FPC Form No. 11 ~~Docket No. RM75-27~~

FEDERAL POWER COMMISSION
FPC Form No. 11

NATURAL GAS PIPELINE COMPANY
MONTHLY STATEMENT

REFERENCE DATA	Form Approved
COMPANY CODE NO.	Budget Bureau No. 54R056
FOR MONTH OF 19___	Page 1 of 5

INSTRUCTIONS - Each "major" natural gas interstate pipeline company, listed on the reverse side of this page, shall complete and return two copies to the Federal Power Commission within 40 days after the end of the reported month. Retain one copy for your files. Include brief description of any adjustments significantly affecting the monthly statement. Estimates subject to later revision are permissible. Year ago estimates now revised should be identified by a double asterisk (**).

RETURN TO ➧ FEDERAL POWER COMMISSION
WASHINGTON, D. C. 20426

ATTN: OFFICE OF ACCOUNTING AND FINANCE

FROM *(Name of Company)*

ADDRESS *(Number, Street, City, State and Zip Code)*

SIGNATURE *(Chief Accounting Officer)* DATE PREPARED *(Enter numerically, month, day and year)* / /

TABLE 1 — CONDENSED STATEMENT OF INCOME

ITEM (a) *(Indicate contra items by a minus sign preceding the amount.)*	CURRENT YEAR *(Omit cents)* (b)	PREVIOUS YEAR *(Omit cents)* (c)
	24 — 33	34 — 43
Utility Operating Income:	$	$
1. Gas Operating Revenues (400)		
Gas Operating Expenses:		
2. Operation and maintenance (401, 402)		
3. Depreciation, depletion, and amortization (403 - 407)		
4. Taxes other than income taxes (408.1)		
5. Income taxes - Federal (409.1)		
6. Income taxes - Other (409.1)		
7. Provision for deferred income taxes-Net (410.1, 411.1)		
8. Investment tax credit adjustments (Net) (411.4)		
9. Total taxes		
10. Total operating expenses		
11. Net gas operating revenues		
12. Income from gas plant leased to others (412, 413, 408.1, 409.1)		
13. Gas utility operating income		
14. Other utility operating income (414, 408.1, 409.1)		
15. Disposition of utility plant (411.6, 411.7)		
16. Total utility operating income		
17. Other income and deductions - Net- (except Allowance for funds used during construction (419.1).) (415-419, 421-421.2, 425-426.5, 408.2-411.2, 411.5,420)		
18. Allowance for funds used during construction (419.1)		
19. Total income		
Interest Charges:		
20. Interest on long-term debt (427)		
21. Amort. of debt discount, premium & expense (428, 429)		
22. Amortization of gain or loss on reacquired debt - Net - (428.1, 429.1)		
23. Other interest charges (430, 431)		
24. Total interest charges		
25. Income before extraordinary items		
26. Extraordinary items -Net- (434, 435, 409.3)		
27. Net Income		

Add: other

Add: Allowance for borrowed funds used during construction - Credit (432).

3022-53-10 P-1

[FR Doc.75-13792 Filed 5-28-75;8:45 am]

FEDERAL TRADE COMMISSION

[16 CFR Part 441]

MOBILE HOME SALES AND SERVICE

Proposed Trade Regulation Rule

Notice is hereby given that the Federal Trade Commission, pursuant to the Federal Trade Commission Act, as amended, 15 U.S.C. 41, et seq., the provisions of Part 1, Subpart B of the Commission's Procedures and Rules of Practice, 16 CFR 1.7, et seq., and § 553 of Subchapter II, Chapter 5, Title 5, U.S. Code (Administrative Procedure), has initiated a proceeding for the promulgation of a Trade Regulation Rule concerning mobile home sales and service.

Accordingly, the Commission proposes the following Trade Regulation Rule and to amend Subchapter D, Trade Regulation Rules, Chapter 1 of 16 CFR by adding a new Part 441.

Sec.

441.1 Definitions.
441.2 Warranty performance systems.
441.3 Warrantor reliance on third parties.
441.4 Written warranties and other related documents.
441.5 Disclaimers, limitations, and exclusions.
441.6 Prohibited conditions precedent.
441.7 Dimensions of mobile homes.
441.8 Labels, seals, or certifications.

AUTHORITY: 38 Stat. 717, as amended (15 U.S.C. 41, et seq.).

§ 441.1 Definitions.

For the purpose of this part, the following terms and definitions shall apply:

(a) "Consumer" shall refer to a buyer (other than for purposes of resale) of a mobile home which is used or bought for use primarily as a place of residence, any person to whom such mobile home is transferred during the duration of an implied or written warranty applicable to the mobile home, and any other person who is entitled under the terms of such warranty or under applicable Federal or State law to enforce against the warrantor the obligations of the warranty.

(b) "Mobile home" refers to a structure, transportable in one or more sections, which is eight body feet or more in width and is thirty-two body feet or more in length, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

(c) "Defect" refers to any non-conformity in the performance, construction, components, or material of a mobile home that renders the home or any part thereof not in accordance with the obligations under the contract of sale or not fit for the ordinary use for which it was intended.

(d) "Written warranty" refers to:

(1) Any written affirmation of fact or written promise made in connection with the retail sale of a mobile home by a warrantor to a consumer which relates to the nature of the material or workmanship and affirms or promises that such material or workmanship is defect free or will meet, a specified level of performance over a specified period of time, or

(2) Any undertaking in writing in connection with the sale by a warrantor of a mobile home to refund, repair, replace or take other remedial action with respect to such mobile home in the event that such mobile home fails to meet the specifications set forth in the undertaking, which written affirmation, promise or undertaking becomes part of the basis for the bargain between a warrantor and a consumer of such mobile home.

