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## Executive Summary

While some structural components of manufactured homes have improved in recent years, many components of these homes still trouble consumers and may affect their long-term value.

Poor quality plumbing fixtures, trim and floor coverings poorly affixed, transportation damage and faulty installation, leave consumers with less home than they thought they purchased.

Many consumers reported extensive trouble getting final installation and repairs completed under their warranty contracts.

When they try to get help from the state, they face nearly insurmountable barriers—a remarkable 36 percent of complainants with warranty problems were rejected by Texas Department of Housing and Community Affairs Manufactured Housing Division (TDHCA) without any investigation.

### Consumer satisfaction

Only a third of manufactured homeowners surveyed (36 percent) were more satisfied than dissatisfied with their new homes, with 17 percent of homeowners completely dissatisfied.

A stunning 79 percent of new owners indicated that they had experienced problems with their homes, even if they were generally satisfied.

Manufactured homeowners continue to report slightly lower satisfaction levels than conventional homeowners, and as the home aged, satisfaction among manufactured homeowners dropped faster (-1.7 percent annually) than satisfaction levels among conventional homeowners (-0.6 percent annually).

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Problems with the home  
Consumers Union sampled 300 complaints from the thousands filed at the TDHCA, and reviewed HUD data. Window, door, trim, and floor covering complaints topped the list, along with a variety of installation problems.

General plumbing problems appear to have improved since the 70s, as have roof problems, but low cost plumbing fixtures continue to plague buyers. Manufactured home owners performed major repairs on their plumbing fixtures at a rate 57 percent higher than site built homeowners.

### Poor Service

Consumers reported problems getting repairs from retailers and manufacturers under the warranty on the home. Limited duration, coverage limits, blame shifting among parties, and poor service left many consumers unsatisfied. Nearly three out of ten (28 percent) of consumers with problems were “completely dissatisfied” with the warranty work on their home.

### Getting help

Consumers who have problems with their homes have few options. Arbitration agreements block access to the courts, leaving regulatory relief the only option for some. A federal law requires states to develop a dispute resolution program for manufactured home complaints by 2006. We examined the existing Texas program as a case study for creating new programs as well as for reforming existing ones.

Consumers Union examined the outcomes for 1,786 “warranty” complaints, an area where TDHCA has clear jurisdiction to enforce both state and federal law. A remarkable 36 percent of complaints (639 separate cases) were closed immediately by the Department with no action. About 3/4s of these complaints were closed

because the consumer could not prove that they had notified the manufacturer and retailer in writing about their problems during the warranty period and at least 40 days prior to contacting the department. Most consumers report ongoing telephone exchanges rather than written correspondence.

Every consumer has a right to an inspection by the Department upon request, but TDHCA does not tell them about this right.

Even consumers who successfully get an inspection frequently report that the Department finds very little wrong with their home—determining that many items are “cosmetic” or “non-codable.”

Where the Department finds serious “codable” problems with the the home, they require the company to fix the problem. Only companies that do not complete repairs required by TDHCA are found to be in violation of regulations, even though the original problem was a violation of the law.

In correspondence with a random sample of complainants, Consumers Union found 69 percent (25 of 36) were “completely dissatisfied” with the resolution of their case after the TDHCA process. One consumer stated her inspector called TDHCA a “paper tiger.”

### Recommendations

- States, including Texas, need to focus their complaint, inspection and enforcement programs to assist consumers and help ensure that manufactured homes are properly built and installed.

- States should mandate escrow of loan funds until the home is fully installed and all initial warranty repairs are complete, and consumers should be able to transfer responsibility for site preparation to the retailer.

- All homes should receive a final inspection after installation.