

FLEETWOOD ENTERPRISES, INC.

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

Docket C-2641 Complaint, Mar. 4, 1975 - Decision, Mar. 4, 1975

Consent order requiring a Riverside, Calif., 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

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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: *Eric M. Rubin, Robert N. Weinstock, Walter E. Diercks and Pamela B. Stuart.*

For the respondents: *William H. Lear, Riverside, Calif., and Donald Belcher, Gibson, Dunn & Crutcher, Los Angeles, Calif.*

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 Fleetwood Enterprises, 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 Fleetwood Enterprises, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 3125 Myers St., P.O. Box 7638, Riverside, Calif.

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 32 facilities controlled and operated by respondents, located in approximately 18 states. Respondent Fleetwood Enterprises dominates, controls, condones, approves and derives

pecuniary benefit from the conduct of its subsidiaries engaged along with it in the above described business.

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 disseminated by respondents since approximately Oct. 1972 represents directly or by implication that respondents warrant their mobile homes to be free from any substantial manufacturing defects in material or workmanship and that respondents shall for all purchasers or their transferees repair or

replace any parts which respondents determine to be defective, or take other appropriate action at the site of the unit for one year after the delivery of the unit to the purchaser. Each written warranty disseminated by respondents prior to approximately Oct. 1972, and for some time previous, represented directly or by implication that respondents' mobile homes were guaranteed to the original purchaser to be free from manufacturing defects in materials and workmanship, except for certain specific components therein enumerated as not being warranted by respondents at all, including but not limited to appliances and furniture.

Both of the aforesaid written warranties further purport 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 represent directly or by implication that the aforesaid written warranties set forth the full extent of respondents' warranty obligations.

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 representations, made directly or by implication, that the aforesaid warranties are the sole legal warranties, that they legally exclude and disclaim all implied-in-law warranties, and that said warranties state 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 Warranty 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.

(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 Fleetwood Enterprises, Inc. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California with its office and principal place of business located at 3125 Myers St., P.O. Box 7638, Riverside, Calif.

2. 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

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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, where 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 unit or coach files, (or where applicable, warranty 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

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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, where 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 and 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, where 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, where is" sale shall contain the following language:

NOTICE

The manufacturer of this mobile home sells it "as is, where 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, where 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, where 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 between twenty-five and forty-five 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 may 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 subparagraph (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 of 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 between twenty-five and forty-five 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 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, where 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 set up 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 corporation 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(1) 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

FLEETWOOD ENTERPRISES, INC.

[Depiction
of 3125 MYERS STREET — P.O. BOX 7638, CALIFORNIA 92503
trademark TELEPHONE (714) 785-3500
symbol]

(Date)

Dear Mobile Home Owner:

Thank you for purchasing one of Fleetwood Enterprises, Inc.'s mobile homes. Our homes are warranted for one year to be free from defects in material and workmanship. Any repairs required by this 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. If you have not received such full performance, 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 to Fleetwood Enterprises, Inc. in the enclosed postage-paid envelope. (If the space provided below is not adequate, please use an additional page.)

- (1) Have you experienced any problems with your mobile home which you feel are covered under our warranty? If so, please describe them and indicate when the problem occurred. _____

- (2) If you did experience a problem, please advise us of whom you contacted and when the contact was made. _____

- (3) If you did experience a problem, how long did it take to correct the problem and who provided the service? _____

- (4) If service was required, were you satisfied with the promptness, quality, and completeness of any required repairs? _____

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Appendices

- (5) Who performed the set-up or installation of your home?

☐

Dealer

(Name)

☐Independent
Contractor

(Location)

☐

Park Operator

- (6) Are you satisfied with the manner in which your mobile home was set-up or installed? _____

- (7) 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. _____

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

Sincerely,

FLEETWOOD ENTERPRISES, INC.

Manager of Consumer Affairs

Enclosure

APPENDIX B

(Subsidiary Company Letterhead)

Gentlemen:

Pursuant to an agreement with the Federal Trade Commission, we are securing the name and address of all retail purchasers of our mobile homes built since July 1, 1972. Dealer submission of some of this information is necessary since our records fail to provide the information for a substantial number of homes

According to our records you purchased from us the mobile homes described by the serial numbers set forth below for which we have no record of the retail purchasers. Please fill in the names and addresses of the retail purchasers of these units and date of sale and return this letter in the postage-paid envelope provided within 21 days after receipt, as called for by the above agreement.

