

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

herein includes the mobile home structure, including the plumbing, heating and electrical systems.

PAR. 2. Respondent Skyline Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at 2520 Bypass Rd., Elkhart, Ind.

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 33 facilities controlled and operated by respondents located throughout the continental United States. Respondent Skyline Corporation 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 prior to approximately Oct. 1972 in all States in which they did business, except California and prior to approximately May 1972 in California, represented directly or by implication that respondents would correct all defects in workmanship and materials of their mobile homes during the ninety (90) days subsequent to delivery to the retail purchaser, except for certain components therein enumerated, including but not limited to certain major appliances. Each written warranty disseminated by respondents since approximately October 1972 in all States in which they do business, except California, represents, directly or by implication, that respondents will repair any part of their mobile homes which fails because of a manufacturing defect within one year of delivery to the retail purchaser. Each written warranty disseminated by respondents in California since approximately May 1972 (certain changes not relevant hereto were made in approximately Oct. 1972) represents, directly or by implication that respondents will correct all substantial defects in material or workmanship of their mobile homes during the one year subsequent to delivery to the retail purchaser. Each written warranty disseminated by respondents prior to approximately Oct. 1972 in all states in which they did business, except California, further represented, directly or by implication, that respondents' obligation under said warranty was limited to repairing or replacing parts of their mobile home which were returned to their factory with transportation charges prepaid and which respondents determined to be defective.

Respondents' written warranty disseminated prior to approximately Oct. 1972 in all states in which they did business, except California and prior to approximately May, 1972 in California, and their warranty disseminated in California between approximately May and Oct. 1972 further purported 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 represented directly or by implication that the aforesaid written warranties set forth the full extent of respondents' warranty obligations.

(b) Notwithstanding the foregoing, it is and has been 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 representations, made directly or by implication in respondents' written warranty disseminated prior to approximately Oct. 1972 in all states in which respondents did business except California and prior to approximately May, 1972 in California, and in respondents' written warranty disseminated in California between approximately May and Oct. 1972, that said warranties were the sole legal warranties, that they legally excluded and disclaimed all implied-in-law warranties, and that said warranties stated 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 were sold at retail such exclusions, disclaimers or limitations were unenforceable.

(3) the representation, made directly or by implication in respondents' written warranty disseminated prior to approximately Oct. 1972 in all states in which respondents did business except California and prior to approximately May, 1972 in California, that as a condition precedent to securing full performance by respondents of their warranty obligations every party to whom the warranty was offered must have properly completed and mailed to responder a certain owner's registration card within five days after the initial delivery of

the mobile home to him or her, when in truth and in fact respondents' internal policy was to provide such performance irrespective of whether the card had been returned.

(4) the representation made directly or by implication in respondents' written warranty disseminated prior to approximately Oct. 1972 in all states in which respondents did business, except California and prior to approximately May, 1972 in California, that as a condition precedent to securing full performance by respondents of their warranty obligations every party to whom the warranty was offered must transport the defective part or if necessary the entire home to respondents' manufacturing plant, when in truth and in fact it was 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 Skyline Corporation, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Indiana with its office and principal place of business located at 2520 By-pass Rd., Elkhart, Ind.

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 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 tire records and warranty card 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 homes 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 their 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 to dealers as required above 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 unless the name or names of such purchaser or purchasers appear in respondents' warranty card files, or tire records

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 units from dealers located outside the United States.

(g) first 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 became 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(f) and establish and maintain a regular and effective system which is 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, beginning within 120 days of the effective date of this order, delegate the administration of and supervision over the operation of those aspects of respondents' warranty service program described in order Paragraphs 1, 2, and 3(b), 3(h), 3(k), 3(l) below to the Skyline Director of Consumer Services, who shall have no direct

responsibilities for the sale or marketing of respondents' mobile homes and who shall report to a vice-president of the corporation. The Director of Consumer Services shall be responsible for developing, implementing and supervising warranty service record keeping and followups, and he shall make analyses of service experience including the manner in which respondents' employees, dealers and independent contractors are carrying out warranty and setup responsibilities, and policy recommendations. The Director of Consumer Services shall in addition supervise the operation of the dispute settlement mechanism required under order Paragraph 3(n) below and shall make periodic reports as set forth in order Paragraph 3(m) at least on a monthly basis to respondents' responsible officers.

