

HCS SB 235 -- MANUFACTURED HOMES, SAWMILLS, AND LENDING INSTITUTIONS

SPONSOR: Cunningham (Jones, 117)

COMMITTEE ACTION: Voted "do pass" by the Committee on Financial Institutions by a vote of 13 to 0.

This substitute changes the laws regarding manufactured homes, classification of sawmills, and lending institution services.

CONVERSION OF MANUFACTURED HOMES TO REAL PROPERTY (Sections 137.115, 362.105, 365.020, 365.200, 369.229, 370.300, 400.9-303, 400.9-311, 408.015, 408.250, 436.350, 441.005, 442.010, 442.015, 513.010, 700.010, 700.111, 700.320, 700.360, 700.375, 700.525, and 700.630, RSMo)

The substitute establishes procedures for converting a manufactured home to real property or from real property back to personal property. In its main provisions, the substitute:

- (1) Requires a manufactured home to be permanently affixed to a permanent foundation to qualify as real property and requires an affidavit to the affixation;
- (2) Requires the owner to notify the county assessor when a manufactured home is converted to real property or back to personal property and requires the certificate of title to be filed with the Director of the Department of Revenue;
- (3) Allows a manufactured home once deemed to be real estate to be governed by the laws applicable to real estate; and
- (4) Requires an affidavit of severance when a manufactured home is removed from its permanent foundation stating the property description and any information that could affect the validity of the title of the manufactured home or the existence of a security interest or lien.

MANUFACTURED HOMES (Sections 700.100, 700.330, 700.350, 700.370, 700.385, and 700.526 - 700.529)

The substitute changes the laws regarding manufactured homes. In its main provisions, the substitute:

- (1) Authorizes the Missouri Public Service Commission to suspend, revoke, or place on probation the license of a manufactured home dealer for failure to obtain a written notice signed and dated by the purchaser of a used manufactured home or modular unit which states that the commission does not regulate

the setup of used manufactured homes and modular units;

(2) Allows the owner of a manufactured home who owns the home as joint tenants with the right of survivorship or as tenants by the entirety to receive, upon application and payment of a fee, a certificate of ownership in beneficiary form from the Department of Revenue to transfer ownership upon death to the beneficiaries with the right of survivorship or as tenants by the entirety;

(3) Allows the owner to revoke the certificate of ownership or change beneficiaries. The certificate may be revoked by the sale of the home or by filing an application to reissue the certificate with no designation or a different designation of a beneficiary;

(4) Requires the department director to issue a new certificate of ownership to the surviving owners or beneficiaries upon proof of an owner's death, surrender of the outstanding certificate, and payment of a fee;

(5) Requires lienholders to notify the department director within 10 business days of any release of a lien if an electronic certificate of ownership is being held by the department director;

(6) Requires the holder of any security interest in a manufactured home to verify that he or she has paid all past due rent which the holder is obligated to pay to the landowner if the home was repossessed;

(7) Specifies what determines an abandoned manufactured home that is located on another person's property;

(8) Changes the process for enforcing liens for unpaid rent against a manufactured home. Landowners must provide the homeowner notice prior to enforcing the lien and give him or her the opportunity to pay any rent owed. The notice must advise the owner of his or her legal rights to contest the lien; and if the owner does not redeem the home within 30 days from the date of mailing the notice and no petition has been filed to contest the lien within 10 days of the receipt of the notice, the real property owner may apply for a lien title;

(9) Authorizes the real property owner to begin proceedings to sell a home within 30 days of receipt of the lien title;

(10) Requires the homeowner to be given at least 20 days' notice of the sale of a home;

(11) Specifies how the proceeds of the sale are to be

distributed;

(12) Allows homeowners to contest liens brought by the real property owners by filing a petition in the appropriate associate circuit court; and

(13) Prohibits perfected lienholders or homeowners of abandoned manufactured homes located on property which is being leased from removing the home until the landlord is paid any rent owed.

CLASSIFICATION OF SAWMILLS FOR PROPERTY TAXES (Section 137.016)

The substitute classifies sawmills and planing mills as defined in the United States Department of Labor's Standard Industrial Classification Manual as agricultural and horticultural property instead of commercial property for property taxation purposes.

LENDING INSTITUTION SERVICES (Sections 408.052, 408.094, 408.140, 408.233, and 408.300)

The substitute allows lending institutions to sell deficiency waiver addendums, guaranteed asset protections, or similar products purchased as part of a loan transaction with collateral at the borrower's option if the cost of the product is disclosed in the loan contract.

Lenders may offer, sell, and finance automobile club memberships, home and auto security plans, and other plans and services that benefit a borrower.

FISCAL NOTE: No impact on General Revenue Fund in FY 2010, FY 2011, and FY 2012. Estimated Cost on Other State Funds of \$0 in FY 2010, \$0 to \$20,313 in FY 2011, and \$0 to \$20,313 in FY 2012.

PROPONENTS: Supporters say that the bill will help consumers who purchase manufactured homes by allowing it to be treated as real property so that lenders will allow mortgage loans to be made. Currently, manufactured homes are treated as personal property so you cannot get a mortgage.

Testifying for the bill were Senator Cunningham; Missouri Land Title Association; Missouri Association of Realtors; Missouri Manufactured Housing Association; Records' Association of Missouri; Missouri Financial Services Association; Mortgage Bankers Association of Missouri; and Missouri Bankers Association.

OPPONENTS: There was no opposition voiced to the committee.