Sales Manager

SERIAL NUMBER	DATE OF RETAIL SALE	CUSTOMER'S NAME AND ADDRESS
_____	_____	_____
_____	_____	_____

Appendices

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RETAIL DELIVERY CHECKOUT

APPENDIX C 

Manufacturer: _____ Dealer: _____

Owner: _____

(Name) _____

(Address) _____ (Phone No.) _____

(City) _____ (State) _____ (Zip) _____

Tire Identifications

No. _____	No. _____	No. _____
No. _____	No. _____	No. _____

If the home was not set-up by the dealer, indicate the name and location of the party performing this service; _____

The above dealer acknowledges that he has completed the following procedures and checks and that he has inspected the home with the owner and all items listed below have been found to be in a satisfactory condition.

System Checks:

☐ Before connection to the utility source, the unit's fuel piping system was pressure tested with all appliance valves opened. Such test consisted of pressurizing the system for not less than 10 minutes at eight ounces (8 oz.) of pressure with no pressure loss.

The following electrical tests have been performed:

☐ continuity ☐ polarity ☐ high potential

After connection to the electrical source, the following were checked for proper operation (indicate ☒ or N/A - not applicable):

☐ all interior lights	☐ all receptacles	☐ electric dryer
☐ all light switches	☐ circuit breakers	☐ refrigerator
☐ all fans	☐ range and/or	☐ garbage disposal
☐ furnace	☐ oven	☐ electric
☐ thermostat	☐ dishwasher	☐ water heater
☐ heat registers	☐ clothes washer	☐ (Other)
☐ smoke detector (s)		

☐ After connection to the utility source, all appliances fueled by L.P., natural gas, or oil have been checked out to determine that they operate properly.

☐ The furnace ducting system has been checked to determine that ducts are connected, unobstructed and distribute heat properly.

☐ If an air conditioner is installed, the system has been checked for proper operation, including the thermostat control, and all ducts are connected, unobstructed and distribute cooling properly.

☐ The water system has been pressurized to at least the maximum pressure to be expected from the local water supply system for a period of at least 10 minutes without any loss of pressure. (Maximum pressure to be applied to water system is 100 psi.)

After connection to the water supply and drain sources, all air has been bled from the water system, the water heater has been turned on and the following checks have been made:

☐ All hot water and cold water lines are connected to the proper fixtures

☐ No water leaks are evident in any exposed joints, connections, fittings, or fixtures after being under pressure for a least 10 minutes.

☐ All faucets are functioning properly and no leaks are evident

☐ All sinks, basins, tubs, shower pans, and toilets have been filled with water and flushed several times and no leaks are evident in their drain lines.

Dealer/Customer Comments: _____

Mobile Home Supports, Tie Downs or Connections of Modules:

☐ All pierings and supports have been installed in accordance with the instructions contained in the Installation Manual.

☐ The mobile home floor has been properly leveled.

☐ In the case of doublewide units and expandable units, the components have been properly aligned, all moldings and carpet has been applied, and all exterior siding, caps and flashing has been installed in accordance with the instruction contained in the Owner's Manual or Installation Manual.

☐ All anchors and tie-downs required by local conditions and regulations have been installed.

Exterior:

☐ All exterior doors close properly.

☐ All windows operate properly.

☐ All exterior screens and/or storm windows fit properly.

☐ The roof seams and all windows have been caulked or weatherproofed.

☐ The exterior siding and trim, including the rodent resistant exterior floor covering, has been inspected and is acceptable.

Interior:

The following components have been inspected:

☐ ceiling	☐ curtains & drapes	☐ drawers
☐ paneling	☐ lamps & light	☐ furniture &
☐ molding	☐ fixtures	☐ cabinets
☐ carpet &	☐ interior doors	☐ plumbing
☐ floor	☐ cabinet doors	☐ fixtures
☐ covering		

Manuals, Warranties, Instructions, Etc.:

The following items have been delivered to the owner by the dealer or performed by the dealer:

☐ Warranty covering this mobile home.

☐ Owner's Manual for this mobile home.

☐ Installation instructions for this mobile home.

☐ Separate operational and service manuals, and warranties covering the water heater, furnace, refrigerator, range and oven, and, if applicable, the dishwasher, garbage disposal, washer and dryer.

☐ All required keys

☐ The retail customer has been instructed in the proper use of all of the appliances in the unit.

