

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

DIVISION OF CODES AND STANDARDS - Administrative Office
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January 15, 1985

INFORMATION BULLETIN MH 85-03

TO: MANUFACTURED HOUSING DEALERS
DIVISION STAFF

SUBJECT: MOBILEHOME RECOVERY FUND

By passage of Senate Bill 2229 Craven (Chapter 1442, 1984 Stats.), effective January 1, 1985, the California Legislature has created the Mobilehome Recovery Fund in the State Treasury. The purpose of the fund is to aid purchasers of mobilehomes/manufactured homes with losses due to a seller's failure to honor warranties or guarantees or for fraud or willful misrepresentation. The department has been designated to administer the fund in accordance with the California Health and Safety Code, Division 13, Part 2, Chapter 7.5.

● ONE TIME FEE

On and after January 1, 1985, before a Manufactured Housing/Mobilehome dealer or salesperson license is issued or renewed, each applicant shall pay a one-time fee of:

- a) \$250.00: Dealer - new or renewing, plus \$100.00 for each additional dealer business location.
- b) \$ 25.00: Salesperson - new or renewing.

The fees noted above shall be paid only once and are good for the life of the license. If a license terminates for any reason, a new Recovery Fund fee will be due upon license reapplication. The Recovery Fund fees are in addition to all other fees due for licensure and in addition to the bond requirement for a dealer. The bond requirement will be eliminated effective January 1, 1986.

● SALE FEE

Also for deposit into the Recovery Fund, a fee of ten dollars (\$10.00) will be collected for every sale of a mobilehome or manufactured home reported to the department. This fee shall be collected at the time the application for transfer or Report of Sale is submitted to the department. This fee applies to all sales, including private party sales. (See Department Information Bulletin MH 84-13 for further details)

The ten dollar (\$10.00) fee may be reduced by the department if the Recovery Fund exceeds one million dollars (\$1,000,000) on January 1, of any year. The fee may be brought back up to ten dollars (\$10.00) if the fund falls below one million dollars (\$1,000,000).

● FUND CLAIMS

Claims against the fund will be considered by the department if the claimant (judgement creditor) shows all of the following:

- 1) The mobilehome was purchased for personal, family, or household residential purpose.
- 2) The mobilehome purchaser has obtained a final court judgment, against the seller (judgment debtor) on the grounds of failure to honor warranties or guarantees, or for fraud, or for willful misrepresentation of the kind or quality of the product sold.
- 3) The claimant has executed judgment against all assets of the seller (judgment debtor) or, has presented evidence satisfactory to the department that the debtor is judgment proof.
- 4) The claim is submitted to the department on or after January 1, 1986.
- 5) The claim involves a sale which occurred on or after January 1, 1985.
- 6) The claim has been filed with the department within one year from the date of the final court judgement.
- 7) The claimant shall not be a spouse of the seller (judgment debtor) or a person representing the spouse.

- CLAIM PAYMENT

After determining that a claim is eligible for payment, the department may issue an order directing payment out of the fund, in the amount of the actual and direct loss in the transaction, including unpaid court costs and reasonable attorney fees, not to exceed 15% of the judgment. The maximum amount payable through the Recovery Fund, per single sale transaction, is limited to forty thousand dollars (\$40,000.00) for a sale involving a new mobilehome and twenty thousand dollars (\$20,000.00) for a used mobilehome.

- REPAYMENT TO THE FUND

The seller (judgment debtor) is liable for repayment in full to the fund, with interest, for any amount paid out of the fund to a claimant. A bankruptcy does not discharge the repayment responsibility.

For questions involving the Mobilehome Recovery Fund, please contact our Occupational Licensing section at (916) 323-9803.



John Ventura
Chief

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