

## **BILL ANALYSIS**

Senate Research Center

H.B. 1869  
By: Wohlgemuth (Harris)  
Business & Commerce  
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Engrossed

### **DIGEST AND PURPOSE**

Manufactured housing represents a growing proportion of the homes currently being purchased in Texas. Although manufactured housing can be constructed and sold more quickly than site-built housing, some counties and school districts have experienced difficulties in keeping up with the rapid growth and the need to provide services for the community. Some consumers may be unaware of their obligation to pay county and school taxes; unaware of their duty to maintain private roads; and unaware of their need to provide for and maintain on-site sewage disposal. H.B. 1869 establishes financing and acquisition procedures for retailers and consumers of manufactured homes and provides for notification to consumers of their responsibilities before purchasing a manufactured home.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the Texas Manufactured Housing Standards Act (Article 5221f, V.T.C.S.) by adding Section 19A, as follows:

**Sec. 19A. CERTAIN MANUFACTURED HOMES CONSIDERED REAL PROPERTY.**

- (a) Provides that a manufactured home that is permanently attached to real property is classified and taxed as real property if the real property to which the home is attached is titled in the name of the consumer under a deed or contract for sale. Provides that a manufactured home is considered permanently attached to real property if the home is secured to a foundation and connected to a utility, including a utility providing water, electric, natural gas, propane or butane gas, or wastewater services.
- (b) Requires the closing of a transaction for the acquisition of a manufactured home considered to be real property under this section to occur at the office of a federally insured financial institution, a title company, or an attorney at law.
- (c) Requires installation of a manufactured home considered to be real property under this section to occur in a manner that satisfies the lending requirements of the Federal Housing Administration, regardless of whether any financing of the manufactured home occurs through that agency. Requires the installation of a new manufactured home to meet, in addition to applicable state standards, the manufacturer's specifications required to validate the manufacturer's warranty.
- (d) Authorizes a civil action to enjoin a violation of this section to be brought by the county where the violation occurs.
- (e) Provides that a manufactured home permanently attached to real property before September 1, 2001, or placed in a manufactured home rental community as defined by

Section 232.007, Local Government Code, is not subject to this section.

(f) Provides that this section does not require a retailer or retailer's agent to obtain a license under The Real Estate License Act (Article 6573a, V.T.C.S.).

SECTION 2. Amends Article 5221f, V.T.C.S., by adding Section 21, as follows:

Sec. 21. DISCLOSURE BY RETAILER AND LENDER. (a) Requires the retailer or agent, at the first personal meeting between a retailer or agent of the retailer and a consumer, to provide to the consumer a certain statement that is printed in a certain manner.

(b) Prohibits a retailer from transferring title to a manufactured home or otherwise selling, assigning, or conveying a manufactured home to a consumer unless the retailer delivers to the consumer a written document disclosing certain information.

(c) Requires a person making a loan to a consumer to fund acquisition of a manufactured home, if the information is available, to also make the disclosures described by Subsection (b) before the consumer signs documents relating to the closing of the loan.

(d) Provides that a federally insured financial institution or lender approved or authorized by the United States Department of Housing and Urban Development as a mortgagee with direct endorsement underwriting authority that fully complies with federal Truth in Lending disclosures concerning the terms of a manufactured housing transaction is exempt from the disclosure provisions of this section.

(e) Provides that failure to comply with the disclosure provisions of this section does not affect the validity of a conveyance or transfer of title of a manufactured home or otherwise impair a title or lien position.

SECTION 3. Amends Section 2.001, Property Code, to provide that except as provided by Subsection (b), a manufactured home is real, rather than personal, property. Provides that a manufactured home is personal, rather than real, property if the home is placed in a certain location. Defines “consumer,” “document of title,” “first retail sale,” “manufactured home,” and “mobile home.” Provides that this section does not affect or change the classification of a manufactured home as personal or real property if the manufactured home was permanently affixed to real property before September 1, 2001, rather than January 1, 1996. Prohibits the Texas Department of Housing and Community Affairs (department) from issuing a document of title for a new and untitled manufactured home at the first retail sale of the home if the home is to be permanently installed by a retailer directly on real property titled in the name of the consumer under a deed or contract for sale. Requires the consumer, before installation, to provide the retailer with a legible copy of the deed containing a legal description of the real property. Provides that the retailer is not required to determine the validity of the legal description of the real property. Requires a title company or attorney at law conducting the closing of a transaction under Section 19A, Article 5221f, V.T.C.S., or the retailer or retailer's agent to file in the public land records for the county in which the real property is located a notice of installation not later than the 10th working day after the date the installation is completed and to forward the manufacturer's certificate of origin and a copy of the notice of installation to the department. Provides that the notice of installation serves as a completed cancellation application. Requires a title company or attorney at law conducting the closing of a transaction under Section 19A, Article 5221f, V.T.C.S., or the retailer or retailer's agent, for a manufactured home that is being resold by a financial institution or a retailer and that is to be permanently installed directly on real property titled in the name of the consumer under a deed or contract for sale, to file in the public land records for the county in which the real property is located a notice of installation not later than the 10th working day after the date the installation is completed and to forward the document of title and a copy of the notice of installation to the department. Provides that the notice of installation serves as a completed cancellation application.

Requires a notice of installation filed under this section to meet certain criteria. Provides that Subsections (e), (f), and (g) do not apply to a mobile home. Provides that this section does not require a retailer or retailer's agent to obtain a license under The Real Estate License Act (Article 6573a, V.T.C.S..

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: September 1, 2001.