

MEMORANDUM

To: Missouri Public Service Commission Official Case File
File No. MO-2019-XXXX

From: Justin Smith 11/20/18
Manager, Manufactured Housing Program/Date

Alexandra Klaus 11/20/18
Staff Counsel/Date

Subject: Stuedle / Consumer Recovery Fund Request

Date: November 20, 2018

I. Advisory Committee Recommendation

The Advisory Committee, by a unanimous vote, submits for the approval of the Missouri Public Service Commission, the following recommendation for the disbursement from the Recovery Fund of One Thousand Four Hundred Seventy-Five dollars (\$1,475.00) to Russell and Ruth Stuedle, ** _____ ** (Stuedles or Claimant). The Advisory Committee consisted of Justin Smith and Mark Johnson, of the Commission's Staff, and Tom Hagar, Executive Director of the Missouri Manufactured Housing Association.

II. Section 700.041 and 4 CSR 240-126.020

The Manufactured Housing Consumer Recovery Fund (Recovery Fund) was established in 2008¹ for the purpose of paying consumer claims. The Commission administers the fund and is required to establish an advisory committee to assist with the evaluation of all claims filed by consumers. The advisory committee shall consist of three members: two employees of the commission - one member being the program director (Manager) and one member from the commission's staff counsel's office, and one member of the Manufactured Housing Association.²

Upon receipt of a claim form, the advisory committee investigates and determines whether the requirements for recovery under the rule have been met and presents its recommendation to the Commission for approval.³

To be eligible to receive disbursement of funds from the Recovery Fund, the following criteria must be met:

- A consumer must have purchased a new manufactured home or residential modular unit;

¹ Section 700.041 RSMo (Senate Bill 788).

² 4 CSR 240-126.020(2).

³ 4 CSR 240-126.020(4)-(5).

- The home or unit must have been purchased from a manufacturer or dealer;
- At the time of the purchase, the manufacturer or dealer must have been registered with the Commission;
- A consumer must have an unsatisfied claim resulting from a violation;
- A consumer must have exhausted all remedies prior to submitting a claim form;
- A consumer must file a claim form within one (1) year from the exhaustion of legal remedies;
- The amount requested by the consumer from the Recovery Fund must reflect the actual cost of repairs and, for a multi-section home, shall not exceed \$7,500.⁴

By Unanimous Vote, the Advisory Committee verifies the following:

1. The claimant entered into a purchase order for a 2017, 3 bedroom Bella Vista home on or about June 18, 2017 (Attachment 1);
2. The unit was purchased from Your Home Center L.L.C., (Dealer) a dealer at 20821 Highway 65, Lincoln, MO 65348;
3. On June 18, 2017, Your Home Center, LLC, was registered with the Commission pursuant to sections 700.010 to 700.692 (Attachment 2);
4. The Stuedles submitted a request from the Consumer Recovery Fund as a result of a violation of 4 CSR 240-126.065(1), failure of a dealer to arrange for the proper initial setup of a manufactured home (Attachment 3);
5. The claimants have exhausted all legal remedies. The Commission rules set forth parameters for the advisory committee to consider when determining whether all legal remedies have been exhausted by the consumer;⁵
6. The Stuedle's Recovery Fund Application was filed on July 19, 2018, within one (1) year from the date of exhaustion of legal remedies;
7. The amount requested by the claimant does not exceed \$7,500 and the Advisory Committee obtained estimates from approved or registered industry representatives to determine the actual repair costs.⁶

⁴ 4 CSR 240-126.020(3).

⁵ 4 CSR 240-126.020(6). 4 CSR 240-126.020(6)(B) states the advisory committee may consider "[i]nformation indicating that a manufacturer, dealer, or installer, against whom action may be taken, is out-of-business, bankrupt, closed, dissolved, or no longer subject to the jurisdiction of the commission." Commission records indicate the Your Home Center LLC file was closed on July 12, 2018, due to "not renewing" its registration. Additionally, 4 CSR 240-126.020(6)(C) states the advisory committee may consider "[i]nformation indicating that legal action against a manufacturer, dealer, or installer is futile or is barred by statute or equitable principle, or any other relevant factor." As Your Home Center, LLC was no longer engaged in commercial activity, the Committee finds that it would have been futile for the consumer to commence legal action against the dealer. For the foregoing reasons, the Advisory Committee finds that the consumer has properly exhausted all legal remedies prior to submitting a claim form.

