

IN THE MATTER OF
REDMAN INDUSTRIES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

Docket C-2640. Complaint, Mar. 3, 1975 - Decision, Mar. 3, 1975

Consent order requiring a Dallas, Tex., manufacturer of mobile homes, among other things to cease unfair and deceptive warranty practices through the establishment of a prompt and effective system to handle warranty-related problems. The order requires respondent to provide warranty repairs or services on still-unrepaired mobile homes manufactured between 1972 and 1974 and to provide future retail purchasers with relief by establishing and maintaining a regular and effective system to handle complaints and service. Under this system, all repairs must be complete within thirty days after notification to the respondent of defects. Where the defects affect safety or habitability of the mobile home, the repairs must be started within three business days and be expeditiously completed.

Appearances

For the Commission: *Walter E. Diercks, Robert Weinstock and Pamela B. Stuart.*

For the respondents: *Jerry L. Buchmeyer, Thompson, Knight, Simmons & Bullion, Dallas, Tex.*

Complaint

85 F.T.C.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Redman Industries, Inc., a corporation, and certain of its subsidiaries, (hereinafter referred to as respondents) have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. For the purposes of this complaint and the order attached hereto the term "mobile home" means a movable or portable dwelling over thirty two feet in body length and over eight feet in width, constructed to be towed on its own chassis and designed so as to be installed with or without a permanent foundation for human occupancy as a residence, which may include one or more components which can be retracted for towing purposes and subsequently expanded for additional capacity, or two or more units separately towable but designed to be joined into one integral unit. "Mobile home" as used herein includes the mobile home structure, including the plumbing, heating and electrical systems.

PAR. 2. Respondent Redman Industries, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at Redman Plaza East, 2550 Walnut Hill Lane, Dallas, Tex.

Respondent Redman Mobile Homes, Inc. is a wholly-owned subsidiary corporation of Redman Industries, Inc., organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at Redman Plaza East, 2550 Walnut Hill Lane, Dallas, Tex. Respondent Redman Industries, Inc., dominates, controls, condones, approves and derives pecuniary benefits from the acts and practices of Redman Mobile Homes, Inc.

Respondent Redman Western Corporation is a wholly-owned subsidiary corporation of Redman Mobile Homes, Inc., organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal office and place of business located at Redman Plaza East, 2550 Walnut Hill Lane, Dallas, Tex. Respondents Redman Industries, Inc. and Redman Mobile Homes, Inc. dominate, control, condone and approve the acts and practices of Redman Western Corporation.

PAR. 3. Respondents are now and have been engaged in the design, manufacture, advertising, offering for sale, sale and distribution of

mobile homes to selected mobile home dealers. Manufacturing is accomplished in approximately 26 facilities controlled and operated by respondents, located in approximately 14 states.

PAR. 4. In the further course and conduct of their aforesaid business respondents are now and have been soliciting persons (individuals, partnerships and corporations) to become "authorized" dealers, and are also solicited by persons who desire to become "authorized" dealers. Respondents select certain of these persons as "authorized" dealers. In the normal course of business respondents sell and distribute the aforesaid homes only to these "authorized" dealers who then resell these products to the public. In the normal course of business the way in which the aforesaid homes are purchased new at retail unused by a first purchaser is through an "authorized" dealer.

PAR. 5. In the further course and conduct of their aforesaid business respondents place primary reliance on their "authorized" dealers to ascertain which of their aforesaid mobile homes contain defects which are subject to the aforesaid warranty, and to notify respondents of defects for which respondents assume responsibility. Respondents also place primary reliance on their "authorized" dealers to effect such repairs and services as are necessary to correct defects covered by the aforesaid warranty and to notify respondents of those defects covered by the aforesaid warranty which said dealers are unable or unwilling to fully correct, so that respondents may repair the aforesaid defects either directly with their own personnel or through the use of an independent service contractor.

PAR. 6. In the further course and conduct of their aforesaid business, respondents now cause and have caused, their mobile homes to be transported to "authorized" dealers located in various States of the United States and to be sold to retail purchasers by such dealers. Respondents therefore maintain and have maintained a substantial course of trade in said mobile homes in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 7. In the further course and conduct of their aforesaid business respondents are now, and have been, orally or in writing, directly or through their dealers and others, granting or disseminating certain warranties or certain statements concerning their warranties to each retail purchaser of their aforesaid mobile homes by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act.

(a) Each written warranty represents directly or by implication that respondents will fully correct and repair within a reasonable period of time all defects in the materials or workmanship in each of their aforesaid mobile homes which become evident within a twelve month or

ninety day period (depending on the character of the defect) subsequent to the date of their purchase at retail, except for certain specifically enumerated components, including but not limited to furniture and certain major appliances. Respondents' written warranty further represents that the aforesaid obligation is limited to repairing or replacing parts of their mobile homes which are returned to their nearest factory with transportation charges prepaid and which respondents shall determine to be defective, and that if it is impractical to send any part to the nearest factory, respondents shall have no liability for the labor cost involved in the repair or replacement but shall be liable solely for providing the necessary material for such repair or replacement.

Respondents' written warranty further purports to disclaim all other warranty rights which are imposed by force of law, including but not limited to the implied warranties of merchantability and fitness for a particular purpose, and represents directly or by implication that the aforesaid warranty sets forth the full extent of respondents' warranty obligations.

(b) Notwithstanding the foregoing, it is respondents' uniformly applied warranty policy that the aforesaid service and repair of defects covered by the written warranty will be provided at the mobile home site and that the return of the home, or the defective parts, as the case may be, with transportation charges prepaid is not a condition precedent to such performance.

PAR. 8. In the further course and conduct of their aforesaid business respondents have engaged in acts and practices which result in, and have resulted in, the failure to maintain an adequate, regular and effective system which assures that every retail purchaser of respondents' mobile homes in fact receives full service and repair of defects covered by the aforesaid warranty within a reasonable time.

Typical, but not inclusive of such acts and practices, are:

(a) The dissemination of a written warranty as described in Paragraph Seven which fails to disclose the true nature and extent of purchasers' warranty rights and those warranty obligations which respondents in fact undertake in the normal course of business, including but not limited to:

(1) the fact that pursuant to respondents' policies it is regarded as the "authorized" dealers' sole and complete responsibility, at least in the first instance, to perform repairs and service for certain classes of defects covered by the aforesaid warranty without compensation or reimbursement by respondents and without regular and effective action by respondents to determine whether such repairs and service are in fact fully performed within a reasonable time.