(e) "Implied warranty" refers to an implied warranty arising under State law as modified, if at all, under Federal law.

(f) "Warrantor" refers to a corporation, a partnership, or other person engaged in the manufacture, wholesale or retail sale, offering for wholesale or retail sale, distribution, financing, or servicing of mobile homes produced or sold primarily for use by consumers, who gives or offers a written warranty or who is or may be obligated under an implied warranty.

(g) "Manufacturer" refers to any corporation, partnership, or person engaged in the manufacture, assembly, and wholesale sale of mobile homes, including any corporation, partnership, or person engaged in importing mobile homes for resale.

(h) "Corporate headquarters" refers to the location where the offices of the most senior officers in the hierarchy of a manufacturer's enterprise are located and/or where responsibility for management of the enterprise on a company-wide basis is generally exercised.

(i) "Authorized dealer" refers to a business enterprise, including but not necessarily limited to a corporation, a partnership, and an individual proprietor, neither owned nor controlled by a manufacturer, formed for the purpose of selling and servicing products, including but not limited to new mobile homes, from one or more established and recognizable locations, and which is authorized and approved by one or more manufacturers to buy and sell to consumers new mobile homes produced by said manufacturers.

(j) "Tender of possession" refers to the time when the mobile home has been properly set up at the consumer's home site and all necessary documents and keys are transferred to the consumer or the consumer's representative to enable the consumer to exercise the right to take possession and to complete delivery. *Provided, however,* That in cases where the initial set up of the home was arranged by the consumer and not by or through the manufacturer or authorized dealer, "tender of possession" refers to the time when all necessary documents and keys are transferred to the consumer or the consumer's representative to enable the consumer to exercise the right to take possession and to complete delivery.

(k) "Home site" refers to a plot of land designated by the consumer as the location where the mobile home is to be set up or the location where the mobile home has in fact been set up.

(l) "Set up" refers to the operation whereby a mobile home is installed, leveled, and tied down on a permanent foundation of cinder blocks, cement piers, steel horses, or the like which properly distribute and support its weight. In the case of double-wide and triple-wide homes, "set up" includes the assembly of the two or more units of the mobile home and the sealing of the seams. "Set up" may also include the connection of certain utilities in accordance with local law.

(m) "Normal course of business" refers to the usual or regular manner of operation of the business enterprise in question under ordinary conditions. "Normal course of business" does not include:

(1) Conditions under which abnormal demands are made upon service capabilities as the result of natural disasters, or other acts of God or the government, or any other event beyond the control of the warrantor and, where applicable, its authorized dealers or other third parties which places an unusually large demand upon service facilities; and

(2) Events such as disasters, strikes, acts of the government, instances of force majeure or other occurrences which are beyond the control of the warrantor and, where applicable, its authorized dealers and other third parties which prevent the warrantor and, where applicable, its authorized dealers or other third parties from responding to service requests within the time periods stated herein; and

(3) Slight omissions or deviations from the provisions of this part which are inadvertent, unintentional, and are not due to bad faith.

§ 441.2 Warranty performance systems.

In connection with the manufacture, sale, offering for sale, distribution, and service of mobile homes produced or sold primarily for use by consumers in commerce, as "commerce" is defined in the Federal Trade Commission Act, it is an unfair or deceptive act or practice within the meaning of section 5 of that Act for a corporation, partnership, person, or other business entity to offer or otherwise provide, any written or implied warranty unless the warrantor establishes and maintains a regular and effective warranty performance system which is designed to assure that each consumer of mobile homes so warranted will receive full performance of all such warranty obligations either directly or by action through its authorized dealers or other third parties within the time period requirements set forth hereinbelow and unless the warrantor performs all of its obligations under such warranty within such time period requirements. An effective warranty performance system which is designed to assure that each consumer of a mobile home receives full performance of the warrantor's obligations under the warranty shall incorporate but not necessarily be limited to the following:

(a) The warrantor shall perform warranty service and repair obligations arising subsequent to the tender of possession of the home to the consumer by the warrantor, either directly or through an authorized dealer or other third parties at the site of the mobile home.

(b) The warrantor shall, directly or through an authorized dealer or other third parties, in the normal course of business, commence all warranty service or repair of defects giving rise to a condition which affects the safety of a mobile home or renders it substantially uninhabitable as soon as possible but in no event later than three business days following receipt of notice of such a defect by the warrantor from the retail purchaser or two business days following notice of the determination by the warrantor's authorized dealer or other third parties to rely upon the warrantor to perform or to complete service or repairs requested by consumers with respect to such defects. Such repairs are to be completed expeditiously.

(c) The warrantor shall, directly or through an authorized dealer or other third parties, in the normal course of business, respond to notice of the need for service and repairs of warranty defects other than those set forth in paragraph (b) of this section, within a reasonable time not to exceed seven business days of receipt of notice of such defects by the warrantor, its authorized dealer or other third parties, and complete such service or repairs within a reasonable time not to exceed thirty days following said receipt of notice.

(d) The warrantor shall assure that in the event of a bona fide dispute between the warrantor or its dealers and a consumer pursuant to § 441.3(f) of this part, as to whether the defect(s) complained of by the consumer are or are not covered by an applicable warranty, then: In the event it is determined that warranty service or repair is required, which determination shall be made promptly, the warrantor shall be allowed, notwithstanding the provisions of paragraphs (b) and (c) of this section with respect to the time allowances for repairs, in the normal course of business, from the date of notification of the dispute as set forth in this paragraph (d) of this section, no more than three business days in the case of defects referred to in paragraph (b) of this section to commence service or repair (such repairs to be completed expeditiously) and no more than thirty days in the case of defects referred to in paragraph (c) of this section to complete service or repair.