(b) 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 warranty obligations, including disclosure of any delegation of warranty responsibilities 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 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 purchasers in order to request performance by respondents of their warranty obligations;
- (7) a uniform procedure available to the purchaser for the systematic review and disposition of complaints and disputes with respect to the performance of respondents' warranty obligations by respondents' manufacturing plants, subsidiaries, divisions, and employees, or by respondents' dealers or other third parties. This procedure shall consist of a statement that all complaints addressed to the Director of Consumer Services will receive evaluation and response within five business days after receipt, and that in the event of disagreement between the retail purchaser and respondents' manufacturing plants, subsidiaries, divisions, employees or respondents' dealers or other third parties, the Director of Consumer Services will mediate the dispute, or a similar statement to the same effect.

(c) 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.

(d) All 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.

(e) 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 (e)(i) above; or

(iii) perform any repairs or otherwise provide service in satisfaction of any warranty obligations of respondents, respondents, beginning within 120 days of the effective date of this order, shall assure 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 responsibility with respect to warranty repairs and service or is to correct a malfunction related or alleged to relate to improper setup, any 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 the 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), 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 occurrences which are beyond the control of respondents and their dealers 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 the bad faith of respondents.

(f)(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(e) above, all warranty services 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 within two business days following receipt of notice of the determination made by respondents' dealer pursuant to Paragraph 3(j)(3)(iii)(a) below, and shall complete such service or repairs expeditiously.

(2) Respondents shall, except as set forth in subparagraph (f)(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(e) 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 a determination of the Director of Consumer Services whether or not 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 given, from the date on which the notice of the dispute is received by the Director of Consumer Services, no more than three business days in the case of defects covered by subparagraph (f)(1) above to commence service or repair (such repairs to be completed expeditiously), and no more than thirty days in the case of defects covered by subparagraph (f) (2) above to complete service or repair.

(g) Respondents shall, except as provided in Paragraph 3(i) of this order, in the normal course of business as set forth in order Paragraph 3(e) 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 retail 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 (f)(2) above.

(h) Respondents shall, except as provided in Paragraph 3(i) of this order, in the normal course of business as set forth in order Paragraph 3(e) above, beginning within 120 days of the effective date of this order, reinspect, directly or by action through their dealers or other third parties, each mobile home between thirty and ninety 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(g) and 3(h) hereinabove will be documented in a report or reports which shall 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 out in Appendices C and D attached hereto or in formats substantially equivalent thereto.

(i) 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 (g) and (h) above, shall terminate with the delivery or tender of possession to the retail purchaser or his agent or representative.

(j) Where respondents delegate, assign, contract or otherwise rely on a continuing basis upon any dealers to perform the obligations set forth in order Paragraph 3(e) above, respondents shall enter into written contractual agreements with such dealers which:

(1) adequately and accurately describe the scope of those duties, burdens and responsibilities 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 to provide respondents in the normal course of business as set forth in this order Paragraph 3(j) with the name and address of each retail purchaser of respondents' mobile homes and the date of each such purchase;

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

(iii) *provided*, That the requirements of subparagraphs (j)(3)(i) and (j)(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, such determination shall be made and communicated to respondents as soon as possible but in no event later than:

(a) two business days in the case of service or repairs provided for in subparagraph (j)(3)(i) above, or

(b) five business days in the case of service or repairs provided for in subparagraph (j)(3)(ii) above, after receipt of notice by the dealer 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(j) 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(g) to assure that the home is being delivered to such purchaser or his agent or representative free of

defects and is properly setup (except as provided in Paragraph 3(i) above), 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 (j)(3)(ii) above;

(5) establish the duty of the dealer in the normal course of business as set forth in this order Paragraph 3(j) to reinspect each mobile home between thirty and ninety days after tender of possession to the retail purchaser as set forth in order Paragraph 3(h) 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 (except as provided in Paragraph 3(i) above);

(6) establish the duty of the dealer in the normal course of business as set forth in this order Paragraph 3(j) 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 perform warranty service or repairs or is to correct an improper setup or a malfunction resulting therefrom, any and all repairs or other corrective action required thereby 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 such agreement.