(2) the representation, made directly or by implication, that the aforesaid warranty is the sole legal warranty, that it legally excludes and disclaims all implied-in-law warranties, and that said warranty states the sole legal remedy available to the purchaser, when in truth and in fact under the applicable law of several states in which respondents' homes are sold at retail such exclusions, disclaimers or limitations are unenforceable.

(3) the representation, made directly or by implication, that as a condition precedent to securing full performance by respondents of their warranty obligations every party to whom the warranty is offered must complete properly and mail to respondents a certain owner's registration card at the time he or she purchases said mobile home, when in truth and in fact respondents' internal policy is to provide such performance irrespective of whether the card has been returned.

(4) the representation made directly or by implication that as a condition precedent to securing full performance by respondents of their warranty obligations every party to whom the warranty is offered must transport the defective part or if necessary the entire home to respondents' manufacturing plant, when in truth and in fact it is respondents' policy to provide such performance at the home site.

(b) the failure to scrutinize, adequately evaluate and assure that all prospective dealers, prior to their "authorization" as described in Paragraph Four are competent to perform warranty service or have made adequate arrangements for performing warranty service through independent contractors.

(c) the failure to scrutinize, adequately evaluate and assure that all "authorized" dealers, either directly or by action through independent contractors, notify respondents of the existence of claims initiated by retail purchasers for warranty service or for repair of defects covered by the aforesaid warranty.

(d) the failure to scrutinize, adequately evaluate and assure that all "authorized" dealers, either directly or by action through independent contractors, in fact fully perform and complete within a reasonable time all warranty service and repairs performed on behalf of respondents.

(e) the failure to establish and maintain an effective and regular mechanism for the prompt and fair resolution of mobile home consumer complaints and requests for service and repairs relating to respondents' warranty or warranty policies.

(f) the failure to scrutinize, adequately evaluate and assure that all prospective dealers, prior to their "authorization" as described in Paragraph Four, either directly or by action through independent contractors, are competent to perform a thorough inspection of a

mobile home prior to its tender to a retail customer to determine whether a home contains defects covered by the aforesaid warranty.

(g) the failure to scrutinize, adequately evaluate and assure that all "authorized" dealers, either directly or by action through independent contractors, actually perform or assure the performance of a thorough inspection of a mobile home prior to its tender to a retail customer to determine whether a home contains defects covered by the aforesaid warranty.

(h) the failure to scrutinize, adequately evaluate and assure that all prospective dealers, prior to their "authorization" as described in Paragraph Four, either directly or by action through independent contractors, are competent to perform the installation or "setup" of the aforesaid mobile homes at the homesite selected by the retail purchaser.

(i) the failure to scrutinize, adequately evaluate and assure that all "authorized" dealers, either directly or by action through independent contractors, actually and competently perform the installation or "setup" of the aforesaid mobile homes.

(j) the failure to maintain an adequate and expert factory service capability or to make other provisions adequate to assure the full performance within a reasonable time of the repair of defects covered by the aforesaid warranty which respondents' "authorized" dealers are unwilling or unable to perform.

The aforesaid failure to maintain a regular and effective system which assures the full performance within a reasonable time of service and repair of defects covered by the aforesaid warranty has the capacity or tendency to impede, delay or prevent the performance of said service and repairs for parties to whom the warranty is offered.

PAR. 9. By and through the aforesaid acts and practices respondents have been and are now:

(a) Disseminating a warranty which fails to fully and completely inform purchasers as to the actual protection offered by respondents.

(b) Failing to establish or maintain an effective or adequate system which assures that respondents will fully correct or repair all defects covered by the aforesaid warranty within a reasonable time.

The aforesaid acts and practices are deceptive and are in violation of Section 5 of the Federal Trade Commission Act.

PAR. 10. By such failure to maintain a regular and effective system which assures that every party to whom the warranty is provided will receive full performance within a reasonable time of the service and repair of defects covered by the aforesaid warranty respondents have been and now are engaged in unfair acts or practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

PAR. 11. Through the individual and cumulative acts and practices set forth in Paragraph 8(a) respondents are now and have been disseminating and causing the dissemination of a written warranty which fails to fully and accurately describe the true nature and extent of the warranty rights of retail purchasers of respondents' mobile homes and those warranty obligations which in fact respondents undertake in the normal course of business. Thus respondents have failed to disclose material facts which if known to consumers:

(a) would be likely to affect their decision of whether to purchase one of respondents' mobile homes, and

(b) would enable retail purchasers to understand the true nature and extent of their warranty rights and to secure performance of such warranty service.

Therefore, the aforesaid failures to disclose material facts are deceptive and unfair and are in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Redman Industries, Inc. is a corporation organized,

existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at Redman Plaza East, 2550 Walnut Hill Lane, Dallas, Tex.

2. Respondent Redman Mobile Homes, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at Redman Plaza East, 2550 Walnut Hill Lane, Dallas, Tex.

3. Respondent Redman Western Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at Redman Plaza East, 2550 Walnut Hill Lane, Dallas, Tex.

4. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

1. *It is ordered*, That respondents shall within 90 days from the effective date of this order make a written inquiry of all known retail purchasers of respondents' mobile homes (except those specifically excluded below) built between July 1, 1972 and June 30, 1974, utilizing the form of letter shown in Appendix A attached hereto and made a part hereof which shall contain therein a self-addressed postage paid return envelope, and which shall be mailed to such purchasers by first class mail.

Known retail purchasers are defined as those first purchasers at retail of said mobile homes who communicate with respondents no later than 60 days after the effective date of this order and those first retail purchasers whose names and addresses (1) are contained in company "coach" or unit files and tire records (except that with respect to respondents' manufacturing plants which maintained for the period July 1, 1972 to June 30, 1974 separate files for warranty registration cards the names and addresses of known retail purchasers may be established from such separate files rather than by reference to "coach" or unit files), (2) are supplied by the Federal Trade Commission within 60 days of the effective date of this order or; (3) are supplied to respondents by respondents' past and current dealers in response to respondents' letter request for such information sent by first class mail, (which letters shall be sent no later than 30 days after the effective date of this order) utilizing the form of letter shown in Appendix B attached hereto and made a part hereof and which shall contain therein a self-addressed postage paid return envelope.