(e) The warrantor shall, either directly or through its authorized dealers or other third parties, in the normal course of business, inspect each mobile home at the home site prior to or at the time of tender of possession to the consumer, to assure that the home is being delivered to such consumer free of all defects which affect the safety of the mobile home or render it substantially uninhabitable and that it is properly set up.

(f) The warrantor shall, either directly or through its authorized dealers or other third parties, in the normal course of business, reinspect each mobile home within a reasonable time not to exceed 90 days after tender of possession of the home to the consumer to determine the existence of defects in the mobile home or problems relating to its setup, and to correct or arrange for the correction of defects within the scope of any applicable warranty, or improper setup and problems arising therefrom.

(g) Results of the inspections required pursuant to paragraphs (e) and (f) of this section shall be set forth in a report or reports which, if performed by an authorized dealer or other third party, shall be signed by said authorized dealer or other third party and shall be signed by the consumer or said consumer's representative indicating agreement with the information set forth therein. If no signature of the consumer or said consumer's representative appears on such a report, the authorized dealer or other third party shall certify that the necessary inspections and repairs were in fact accomplished and state in writing the reason for the absence of the signature of the consumer or said consumer's representative to the best of the authorized dealer's or other third party's knowledge and belief. Notwithstanding the provisions of paragraphs (e) and (f) of this section, in the event that the initial setup of the mobile home is not provided by or arranged through the warrantor or the warrantor's authorized dealer but is arranged independently by the consumer of such mobile home, there shall be no obligation to make those portions of the inspections described in paragraphs (e) and (f) of this section which cannot be accomplished prior to the initial setup.

(h) The warrantor shall, in the normal course of business, obtain information as to the date of purchase and the name and address of the consumer of each of its mobile homes and shall maintain adequate records of the information so ascertained.

(i) Where the warrantor chooses to delegate, assign, contract, or otherwise rely on a continuing basis upon any authorized dealers or any third parties not employees of the warrantor to satisfy the obligations assumed by the warrantor under any warranty, whether written or implied by law, then the warrantor shall assure that if a dispute or disagreement should arise between the warrantor and one or more of its authorized dealers or other third parties as to which of them is to incur any such obligation, burden, or responsibility or is to correct a malfunction related or alleged to relate to the set up of the warrantor's mobile homes, any and all necessary repairs or other corrective action will be expeditiously accomplished, regardless of whether the dispute or disagreement has been resolved. Nothing in this section shall be construed to preclude a warrantor from replacing a mobile home, refunding the purchase price or taking any other remedial action with respect to the mobile home which is within the scope of the terms of the written or implied warranty applicable to such mobile home; *Provided, however,* That such a refund, replacement or other remedial action with respect to a mobile home shall be delivered to the consumer within a reasonable time, taking into account the individual circumstances of each case, but in no event later than thirty days following the receipt of notice of the defect for which the remedy is provided.

§ 441.3 Warrantor reliance on third parties.

In connection with the manufacture, sale, offering for sale, distribution, and service of mobile homes produced or sold primarily for use by consumers in commerce, as "commerce" is defined in the Federal Trade Commission Act, it is an unfair or deceptive act or practice within the meaning of section 5 of that Act for a mobile home manufacturer who is a warrantor to delegate, assign, contract with, or otherwise rely on a continuing basis upon any authorized dealers or any other third parties who are not employees of said manufacturer to: First, determine whether any mobile home constructed by the manufacturer contains any defects which are within the scope of any written or implied warranty or whether any such mobile home otherwise requires remedial action pursuant to any such warranty; second, notify the manufacturer of the existence of any such defects or need for remedial action pursuant to the aforesaid warranties; or third, perform any repairs or otherwise provide services in satisfaction of any warranty obligations incurred by the manufacturer, if the manufacturer shall fail to:

(a) Enter into a written service agreement with each such person desiring to be authorized to assume the responsibility of satisfying the manufacturer's mobile home warranty obligations on a continuing basis which sets forth the respective warranty service obligations to be discharged by the manufacturer and by the authorized dealer or other third party. Mobile home manufacturers who extend a warranty, express or implied, and rely upon authorized dealers or other persons not employees of said manufacturers to perform their warranty obligations shall require all such dealers and other persons to execute such agreements described herein within 180 days of the effective date of this part as a condition precedent to the manufacturer continuing the aforesaid delegation, assignment, contractual relationship or reliance subsequent to the 180th day following the effective date of this part. Dealers or the other third parties upon whom the manufacturer commences to rely, delegate, assign, or contract with as aforesaid after the effective date of the part shall execute such agreements prior to or at the time of said delegation, assignment, contracting, or reliance. Such agreements shall include but not necessarily be limited to:

(1) A clear and accurate description of the scope of those duties, burdens and responsibilities to be borne by the manu-

facturer and those to be borne by authorized dealers or other third parties as aforesaid and a statement as to the allocation of responsibility for the proper set up of mobile homes constructed by the manufacturer;