The normal course of business for purposes of this order Paragraph 3(j) 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, or any other event beyond the control of the dealer which places an unusually large demand upon service facilities;

(b) conditions resulting from disasters, strikes, acts of the govern-

ment, 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 hereinbelow;

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

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 thereto.

(k) 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 of an improper setup or problems resulting therefrom;

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

(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 card or letter containing a postage paid self-addressed envelope, shall be sent between one hundred and one hundred and twenty days subsequent to the tender of possession of the home to the retail purchaser.

(l) 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 Paragraph 3(e) 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 or

set up 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 directly or through a third party to meet those responsibilities or the standards set forth herein.

(m) The Director of Consumer Services shall, beginning within 120 days of the effective date of this order, 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) the manner in which respondents' employees, and dealers and other third parties are performing warranty and setup responsibilities.

(n) 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 obligation of respondents.

Such procedure, which shall be supervised by the Director of Consumer Services, 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, such as the Director of Consumer Services, within the Corporation for the receipt of consumer complaints regarding warranty repairs and setup problems;
- (3) fair and impartial mediation of such disputes by corporate level personnel not responsible for sales, such as the Director of Consumer Services;
- (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 effective-

ness of such procedures and correction of such procedures where necessary.

(o) 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 evaluations of service capacity provided for in Paragraph 3(l) of this order.

4. *It is further ordered*, That respondents shall forthwith distribute a copy of this order to each of their operating divisions 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 this 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(k), the dealer agreement required pursuant to order

Paragraph 3(j), and the warranty documents described in order Paragraph 3(b) above, 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 Skyline Corporation'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. 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 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 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 your 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: _____

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

(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: This questionnaire was mailed to you as your name and address 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,

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APPENDIX B

Letter to Dealer Requesting Names and Addresses of Past Purchasers

Dear _____:

Pursuant to an agreement with the Federal Trade Commission, Skyline Corporation is securing from each of its present and former dealers all names and addresses of retail purchasers of its mobile homes built between July 1, 1972 and June 30, 1974, beginning 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 _____,
Division Manager

Serial Numbers

Names and Addresses

_____		_____

_____		_____

_____		_____

APPENDIX C

Owner-Dealer Final Delivery Checklist

Owner:

Dealer:

(Name)

(Name)

(Address)

(Phone No.)

(Address)

(Phone No.)

(City)

(State)

(Zip)

(City)

(State)

(Zip)

Model and Serial Number _____

The dealer has completed inspection of the home with the owner. The following items have been checked in accordance with the manufacturer's Field Installation Manual and found satisfactory:

Setup

Blocked and leveled. _____

(Doublewides only) Halves aligned and exterior and floor covering installation completed. _____

Anchors and tie-downs installed in accordance with local requirements. _____

Utilities

The following have been connected:

Fuel (gas or oil) _____

Water supply _____

Sewage _____

Electric power supply _____

Exterior

Proper operation of doors and windows, including screens or storms. _____

Roof seams _____

Siding and trim _____

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Interior

Ceilings _____

Paneling _____

Holdings _____

Floor coverings _____

Curtains and drapes _____

Lamps and light fixtures _____

Electrical receptacles, circuit breakers and light switches _____

Interior doors _____

Cabinets and drawers _____

All plumbing fixtures _____

Furniture _____

Appliances

Furnace _____

Water heater _____

Range and oven _____

Refrigerator _____

Washer and dryer _____

Garbage disposer _____

Air conditioner _____

The Manufacturer's Warranty, Owner's Manual, Field Installation Manual, all appliance manuals and all required keys have been delivered and explained to the owner.

Any adjustments or repairs remaining to be done (describe briefly) _____

The above inspection has been completed to my satisfaction, except for the adjustments or repairs remaining to be done as noted above.