Notwithstanding the above, known retail purchasers shall not include:

- (a) local, State or Federal Governments or agencies thereof;
- (b) retail purchasers who are now or have been engaged in litigation with respondents involving their mobile home built by respondents during the two year period set forth hereinabove;
- (c) retail purchasers whose homes were sold to them on an "as is" basis;
- (d) retail purchasers who communicated directly with respondents' corporate headquarters or its attorneys concerning a problem or defect in such purchaser's mobile home, where there is a record indicating a resolution of the problem to the purchaser's satisfaction;
- (e) retail purchasers whose names are supplied by past or current dealers in response to respondents' written inquiries set forth hereinabove when such names are received by respondents from a dealer more than sixty days after respondents' inquiry was mailed to that dealer unless the purchaser or purchasers themselves communicate with respondents no later than 60 days after the effective date of this order, or the name or names of such purchaser or purchasers appear elsewhere in respondents' individual "coach" or unit files or tire records, (or where applicable, warranty registration card files) or were supplied to respondents by the Federal Trade Commission as set forth hereinabove;
- (f) retail purchasers who live outside the United States or who purchased mobile homes from dealers located outside the United States;
- (g) retail purchasers who are known to respondents to no longer own their mobile homes built by respondents.

2. *It is further ordered*, That respondents shall, directly or through their dealers or other third parties, repair or service within a reasonable time at the site of the home (in the normal course not to exceed ninety days from the date on which the letter to a given retail purchaser referred to in order Paragraph 1 is returned and received by respondents) all defects and malfunctions in mobile homes produced by respondents during the two year period referred to hereinabove which become known pursuant to order Paragraph 1 unless it is clear that a given defect or malfunction:

- (a) is a result of improper setup of the mobile home;
- (b) is a result of improper use or abuse of the mobile home;
- (c) did not arise or become evident within the term of the warranty;
- (d) was brought to respondents' attention by a retail purchaser more than sixty days after respondents mailed the written inquiry to such purchaser as provided hereinabove where the home was purchased by the first retail purchaser more than one year prior to the effective date of this order;

(e) is a minor cosmetic defect in a home purchased by the first retail purchaser more than one year prior to the effective date of this order.

3. *It is further ordered*, That respondents cease and desist from disseminating, or causing the dissemination of, offering or otherwise providing, in commerce, any express warranties to the retail purchasers of respondents' mobile homes unless respondents meet all of their obligations under such warranties within the time period standards set forth hereinbelow in order Paragraph 3(e) and establish and maintain a regular and effective system reasonably designed to assure that every purchaser of the aforesaid mobile homes will receive full performance by respondents, directly or by action through their dealers or other third parties, of all such warranty obligations within the said time period standards. This warranty performance system shall incorporate but not necessarily be limited to the following standards and terms:

(a) Respondents shall disseminate a warranty and associated documents which clearly and fully describe and effectively communicate to the first retail purchaser:

(1) the identity and address of the warrantor;

(2) the nature and extent of the warranty offered or otherwise provided;

(3) the remedies available to the purchaser under the warranty;

(4) the manner in which respondents intend to provide for performance of their 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 respondents of the ultimate responsibility to fulfill all of respondents' warranty obligations;

(5) any and all requirements which must in fact be fulfilled by the purchaser as a condition precedent to securing performance by respondents of their warranty obligations;

(6) a uniform procedure to be followed by a purchaser in order to request performance by respondents of their warranty obligations;

(7) a uniform procedure available to the purchaser for a systematic review and disposition of complaints and disputes with respect to the performance of respondents' warranty obligations by respondents' manufacturing plants, subsidiaries, divisions, and other employees, or by respondents' dealers or other third parties.

(b) Respondents shall cease and desist from selling their mobile homes without any express or implied warranty, *i.e.*, "as is," or with any disclaimer of implied warranties or limitations or exclusion of liability under any warranty or disseminating or causing the dissemination of any statement or representation which represents, directly or by

implication, that respondents have disclaimed any express or implied warranty or limited or excluded any liability under any warranty unless respondents have a reasonable basis in the form of an opinion by legal counsel that said disclaimers, limitations and exclusions are enforceable under governing state law, and clear and conspicuous notice of said "as is" sale or other said disclaimer, limitation or exclusion is given to prospective retail purchasers of their mobile homes prior to the execution of the contract of retail purchase. 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.

Provided however, That with respect to: (a) the "as is" sale of damaged, salvaged, demonstrator or repossessed mobile homes, (b) the sale of mobile homes where respondents disclaim or fail to grant an express warranty on appliances which are covered by a separate written warranty by a supplier or manufacturer other than respondents, and (c) the "as is" sale of mobile homes to local, State and Federal Governments or agencies thereof, the aforesaid opinion by legal counsel shall not be required.

(c) All of respondents' warranty service and repair obligations performed subsequent to the tender of the home to the retail purchaser shall be rendered by respondents, directly or through their dealers or other third parties, at the site of the mobile home.

(d) Where respondents delegate, assign, contract or otherwise rely on a continuing basis upon any dealers or any other persons not employees of respondents to:

(i) determine whether any mobile home manufactured by respondents contains defects which are within the scope of a warranty extended by respondents or otherwise requires remedial action pursuant to said warranty;

(ii) notify respondents of the existence of those circumstances enumerated in subparagraph (d)(i) above; or

(iii) perform any repairs or otherwise provide services in satisfaction of any warranty obligations incurred by respondents, respondents shall, beginning within 120 days of the effective date of this order, assure that if a dispute or disagreement should arise between respondents and one or more of said dealers or other third persons as to which of them is to incur any such duty, burden or responsibility with respect to warranty repairs and service or is to correct a malfunction related or alleged to relate to setup of the aforesaid mobile homes, any and all

necessary repairs or other corrective action will be expeditiously provided (in the normal course of business) in a manner consistent with this order, regardless of whether the said dispute or disagreement has been resolved. The "normal course of business" does not include:

(1) conditions under which abnormal demands are made upon service capabilities as a result of natural disasters, other acts of God or the government (including the effects of remedial action required of respondents as set forth in order Paragraphs 1 and 2, above), or any other event beyond the control of respondents and their dealers which places an unusually large demand upon service facilities;

(2) conditions resulting from disasters, strikes, acts of the government, instances of force majeure or other similar occurrences which are beyond the control of respondents and their dealers and which prevent respondents and their dealers from responding to service requests within the time periods stated hereinbelow;

(3) slight omissions or deviations from the terms of this order which are inadvertent, unintentional, and not due to bad faith of respondents;

(e)(1) Respondents shall, beginning within 120 days of the effective date of this order, directly or through their dealers or other third parties, commence, in the normal course of business as set forth in order Paragraph 3(d) above, all warranty service or repairs 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 defect by respondents from the retail purchaser, or two business days following notice of the determination made by respondents' dealer pursuant to order Paragraph 3(i)(3)(iii) below, and shall complete such service or repairs expeditiously.