(2) The requirement that the authorized dealer or other third party as aforesaid shall, in the normal course of business, commence all warranty service or repair of defects which become necessary as a result of a condition which affects the safety of the mobile home or renders it substantially uninhabitable, as soon as possible but not later than three business days following receipt of notice of such defects or condition by the authorized dealer or other third party, and shall complete such service or repairs expeditiously. In those cases in which the authorized dealer or other party determines to rely upon the manufacturer to perform or to complete service or repairs requested by consumers on such defects, such determination shall be made and communicated to the manufacturer immediately upon such determination but no later than two business days following receipt of notice of such defect from the consumer;

(3) The requirement that except as set forth in paragraph (a)(2) of this section the authorized dealer or other third party as aforesaid must respond to a request for warranty repairs or service within seven business days of the receipt of notice and must complete all such warranty service or repairs within a reasonable time, not to exceed thirty days in the normal course of business, following receipt of notice of such condition by such authorized dealer or other third party. In those cases in which the authorized dealer or other third party determines to rely upon the manufacturer to perform or to complete such service or repairs requested by the consumer, such determination shall be made and communicated to the manufacturer as soon as possible but no later than five business days following receipt of notice from the consumer;

(4) The requirement that the authorized dealer or other third party as aforesaid must, in the normal course of business, inspect each mobile home at the home site prior to or at the time of tender of possession to the consumer to assure that the home is being delivered to such consumer free of all defects which affect the safety of the home or render it substantially uninhabitable and that it is properly set up. Such an inspection shall be reported in written form to the manufacturer as described in paragraph (a)(6) of this section;

(5) The requirement that the authorized dealer or other third party as aforesaid must, in the normal course of business, reinspect each of the mobile homes constructed by the manufacturer at a reasonable time not to exceed 90 days following tender of possession of the home to the consumer to determine the existence of any defects in the mobile home or an improper set up or problems arising therefrom, and to correct or arrange for the correction of any such conditions. Such a reinspection shall be reported in written form to the manufacturer as described in paragraph (a)(6) of this section;

(6) The requirement that the authorized dealer or other third party as aforesaid in the normal course of business provide the manufacturer with written reports which document the results of the inspections set forth in paragraphs (a)(4) and (5) of this section. The signature of the consumer or the consumer's representative thereon shall be required as certification that the inspections and repairs alleged therein to have been completed were in fact accomplished to the best of his or her knowledge and belief. *Provided, however*, That if the signature of the consumer or the consumer's representative cannot be obtained, the authorized dealer or other third party shall so state in writing in the report and shall also state the reasons for the absence of the required signature to the best of his or her knowledge and belief. Notwithstanding the provisions of paragraphs (a)(4) and (5) of this section, in cases where the initial set up of the mobile home was not provided by or arranged through the warrantor or the warrantor's authorized dealer but was arranged independently by the consumer of such mobile home, there shall be no obligation to make those portions of the inspections described in paragraphs (a)(4) and (5) of this section which cannot be accomplished prior to the initial set up of the mobile home;

(7) The requirement that the authorized dealer or other third party as aforesaid establish and maintain, or contract for the services of personnel and facilities which are capable of providing all necessary warranty repairs and service within the time period requirements set forth in paragraphs (a)(2) and (3) of this section in the normal course of business.

(8) A statement that the manufacturer shall have the right to withdraw authorization from authorized dealers and other third parties as aforesaid who fail to meet their responsibilities under the written service agreement as set forth herein;

(9) A provision providing for the disposition of the manufacturer's continuing obligation, subsequent to the time that authorization has been withdrawn, to perform warranty service on mobile homes sold by the dealer until such time as the terms of all warranties outstanding on such homes have expired.

(b) Fully scrutinize and evaluate the number of personnel, level of expertise, and adequacy of facilities and equipment of such parties desiring to be authorized to perform warranty obligations incurred by the manufacturer on a continuing basis with respect to their ability to capably perform all necessary warranty service, repairs, and set up of said manufacturer's mobile homes within the standards to be set forth in the agreement prior to the authorization of a dealer or reliance upon any other third party as aforesaid. A check of credit references and other evidence of the financial standing of the dealer is not by itself sufficient to comply with the requirements of this paragraph. If a prospective authorized dealer chooses to rely on an outside service agency with respect to set ups, warranty repairs and service, the manufacturer shall satisfy itself as to the capability of said agency to perform adequate set ups and service through a regular procedure capable of providing a true and objective assessment of such agency's set up, repair, and service capability.

(c) Establish a regular procedure for the effective ongoing evaluation of the manner in which authorized dealers or other third parties as aforesaid maintain their service and set up capability and the manner in which they perform such warranty and set up responsibilities. Such a procedure shall include but not necessarily be limited to the dissemination of a questionnaire to all consumers who purchase the manufacturer's mobile homes at retail within 60 to 120 days subsequent to the date of tender of possession of the home to the consumer but in no event prior to ten days following reinspection of the home which inquiries as to the following:

(1) The existence of any defects in said mobile homes within the scope of the manufacturer's written warranty and any warranties implied by law or of an improper set up or any problems arising therefrom;

(2) The name of the person, if any, whom the mobile home consumer notified as to the existence of said defects or set up problems;

(3) The identity of any person who sought to service or repair any such defects or set up problems;

(4) Whether such defects or set up problems were fully repaired, the period of time required to effect such repairs, and the identity of the parties who accomplished such repairs;

(5) Whether the consumer is satisfied with the promptness and quality of the repairs made on his or her home to date. Such questionnaire shall be sent in the form of a pre-paid self-addressed postcard or a letter containing a pre-paid self-addressed envelope. Such a procedure shall also include regular periodic visits by one or more employees of the manufacturer to review the service facilities and personnel maintained by the authorized dealer or other third party. Such a visit and review shall be immediately initiated by the manufacturer upon the receipt of an unreasonable number of meritorious complaints or unsatisfactory reports, questionnaires or other similar communications from consumers. The manufacturer shall forthwith terminate its authorization of and reliance on authorized dealers or other third parties who fail to meet the responsibilities and standards set by the manufacturer pursuant to the written service agreement and this part.