Owner's signature

Date

Signature of dealer's representative

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APPENDIX D

Reinspection Report

Owner:

Dealer:

(Name)

(Name)

(Address)

(Phone No.)

(Address)

(Phone No.)

(City)

(State)

(Zip)

(City)

(State)

(Zip)

Model and Serial Number _____

The dealer has reinspected the above home within 30 to 90 days after original delivery. The following items were checked and any necessary repairs or corrections made:

Supporting piers _____

Leveling _____

Roof _____

Doors and windows _____

Plumbing _____

Heating and Air Conditioning _____

Electrical System _____

Appliances _____

Any adjustments or repairs remaining to be done _____

The above reinspection and any necessary adjustments or repairs (except as otherwise noted above) have been completed to my satisfaction.

Owner's signature _____

Date _____

APPENDIX E

("Dealer")

("Manufacturer")

SERVICE AGREEMENT

THIS AGREEMENT is entered into between Dealer and Manufacturer on the date set forth below. Dealer wishes to act or continue to act as a retail dealer of mobile homes produced by Manufacturer ("Homes"), and Manufacturer wishes Dealer to perform service including service under Manufacturer's written warranty. Recognizing that satisfaction and good will of homeowners are of primary importance and can be best achieved by Dealer and Manufacturer providing prompt, efficient and courteous service, and in consideration of Manufacturer's sales to Dealer, Dealer's purchases from Manufacturer, and their agreements herein, the parties mutually agree:

1. *Manufacturer Inspection and Correction.* Before shipment to Dealer, Manufacturer shall inspect every Home and correct discovered manufacturing defects.

2. *Dealer Inspection.* Dealer shall thoroughly inspect each Home and promptly initiate repair of any discovered defect. "Dealer Inspection" shall consist of inspection of each Home at the following times:

- a. immediately upon receipt from Manufacturer
- b. immediately before delivery by Dealer to any retail purchaser of a Home ("Homeowner")
- c. immediately after setup, utility connection and site servicing, and
- d. between 30 and 90 days after setup, in conjunction with any necessary releveling.

3. *Dealer Setup and Service.*

a. Dealer shall employ or contract for setup and service personnel who, in Manufacturer's reasonable judgment, are competent to set up Homes, and to provide both Reimbursable Service and Non-Reimbursable Service as defined and specified below. Dealer shall promptly respond to all Homeowner requests for such service, and shall promptly complete all such service within Dealer's ability, subject to Manufacturer's authorization to perform any Reimbursable Service.

b. Dealer agrees that setup of each Home shall be performed according to instructions contained in Manufacturer's Field Installation Manual, and any applicable federal, state or local statutes, ordinances, codes or regulations. Setup of each Home (including releveling and resolution of any problem resulting from improper setup) is Dealer's responsibility regardless of who does the setup.

c. Dealer shall perform Non-Reimbursable Service at Dealer's sole cost and expense, which shall include the examples of minor repairs and adjustments listed on the Attachment to this Agreement.

4. *Manufacturer Reimbursement.*

a. If Dealer reasonably believes that a Homeowner service request requires Reimbursable Service, Dealer shall request approval of and reimbursement by Manufacturer in accordance with Manufacturer's Homeowner Service Program Manual. Absent such authorization, Dealer shall not be entitled to reimbursement for service. Dealer will be entitled to reimbursement only for the amount authorized by Manufacturer.

b. "Reimbursable Service" means service to correct a defect existing at the time a Home is delivered by Manufacturer to Dealer. Reimbursable Service includes the examples listed in the Attachment to this Agreement. Service to correct any other defect, including any related to or resulting from delivery to the Homesite, setup, and any service necessary to correct any reasonably discoverable defect not noted in writing on a

Check Out Sheet to be signed by Dealer when the Home is delivered to Dealer, is Non-Reimbursable Service.