(2) Respondents shall, except as set forth in order Paragraph 3(e)(1) above, beginning within 120 days of the effective date of this order, directly or through their dealers or other third parties, in the normal course of business, as set forth in order Paragraph 3(d) above: (a) respond to notice of the need for warranty service or repairs within a reasonable time not to exceed seven business days of receipt of said notice by respondents or their dealers and (b) complete said service or repairs within a reasonable time not to exceed thirty days following said receipt of notice.

(3) *Provided, however,* That in the event of a bona fide dispute between respondents or their dealers and a retail purchaser requiring resolution through the procedure established pursuant to order Paragraph 3(m) below, as to whether the defect(s) complained of by the retail purchaser are or are not covered by respondents' warranty, then: In the event it is determined that warranty service or repair is

required, which determination shall be made promptly, respondents shall be allowed, in the normal course of business as set forth in order Paragraph 3(d) above, from the date of notification of the dispute as set forth in this subparagraph (e)(3) no more than three business days in the case of defects referred to in subparagraph (e)(1) above 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 subparagraph (e)(2) above to complete service or repair.

(f) Respondents shall, except as provided in order Paragraph 3(h) below, in the normal course of business as set forth in order Paragraph 3(d) above, beginning within 120 days of the effective date of this order, inspect at the home site, directly or through their dealers or other third parties, each mobile home prior to or at the time of tender of possession to the retail purchaser to assure that the home is being delivered to such purchaser free of all ascertainable defects and is properly setup, except for deficiencies which do not affect the home's safety or habitability, which shall be noted in the owner-dealer final delivery checklist (Appendix C), and which shall be then remedied in accordance with subparagraph (e)(2) above.

(g) Respondents shall, except as provided in order Paragraph 3(h) below, in the normal course of business as set forth in order Paragraph 3(d) above, beginning within 120 days of the effective date of this order, reinspect, directly or through their dealers or other third parties, each mobile home on or about sixty days after tender of possession to the retail purchaser to determine the existence of and to correct or arrange for the correction of any defects, covered by respondents' warranty, in the mobile home, or improper setup and problems arising therefrom.

Results of each of the inspections required in order Paragraphs 3(f) and 3(g) hereinabove will be documented in a report or reports which shall be required to be signed by respondents' dealer and if possible by the retail purchaser or said purchaser's representative, indicating agreement with the information set forth therein. The reports documenting the results of the aforesaid inspections shall be in the formats set forth in Appendices C and D attached hereto, or in formats substantially equivalent thereto.

(h) If the retail purchaser elects to provide for the setup of his mobile home himself, then in such cases the responsibility of respondents and their dealers for transportation, setup, inspection and reinspection, as set forth in subparagraphs (f) and (g) above, shall terminate with the delivery or tender of possession to the retail purchaser or his agent or representative.

(i) Where respondents delegate, assign, contract or otherwise rely on a continuing basis upon any dealers to perform the duties set forth in

order Paragraph 3(d) above, respondents shall enter into written contractual agreements with such dealers which:

(1) adequately and accurately describe the scope of those duties to be borne by said dealers as aforesaid, as well as the responsibility for properly setting up respondents' mobile homes;

(2) establish the duty of the dealer in the normal course of business as set forth in this order Paragraph 3(i) to provide respondents with the name and address of each retail purchaser and the date of each purchase;

(3) (i) establish the duty of the dealer in the normal course of business as set forth in this order Paragraph 3(i), to 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 by the dealer of notice of such defect or condition and to complete such service or repairs expeditiously;

(ii) establish the duty of the dealer in the normal course of business as set forth in this order Paragraph 3(i), to complete all other warranty service or repairs within a reasonable time, not to exceed thirty days following receipt by the dealer of notice of such condition;

(iii) set forth that the requirements of subparagraph (i)(3)(i) and (i)(3)(ii) above shall apply only to those cases in which the dealer responds to and completes the service or repairs himself. In those cases in which the dealer determines to rely upon respondents to perform or to complete service or repairs requested by retail purchasers under:

(a) subparagraph (i)(3)(i) above, such determination shall be made and communicated to respondents as soon as possible but in no event later than two business days after dealer's receipt of notice from the retail purchaser.

(b) subparagraph (i)(3)(ii) above, such determination shall be made and communicated to respondents as soon as possible but in no event later than five business days after the dealer's receipt of notice from the retail purchaser.

(4) establish the duty of the dealer in the normal course of business as set forth in this order Paragraph 3(i) to inspect each mobile home prior to or at the time of tender of possession to the retail purchaser as set forth in order Paragraph 3(f), except as provided in subparagraph (h) above, to assure that the home is being delivered to such purchaser free of all ascertainable defects and is properly set up, except for deficiencies which do not affect the home's safety or habitability which shall be noted in the owner-dealer final delivery checklist (Appendix C) and which shall then be remedied in accordance with subparagraph (i)(3)(ii) immediately above.

(5) establish the duty of the dealer in the normal course of business as set forth in this order Paragraph 3(i) except as provided in subparagraph (h) above to reinspect each mobile home on or about sixty days after tender of possession to the retail purchaser to determine the existence of and to correct or arrange for the correction of any defects in the mobile home covered by respondents' warranty or improper setup and problems arising therefrom;

(6) establish the duty of the dealer in the normal course of business as set forth in this order Paragraph 3(i) to provide respondents with reports which will document the results of the inspections set forth in (4) and (5) immediately above and which will be signed by respondents' dealer and if possible by the retail purchaser or said retail purchaser's representative indicating agreement with the information set forth therein;

(7) provide for a procedure which assures that if a dispute or disagreement should arise between respondents and one or more of said dealers as to which of them is to incur any such duty, burden or responsibility or is to correct an improper initial setup or a malfunction arising therefrom, any and all necessary repairs or other corrective action will be expeditiously provided, regardless of whether the said dispute or disagreement has been resolved;

(8) establish the duty of the dealer to maintain or contract for adequate service personnel and facilities;

(9) set forth service responsibilities in the event of termination of a dealer with respect to homes still under warranty or in the possession of the dealer and not yet sold to a retail purchaser at the time of termination;

(10) set forth the right of respondents to withdraw authorization from dealers failing to meet their responsibilities under the agreement.

