

Alaska Bankers Association

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March 25, 2011

Senator French
State Capitol
Room 417
Juneau, AK 99801

RE: SB-104 Manufactured Housing Conversion Procedure Process

Dear Senator French:

The Alaska Bankers Association consists of the following eight member banks: Alaska Pacific Bank, Denali State Bank, First Bank Ketchikan, First National Bank Alaska, KeyBank, Mt. McKinley Bank, Northrim Bank, and Wells Fargo Bank.

The Alaska Bankers Association supports SB-104, the Manufactured Housing Conversion Procedure Process bill.

SB-104 will amend state law in Alaska to provide a formal method of eliminating the certificate of title to a manufactured home, converting the home to real property when the home is or will be permanently affixed to real property, and obtaining a new certificate of title when a home previously affixed to real property is severed.

Alaska, unlike the vast majority of states, has no formal statutory procedure for converting a manufactured home to real property. Under current Alaska law including Alaska's Uniform Commercial Code, a security interest in a manufactured home permanently affixed to land can be perfected only by noting the secured party's interest on the home's certificate of title and recording a deed of trust with a fixtures clause and an appropriate description of the home. The need for legislation arises from the fact that the Alaska Division of Motor Vehicles ("DMV") will not issue a title for a manufactured home that is affixed to a permanent foundation, notwithstanding the requirements of the Uniform Commercial Code, and has created and administers a vaguely defined procedure with no record notice. The result for many Alaska manufactured homeowners is an unmarketable title to their home and for many lenders an unperfected security interest in their collateral.

In addition, Alaska's current statute does not meet the eligibility requirements to sell a mortgage for a manufactured home to Fannie Mae or Freddie Mac, including the process to legally classify the home as real property and placing the lender in first lien position. Alaska also does not have a clear method to convert a factory built home to real property, especially older manufactured homes that come back on the market for resale.

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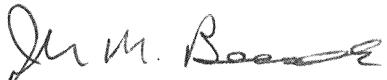
AK SB-104 will bring state definitions of manufactured housing into accordance with HUD definitions to create a system for title transfer and property conversion. Additionally, the bill will create a means for titling manufactured homes that have been affixed to property, but the title can't be found.

This bill is good for manufactured home owners and good for lenders that finance manufactured homes.

Thank you for the opportunity to provide comment on SB-104.

Sincerely,

ALASKA BANKERS ASSOCIATION



Joe Beedle
President