(d) Assure that the person or persons to whom responsibility for supervising and assuring the implementation of the manufacturer's warranty service program is delegated shall make periodic reports at least on a monthly basis to the

manufacturer's responsible officers. Such reports shall include but not necessarily be limited to current information concerning:

(1) The current cost to the manufacturer of warranty service;

(2) The incidence and nature of frequently recurring defects and of defects which have been determined to deleteriously affect the health and safety of the occupants of mobile homes containing such defects;

(3) Those measures undertaken in response to reports of defects described in paragraph (d)(2) of this section including but not necessarily limited to modification in production and design of the manufacturer's mobile homes;

(4) Analysis of the manner in which the manufacturer's employees, authorized dealers and other third parties are performing their warranty and set up reseponsibilities.

(e) With respect to manufacturers who produce in excess of 5,000 mobile homes annually, vest the direct administration of such manufacturer's warranty service program at the corporate headquarters level and the responsibility for supervising and assuring the implementation of the warranty service program in only those corporate officials who have no direct responsibilities on a day-to-day basis for the sale of the manufacturer's mobile homes.

(f) Establish a uniform procedure for the systematic receipt and analysis and fair disposition of all complaints or disputes which may arise between the aforesaid consumers of mobile homes constructed by the manufacturer and the manufacturer, its agents, assigns, successors, or other third parties including but not necessarily limited to the manufacturer's authorized dealers, with respect to any alleged warranty obligations of the manufacturer. Such a procedure shall incorporate but not necessarily be limited to:

(1) The prompt evaluation of and response by the manufacturer, directly or by action through a third party, in the normal course of business, to all complaints within a reasonable time not to exceed five business days after receipt of such complaints;

(2) With respect to manufacturers which produce in excess of 5,000 mobile homes annually, the designation of a single focal point within the corporation for the receipt of consumer complaints regarding warranty repairs or set up programs;

(3) An effective mechanism for the fair and impartial resolution of disputes with respect to alleged warranty obligations. With respect to manufacturers which produce in excess of 5,000 mobile homes annually, the responsibility for resolving disputes through the above-described mechanism shall be vested in only those personnel who are not responsible for sales on a day-to-day basis;

(4) An accurate and complete record keeping system regarding the nature and disposition of all such disputes and complaints received by the manufacturer;

(5) Periodic review and evaluation by the manufacturer as to the effectiveness of such procedures and correction of such procedures where necessary;

(g) Maintain full and accurate records and to periodically review such records which shall disclose:

(1) The date of receipt, the disposition, and the date of disposition of each request for warranty service (including any refusal of a request for service or repairs and the reasons for such refusal) received by the manufacturer; and

(2) The results of the evaluations of service capacity provided for in paragraph (c) of this section and the results of any action taken with respect thereto.

§ 441.4 Written warranties and other related documents.

In connection with the manufacture, sale, offering for sale, distribution, and service of mobile homes produced or sold primarily for use by consumers in commerce, as "commerce" is defined in the Federal Trade Commission Act, it is an unfair or deceptive act or practice within the meaning of section 5 of that Act for a warrantor who chooses to disseminate a written warranty not to provide consumers with a written warranty and other related documents which clearly and fully describe and effectively communicate to the consumer, in simple and readily understood language the manner in which the warrantor intends to provide for the performance of warranty obligations, including disclosure of any delegation of warranty responsibility to third parties; *Provided, however,* That disclosure of said delegation must be accompanied by additional disclosure that such delegation in no way relieves the warrantor of the ultimate responsibility to fulfill all warranty obligations.

§ 441.5 Disclaimers, limitations, and exclusions.

In connection with the manufacture, sale, offering for sale, distribution, and service of mobile homes produced or sold primarily for use by consumers in commerce, as "commerce" is defined in the Federal Trade Commission Act, it is an unfair or deceptive act or practice within the meaning of section 5 of that Act to suffer or permit mobile homes to be sold either directly or by action through a third party, without any written or implied warranties or limitations or exclusions of liability under any warranty or to disseminate or cause the dissemination of any statement or representation which represents directly or by implication that any written or implied warranty has been limited or excluded unless the person or persons so representing have a reasonable basis, in the form of an opinion by legal counsel, that said disclaimer, limitations and exclusions are enforceable under governing Federal and State law, and clear and conspicuous notice of such "as is" sale or other disclaimer, limitation or exclusion is given to prospective consumers of their mobile homes prior to the execution of the contract of retail purchase. *Provided, however,* That with respect to the "as is" sale of damaged, salvaged, demonstrator or repossessed mobile homes, the aforesaid opinion by legal counsel shall not be required. A clear and conspicuous notice of an "as is" sale shall contain the following language:

NOTICE

The manufacturer of this mobile home sells it "as is" and refuses to assume any responsibility for defects. The purchaser of this mobile home must accept it with all defects and take the entire risk, under contract law, as to its condition.

§ 441.6 Prohibited conditions precedent.