Existing dealers authorized by respondents as of the effective date of this order shall execute such agreements (which agreements shall be immediately effective) within 180 days of the effective date of this order, or shall be terminated by respondents. Other dealers authorized by respondents later than the effective date of this order shall execute such agreements at the time of their authorization.

Such agreement shall be in the format set forth in Appendix E attached hereto or in a format substantially equivalent hereto.

The "normal course of business" as used in this order Paragraph 3(i) shall not include: (1) conditions under which abnormal demands are made upon service capabilities as a result of natural disasters, other acts of God or the government, or any other event beyond the control of the dealer which places an unusually large demand upon the dealer's service facilities; (2) conditions resulting from disasters, strikes, acts of

the government, instances of force majeure or other occurrences which are beyond the control of the dealer which prevent the dealer from responding to service requests within the time periods stated hereinabove; (3) slight omissions or deviations from the terms of this order subparagraph which are inadvertent, unintentional and not due to bad faith of the dealer.

(j) Respondents shall send a questionnaire (using the format set forth in Appendix F attached hereto or in a format substantially equivalent thereto) to all persons other than "as is" purchasers who after the effective date of this order purchase at retail respondents' mobile homes which inquires as to:

(1) the existence of any defects in said mobile homes covered by respondents' warranty or improper setup or problems arising therefrom;

(2) whether the retail purchaser notified anyone of such defects or setup problems, and if so who was notified and when did such notification take place;

(3) the identity of any person who sought to service such defects or setup problems;

(4) whether such defects or setup 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 retail purchaser is satisfied with the promptness and quality of the repair.

Such questionnaire in the form of a postage paid self-addressed post card or a letter containing a postage paid self-addressed envelope, shall be sent between sixty and ninety days subsequent to the tender of possession of the home to the retail purchaser.

(k) Where respondents delegate, assign, contract or otherwise rely on a continuing basis upon any dealer or any other persons not employees of respondents to perform any of the responsibilities or duties set forth in order Paragraph 3(d) hereinabove, respondents shall fully evaluate the level of expertise and physical and personnel resources of such dealers or other persons with respect to the ability to inspect, repair, service and setup all mobile homes manufactured by respondents prior to such delegation or reliance to assure that all said persons are capable of performing said responsibilities or have provided for such performance through a third party having such capability, in accordance with the standards set forth herein.

Respondents shall in addition regularly review and evaluate the manner in which such persons, directly or through another third party, perform the aforesaid responsibilities and maintain their service capabilities and shall withdraw said reliance and authorization from

persons failing to meet those responsibilities or the standards set forth herein.

(l) The direct administration of respondents' warranty service program at the corporate level and the responsibility for supervising and assuring implementation of the warranty service program shall, beginning within 120 days of the effective date of this order, be vested in only those corporate officials who have no direct responsibilities on a day-to-day basis for the sale of respondents' mobile homes. The person or persons to whom the responsibility for supervising and assuring the implementation of the program is delegated shall make periodic reports at least on a monthly basis to respondents' responsible officers which shall include current information concerning:

- (1) the current cost to respondents of warranty service;
- (2) the incidence and nature of frequently recurring defects;
- (3) those measures undertaken in response to reports of frequently recurring defects including but not limited to modification in production and design of respondents' mobile homes;

(4) analysis of the manner in which respondents' employees, dealers and other third parties are performing warranty and setup responsibilities.

(m) Respondents shall, beginning within 120 days of the effective date of this order, establish a uniform procedure for the systematic receipt and analysis and fair disposition of all complaints or disputes which may arise between the aforesaid retail purchasers of respondents' mobile homes and respondents or respondents' dealers or other third parties, regarding any alleged warranty obligations of respondents.

Such procedure shall incorporate but not necessarily be limited to:

(1) prompt evaluation and response by respondents to all complaints within a reasonable time not to exceed five business days after receipt by respondents;

(2) the designation of a single focal point within the corporation for the receipt of said complaints;

(3) an effective mechanism for the fair and impartial resolution of such disputes by corporate level personnel 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 respondents;

(5) periodic review and evaluation by respondents of the effectiveness of such procedures and correction of such procedures where necessary.

(n) Respondents shall, beginning within 120 days of the effective date of this order, maintain full and adequate records which disclose:

(1) the date of receipt, disposition and the date of disposition of each request for warranty service (including any refusal to accept a request and the reason for such refusal) received by respondents; and

(2) the results of the evaluation of service capacity provided for in order Paragraph 3(k) above.

4. *It is further ordered*, That respondents shall forthwith distribute a copy of this order to each of their operating divisions or manufacturing plants engaged in the manufacture, offering for sale, sale, and distribution of mobile homes.

5. *It is further ordered*, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondents such as dissolution, assignment or sale resulting in the emergence of a successor corporation, or any other change in the corporations which may affect compliance obligations arising out of this order.

6. *It is further ordered*, That respondents shall, at intervals of 9, 18, and 24 months following the effective date of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order. Such reports shall include but not be limited to the periodic reports submitted to respondents' responsible officers described in order Paragraph 3(l) above.

7. *It is further ordered*, That respondents shall furnish to the Commission nine months after the effective date of this order, a report which discloses the dates and manner in which dealers and retail purchasers were contacted pursuant to the procedures described in order Paragraph 1 above, and the dates and manner in which dealers and retail purchasers acted in response thereto and the dates and manner in which respondents acted in response to allegations by retail purchasers which purported to create an obligation on the part of respondents under the terms of order Paragraph 2 above. Respondents shall for a period of two years after the effective date of this order maintain records which are adequate to disclose respondents' compliance with order Paragraphs 1 and 2, in order that such records may be furnished by respondents to the Federal Trade Commission upon request.

