modular units are offered for sale if
different from the business address of the dealer;

(c) If a corporation, the state of original incorporation, a list of the names and addresses
of all officers and directors of the corporation, proof of the filing of all franchise and sales tax
forms required by Missouri law;

(d) If not a corporation, the name and address of the managing person or personsresponsible for the overall operations of the manufacturer;

30 (2) Files with the commission an initial registration fee of two hundred dollars in the 31 form of a cashier's check or money order made payable to the state of Missouri;

32 (3) Files with the commission proof of compliance with the provisions of section33 301.280, RSMo.

4. The registration of any manufacturer or dealer shall be effective for a period of one year and shall be renewed by the commission upon receipt by it from the registered dealer of a renewal fee of seven hundred fifty dollars for manufacturers and two hundred dollars for dealers and a form provided by the commission upon which shall be placed any changes from the information requested on the initial registration form.

5. The commission may stagger the renewal of certificates of registration to provide formore equal distribution over the twelve months of the number of registration renewals.

700.095. 1. Every dealer shall, on or before January fifteenth of each year, make application for registration or renewal, and shall be required to maintain a bona fide established place of business and shall maintain a permanent enclosed building or structure, either owned in fee or leased and actually occupied as a place of business by the applicant for the selling, bartering, trading, or exchanging of manufactured homes or modular units, where the public may contact the owner or operator at any reasonable time and where the books, records, files, and other matters required and necessary to conduct the business shall be kept and maintained.

9 2. The application shall contain the business address, not a post-office box address, 10 and telephone number of the place where the books, records, files, and other matters 11 required and necessary to conduct the business are located and where the same may be 12 inspected during normal daytime business hours.

3. Each application shall contain such additional information as may be required
by the commission to enable it to determine whether the applicant is a bona fide dealer in
fact and is of good moral character.

4. On the payment of a registration or renewal fee of two hundred dollars, there
 shall be assigned to each dealer a certificate of registration in such form as the commission
 shall prescribe.

700.096. 1. Each person registered as a dealer under the provisions of sections 700.010 to 700.115 shall file monthly reports with the commission, which reports shall be in the form and manner and contain the information required by the commission by rules promulgated under chapter 536, RSMo, and shall permit an employee of the commission or any law enforcement official to inspect, during normal business hours, any of the following documents which are in his or her possession or under his or her custody or control:

8 9 (1) Any title to any manufactured home or modular unit;

(2) Any application for title to any manufactured home or modular unit;

(3) Any affidavit provided under chapter 301 or 407, RSMo;

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(4) Any assignment of title to any manufactured home or modular unit;

12 (5) Any disclosure statement or other document required by the laws of the United13 States or any other state.

14 **2.** For purposes of this section, the term ''law enforcement official'' means any of 15 the following:

16 (1) Attorney general, or any person designated by him or her to make such an17 inspection;

(2) Any prosecuting attorney or any person designated by a prosecuting attorney
 to make such an inspection;

20 (3) Any member of the highway patrol;

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(4) Any sheriff or deputy sheriff;

(5) Any peace officer certified under chapter 590, RSMo, acting in his or her
 official capacity.

700.097. No insurance company, finance company, bank or trust company shall be 2 required to register with the commission in order to sell any manufactured home or 3 modular unit repossessed or purchased by the company on the basis of total destruction 4 or theft thereof when the sale of the manufactured home or modular unit is in conformance 5 with applicable title and registration laws of this state.

700.098. 1. The commission may refuse to register an applicant as a dealer, or may suspend the registration of an existing dealer from one day to thirty days, or revoke the registration of a dealer, after a written notice and a hearing when the commission is satisfied that the applicant or dealer has failed to comply with the provisions set out in sections 700.010 to 700.115. Notification of unfavorable action by the commission on any

6 application for registration or renewal of registration must be accompanied by a notice

7 informing the recipient that the decision of the director may be appealed as provided in
8 chapter 386, RSMo.

9 2. It shall be unlawful for any person to hold forth or act as a dealer who is not 10 currently registered as a dealer by the commission as required by sections 700.010 to 11 700.115.

700.100. 1. The commission may refuse to register or refuse to renew the registration
of any person who fails to comply with the provisions of [section 700.090 or this section]
sections 700.010 to 700.115 or sections 700.650 to 700.692. Notification of unfavorable action
by the commission on any application for registration or renewal of registration must be
delivered to the applicant within thirty days from date it is received by the commission.
Notification of unfavorable action by the commission on any application for registration or
renewal of registration must be accompanied by a notice informing the recipient that the decision
of the commission may be appealed as provided in chapter 386, RSMo.

9 2. The commission may consider a complaint filed with it charging a registered 10 manufacturer or dealer with a violation of the provisions of this section, which charges, if 11 proven, shall constitute grounds for revocation or suspension of his registration, or the placing 12 of the registered manufacturer or dealer on probation.