5. *Completion of Service.* Except as provided in paragraphs 6 and 7 below, Dealer shall in the normal course of business begin and complete all Reimbursable and Non-Reimbursable Service within a reasonable time but not later than thirty days after Dealer receives notice of the need for such service. But if Dealer or Manufacturer determines that a defect affects the safety of a Home or renders it substantially uninhabitable, Dealer shall in the normal course of business begin Non-Reimbursable and/or Reimbursable Service within three business days after receipt of notice of the need for such service, and shall quickly complete such service. "In the normal course of business" does not include (a) a condition under which abnormal demands are made upon service capabilities as a result of a natural disaster, other Act of God, or the government or any other event beyond the control of Dealer that places an unusually large demand upon service facilities or (b) an event such as a disaster, strike, act of government, or any other occurrence beyond the control of Dealer that prevents Dealer from responding to a service request within the times stated above.

6. *Manufacturer Service.* If any request appears to require Reimbursable or Non-Reimbursable Service beyond Dealer's ability, Dealer shall immediately examine the Home and inform Manufacturer by telephone no later than five business days after receipt of the service request. Manufacturer shall, if it agrees with Dealer's determination, promptly process such service request as if received directly from the Homeowner, and shall arrange for service to be performed within the time periods set forth in paragraph 5 above. However, if Dealer believes that a defect effects the safety of a Home or renders it substantially uninhabitable, and that repairs are beyond Dealer's ability, Dealer shall tell Manufacturer within two business days after receipt of the Homeowner request, and Manufacturer shall begin any such service within two business days after being informed by the Dealer.

7. *Service in Event of Dispute.* If Manufacturer and Dealer disagree as to whether Reimbursable or Non-Reimbursable Service is required, and if Dealer fails or refuses to correct a problem within a reasonable time but not longer than the time stated in paragraph 5 above, Manufacturer shall do so. Manufacturer shall disclose with Dealer which type of service was required, and Dealer shall promptly pay Manufacturer its reasonable cost of performing any Non-Reimbursable Service.

8. *Dealer/Homeowner Inspections.* Manufacturer shall provide Dealer with forms to be used by Dealer in performing the inspections required by paragraph 2 above. Dealer agrees:

- a. diligently and timely
 - (i) to make such inspections,
 - (ii) to complete such forms, and
 - (iii) to note in writing on such forms any discovered manufacturing defect or remaining dealer responsibility item which shall be remedied as if Homeowner had notified Dealer of such defect or item;
- b. promptly to send the originals of such forms to Manufacturer and to provide each Homeowner with copies of those required by paragraphs 2.c. and 2.d. above; and
- c. whenever possible, to obtain the Homeowner's signature on such forms.

Dealer shall not knowingly deliver possession of a Home with any defect that affects the safety of a Home or renders it substantially uninhabitable.

9. *Retail Contract and Records.* Before execution of the retail sales contract, Dealer agrees to show to each Homeowner a copy of Manufacturer's warranty to be furnished with the Home. The Homeowner's copy of such warranty and any owner's manuals (including the Field Installation Manual), instructions and other materials that Manufacturer may furnish to Dealer for delivery to Homeowner shall be delivered to

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Homeowner with possession of the Home. Dealer agrees to keep such records concerning Homeowners as Manufacturer may reasonably require and to furnish Manufacturer with information from such records. Dealer further agrees to provide to Manufacturer such information as Manufacturer may reasonably request concerning: (a) service requests from, complaints by, and other communications with Homeowners and (b) service activities with respect to Homes.

10. *Factory Training and Consultation.* Manufacturer agrees to provide training programs for Dealer service and setup personnel at such locations as Manufacturer may determine, without charge by Manufacturer. Manufacturer further agrees to consult with Dealer and to provide technical advice to Dealer concerning Home service and setup, if requested by Dealer.

11. *Termination.* If the Dealer/Manufacturer relationship is terminated, their obligations under this Agreement to inspect and service sold and unsold Homes shall continue and be unaffected by such termination. Dealer's obligations under this Agreement to furnish information, records and forms shall survive any such termination.