8. *It is further ordered*, That respondents shall submit to the Federal Trade Commission for its review copies of any proposed substantial revisions in the questionnaire required pursuant to order Paragraph 3(j), the dealer agreement required pursuant to order Paragraph 3(i), and the warranty documents described in order

Paragraph 3(a), at least 60 days prior to the proposed effective date of any such revisions. Such submissions will be required for the three years following the effective date of this order.

APPENDIX A

(Date)

Dear Mobile Home Owner:

Thank you for purchasing one of Redman's family of mobile homes. Our homes are warranted to be free from defects in material and workmanship. Any repairs required by your warranty should have been performed in full by the dealer who sold you your home or, if this was not possible, by the factory which manufactured it. Through the following questionnaire, we are seeking to determine your experience with regard to service so that we may be sure you have received full performance of warranty obligations. Your response to the following questions will enable us to provide you with the warranty service to which you are entitled.

Please respond to the following questions and return this letter in the enclosed postage-paid envelope.

(1)(a) Have you experienced problems with your mobile home that you feel are covered by our warranty described above (check one) yes no

(1)(b) If the answer to (1)(a) is yes, please tell us *when* the problems occurred and *describe* them _____

(2) If you have experienced problems that you feel are covered by our warranty, please advise us of *whom* you contacted and *when* the contact was made. _____

(3)(a) If you contacted someone regarding a warranty problem, was the problem corrected (check one) yes no

(3)(b) If the answer to 3(a) was yes, please indicate *how long* it took to correct the problem, and *who* performed the repair: _____

3(c) If the answer to 3(a) was No, does the problem still exist (check one: _____ yes _____ no

3(d) If the answer to 3(c) was Yes, please describe the current condition of the problem and any attempts at correction you have made: _____

4(a) If warranty service was provided, were you satisfied with (1) the promptness of repairs (check one) _____ yes _____ no (2) the quality and completeness of repairs (check one) _____ yes _____ no

4(b) If your answer to 4(a)(2) was No, does the problem which was the subject of warranty service still exist (check one): _____ yes _____ no

4(c) If your answer to 4(b) was yes, please explain and describe the current condition of the problem and any attempts at correction you have made: _____

5(a) Who performed the set-up or installation of your mobile home? (Name) (relationship) dealer, park operator, independent contractor, etc. (location)

5(b) Has there been any doubt or dispute as to whether a problem you have experienced with you mobile home was a problem covered by your warranty or due to improper set-up or installation (check one) _____ yes _____ no

5(c) If the answer to 5(b) was Yes, does the problem still exist (check one): _____ yes _____ no

5(d) If the answer to 5(c) was Yes, please describe the current condition of the problem and any attempts you have made to get the problem corrected: _____

5(e) Are you satisfied with the manner in which your mobile home was set-up or installed (check one): _____ yes _____ no

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(6) Please advise us of any suggestions that you might have that will enable us to increase the quality, utility, and value that we strive to build into our homes.

Note: Below is your name and address as they appear in our records, if there is need for a correction, please make it in the space provided. Also we ask that you supply us with your telephone number in the space provided as it will facilitate our reaching you to discuss any problems with our product or service that you have pointed out:

(Name of Customer) _____

(Street address) _____

(City, State, Zip) _____

telephone number (including area code): _____

We thank you for responding to the questions set forth above. Please return this letter to us in the enclosed postage paid envelope.

Sincerely,

APPENDIX B

Letters to Dealers Requesting Names and Addresses of Past Purchasers

Dear _____

Pursuant to an agreement with the *Federal Trade Commission*, Redman Industries is securing from each of its present and former dealers all names and addresses of retail purchasers of its mobiles homes built between July 1, 1972 and June 30, 1974, identified with Serial Numbers _____ through _____. Dealer submission of these names and addresses is necessary since warranty registration cards fail to provide the information for a substantial number of homes.

Please fill in the names and addresses of the retail purchasers of these units and serial numbers of the homes and return this letter in the postage paid envelope provided before _____, 1974, as called for by the above agreement.

Signed _____,
Plant General Manager

Serial Numbers

Names and Addresses

_____	_____	_____
_____	_____	_____
_____	_____	_____

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REDMAN MOBILE HOMES, IN
Pre-Occupancy Check Out

Appendix C

Serial No. _____ Brand Name _____ Model No. _____

Dealer Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: A/C () _____

Date Unit Delivered to Retail Purchaser: _____

Retail Purchaser's Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: A/C () _____

The above Dealer and Retail Purchaser is to make an X in the respective blocks below, before all subjects and items (i.e., parts, systems, components, accessories or booklets in, attached to, incorporated into or related to this unit) to indicate and certify that each item or subject was appropriately covered, included, inspected and/or actually tested by this Dealer and as a result was found to perform, function, operate and/or serve as intended by its respective manufacturer, on or before the unit was delivered to the Retail Purchaser.

For items listed but not in or on this unit, write N/A in blocks.

LP NATURAL GAS AND OIL SYSTEMS:

- | | | |
|--------------------------|--------------------------|--|
| Customer | Dealer | |
| ☐ | ☐ | After gas appliances are connected, unit's gas piping system must be pressure tested with all appliance-burner valves closed. Such test will consist of pressurizing entire system not less than ten minutes (10 minutes) without showing any drop in pressure. The system was pressurized to not less than ten inches (10") nor more than fourteen inches (14") water column and appliance connections were tested for leakage with soapy water or bubble solution. Before beginning air pressure test, temperature of gas piping system and test air was equalized. NOTICE: Other type test may be required due to local code or a licensed gas representative to perform gas check. Note if applicable. |
| ☐ | ☐ | Before lighting furnace, make sure flue pipes were tight and in place. (Failure to do so can result in lethal furnace exhaust fumes not being properly vented.) |
| ☐ | ☐ | Furnace (Pilot and Burner) |
| ☐ | ☐ | Range (Pilot and Burner) |
| ☐ | ☐ | Water Heater (Pilot and Burner) |
| ☐ | ☐ | Gas Dryer |

WATER SYSTEMS:

- | | | |
|--------------------------|--------------------------|-----------------------------|
| ☐ | ☐ | Fresh Water Intake |
| ☐ | ☐ | Water Supply Lines |
| ☐ | ☐ | Faucets |
| ☐ | ☐ | Shower Over Bath |
| ☐ | ☐ | Traps |
| ☐ | ☐ | Gate Valve |
| ☐ | ☐ | Toilet Stool and Tank |
| ☐ | ☐ | Drain Cocks and Connections |
| ☐ | ☐ | Hot Water Heater |
| ☐ | ☐ | Separate Shower/Stall |