(Signature of Owner) _____ (Date) _____

(Signature of Dealer's Representative) _____ (Date) _____

x 5 54 (White Copy - Manufacturing Plant, Yellow Copy - Manufacturing Plant, Pink Copy - Owner, Green Copy - Dealer) PRINTED IN U.S.A. 6-74

APPENDIX E

(The Following Shall Be Included As Part Of The Dealer Application Which Every Dealer Will Be Required To Execute)

Attached hereto as Exhibit A and made a part hereof is Fleetwood's Manufacturer-Dealer Service Policy, which sets forth the requirements and obligations of both dealer and manufacturer with respect to warranty service. By signing this Dealership Application, Dealer hereby agrees with the provisions of Exhibit A and agrees that, if appointed as an authorized dealer, Dealer will carry out its obligations in accordance with Exhibit A on all mobile homes which it purchases and resells to a retail customer.

Exhibit A

Fleetwood Manufacturer-Dealer Service Policy

Whereas, Manufacturer is engaged in the manufacture and sale of mobile homes; and
Whereas, Dealer desires to act as a retail dealer of mobile homes manufactured by Manufacturer and;

Whereas, Manufacturer disseminates to retail purchasers through its retail dealers, a warranty;

Whereas, Manufacturer and Dealer recognize that the satisfaction and good will of retail purchasers are of primary importance and can best be achieved in most circumstances by Manufacturer delegating to Dealer and Dealer performing prompt, efficient, and courteous warranty service and repairs.

Now therefore, in consideration of Manufacturer's sale to Dealer and Dealer's purchase from Manufacturer of mobile homes for resale to retail purchasers, Manufacturer and Dealer mutually agree as follows:

Dealer's Responsibilities

(1) Dealer will maintain, or arrange for through an acceptable independent contractor, a capability as to personnel, equipment and physical facilities sufficient to properly set-up all mobile homes which it purchases from Manufacturer and to perform all warranty service on such mobile homes as set forth below. Such capability shall be reviewed prior to acceptance of the dealer application and periodically thereafter. Maintenance of such capability, and the effective performance of the set-up and warranty service obligations as set forth hereunder shall be express conditions of remaining a dealer of Manufacturer's mobile homes. If, in Manufacturer's judgment, such capability of performance is lacking, this shall be grounds for termination of the dealer relationship.

(2) The capability to perform set-up and service shall include the use by Dealer of personnel who are experienced in setting up and servicing any and all types of mobile homes purchased by Dealer from Manufacturer. In the event that Dealer's personnel lack such experience, Dealer must notify the plant and agree to utilize an acceptable independent set-up and service contractor to set-up (or service) all units which its personnel are incapable of properly setting up (or servicing), and to send at least one of its set-up or service personnel to a training course conducted by Manufacturer before setting up any such unit.

(3) Upon receipt of each mobile home, Dealer shall inspect it for obvious defects and shortages, indicating any shortages on a Delivery Receipt provided by Manufacturer. If, when received by Dealer, the mobile home has too many obvious defects to be acceptable for retail sale, after correction of such defects by Dealer, Dealer should reject it and contact the plant immediately to arrange disposition of the unit. If Dealer does not reject the unit, he shall be expected to correct any defects (except as otherwise set forth herein), whether or not such defects were apparent at the time of delivery.

(4) Dealer shall assume full financial responsibility for and shall perform or arrange for the performance of, the set-up of the mobile home on a site designated by the retail consumer (unless such consumer shall have given Dealer a written release from this obligation in a form approved by Manufacturer, a copy of which shall be transmitted to the plant). Set-up of the mobile home shall be performed in accordance with the Set-Up Instructions provided by Manufacturer, and particular attention will be paid to the following items:

- (a) proper leveling of the home.
- (b) a check and, if necessary, adjustment of all interior and exterior doors and windows so that each works freely and catches or locks properly.
- (c) connection of all utilities to the appropriate supply or drain sources, and the testing of utilities and appliances to determine that they function properly.
- (d) installation of all items which cannot be installed in the factory.
- (e) the performance of any other operations, such as installing tie-downs, which may be required by local or state codes.
- (f) as to multiple and expanding units, the proper mating of the mobile home sections and the proper connection of the structure, including the application of roof caps, siding, etc.

(g) weatherproofing of the roof, especially at joints and at points where any fasteners such as screws have been removed or inserted to connect appliances or accessories.

(h) weatherproofing of all windows.

(5) Prior to turning the mobile home over to the retail consumer for permanent occupancy Dealer or his representative will inspect the home again to make sure that it is fit for occupancy, and is free of all defects which affect the safety of the mobile home or render it substantially uninhabitable, and will fill out the Retail Delivery Checkout form provided by Manufacturer, listing the retail consumer's name and address, and the date of first occupancy of the mobile home. The customer's signature on this report will be obtained as specified. Copies of the Retail Delivery Checkout form will be forwarded in a timely manner by Dealer to Manufacturer in accordance with the instructions provided.