In connection with the manufacture, sale, offering for sale, distribution, and service of mobile homes produced or sold primarily for use by consumers in commerce, as "commerce" is defined in the Federal Trade Commission Act, it is an unfair or deceptive act or practice within the meaning of section 5 of that Act, notwithstanding the provisions of § 441.4(g) for any warrantor of a mobile home to:

(a) Disseminate a written warranty or any documents associated therewith which require or purport to require the return of the home or any defective part thereof to the location of its manufacture as a condition precedent to obtaining warranty repairs or service;

(b) Disseminate a written warranty or any documents associated therewith which require or purport to require the return of a warranty card, owner's registration card, or any similar document bearing certain information about the consumer or the retail purchase transaction as a condition precedent to the validation of the warranty or as a condition precedent to the manufacturer's obligation to perform warranty repairs and service on said consumer's mobile home.

§ 441.7 Dimensions of mobile homes.

In connection with the manufacture, sale, offering for sale, distribution, and service of mobile homes produced or sold primarily for use by consumers in commerce, as "commerce" is defined in the Federal Trade Commission Act, it is an unfair or deceptive act or practice within the meaning of section 5 of the Act for any manufacturer of mobile homes to disseminate or cause the dissemination of any representation or statement which represents, directly or by implication, the dimensions of mobile homes unless the actual dimensions of the mobile homes, from exterior wall to exterior wall, and the dimensions of any tow hitch or other appendage, not part of said living space are clearly and conspicuously disclosed.

§ 441.8 Labels, seals, or certifications.

In connection with the manufacture, sale, offering for sale, distribution, and service of mobile homes produced or sold primarily for use by consumers in commerce, as "commerce" is defined in the Federal Trade Commission Act, it is an unfair or deceptive act or practice within the meaning of section 5 of that Act to use or disseminate any label, seal or certification which makes any representation, directly or by implication, as to the compliance of the mobile homes with any standard, code or the like re-

garding construction or performance characteristics without disclosing clearly, conspicuously and in close conjunction therewith exactly what said label, seal or certification means and what remedy, if any, is available to a consumer in the event that his or her mobile home is not in compliance with said code or standard. For example, a clear and conspicuous disclosure in close conjunction with a label, seal or certification attached to a mobile home which represents directly or by implication that the particular home is in full compliance with ANSI Standard A119.1 shall consist of the following:

There is no assurance by the manufacturer that this mobile home complies with every requirement of ANSI Standard A119.1. If you believe that this mobile home is not in compliance with ANSI Standard A119.1, the manufacturer suggests that you consult your warranty for instructions on obtaining necessary corrective action.

STATEMENT OF REASON FOR THE PROPOSED RULE

It is the Commission's purpose, in issuing this statement, to set forth its reason for proposing this Trade Regulation Rule with sufficient particularity to allow informed comment. In this proceeding, it has been determined that meaningful comment by the public will be best facilitated by presenting (1) a statement describing the basic factual and legal premises upon which the Commission has determined to propose the rule, and (2) a series of questions designed to draw to the public's attention matters which the Commission presently deems particularly pertinent and on which comment is especially solicited.

The Commission emphasizes that neither the statement of factual and legal premises nor the questions should be interpreted as designating disputed issues of specific fact. Such designations shall be made by the Commission or its duly authorized presiding official pursuant to the Commission's Rules of Practice.

STATEMENT

Based upon the information gathered to date, the Commission has reason to believe that:

1. Mobile home warranty performance often does not conform to the representations of warrantors of mobile homes.

2. Substantial numbers of mobile home purchasers in need of warranty service are subjected to unreasonable delay or have never received adequate redress of their warranty problems due to the failure of mobile home warrantors to maintain adequate warranty performance systems reasonably designed to assure that each mobile home consumer receives full performance of warranty repairs within a reasonable time.

3. The practices which contribute to the inadequate performance of mobile home warranty repairs and service include:

a. The delegation by warrantors of substantial warranty responsibilities to mobile home dealers and other third parties without sufficient safeguards to assure that both the warrantor and the party to which warranty responsibilities have been delegated understand and live up to their agreed upon obligations.

b. The failure of warrantors to systematically scrutinize the ability of a dealer or other third party to perform warranty service and set up prior to the time that the dealer or other third party is delegated the responsibility of servicing the warrantor's mobile homes.

c. The absence of a written service contract between warrantors and their authorized dealers or other third parties to define the scope of their respective responsibilities with respect to service and to make those duties legally enforceable.

d. The lack of regular monitoring of the actual performance of warranty service and set up by authorized dealers or other third parties after a warrantor has delegated the responsibility of servicing its mobile homes to such parties.

e. The failure of warrantors to maintain adequate staff or procedures for the systematic and fair resolution of warranty-related complaints or disputes.

f. The failure of warrantors or their authorized dealers or other third parties to respond to warranty requests within a reasonable time.

g. The delay of needed repairs until after the settlement of disputes between warrantors and their authorized dealers or other third parties as to which party is responsible for the repair in question.

4. Warrantors have disseminated mobile home warranties which contain disclaimers, limitations, and exclusions of express and implied warranties in States where such disclaimers, limitations, and exclusions are unenforceable under governing State law.

5. Warrantors have disseminated mobile home warranties which contain certain conditions precedent to warranty service which have the capacity or tendency to mislead consumers as to the extent of their warranty coverage.

6. Manufacturers and others have utilized representations in promotional materials of the length of mobile homes as a certain distance which includes three to four feet for the length of the tow hitch; such representations have the capacity or tendency to mislead consumers by inducing them to believe that the represented length dimension is the total distance between the outer front and rear walls of the mobile home, rather than the overall length of the mobile home including the tow hitch.