ELECTRICAL SYSTEMS:

- | | | |
|--------------------------|--------------------------|--|
| Customer | Dealer | |
| ☐ | ☐ | Panel Box properly labeled and fused |
| ☐ | ☐ | Circuit Breaker Box — 100 AMP, 150 AMP, 200 AMP. NOTE: Local code may require licensed electrician to run power to home. Note if applicable, include name of electrical company. |
| ☐ | ☐ | Electric Water Heater |
| ☐ | ☐ | Electric Range / Eye Level Oven |
| ☐ | ☐ | Counter Top |
| ☐ | ☐ | Electric Dryer |
| ☐ | ☐ | Electric Furnace |
| ☐ | ☐ | Electric Washer |
| ☐ | ☐ | Air Conditioner |
| ☐ | ☐ | Refrigerator |
| ☐ | ☐ | Garbage Disposer |
| ☐ | ☐ | Dishwasher |
| ☐ | ☐ | Receptacles |
| ☐ | ☐ | Interior Fans |
| ☐ | ☐ | Interior Switches |
| ☐ | ☐ | Interior Lights |
| ☐ | ☐ | Furnace Thermostat |
| ☐ | ☐ | Exterior Receptacle |
| ☐ | ☐ | Exterior Lights |
| ☐ | ☐ | Compressor |

INTERIOR:

- | | | |
|--------------------------|--------------------------|-----------------------------|
| ☐ | ☐ | Smoke Detectors/Installed |
| ☐ | ☐ | Heat Registers |
| ☐ | ☐ | Wall Paneling |
| ☐ | ☐ | Ceilings |
| ☐ | ☐ | Beds and Mattresses |
| ☐ | ☐ | Loose Living Room Furniture |
| ☐ | ☐ | Dinette Furniture |
| ☐ | ☐ | Bedroom Furniture |
| ☐ | ☐ | Mirrors |

Customer Dealer

- | | | |
|--------------------------|--------------------------|---|
| ☐ | ☐ | Tub or Shower Enclosure |
| ☐ | ☐ | Light Globes and Shades |
| ☐ | ☐ | Door Knobs, Latches, Hinges, Stricker Plates |
| ☐ | ☐ | Cabinet Doors, Door Pulls, Latches, Hinges |
| ☐ | ☐ | Closet Doors, Latches, Hinges, and Hardware and Adjustment of Such Explained |
| ☐ | ☐ | Carpet, Linoleum |
| ☐ | ☐ | Curtains |
| ☐ | ☐ | Window Closings, Cranks, and Fitting |
| ☐ | ☐ | Storm Windows |
| ☐ | ☐ | Trim Mouldings |
| ☐ | ☐ | Retail Purchaser was properly instructed on how to operate all of unit's appliances, features, with operational and service manual for range, air conditioner, refrigerator, furnace, washer, dryer, dishwasher, disposal |

EXTERIOR:

- | | | |
|--------------------------|--------------------------|---|
| ☐ | ☐ | Drip Caps over Exterior Doors |
| ☐ | ☐ | Entrance Door(s) lock and fit with all required keys |
| ☐ | ☐ | All Window Screens |
| ☐ | ☐ | Roof |
| ☐ | ☐ | Exterior Metal |
| ☐ | ☐ | Vents |
| ☐ | ☐ | Shutters and Trim |
| ☐ | ☐ | Coupler-Hitch Assembly |
| ☐ | ☐ | Tires and Axles |
| ☐ | ☐ | Copy of Owner's General Maintenance and Guide Booklet |
| ☐ | ☐ | Copy of Dealer and Manufacturer Warranty |
| ☐ | ☐ | Hurricane Tie Down Straps |
| ☐ | ☐ | Egress Windows |
| ☐ | ☐ | Crossover Systems—Double Wide |

The above pre-occupancy check out/inspection requirements and obligations have been performed by this Dealer and this unit is considered by the Dealer and Purchaser to be completely habitable, stable, and acceptable for delivery to the Retail Purchaser on this date.

Signature of Dealer or Authorized Representative _____ Date _____

Signature of Retail Purchaser _____ Date _____

Type or Print Full Name of Above Signee _____

Type or Print Full Name of Retail Purchaser _____

Signature of Witness _____ Date _____

DISTRIBUTION OF THREE PART FORM:
WHITE — Redman CopyYELLOW — Retail Purchaser Copy
PINK — Dealer Copy

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APPENDIX D

REDMAN MOBILE HOMES, INC.

Post-Occupancy Check Out

Serial No. _____ Brand Name _____ Model No. _____

Dealer's Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: A/C () _____

Date Unit Delivered to Retail Purchaser: _____

Date of Post-Occupancy Checkout: _____

Retail Purchaser's Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone Number: A/C () _____

Customer Dealer

- | | | |
|--------------------------|--------------------------|---|
| ☐ | ☐ | Level (doors are not dragging, windows not binding) |
| ☐ | ☐ | Exterior Door Adjustment (doors not dragging, fits properly, flush and no wind around hinges) |
| ☐ | ☐ | Interior Door Adjustment (master bedroom, second and third bedrooms) |
| ☐ | ☐ | Water Connections (kitchen, bath, lavatories) |
| ☐ | ☐ | Plumbing Connections (commodes) |
| ☐ | ☐ | Customer fully understands how to properly light furnace for seasonal variation. |
| ☐ | ☐ | Moulding |
| ☐ | ☐ | Cabinet Door and Drawers checked for proper adjustments |
| ☐ | ☐ | Drain Lines (sewer connections) |
| ☐ | ☐ | Hot Water Heater |
| ☐ | ☐ | Roof |

Other _____

The above post-occupancy has been performed by the dealer or authorized representative and found to be satisfactory with the Retail Purchaser on this date.

Signature of Dealer/Authorized Representative _____ Date _____

Signature of Retail Purchaser _____ Date _____

Signature of Witness _____ Date _____

Distribution of THREE PART Form:
 WHITE --- Redman Copy
 YELLOW --- Retail Purchaser Copy
 PINK --- Dealer Copy

APPENDIX E

REDMAN MOBILE HOMES, INC.

Dealer Service Agreement

_____ warrants that _____ (Dealer) had the facilities to properly check out, deliver, set up, and service (or has contracted with an established servicing agency approved by Redman Mobile Homes, Inc.) Redman homes. The Dealer agrees that it will:

1. Assume responsibility for properly setting up those Redman homes sold to retail purchasers, unless the retail purchaser elects to provide for the set up of the home himself.

2. Provide each retail purchaser with a copy of the Redman warranty before execution of the retail sale contract, and provide Redman with a completed warranty card stating the name and address of each retail purchaser and the date of purchase.

3.(a) Where a defect in a Redman home affects the safety of the home, or makes it substantially uninhabitable, commence warranty service as soon as possible in the normal course of business, but in no event later than three business days following receipt of notice of such defect, and complete such repairs expeditiously.

(b) Complete all warranty service, other than that specified in subparagraph 3(a) above, within a reasonable time in the normal course of business, not to exceed thirty days following receipt of the service request.

(c) The "normal course of business" shall not include conditions which place an unusually large demand upon service facilities, such as disasters, strikes, acts of God or of the government, instances of force majeure or other occurrence which are beyond the control of Dealer which prevent Dealer from responding to service requests within the time periods stated in subparagraphs 3(a) and 3(b) above.

4. Where a defect exists in a Redman home which is beyond Dealer's ability to repair or which Dealer will not repair within the time periods stated in subparagraphs 3(a) and 3(b) above, inform Redman of such defect no later than five business days after receipt of the service request, and if the defect affects the safety of the home, or makes it substantially uninhabitable, inform Redman of such defect no later than two business days after receipt of the service request.

5. Perform preoccupancy check out and make necessary adjustments and repairs as Per Redman Mobile Homes, Inc. preoccupancy check out which is attached hereto as Exhibit A, unless the retail purchaser elects to provide for the set up of the home himself. Dealer shall not knowingly deliver possession of a Redman home with any defect that affects the safety of the home or renders it substantially uninhabitable.

6. Perform the post-occupancy check-out and make necessary adjustments and repairs as per Redman Mobile Homes, Inc. post-occupancy check-out, which is attached hereto as Exhibit B, approximately sixty days after acceptance of the home by the retail purchaser, unless the retail purchaser elected to provide for the set up of the home himself.

7. Provide Redman with reports signed by Dealer (or other representative) and the retail purchaser, if possible, regarding the inspections set forth in paragraphs 5 and 6 above.

8. Where a defect or malfunction of a Redman home exists, and a dispute arises between Redman and Dealer as to whether Dealer will be reimbursed for the repair of such defect or malfunction, necessary repairs will be performed expeditiously by Dealer, as provided under Paragraph 3 above, with the dispute to be resolved subsequently.

9. Maintain or contract for service personnel and facilities which, in Redman's

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reasonable judgment, are adequate to check out, deliver, set up, and service Redman Homes.

10. In the event of termination of the dealership, provide the same warranty service, as would otherwise be provided, on Redman homes still under warranty or no yet sold to retail purchasers.

Redman Mobile Homes, Inc., agrees that it will:

1. Pay to Dealer \$40.00 for a single-wide and \$50.00 for a double-wide within thirty days after receipt of preoccupancy check-out sheet signed by Dealer and signed and accepted by the retail purchaser, as outlined in paragraphs 5 and 7 above.

2. Pay Dealer \$60.00 for a single-wide and \$100.00 for a double-wide within thirty days after receipt of postoccupancy check-out sheet signed by Dealer and signed and accepted by the retail purchaser, as outlined in paragraphs 6 and 7 above.

3. Reimburse Dealer for all warranty service performed by Dealer under the standard Redman Mobile Homes, Inc., warranty, if Dealer requests and obtains prior authorization of such warranty service in accordance with Redman warranty service procedures. As used in this Agreement, "warranty service" includes the following items: (i) defective or broken rafters or side-wall studs; (ii) leaks in water lines in the floor; (iii) short circuits and open circuits in the walls; (iv) defects in the design of the mobile home; (v) breaks or defects in the mobile home chassis; (vi) major repairs to appliances, which will be the ultimate responsibility of Redman's appliance vendors; (vii) major manufacturing defects resulting in structural failure; (viii) other major manufacturing defects which do not result from delivery or set-up, which require the removal or application of interior or exterior wall, floor, or ceiling covering, or repairs to the chassis, of a character similar to those listed above. Dealer understands that it is to perform minor adjustments and repairs to Redman homes without reimbursement other than the payments provided in paragraphs 1 and 2 immediately above, and such minor adjustments and repairs shall be the sole responsibility of Dealer.

This Agreement applies only to homes delivered after the execution date of the Agreement. This Agreement may be terminated by either party giving thirty days' written notice; however, the commitments made by each party hereto will apply to all homes delivered prior to the termination of the Agreement. Dealer understands Redman's intention to terminate the Dealership upon failure to meet Dealer's responsibilities under this Agreement.

In witness whereof, the parties have duly executed this Agreement as of the date and year listed below.

REDMAN MOBILE HOMES, INC. DEALER: (Name of Dealership)

By Title: _____ By Title: _____

Witness _____ Witness _____

Date: _____ Date: _____

(Plant will Xerox copies and distribute as follows: Plant Dealer C.S.O. Credit Dept.)

APPENDIX F

Dear Homeowner:

For more than _____ years Redman Industries has manufactured quality, low cost mobile homes. Our records indicate that in _____ of _____ you purchased a Redman produced mobile home Serial No. _____.

Your home is warranted to be free from defects in material and workmanship for one year from the date of original purchase. If a defect comes to your attention during this time period, the dealer who sold you the home should be contacted. In most cases, he will

be able to correct the problem. If the dealer is unable to make the correction, he is required to notify the manufacturer who will then assist in resolving the matter.

In order for us to determine if you have been satisfied with your home, we request you respond to the following questions (if you need more space, please attach a separate page):

(1) Have you experienced any problems with your home that you feel are covered by our warranty or arise from the improper setup or installation of your home?

(2) If so, whom did you notify of these defects or setup problems (if any) and when did notification occur?

(3) Were these problems satisfactorily resolved?

(4) Do you have any suggestions that would be useful to us in improving our product for future customers?

It would be greatly appreciated if you would respond to the above questions and return this letter in the enclosed postage paid envelope.

We thank you in advance for your help in this matter.

Sincerely,

National Quality Assurance Manager