12. *Effect and Formalities.* Failure by either party to perform its obligations under this Agreement shall be good and sufficient cause for the other to terminate this Agreement and the Dealer/Manufacturer relationship. If any Agreement provision is declared legally invalid or unenforceable, the remaining provisions shall continue to be enforceable. More than one copy of this Agreement may be executed, each of which shall be deemed an original for all purposes. The paragraph headings herein are for convenience only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement, except capitalized and quoted words defined for purposes of this Agreement. This Agreement supersedes any prior agreement, either written or oral, between the parties as to service. It shall be binding upon and benefit the parties and their heirs, legal representatives, successors and assigns; but it may be assigned or otherwise amended or supplemented only in writing. *Time is of the essence of this Agreement*, and provisions relating to time of performance may be strictly construed.

IN WITNESS WHEREOF, Manufacturer and Dealer have executed this Agreement effective _____, 19 ____ Address of Dealer for notices:

Address of Manufacturer for notices:

(Type or print name of signer)

By: _____
for the Dealer (Title)

(Type or print name of signer)

By: for the Manufacturer (Title)

ATTACHMENT TO SERVICE AGREEMENT

Examples of Non-Reimbursable Service

- A. Setting up all unassembled furniture, including but not limited to dinettes and bed frames.
- B. Installing all light shades shipped loose.
- C. Mounting or assembling all parts of the mobile home that are shipped loose as Manufacturer's normal procedure.
- D. Making minor repairs to plumbing, electrical and gas systems.
- E. Recaulking and resealing any roof seam or opening if necessitated by Dealer transportation or setup.
- F. Recaulking all windows and doors if necessary to reduce leaks or drafts.
- G. Making minor appliance adjustments and repairs.

- H. Adjusting all doors, windows and drawers for proper operation.
- I. Retacking any moldings that have come loose in transit or during setup.
- J. Tightening wheel lug bolts before unit is delivered.
- K. Making all repairs necessitated by delivery to Homeowner or improper setup.
- L. Making routine cosmetic and other minor repairs.
- M. Adjusting or replacing door locks and window cranks.
- N. Fixing gas and water line leaks.
- O. Tightening loose fittings.

Examples of Reimbursable Service

- A. Making repairs necessary to correct manufacturing code deviations existing at the time of delivery to the Dealer.
- B. Replacing defective materials; e.g., delaminated or discolored wall paneling or ceiling panels, if due to factory defect.
- C. Making major interior repairs due to leaks if caused by faulty manufacture.
- D. Repairing damages caused by frame failure if due to improper manufacture and not road damage or other causes for which Manufacturer is not responsible.
- E. Replacing defective equipment (e.g., light switches, tires, kitchen sinks) existing at the time of delivery to Dealer.
- F. Making repairs to exterior metal damaged prior to delivery to Dealer.
- G. Replacing paneling and floor coverings damaged by water leaks if caused by faulty manufacture and not improper setup or other causes.
- H. Replacing and rehangng excessively warped doors, if due to factory defect.
- I. Repairing and replacing floor covering damaged at the factory.

APPENDIX F

Follow-up Questionnaire to Retail Purchaser

Dear Homeowner:

We appreciate your purchase of a mobile home built by Skyline. We sincerely believe you have chosen one of the very best values available in housing today.

Nothing is more important to us than your total satisfaction with your home, including the setup and services provided by your dealer. Would you kindly take a few minutes to complete and return this questionnaire? It will help us and your dealer to serve you better.

Dealer's Name: _____

City: _____

Approximate Date of Delivery: _____

Was your home delivered in good condition and set up in a satisfactory manner? [☐]
Yes [☐] No

Did you receive your Homeowner's Manual, Field Installation Manual, and manufacturer's warranty? [☐] Yes [☐] No

Did your dealer go through your home with you after setup and make sure everything was in good order? [☐] Yes [☐] No

IN THE MATTER OF
THE COMMODORE CORPORATION, ET AL.
CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT

*Docket C-2643 Complaint, Mar. 4, 1975 - Decision, Mar. 4, 1975**

Consent order requiring an Omaha, Neb., 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: *Eric M. Rubin, Robert N. Weinstock, Walter E. Diercks and Pamela B. Stuart.*

For the respondents: *Howard Kaslow, Abraham, Kaslow & Cassman, Omaha, Neb.*

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 The Commodore 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

* Reported as amended by order issued Apr. 22, 1975.