7. Manufacturers have utilized and displayed certification seals which represent either directly or by implication that a particular mobile home is in total compliance with certain construction codes or standards; such use of certification seals has the capacity or tendency to mislead prospective purchasers as to the quality of the particular mobile home they are considering for purchase and has the capacity or tendency to mislead actual purchasers by inducing them to believe that their particular home is in compliance with the codes or standards. In addition, the Commission has reason to believe that mobile home consumers are inadequately informed as to what steps should be taken in order to obtain remedial action for defects in their homes which may in fact be code violations.

The Commission's authority to prescribe rules which define with specificity acts or practices which are unfair or deceptive acts or practices in or affecting commerce is set forth in section 18(a)(1)(B) of the Federal Trade Commission Act, as amended (15 U.S.C. 57(a)(1)(B)). Such rules may include requirements prescribed for the purpose of preventing such acts or practices. Accordingly, it appears to the Commission that the relief which is now set forth in the various sections of the proposed rule is mandated by section 5 of the Federal Trade Commission Act because:

1. Those mobile home warrantors who fail to establish and maintain regular and effective warranty performance systems designed to assure that each consumer of a mobile home that is warranted will receive full performance of warranty service and repairs within a reasonable period of time (as delineated in the proposed rule) are engaging in unfair or deceptive acts or practices within the meaning of section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

2. Certain acts and practices used in connection with mobile home warranty provisions and other associated documents should be prohibited or restricted in order to prevent deception as to the extent of warranty coverage in violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

3. The use of descriptions of mobile home dimensions and the use of certification seals which have the capacity or tendency to mislead consumers should be prohibited and, instead, such descriptions of mobile home dimensions and such certification seals should be worded so that they are presented to consumers in a manner which will not be deceptive in violation of section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

The Commission has determined that it has reason to believe the above statements on the basis of information compiled during an extensive investigation of the manufacturing, advertising, sales and service practices engaged in by the mobile home industry. In the course of this investigation, the staff has received documentary evidence of these practices and has conducted interviews with consumers; representatives of mobile home manufacturers, dealers, and trade associations; Federal, State, and local officials; and other interested parties. The Commission has not adopted any of the findings or conclusions of the staff. All findings in this proceeding shall be based solely on materials in the rulemaking record.

The terms of the proposed rule differ in some respects from the terms which were made public in December 1974. The previous version of the proposed rule was not published in the FEDERAL REGISTER at that time due to the need to assess the impact of the Magnuson-Moss War-

ranty—Federal Trade Commission Improvements Act (Pub. L. 93-637) on Commission rulemaking procedures. The most significant difference between the two versions of the proposed rule is the deletion of most of the provisions which appeared in the December 1974 version which related to disclosures to be contained in written mobile home warranties and other related documents. The Commission has reason to believe that the disclosure of the nature and extent of mobile home warranty coverage will, for the most part, be adequately treated by the warranty rules to be promulgated under section 102 of Title I of the Magnuson-Moss Warranty—Federal Trade Commission Improvements Act (15 U.S.C. 2302). In addition, several insubstantial language changes in § 441.1 (Definitions) of the proposed rule were made in order to assure that the language in that section conforms, where applicable and appropriate, to the language of 15 U.S.C. 2301 (Definitions) and of section 5402 (Definitions) of the National Mobile Home Construction and Safety Standards Act of 1974 (42 U.S.C. 5401, et seq.).

Finally, a provision has been added to § 441.2 (Warranty performance systems) in order to reflect the fact that under the Magnuson-Moss Act, a warranty may also provide for the replacement of the warranted mobile home, a refund of the purchase price or other remedial action with respect to the mobile home. Under this new provision of the proposed rule, a warrantor would be able to perform a promise under the warranty issued by that company to give a refund or to replace the home, but the proposed rule requires that the warrantor provide the chosen remedy within a reasonable time under the circumstances of the individual case but in no event later than thirty days after receipt of the notice of the defect for which the remedy is to be provided.

At the same time the December 1974 version of the proposed rule was made public, the Commission accepted four consent orders agreed to by mobile home manufacturers which provided for certain relief to past purchasers of those manufacturers' mobile homes and for the elimination of certain alleged unfair and deceptive acts and practices. The Commission, having reason to believe that such proceedings alone are inadequate to establish well defined standards of enforcement for the guidance of consumers, mobile home manufacturers, and other interested parties, undertakes herewith to define with specificity some acts or practices which may be unfair or deceptive and to prescribe requirements for the purpose of preventing such acts or practices.

QUESTIONS

1. In the accompanying Statement of Reason for the proposed rule the Commission has outlined its tentative appraisal of deception and unfairness in the context of mobile home sales and service. How prevalent are the challenged practices set forth in the Statement, and in what manner and context are such acts and practices unfair or deceptive?

2. Section 441.2 (b), (c), and (d) sets forth certain time standards for the commencement and completion of the repair of defects which affect the safety of a mobile home or render it substantially uninhabitable, for the completion of other warranty repairs, for the response to a notification by a consumer of a defect and for the resolution of disputes with respect to warranty coverage. Are the respective time limits set forth in that section fair and workable? Would different time standards be more appropriate after potential consumer injury, feasibility, and cost to the warrantors are taken into account? Should these time standards be waived or modified in situations governed by 42 U.S.C. 5414 (g) and (h), and if so how should this waiver or modification be accomplished?