3. The following specifications shall constitute grounds for the suspension, revocationor placing on probation of a manufacturer's or dealer's registration:

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(1) If required, failure to comply with the provisions of section 301.280, RSMo;

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(2) Failing to be in compliance with the provisions of section 700.090;

17 (3) If a corporation, failing to file all franchise or sales tax forms required by Missouri18 law;

(4) Engaging in any conduct which constitutes a violation of the provisions of section407.020, RSMo;

(5) Failing to comply with the provisions of Sections 2301-2312 of Title 15 of the United
States Code (Magnuson-Moss Warranty Act);

(6) As a dealer, failing to arrange for the proper initial setup of any new manufactured
home or modular unit sold from or in the state of Missouri, [unless the dealer receives a written
waiver of that service from the purchaser or his or her authorized agent] except as allowed

26 under subsection 5 of section 700.656;

(7) Requiring any person to purchase any type of insurance from that manufacturer ordealer as a condition to his being sold any manufactured home or modular unit;

(8) Requiring any person to arrange financing or utilize the services of any particularfinancing service as a condition to his being sold any manufactured home or modular unit;

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provided, however, the registered manufacturer or dealer may reserve the right to establishreasonable conditions for the approval of any financing source;

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(9) Engaging in conduct in violation of section 700.045;

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(10) Failing to comply with the provisions of section 301.210, RSMo;

(11) Failing to pay all necessary fees and assessments authorized pursuant to sections
 700.010 to 700.115.

4. The commission may order that any suspension, revocation, or probation ordered under subsection 3 of this section shall apply to all manufacturer's or dealer's registrations that are held by the same manufacturer or dealer or that are owned or controlled by the same person or persons if a continued and consistent pattern of the violations have been identified by the commission to be present with each licensee under the same control or ownership.

700.115. 1. Except as otherwise provided in subsections 2 and 3 of this section, a violation of the provisions of sections 700.010 to 700.115 shall constitute a violation of the provisions of section 407.020, RSMo. In addition to the authority vested in the attorney general to enforce the provisions of that section, he may petition the court and the court may enter an order revoking the registration certificate of the defendant or defendants issued pursuant to the provisions of section 700.090.

7 2. Notwithstanding any provisions of subsection 1 of this section to the contrary, 8 whoever violates any provision of this chapter shall be liable to the state of Missouri for a civil penalty in an amount which shall not exceed one thousand dollars for each such violation. If, 9 10 after a hearing, the commission finds that person has violated any provision of this chapter, it shall direct its general counsel to enforce the provisions of this subsection by filing a 11 petition in circuit court for such civil penalties. Each violation of this chapter shall constitute 12 13 a separate violation with respect to each manufactured home or modular unit or with respect to each failure or refusal to allow or perform an act required by this chapter; except that, the 14 maximum civil penalty may not exceed one million dollars for any related series of violations 15 occurring within one year from the date of the first violation. 16

3. Any individual or director, officer, or agent of a corporation who knowingly and willfully violates any provision of sections 700.010 to 700.115, in a manner which threatens the health or safety of any purchaser, shall, upon conviction therefor, be fined not more than one thousand dollars or imprisoned for not more than one year, or both.

700.650. 1. Sections 700.650 to 700.692 shall be known and may be cited as the 2 "Manufactured Home Installation Act".

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2. For the purposes of sections 700.650 to 700.692, the following terms shall mean:

4 (1) "Applicant", a person who applies to the commission for a license or limited-use 5 license to install manufactured homes;

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(2) "Commission", the Missouri public service commission;

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

(4) "Installation", work undertaken at the place of occupancy to ensure the proper initial
setup of a manufactured home which shall include the joining of all sections of the home,
installation of stabilization, support, and leveling systems, assembly of multiple or expanded
units, and installation of applicable utility hookups and anchoring systems that render the home
fit for habitation;

15 (5) "Installation standards", reasonable specifications for the installation of a 16 manufactured home;

(6) "Installer", an individual who is licensed by the commission to install manufactured
homes, pursuant to sections 700.650 to [700.680] 700.692;

(7) "Manufactured home", a manufactured home as that term is defined in subdivision(5) of section 700.010;

(8) "Manufacturer", any person who manufactures manufactured homes, including
 persons who engage in importing manufactured homes for resale; and

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(9) "Person", an individual, partnership, corporation, or other legal entity.

Section 1. Notwithstanding any other provision of law to the contrary, any person who purchases or leases merchandise primarily for personal, family, or household 2 3 purposes and thereby suffers an ascertainable loss of money or property, real or personal, 4 as a result of the use or employment by another person of an intentional method, act, or 5 practice declared unlawful by section 407.020, RSMo, may bring a private civil action in either the circuit court of the county in which the seller or lessor resides or in which the 6 7 transaction complained of took place, to recover actual damages against any other person with whom such aggrieved person has a commercial relationship. The court may, in its 8 discretion, award punitive damages and may award to the prevailing party attorney's fees, 9 10 based on the amount of time reasonably expended, and may provide such equitable relief as it deems necessary or proper directed to any person with whom an aggrieved person has 11 a commercial relationship. For purposes of this section, "commercial relationship" shall 12 mean a relationship between two persons which thereby results in the retail sale or lease 13 14 of merchandise, but shall not include any persons in the chain of commerce with whom the 15 purchaser or lessor did not directly or personally negotiate or communicate.

