

# Legal Information for Moving Companies

*For all US DOT FMCSA regulated interstate movers of household goods*

Prepared by Michael A. Garcia, Attorney at law  
2900 Gordon Ave., Suite 100-60 • Santa Clara, California 95051  
Telephone: 408-730-8683 • Fax: 408-292-9651

## The 110% Consumer Protection Rule

The 110% rule is important consumer protection law controlling the delivery of interstate household goods based on *non-binding* written estimates. The 110% rule applies in situations when the total final charges of the move have exceeded the controlling written non-binding estimate by more than 10%. Under those circumstances the rule requires that the motor carrier deliver all of the shipper's property if the shipper pays 100% of the amount listed on the controlling written non-binding estimate plus an additional 10%. (49 CFR section 375.407)

For example, if the controlling written non-binding estimate for services was \$2,000 and the total final charges, based upon the actual weight of the property is \$3,000 then under this rule the motor carrier must deliver all of the property if the shipper pays \$2,200. The remaining \$800 balance will be billed to the shipper and is due 30 days after delivery.

### *Does the 110% rule apply to a binding estimate?*

No. The 110% rule allows a shipper to receive all of their property being transported upon paying the amount of the *non-binding* estimate plus 10%. This rule only applies when the controlling estimate for services is *non-binding*. The rule does not apply for *binding* cubic feet or other volume based estimates.

### *Post contract services exception.*

The original intent of the 110% rule was to protect consumer shippers from charges well in excess of the estimate. However, in August 2005 the 110% rule was amended to include an exception for "post contract services." Unfortunately, this amendment diminished the power of the 110% rule, thereby weakening the strength of this very important consumer protection law. As such, the need for motor carriers to provide honest and accurate estimates to consumer shippers is more important than ever. (49 USC section 13707(b)(3)(C)).

The 110% rule does not apply to post contract services not listed on the estimate. Those extra or "post contract services" must be ordered separately and paid in advance of the property being unloaded.

ABOUT THIS DOCUMENT: This document was created to help protect consumers by educating moving companies as to the regulations they must follow. Federal laws regulating moving companies are designed to help protect consumers and create an even playing field for moving companies. By following the law, moving companies can avoid government fines, lawsuits, and provide better service to their customers. This document is provided for general informational purposes only. This document is not intended to and does not provide legal advice or counsel. The author of this document is offering general information about the law cited and is not offering specific legal advice. Laws and procedures change frequently, and they can be interpreted differently by different people. For legal advice and answers to specific questions regarding your situation please call the Law Offices of Michael Garcia at 408-730-5683.

**Consider the following scenario as an example of a worst case scenario where the consumer shipper is required to legally pay almost three times the original estimate. A motor carrier should take steps to avoid placing a consumer shipper in this situation.**

A consumer shipper obtains a non-binding estimate from a motor carrier based on moving 200 items at an estimated weight of 3,000 lbs. at a cost of \$1,500 for a move from Austin, Texas, to Las Vegas, Nevada.

On the scheduled date of pickup the motor carrier arrives and observes that the consumer shipper has increased the number of items to be moved to 400 and not 200 as originally estimated. The motor carrier, prior to any work beginning, rescinds the original estimate and the consumer shipper signs a new “revised non-binding estimate” based on 400 items at an estimated weight of 6,000 lbs. at a cost of \$3,000. This new estimate becomes the current estimate that the 110% rule would be calculated from.

Sometime later, upon arrival at the delivery location the motor carrier discovers that \$1,000 of extra services would be required to complete the move (e.g. \$500 shuttle, \$200 stairs, and \$300 long carry = \$1,000 total extra charges). Since these charges were not listed on the estimate they would be classified as “post contract services” and the consumer would be required to pay for those services in advance without the protection of the 110% rule.

If the weight certificates determined that the actual weight of the property was 6,500 lbs. (6,500 lbs. at \$0.50 per lb. = \$3,250), then the consumer shipper would legally be required to pay \$4,250 to receive their property without the protection of the 110% rule. See the following table of charges:

<b>Original estimate:</b>	
3,000 lbs. at \$0.50 per lb. = \$1,500.00	
<b>Revised estimate signed on date of pickup:</b>	
6,000 lbs. at \$0.50 per lb. = \$3,000.00	
<b>Actual weight charges after weighing:</b>	
6,500 lbs. at \$0.50 per lb. = \$3,250.00	
<b>Additional post contract charges:</b>	
\$500 shuttle, \$200 stairs, \$300 long carry	
<b>Total charges due before unloading:</b>	
Weight charges: 6,500 lbs.	\$ 3,250.00
Shuttle (post contract)	\$ 500.00
Stairs (post contract)	\$ 200.00
Long carry (post contract)	\$ 300.00
<b>Total due before unloading:</b>	<b>\$ 4,250.00</b>

**To avoid placing the customers in this situation it is advised that motor carriers do the following:** 1. Provide shippers with visual in-home accurate estimates or estimates based on a detailed and accurate item list. 2. Inform the shipper of the possibility of any and all additional charges well in advance of the move date. 3. Make certain the shipper understands that the price is NOT guaranteed.