



SENATE BILL 491: Manufactured Home Purchase Agreement Change

2015-2016 General Assembly

Committee: Senate Judiciary I
Introduced by: Sen. Barefoot
Analysis of: PCS to First Edition
S491-CSRN-14

Date: April 21, 2015
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SUMMARY: *Senate Bill 491 would amend the requirements related to manufactured home purchase agreements. The Proposed Committee Substitute (PCS) (1) deletes the requirement that the agreement include the estimated terms of financing, (2) deletes the provision which requires the dealer to return the deposit or payment price if the dealer changes any material terms of the purchase agreement, (3) deletes a requirement that each time the dealer gives the buyer a new set of financing terms, the buyer must get another three day cancellation period unless the financing terms are more favorable to the buyer, and (4) provides that the dealer must return the initial deposit (but not the payment of the purchase price) to the buyer if the buyer cancels the purchase before midnight of the third business day after the buyer signed the purchase agreement.*

CURRENT LAW: Current law sets forth a list of items that must be included in purchase agreements for manufactured homes. The purchase agreement must include a disclaimer indicating that the buyer has a right to cancel the purchase before midnight on the third business day after the date the buyer has signed the agreement. The dealer must return the deposit or payment for the purchase price to the buyer if the buyer gives written notice and cancels the purchase before midnight of the third business day or if any of the material terms of the purchase agreement are changed by the dealer. The dealer must return the deposit or payment for the purchase price to the buyer within seven business days, or 15 business days when payment is by personal check, after receipt of the notice of cancellation. If the dealer changes the purchase agreement, the dealer must return these amounts within three business days. Each time the dealer gives the buyer a new set of financing terms the buyer must get another three day cancellation period unless the financing terms are more favorable to the buyer.

BILL ANALYSIS: The PCS for Senate Bill 491 would amend the statute governing purchase agreements for manufactured homes in the following ways:

- Deletes the requirement that the agreement include the estimated terms of financing, including the estimated interest rate, number of years financed, and monthly payment.
- Provides that the agreement must include the amount of initial deposit toward the purchase price of the home and accessories (was the amount of the deposit, payment toward, or payment of the purchase price of the home and accessories).
- Provides that the dealer must return the initial deposit (but not the payment of the purchase price) to the buyer if the buyer cancels the purchase before midnight of the third business day after the buyer signed the purchase agreement. It also deletes the provision which requires the dealer to return the deposit or payment price if the dealer changes any material terms of the purchase agreement.

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- Provides that the return of the initial deposit is within 7 business days or 15 business days if done by personal check when the dealer changes the purchase agreement (was 3 business days).
- Deletes a requirement that each time the dealer gives the buyer a new set of financing terms, the buyer must get another three day cancellation period unless the financing terms are more favorable to the buyer.

EFFECTIVE DATE: The act becomes effective October 1, 2015, and applies to purchase agreements entered into on or after that date.