(6) In addition, Dealer or his representative will reinspect the mobile home between 25 and 45 days after the date of first occupancy to determine if there are any defects or problems concerning the mobile home or its set-up. At, or shortly following this inspection, Dealer will make or arrange for any required repairs, will relevel the home and will file a Reinspection report with Manufacturer on the form provided by Manufacturer. This form will be signed by the customer indicating his agreement with the information contained in the report. Such report will be promptly forwarded to Manufacturer.

(7) Dealer will perform, or arrange for the performance of, and will be financially responsible for, all repairs to each mobile home sold by him which may be required under Manufacturer's warranty which Dealer can perform. This shall include all repairs other than those listed under "Manufacturer's Responsibilities" below.

(8) Repairs, or other appropriate action, to correct any defect which affects the safety of a mobile home or renders it substantially uninhabitable will be commenced in the normal course of business as set forth in Paragraph (13) below by Dealer within three business days following receipt of notice of such defect or condition by Dealer, and such repairs or other action will be completed expeditiously. If the defect is one covered under "Manufacturer's Responsibilities" below, Dealer shall notify the Manufacturer within 2 business days following receipt of notice of such defect by Dealer and the repair shall be handled as set forth below in Paragraph (17).

(9) Dealer will respond in the normal course of business as set forth in Paragraph (13) below to notice of the need for warranty service or repairs other than as set forth in

Paragraph (8) above, within seven business days of receipt of such notice, and shall complete all such service or repairs within a reasonable time, not to exceed thirty days following receipt of such condition. If the defect is one covered under "Manufacturer's Responsibilities" below, Dealer shall notify the Manufacturer within 5 business days following receipt of notice of such defect by Dealer and the repair shall be handled as set forth below in Paragraph (17).

(10) In the event that problems occur with the set-up which Dealer does not correct, or if Dealer does not perform repairs which are his responsibility, in a timely manner as set forth in Paragraph (8) and (9) above, Manufacturer will assume responsibility for such repairs or corrections to the set-up and will bill Dealer for the cost incurred to correct these matters.

(11) Dealer will provide Manufacturer, in a timely manner, with a written report on a form provided by Manufacturer of each repair made by Dealer under the warranty on each mobile home sold by Dealer. Such report will include a description of the nature of the defect, the corrective action taken, and the party performing the repair.

(12) In the event that a retail consumer elects to provide for the set-up of the mobile home himself, then Dealer shall not be required to complete the Retail Delivery Checkout form or Reinspection report referred to above, but shall instead inform Manufacturer of such election by the retail consumer.

(13) The "normal course of business" does not include:

(a) conditions under which abnormal demands are made upon service capabilities as the result of natural disasters, other acts of God or the government, any other event beyond the control of Dealer which places an unusually large demand upon service facilities; and

(b) events such as disasters, strikes, acts of the government, instances of force majeure or other occurrences which are beyond the control of Dealer which prevent Dealer from responding to service requests within the time periods stated hereinabove in Paragraphs (8) and (9).

(c) slight omissions or deviations from the terms of this agreement which are inadvertent, unintentional, and not due to the bad faith of Dealer.

Manufacturer's responsibilities

(14) Manufacturer will supply Dealer with all material, which is not readily available, required to repair the mobile homes purchased by Dealer. If the material is required to correct damage or shortages noted on the Delivery Receipt, with which Manufacturer concurs, it will be supplied at no charge to Dealer. All other material will be billed to Dealer. Every effort will be made to ship the required material in accordance with Dealer's shipping instructions within five working days after it is requested. Upon request, any defective material will be returned by Dealer to Manufacturer.

(15) Manufacturer will return to Dealer the sum of \$100, (which shall be added to the purchase price of each mobile home) by return mail not to exceed ten days after the receipt of the properly filled out Retail Delivery Checkout form and the Reinspection Report for each unit sold, provided that:

(a) the reinspection was performed between 25 and 45 days after the first occupancy by the retail customer;

(b) all service and repairs that are the responsibility of Dealer have been performed;

(c) the Reinspection Report bears the signature of the retail customer, and

(d) the Reinspection Report is received by Manufacturer's Consumer Affairs Department 60 days after first occupancy of the mobile home.

(If the retail customer will not sign the Reinspection Report and all required adjustments have been made, a written statement detailing the attempts made to obtain the customer's signature and the reasons for the customer's refusal to sign the

Reinspection Report should be filed with the Consumer Affairs Department. The Consumer Affairs Department's decision on disbursing the \$100 will be final.)

(16) Approximately 90 days after the date of first occupancy of each mobile home, Manufacturer will send a questionnaire to each mobile home owner requesting information as to the satisfaction of the customer and any alleged defects in the mobile home or its set-up. Manufacturer will provide a copy of each returned questionnaire to Dealer and, if corrective action is required, Dealer shall arrange for and bear financial responsibility for such corrective action. (Unless such corrective action involves an item described below in Paragraph (17)).

(17) Manufacturer will, in a timely manner, perform or arrange for the performance of repairs, at its cost, which are beyond the reasonable capability of Dealer to perform. Such items will include the following:

- (a) defective or broken rafters or side wall studs
- (b) leaks in water lines in the floor
- (c) short circuits and open circuits in the walls
- (d) defects in the design of the mobile home
- (e) breaks or defects in the mobile home chassis

(f) major repairs to appliances, which will be the ultimate responsibility of Manufacturer's appliance vendors

(g) major manufacturing defects resulting in structural failure

(h) other major manufacturing defects which Dealer cannot reasonably be expected to have the capability to repair 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.

(18) Manufacturer will select appliances for use in its mobile homes which are made by recognized manufacturers who have a service capability sufficient to provide reasonably available and capable service.

(19) Manufacturer will conduct training courses at its facility, at least every six months, to acquaint Dealer's set-up and service personnel (or the personnel of independent contractors utilized by Dealer) with the physical characteristics of mobile homes produced by Manufacturer and the recommended techniques for proper set-up and servicing of the mobile homes. Such training courses will be held at no cost to Dealer except for the cost of transportation and subsistence of the attending personnel of Dealer or his contractor.

Miscellaneous

(20) In the event that the manufacturer-dealer relationship is terminated for any reason by either Manufacturer or Dealer and any mobile home purchased by Dealer from Manufacturer and sold to a retail customer are still covered by Manufacturer's warranty, or have not yet been sold by Dealer to a retail customer, the obligations of Dealer and Manufacturer, as set forth above, shall continue with respect to all such mobile homes despite the termination of the manufacturer-dealer relationship.

(21) Failure by either party to fulfill the terms and conditions of this agreement shall be good and sufficient cause for termination by the other party of this agreement and of the manufacturer-dealer relationship.

(22) Manufacturer will not assume financial responsibility for performance of any repairs referred to in Paragraph (17), unless prior authorization for such repairs shall have been given to Dealer.

(23) The retail customer (or Dealer, if the unit has not been sold) is encouraged to make direct contact with the manufacturer of any equipment, appliances, or component parts installed in the mobile home which are not manufactured by Manufacturer when problems develop with such equipment, appliances or component parts. If the matter is

not resolved in a reasonable time, the manufacturer's plant manufacturing the mobile home should be notified.

(24) No cash settlements shall be made by Manufacturer in lieu of repairs.

(25) This agreement supersedes all prior agreements, both written and oral, between the parties hereto with respect to the subject matter of this agreement. This instrument contains the entire agreement between the parties hereto with respect to the subject matter of this agreement, and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. This agreement may not be amended or supplemented orally but only by an agreement in writing which has been signed by the party against whom enforcement of any such amendment or supplement is sought.

(26) Time is of the essence of this agreement, and all provisions of this agreement relating to the time of performance of any obligation under this agreement shall be strictly construed.

APPENDIX F

**FLEETWOOD ENTERPRISES, INC.**

3125 MYERS STREET - P.O. BOX 7638, RIVERSIDE, CALIFORNIA 92503
TELEPHONE (714) 785-3500

(Date)

Dear Mobile Home Owner:

For more than 20 years, Fleetwood Enterprises, Inc. and its subsidiary companies have manufactured quality, low cost mobile homes. Our records indicate that you have recently purchased a home manufactured by one of our subsidiaries.

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 that 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,

FLEETWOOD ENTERPRISES, INC.

Manager of Consumer Affairs

Enclosure



Complaint

85 F.T.C.

IN THE MATTER OF
SKYLINE CORPORATION

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

Docket C-2642. Complaint, Mar. 4, 1975 - Decision, Mar. 4, 1975

Consent order requiring an Elkhart, Ind., 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, Pamela B. Stuart, and Robert N. Weinstock.*

For the respondents: *Julius Schelezinger and Charles Smith, Morgan Smith & Bockius, Washington, D.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 Skyline Corporation, 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