3. Section 441.2(e) and 441.2(f) presently require warrantors to assure that mobile homes manufactured by them are inspected at the home site prior to or at the time of tender of possession to the consumer and to reinspect the home within 90 days to assure that the home is being delivered free of defects which affects the safety of the home or render it substantially uninhabitable and to see that the home is properly set up. Would this requirement adequately protect consumers from moving into seriously defective homes? Would such a pre-delivery inspection result in expeditious repair (within the framework of the applicable requirements of the rule) of all defects discovered during the inspection? Would a reinspection of the home within 90 days assure that any settling of the home after the initial set up would be detected and corrected? Is the time standard contemplated by the 90 day limit sufficiently flexible to allow for both the discovery of most warranty problems and defects resulting from a faulty set up while still allowing for an expeditious follow up as to the satisfaction of the consumer by the mobile home warrantor?

4. Section 441.3(c) presently requires warrantors who delegate warranty responsibilities to authorized dealers or other third parties to establish a procedure for evaluating the effectiveness of the performance of warranty repairs by the authorized dealer or other third party, including the use of a consumer questionnaire to be sent to all retail purchasers after the reinspection of their mobile homes (between 60 and 120 days after the date of purchase). Will this requirement result in a reliable, inexpensive, and useful audit of the performance of warranty repairs by authorized dealers and other third parties, and will it reveal whether the mobile home consumers have received all necessary repairs? If not, what alternative or supplemental procedure would achieve these desired results?

5. Section 441.3(f) of the proposed rule requires the establishment by the warrantor of a procedure for resolving consumer complaints and disputes (which may involve manufacturers, dealers, and other third parties) with respect to warranty problems. This procedure would not come within the purview of section 110 of Title I of the Magnuson-Moss Warranty—Federal Trade Commission Improvements Act (15 U.S.C. 2310) because the rule presently contains no provision for a dispute settlement procedure operated independently of the parties involved in the dispute. In light of section 110 of the Magnuson-Moss Act, is there an additional need in the case of mobile home warranty disputes for the proposed rule to set forth an effective mechanism, to be used in appropriate situations, for the independent, fair, and impartial arbitration of disputes with respect to warranty obligations? How might this arbitration best be accomplished?

6. Section 441.3 (e) and (f) contains requirements which are specifically not imposed upon mobile home manufacturers which produce fewer than 5,000 mobile homes annually. What is the economic effect of the rule on small business? Should special allowances for smaller manufacturers be made with respect to other requirements and why? Is a production figure of 5,000 mobile homes on an annual basis a reasonable cut-off point or would another figure be more appropriate? If so, why?

7. The proposed rule does not at present contain a requirement that the set up of a mobile home be subject to a warranty. Should § 441.2 of the proposed rule include a provision which would address itself to the problems relating to set up that mobile home purchasers appear to experience? If so, should additional measures, including a requirement that all set ups be subject to a separate warranty, be included in the proposed rule?

8. The proposed rule does not at present place any requirements directly upon retail dealers of mobile homes or other third parties except to the extent that such parties are warrantors within the meaning of the rule. In light of the expansion of the Commission's jurisdiction to acts and practices "in or affecting commerce" as "commerce" is defined in the Federal Trade Commission Act, would it be useful and appropriate to include provisions directly relating to the performance of warranty repairs, service, and set ups by mobile home dealers and other third parties in the proposed rule? If so, what provisions would serve to best assure the regular, expeditious and capable performance of warranty repairs and mobile home set ups by dealers and other third parties?

In addition to the above questions, the Commission desires, for each of the individual requirements contained in the proposed rule, comments on:

1. Any benefits which flow from any acts or practices which would be proscribed by the proposed rule;

2. Any detrimental effects which will result from the imposition of any requirement of the proposed rule; and

3. The economic effect of the proposed rule on consumers.

The Commission wishes to know whether consumer injury associated with practices restricted by the rule or with the

failure to utilize practices required by the rule, may be eliminated without eliminating the practices entirely, or without utilizing the practices required by the rule. That is, are there alternative and more desirable ways of attaining the results that the proposed rule seeks to achieve?

INVITATION TO PROPOSE ISSUES OF SPECIFIC FACT FOR CONSIDERATION IN PUBLIC HEARINGS

All interested persons are hereby given notice of opportunity to propose any disputed issues of specific fact, in contrast to legislative facts, which are material and necessary to resolve. The Commission, or its duly authorized presiding official, shall, after reviewing submissions hereunder, identify any such issues in a notice which will be published in the FEDERAL REGISTER. Such issues shall be considered in accordance with section 18(c) of the Federal Trade Commission Act as amended by Public Law 93-637, and rules promulgated thereunder. Proposals shall be accepted until July 29, 1975, by the Special Assistant Director for Rulemaking, Federal Trade Commission, Washington, D.C. 20580. A proposal should be identified as a "Proposal Identifying Issues of Specific Fact—Mobile Home Sales and Service," and furnished, when feasible and not burdensome, in five copies. The times and places of public hearings will be set forth in a notice which will be published in the FEDERAL REGISTER.

INVITATION TO COMMENT ON THE PROPOSED RULE

All interested persons are hereby notified that they may also submit to the Special Assistant Director for Rulemaking, Federal Trade Commission, Washington, D.C. 20580, data, views or arguments on any issue of fact, law or policy which may have some bearing upon the proposed rule. Written comments, other than proposals identifying issues of specific fact, will be accepted until ten days before commencement of public hearings, but at least until July 29, 1975. To assure prompt consideration of a comment, it should be identified as a "Mobile Home Comment" and furnished, when feasible and not burdensome, in five copies.

Issued: May 29, 1975.

By direction of the Commission.

[SEAL] CHARLES A. TOBIN,
Secretary.

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