

COA Opinion: Violations need not be significant or substantial to give rise to claim for rescission of transaction under Mobile Home Commission Act

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Plaintiffs stopped making payments on and moved out of their mobile home because of a defective hot-water heater. The trial court dismissed Plaintiffs' claim against QFD, a mobile home dealer, for rescission of the purchase agreement and damages. In this case of first impression, *Johnson v QFD Inc*, No 294732, the Court of Appeals unanimously held that plaintiffs were entitled to sue under certain provisions of Michigan's Mobile Home Commission Act (MHCA), MCL 125.2301 *et seq.*, and that the applicable statute of limitations was not shortened by a term in the purchase agreement. The Legislature provided an express private remedy for rescission and damages against a mobile home dealer that has violated the MHCA. MCL 125.2331. The Court of Appeals determined that the statute does not limit the availability of a claim to significant or substantial violations only. The Court of Appeals also rejected the contention that to proceed under MCL 125.2331 plaintiffs would have to show detrimental reliance or a direct link between damages and the violation. The Court of Appeals concluded that the entitlement to proceed under MCL 125.2331 was not affected by the MHCA's alternate remedies. The Court of Appeals determined that the purchase agreement's one-year limitation period for an "action for breach of contract" was not applicable to this statutory claim and that the MHCA's specific three-year statute of limitations prevailed over the UCC's more general provisions governing the limitation of actions.