[700.070. Effective November 27, 1973, all purchasers of manufactured homes shall, within thirty days from the date of occupancy, anchor and secure the manufactured home in accordance with the standards promulgated by the commission pursuant to the provisions of sections 700.010 to 700.115.]

[700.450. As used in sections 700.450 to 700.470, the following terms shall mean:

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

(2) "Dealer", any person, including, but not limited to, real estate brokers and salespersons, other than a manufacturer, who sells or offers for sale four or more manufactured homes in any consecutive twelve-month period;

7 (3) "Manufactured home", a factory-built structure or structures which, 8 in the traveling mode, is eight body feet or more in width or forty body feet or 9 more in length, or, when erected on site, contains three hundred twenty or more 10 square feet, equipped with the necessary service connections and made so as to 11 be readily movable as a unit or units on its or their own running gear and designed to be used as a dwelling unit or units with or without a permanent 12 13 foundation. The phrase "without a permanent foundation" indicates that the support system is constructed with the intent that the manufactured home placed 14 thereon may be moved from time to time at the convenience of the owner; 15

(4) "Manufacturer", any person who manufactures manufactured homes, including persons who engage in importing manufactured homes for resale;

(5) "Person", any individual, partnership, corporation or other legal entity.]

[700.455. 1. Every dealer shall, on or before January fifteenth of each year, instead of registering each manufactured home dealt in, make a verified application, upon a blank for such purpose to be furnished by the commission, for a distinctive number for all the manufactured homes dealt in or controlled by such dealer. The application shall contain, but need not be limited to:

(1) When the applicant is a partnership, the name and address of each partner, or, when the applicant is a corporation, the names of the principal officers of the corporation and the state in which it is incorporated. The application shall be verified by the oath or affirmation of the applicant, if an individual, or in the event an applicant is a partnership or corporation, then by a partner or officer;

(2) A bona fide established place of business shall be required for every
 dealer. A bona fide established place of business for any dealer shall include a
 permanent enclosed building or structure, either owned in fee or leased and
 actually occupied as a place of business by the applicant for the selling, bartering,
 trading or exchanging of manufactured homes, where the public may contact the
 owner or operator at any reasonable time and where the books, records, files and

- other matters required and necessary to conduct the business shall be kept andmaintained.
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 2. The application shall contain the business address, not a post-office
 box, and telephone number of the place where the books, records, files and other
 matters required and necessary to conduct the business are located and where the
 same may be inspected during normal daytime business hours.
- 24 3. Each application shall contain such additional information as may be
 25 required by the commission to enable it to determine whether the applicant is a
 26 bona fide dealer in fact and is of good moral character.
- 4. On the payment of a registration fee of fifty dollars there shall be
 assigned to each dealer a certificate of registration in such form as the
 commission shall prescribe.]
- [700.460. 1. Each person registered as a dealer pursuant to the provisions of sections 700.450 to 700.470 shall file monthly reports with the commission, which reports shall be in the form and manner and contain the information required by the commission by rules promulgated pursuant to chapter 536, RSMo, and shall permit an employee of the commission or any law enforcement official to inspect, during normal business hours, any of the following documents which are in his possession or under his custody or control:
 - (1) Any title to any manufactured home;
 - (2) Any application for title to any manufactured home;
 - (3) Any affidavit provided pursuant to chapter 301 or 407, RSMo;
 - (4) Any assignment of title to any manufactured home;
- 12 (5) Any disclosure statement or other document required by the laws of13 the United States or any other state.
- 14 2. For purposes of this section, the term "law enforcement official" shall15 mean any of the following:
- 16 (1) Attorney general, or any person designated by him to make such an
 17 inspection;
- 18 (2) Any prosecuting attorney or any person designated by a prosecuting19 attorney to make such an inspection;
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- (3) Any member of the highway patrol;
- (4) Any sheriff or deputy sheriff;
- (5) Any peace officer certified pursuant to chapter 590, RSMo, acting in his official capacity.]
- [700.465. No insurance company, finance company, bank or trust company shall be required to register with the commission in order to sell any manufactured home repossessed or purchased by the company on the basis of total destruction or theft thereof when the sale of the manufactured home is in conformance with applicable title and registration laws of this state.]
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[700.470. 1. The commission may refuse to register an applicant as a dealer, or may suspend the registration of an existing dealer from one day to thirty days, or revoke the registration of a dealer, after a written notice and a hearing when he is satisfied that the applicant or dealer has failed to comply with the provisions set out in sections 700.450 to 700.470. Notification of unfavorable action by the commission on any application for registration or renewal of registration must be accompanied by a notice informing the recipient that the decision of the director may be appealed as provided in chapter 536, RSMo.

9 2. It shall be unlawful for any person to hold forth or act as a dealer who 10 is not currently registered as a dealer by the commission as required by sections 11 700.450 to 700.470.]