⁶ 4 CSR 240-126.020(3)(H) ("The amount requested by the consumer must reflect the actual cost of repairs or additional costs incurred because a manufacturer, dealer, or installer is out-of-business, bankrupt, closed, dissolved, or no longer subject to the jurisdiction of the commission. In no event shall a reimbursement amount be made from the Recovery fund in excess of ... seven thousand five hundred (\$7,500) for multi-section homes."); 4 CSR 240-126.020(8) ("The advisory committee may request or obtain estimates from approved or registered industry representatives to determine the actual repair costs.").

III. Background

On or about July 19, 2018, the Manufactured Housing & Modular Units Program (Program) received a “Recovery Fund Application” in which the Stuedles submitted a Recovery Fund claim. The Stuedles indicated the reason for the request was “Jack posts not installed properly (incorrect anchor bolts)[;] Knee wall screws incomplete[; and] Interior marriage wall ceiling shows where put together” (Reason for Request). The Stuedles provided additional information (Additional Information) to Manager, including in part a description of work the Stuedles had completed on the home and receipts or invoices for that work.

On or about July 23, 2018, Justin Smith, Manager of the Program, contacted the manufacturer, indicating that an application had been received and requesting the various entities investigate their roles related to the home. Mr. Smith also sent a form letter to the Stuedles indicating a Program inspector would be contacting them within 10 days to check on the status of the application and to schedule an inspection of the home. Mr. Smith made repeated attempts to contact the Dealer regarding the home and received no response.

A meeting was held with Mr. Hagar and Commission representatives on October 10, 2018, to discuss the request. It was determined that the request had enough information for the Advisory Committee to make a recommendation for disbursement from the Recovery Fund. For reasons discussed below, the Advisory Committee obtained estimates from industry representatives to determine the actual repair cost and recommends a disbursement to the Stuedles from the Recovery Fund in the amount of One Thousand Four Hundred Seventy-Five dollars (\$1,475.00).

IV. Staff Analysis and Recommendation

During the October 10, 2018, meeting, the Advisory Committee reviewed and thoroughly discussed the Stuedles' Recovery Fund Application and Additional Information and determined the Stuedles qualified for disbursement.⁷ In reviewing the Stuedles' Reason for Request, the amount being requested from the Recovery Fund, and how that amount was determined, including the Additional Information, the Advisory Committee concluded that the total amount of \$7,500 for “parts [and] labor to get house liv[.]able so [the Stuedles] could move in” included costs not related to the three (3) enumerated reasons for the request. Stated differently, not all requested costs were because of non-conforming installation issues, which were identified as: improperly installed jack posts, incomplete knee wall screws, and the interior marriage wall showing.

The Advisory Committee requested and obtained estimates from approved or registered industry representatives to determine the actual repair costs related to the installation

⁷ See *supra*, II. Section 700.041 and 4 CSR 240-126.020, paragraphs 1-6; the requested amount on the Application did not exceed \$7,500.

deficiencies. After obtaining and reviewing no fewer than seven (7) estimates, the Advisory Committee agreed Stuedles should receive One Thousand Four Hundred Seventy-Five dollars (\$1,475.00) from the Recovery Fund.

Therefore, the Advisory Committee recommends disbursement from the Recovery Fund in the amount of One Thousand Four Hundred Seventy-Five dollars (\$1,475.00) to be paid to Russell and Ruth Stuedle, ** _____ **.

ATTACHMENT 1

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY

MISSOURI PUBLIC SERVICE COMMISSION

MANUFACTURED HOUSING AND MODULAR UNITS PROGRAM

2018

Certificate of Dealer Manufacturer Registration

REGISTRATION NUMBER: 1234502

TO WHOM IT MAY CONCERN: The dealer shown below has complied with the requirements of Sections 700.090 and 700.455 RSMo, and therefore is registered in the State of Missouri as a Dealer of Manufactured Homes. This certificate is valid until **January 15, 2019**.

ISSUED TO

YOUR HOME CENTER, LLC

20821 HWY 65

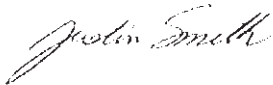
LINCOLN, MO 65338

DBA

YOUR HOME CENTER, LLC

20821 HWY 65

LINCOLN, MO 65338



**Justin Smith, Program Manager
Manufactured Housing and Modular Unit Program**



Issue Date: December 28, 2017

Expire Date: January 15, 2019

THIS CERTIFICATION MUST BE PROMINENTLY DISPLAYED

ATTACHMENTS 3 & 4

HAVE BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY