

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

March 29, 2011

9:01 a.m.

**MEMBERS PRESENT**

Senator Bill Wielechowski, Chair  
Senator Joe Paskvan, Vice Chair  
Senator Albert Kookesh  
Senator Kevin Meyer  
Senator Cathy Giessel

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 53

"An Act reestablishing the Alaska Commission on the Status of Women; and relating to the purpose and powers of the Alaska Human Relations Commission."

- MOVED SB 53 OUT OF COMMITTEE

HOUSE CONCURRENT RESOLUTION NO. 6

Proclaiming the month of April 2011 to be Sexual Assault Awareness Month.

- MOVED HCR 6 OUT OF COMMITTEE

SENATE BILL NO. 104

"An Act relating to manufactured homes, including manufactured homes permanently affixed to land, to the conversion of manufactured homes to real property, to the severance of manufactured homes from real property, to the titling, conveyance, and encumbrance of manufactured homes, and to manufacturers' certificates of origin for vehicles; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 53

SHORT TITLE: COMMISSION ON THE STATUS OF WOMEN

SPONSOR(s): SENATOR(s) DAVIS

01/19/11 (S) READ THE FIRST TIME - REFERRALS  
01/19/11 (S) STA, FIN  
03/24/11 (S) STA AT 9:00 AM BUTROVICH 205  
03/24/11 (S) Heard & Held  
03/24/11 (S) MINUTE(STA)  
03/29/11 (S) STA AT 9:00 AM BUTROVICH 205

BILL: HCR 6

SHORT TITLE: SEXUAL ASSAULT AWARENESS MONTH

SPONSOR(s): REPRESENTATIVE(s) COSTELLO

02/18/11 (H) READ THE FIRST TIME - REFERRALS  
02/18/11 (H) RLS  
02/28/11 (H) TRANSMITTED TO (S)  
02/28/11 (H) VERSION: HCR 6  
03/01/11 (S) READ THE FIRST TIME - REFERRALS  
03/01/11 (S) STA  
03/24/11 (S) STA AT 9:00 AM BUTROVICH 205  
03/24/11 (S) Heard & Held  
03/24/11 (S) MINUTE(STA)  
03/29/11 (S) STA AT 9:00 AM BUTROVICH 205

BILL: SB 104

SHORT TITLE: MANUFACTURED HOMES AS REAL PROPERTY

SPONSOR(s): SENATOR(s) FRENCH

03/16/11 (S) READ THE FIRST TIME - REFERRALS  
03/16/11 (S) STA, JUD  
03/29/11 (S) STA AT 9:00 AM BUTROVICH 205

**WITNESS REGISTER**

SENATOR BETTYE DAVIS  
Alaska State Legislature  
Juneau, AK

**POSITION STATEMENT:** Sponsor of SB 53.

REPRESENTATIVE MIA COSTELLO  
Alaska State Legislature  
Juneau, AK

**POSITION STATEMENT:** Sponsor of HCR 6.

ANDY MODEROW, Staff to Senator Hollis French  
Alaska State Legislature  
Juneau, AK

**POSITION STATEMENT:** Presented SB 104 for sponsor, Senator Hollis French.

WHITNEY BREWSTER, Director  
Division of Motor Vehicles  
Department of Administration  
Juneau, AK

**POSITION STATEMENT:** Answered questions regarding SB 104.

GEORGE GINSBERG, Outside Counsel to Wells Fargo  
McGlinchey Stafford, PLLC

**POSITION STATEMENT:** Testified in support of SB 104.

ETHAN HORMAN, Branch Manager  
Wells Fargo Home Mortgage  
Anchorage, AK

**POSITION STATEMENT:** Testified in support of SB 104.

JEFF HARRIS, Administration Manager  
Wells Fargo Home Mortgage

**POSITION STATEMENT:** Testified in support of SB 104.

SENATOR HOLLIS FRENCH  
Alaska State Legislature  
Juneau, AK

**POSITION STATEMENT:** Sponsor of SB 104.

#### **ACTION NARRATIVE**

[9:01:26 AM](#)

**CHAIR BILL WIELECHOWSKI** called the Senate State Affairs Standing Committee meeting to order at 9 a.m. Present at the call to order were Senators Giessel, Paskvan, Kookesh, and Chair Wielechowski. Senator Meyer arrived shortly thereafter.

#### **SB 53-COMMISSION ON THE STATUS OF WOMEN**

[9:02:04 AM](#)

**CHAIR WIELECHOWSKI** announced the first order of business would be SB 53, a bill to reestablish the Alaska Commission on the Status of Women.

**SENATOR BETTYE DAVIS**, sponsor of SB 53, said she appreciated the committee hearing the bill. There is a fiscal note because the commission would need an executive director and some staff. That dollar amount could be worked out in Finance. Her office has

received many calls of support on this bill. She noted that the women's commission in Anchorage is still quite active.

[9:03:32 AM](#)

SENATOR GIESSEL referred to a March 2nd press release from Chair Wielechowski's office relating to more effective and efficient state government. That press release talked about having the courage to make the hard decisions, and said we need to look for waste or redundancy. She said her staff discovered there is a women's commission in Anchorage, and 25 other women's organizations all over the state. They also discovered that Governor Knowles defunded the commission in 1996. She said that it seemed redundant to reestablish the commission.

[9:05:29 AM](#)

SENATOR DAVIS responded it was not Governor Knowles who defunded the commission. It was merged into another commission, and it was actually Governor Hickel who did that.

SENATOR PASKVAN wondered if there might be greater efficiency in having one commission to address women's issues statewide.

SENATOR GIESSEL responded that these other organizations are all over the state and they are very specific: Alaska Women in Travel, Alaska Tradeswomen, Fairbanks Native Association, Federally Employed Women, Women's Fisheries Network, and more. These are very diverse groups addressing specific issues. She said government is most effective when it is closest to the people, and she doesn't see that a large state organization is needed. This is an expensive undertaking.

[9:07:48 AM](#)

CHAIR WIELECHOWSKI pointed out that in 2009 women still earned only 66 percent of what men earned. Women are the most common victims of domestic abuse, violence, and sexual assault. He appreciates the concept of a smaller scale but that does not seem to be working. It is important that the bill go forward.

SENATOR MEYER asked if the committee had received the fiscal note.

CHAIR WIELECHOWSKI answered yes.

[9:08:46 AM](#)

SENATOR MEYER said this was an issue for the Finance Committee, but it looks like a lot of money. He said he did not disagree with Chair Wielechowski's comments.

SENATOR PASKVAN moved to report SB 53 from committee with individual recommendations and attached fiscal note(s).

CHAIR WIELECHOWSKI announced that without objection, SB 53 moved from the Senate State Affairs Standing Committee.

[9:10:09 AM](#)

At-ease from 9:10:09 a.m. to 9:10:56 a.m.

**HCR 6-SEXUAL ASSAULT AWARENESS MONTH**

[9:10:56 AM](#)

CHAIR WIELECHOWSKI announced the next order of business would be HCR 6, naming the month of April 2011 as Sexual Assault Awareness Month. He said he had not received any proposed amendments to the bill, and invited the sponsor to answer any final questions.

REPRESENTATIVE MIA COSTELLO, sponsor of HCR 6, said she appreciated the committee taking time to hear the resolution and she looked forward to having it be successful. She invited the committee members to join the Governor's Choose Respect Rally which would take place Thursday on the Capitol steps.

[9:12:23 AM](#)

SENATOR PASKVAN moved to report HCR 6 from committee with individual recommendations and attached fiscal note(s).

CHAIR WIELECHOWSKI announced that without objection, HCR 6 moved from the Senate State Affairs Standing Committee

[9:12:35 AM](#)

At-ease from 9:12 to 9:13 a.m.

**SB 104-MANUFACTURED HOMES AS REAL PROPERTY**

[9:13:41 AM](#)

CHAIR WIELECHOWSKI announced the next order of business would be SB 104, relating to manufactured homes.

ANDY MODEROW, staff to Senator Hollis French, sponsor of SB 104, said the senator apologizes for not being present but he has another meeting. SB 104 establishes procedures to convert manufactured homes to real property through a defined process within the Division of Motor Vehicles (DMV). Currently, when a manufactured home is affixed to a permanent foundation on land

owned by an individual, the title surrender procedure used by the DMV lacks a record notice. Without this record notice, homeowners are often left with unmarketable titles and lenders hold unperfected security interest in the property, placing all parties at risk. Conversion will help increase home values, give security to lenders, and provide fixed procedures for the DMV to follow. Nothing in this bill requires the conversion of a manufactured home. Many Alaskans live in manufactured homes, and this puts them into the same category as people having homes built on their property.

9:15:42 AM

MR. MODEROW explained that Section 1 deals with findings and purposes. The purpose is to establish a clear statutory procedure for converting to real property manufactured homes that are affixed to real property, and also for severing manufactured homes from real property.

Sections 2 and 3 add manufactured homes that have been converted to the definition of real property in banks and financial title.

Section 4 changes "mobile home" to "manufactured home," as a conforming change throughout the bill.

CHAIR WIELECHOWSKI asked if anything was lost with that change.

MR. MODEROW said his understanding was no. The more modern term for mobile home is manufactured home.

CHAIR WIELECHOWSKI asked if there was a definition of "manufactured home."

MR. MODEROW responded a manufactured home is defined as "a structure transportable in one or more sections that in the traveling mode is eight body feet or more in width or forty body feet or more in length or when erected on site is 320 or more square feet. It is built on a chassis and designed to be used as a dwelling with or without a permanent foundation when connected to required utilities and includes plumbing, heating, air conditioning, electrical systems contained in the structure."

9:17:26 AM

Continuing with the bill description, Section 5 on page 4 references the current definition of manufactured home in the secured transactions title. Section 6 amends the current definition of mortgage loan to include manufactured homes that have become real property. Section 7 adds a definition to

include as real property manufactured homes that have become real property.

[9:18:41 AM](#)

Section 8, page 4, deals with Title 28, the motor vehicle title. It requires the Department of Administration (DOA) to file and maintain and file an index of manufactured home documents related to the conversions provided by this bill. Section 9 sets out what DOA records must include. Section 10 changes "mobile homes" to "manufactured homes." Section 11 prohibits the DMV from issuing a title once a manufactured home has been converted to real property.

Section 12 changes Manufactured Statement of Origin to Manufactured Certificate of Origin (MCO). Section 13 allows the holder of an MCO to deliver that certificate as necessary to facilitate the conveyance or encumbrance of a manufactured home. Sections 14 and 15 make the conversion process optional.

[9:20:37 AM](#)

Section 16 provides DMV procedures for the conversions. Proposed section 28.10.262 sets out procedures for canceling an MCO and making a conversion to real property. Section 263 sets out similar procedures for canceling a certificate of title. Section 264 sets out procedures for conversion if a certificate of title cannot be located. The owner must post a bond to protect any interests of other parties.

[9:21:47 AM](#)

Section 28.10.265 sets procedures for severing a manufactured home from real property and making it personal property.

Section 28.10.266 266 sets out application requirements for affixation and severance of a manufactured home to and from real property.

Section 28.10.267 sets out procedures that must be followed to validate presence or absence of liens. Section 28.10.268 indicates the time frame when requirements outlined are considered to be satisfied. If accepted by the department, then it should be conveyed at that time.

[9:23:31 AM](#)

Section 28.10.269 defines terms used in the bill.

Section 17, page 12, relates to liens and encumbrances on manufactured homes. Section 18 prohibits cancelling certificates

of title when a lien or encumbrance is still outstanding. Section 19 says that a manufactured home which has been converted is governed by real property laws.

Section 20, page 13, says that "mobile home" includes "manufactured home."

Section 21, page 13, adds the definition of manufactured home to the motor vehicle title. Sections 22 - 24 and 25 make conforming changes to municipal taxation, landlord tenant, residential real property transfer, and escrow transactions when mobile homes have been converted to real property.

Section 26 outlines guidelines for the conversion of title. Section 34.85.010 lists criteria necessary for a conversion. It requires ownership interest in the land and ownership interest in the home to be the same or for the owner of the home to have a 20 year lease on the property. Section 34.85.020 describes the effect of conversion. Section 34.85.040 relates to the 20 year lease provision. Section 34.05.060 describes the affixation affidavit. Section 34.85.070 describes the owner statement required for the affixation affidavit. Section 34.85.080 clarifies that affixing a manufactured home to real property doesn't affect the liens and encumbrances unless they are released.

[9:26:53 AM](#)

Section 34.85.090 ties in with DMV portion of the process. Section 34.85.100 states that an affixation affidavit is relevant within the process described. Sections 34.85.110 - 130 relate to severance affidavits. Section 130 describes how this is conveyed to DMV. Section 34.85.140 requires affidavits to be acknowledged and to be in recordable form.

Section 34.85.220 describes when a manufactured home is considered to be permanently affixed. Section 34.85.190, defines some terms, and 34.84.195 provides the short title.

Page 20, section 27, directs the recorder to record affixation or severance affidavits if they meet specified requirements. Section 28 amends the definition of goods in the Alaska Real Installment Sales Act to include manufactured homes. Section 29 allows the DOA to craft regulations to implement this act. Section 30 provides a savings clause. Section 31 gives the DOA the authority to create regulations immediately.

[9:29:24 AM](#)

CHAIR WIELECHOWSKI asked is this the same bill that came before Judiciary last year.

MR. MODEROW answered yes.

CHAIR WIELECHOWSKI asked if there has been any opposition.

MR. MODEROW responded that several years ago DMV was worried the procedure was too cumbersome but he thinks their concerns have been addressed. Banks are in support.

CHAIR WIELECHOWSKI said this bill is complex but important and will have a real impact on the lives of many Alaskans.

SENATOR PASKVAN agreed it is important and asked if the title company industry has weighed in. Banks will rely on them.

MR. MODEROW responded that is a great question. Current procedures lack that record notice, which is crucial. We do have people on line from Wells Fargo who work very closely with the title companies.

[9:31:38 AM](#)

SENATOR PASKVAN noted people file documents all the time that don't necessarily accomplish what they think they might. A bank needs a title company to say who owns the property.

[9:32:15 AM](#)

CHAIR WIELECHOWSKI suggested Mr. Moderow talk to title companies before the next hearing and get some input or a statement of support.

SENATOR MEYER said he needed to go back to the basics. So a mobile home on a lot is currently titled as a vehicle, but the land is real property.

MR. MODEROW answered he believed that was correct.

SENATOR MEYER said so this would allow the mobile home to be affixed to the land and mortgage companies could then provide financing. This would be good for banks and most importantly the consumer. He asked if inspections were done.

[9:33:45 AM](#)

MR. MODEROW said he could get back with details on that. One section relates to how affixation must occur, which includes being affixed to a permanent foundation.

SENATOR MEYER noted that mobile homes are more likely to catch fire. There have been several deaths in his district from mobile home fires. He asked if the inspection would also include working fire alarms.

[9:35:04 AM](#)

WHITNEY BREWSTER, Director, Division of Motor Vehicles (DMV), Department of Administration (DOA), said her understanding is that DMV would simply be putting in its records whether or not a manufactured home as been affixed or severed. DMV would not be responsible for inspections.

SENATOR MEYER asked if a mobile home is currently considered a vehicle.

MS. BREWSTER said correct. Individuals are not required to title a manufactured home, but can if they choose. It is titled as a vehicle whether affixed or not.

[9:37:03 AM](#)

SENATOR MEYER asked what the advantages are of getting a title.

MS. BREWSTER answered it is an ownership document and lien holders would want to have it. If you own the home free and clear, there is no significant advantage.

SENATOR MEYER asked if a tax assessor would look at it as a vehicle or as a house.

MS. BREWSTER said she did not know.

[9:38:15 AM](#)

CHAIR WIELECHOWSKI guessed they would not appraise a manufactured home currently, but under this bill it would become real property. This could potentially raise property taxes.

SENATOR PASKVAN asked if a mobile home remains a vehicle does it need to be registered every two years.

MS. BREWSTER answered no.

SENATOR PASKVAN asked if the DMV only issues a title.

MS. BREWSTER replied that was correct.

CHAIR WIELECHOWSKI asked about insurance.

MS. BREWSTER said it is not required.

CHAIR WIELECHOWSKI asked if someone wants to take out a loan now on a manufactured home, how would that work?

MR. MODEROW said the main purpose of the bill is to enable owners of manufactured homes to get real property loans.

CHAIR WIELECHOWSKI asked about the property tax issue.

MR. MODEROW said he was not sure but could find out. Under this legislation the manufactured home would be included in the value of the land.

CHAIR WIELECHOWSKI noted that most mobile home parks are actually owned by a single landowner and asked if they would be affected by the bill.

MR. MODEROW said that some mobile home parks might be affected. If the owner had less than a 20 year lease the home would not be eligible for conversion.

[9:41:57 AM](#)

SENATOR PASKVAN asked does this affect the zoning issue of where a mobile home may or may not be located.

MR. MODEROW said he was not aware of any zoning issues.

CHAIR WIELECHOWSKI said there were people signed up to testify.

GEORGE GINSBERG, attorney with McGlinchey Stafford, said he was representing Wells Fargo. They asked him to testify because he was involved in drafting this legislation in Alaska and other states as well. The background is that in Alaska ownership interest in a manufactured home is documented by a certificate of title. It is optional, but needed if the owner wants to sell. This is the only document to show who owns the home.

[9:44:29 AM](#)

Like a car, a manufactured home currently is financed by having the owner's name listed as a secured party. Under this legislation it can be permanently affixed to land. Then the intent is to treat it as real property, which means transferring ownership by deed and financing by mortgage or deed of trust. It does make a difference, and it is critical. Fannie Mae and Freddie Mac will not consider a manufactured home loan as a real

estate loan unless the state law has a statutory way of making clear that a manufactured home affixed to real estate is considered real estate legally.

In Alaska there is at the moment no formal statutory method for doing this. Instead, we have a system where there is a vaguely defined, almost informal, surrender procedure but no record notice. This bill is designed to establish a procedure to make clear this is real estate. Public records will be consistent. This is a completely optional procedure.

9:47:00 AM

Even if the manufactured home is permanently affixed to land, the homeowner does not have to convert. The downside would be the home could not be financed by a real estate loan. Instead, the loan would be secured by the home itself as personal property. Few lenders do that, and interest rates charged are much higher. A similar law was adopted last year in Missouri and North Dakota, and prior to that in other states.

9:48:01 AM

ETHAN HORMAN, Branch Manager, Wells Fargo Home Mortgage, said he appreciated the opportunity to speak on behalf of Wells Fargo in support of SB 104. The bill would amend state law in Alaska to provide a formal method to convert a mobile home to real property. Current statutes do not meet the eligibility requirements to sell mortgage loans for manufactured homes to Fannie Mae or Freddie Mac. Wells Fargo has had to turn away business from potential borrowers because there is no clear method of verifying ownership, especially in the case of resale.

SB 104 would align the state definition of manufactured homes with HUD definitions to create a system for title transfer and property conversion. Wells Fargo feels the bill helps homeowners be able to gain access to credit and easily sell their homes; it allows homeowners to increase the value of their homes; helps lenders gain perfected security interests; and helps the DMV by putting in place a formalized procedure for canceling title when a manufactured home is put on a permanent foundation.

9:51:21 AM

SENATOR MEYER asked if a mobile home is affixed to real property, then it can be mortgaged and sold like a regular structure.

MR. HORMAN answered correct. Once you affix the home to real property and go through the process of having a structural

engineer certify that it is considered a permanent foundation for the local area, then you can secure the property as real property.

SENATOR MEYER said he could see the advantage and asked if when it was sold it would be inspected like other real property.

MR. HORMAN answered correct. Once the property is secured, the lender requires an actual inspection and also an appraisal. Real Estate laws require working smoke detectors and CO2 sensors.

SENATOR MEYER said that was important. The downside potentially could be this property is now more valuable, which would raise property taxes.

[9:54:01 AM](#)

MR. HORMAN answered that is correct. But if you take the offset it is a breakeven point. It would save on mortgage interest.

SENATOR PASKVAN asked if the federal tax benefits were important.

MR. HORMAN said he was not familiar with exact tax benefits.

SENATOR PASKVAN said he meant the regular mortgage interest deduction.

MR. HORMANN responded that was true. It would help remediate the increased cost of property taxes and would give owners the ability to claim a tax deduction as real property.

[9:56:30 AM](#)

SENATOR PASKVAN noted this would result in additional cash flow to the home owner.

CHAIR WIELECHOWSKI noted Senator French had joined the meeting.

SENATOR HOLLIS FRENCH, sponsor of SB 104 said he was happy to have the committee's attention on this bill. It is complicated, but his staff has excellent working relationships with DMV, DOA and Wells Fargo Bank.

[9:57:49 AM](#)

JEFF HARRIS, Loan Administration Manager, Wells Fargo Home Mortgage, said they are seeing an increase in the volume of manufactured home loan applications coming in from Alaska. Of 66

total applications in the last 12 months, they were only been able to approve 21 loans.

9:58:44 AM

SENATOR GIESSEL asked why the loans were not funded.

MR. HARRIS responded because there is no formal procedure to convert a manufactured home to real estate so the bank could not secure collateral in those situations.

9:59:40 AM

CHAIR WIELECHOWSKI closed public testimony.

SENATOR HOLLIS FRENCH, sponsor of SB 104, said that manufactured homes are affordable housing for thousands of Alaskans. It is how many people, including him, are able to save up the money to buy a home. He moved from a rented apartment to a mobile home and eventually to owning half of a duplex. This bill is very important to both individuals and to the banks.

SENATOR MEYER thanked the sponsor for bringing the bill forward. He said he does not look at mobile homes as vehicles; they are homes.

CHAIR WIELECHOWSKI said it is will affect the lives of thousands of Alaskans. He noted he has many mobile homes in his district.

CHAIR WIELECHOWSKI asked members to please provide proposed amendments to his staff by noon on Wednesday. He announced he would hold SB 104 in committee.

There being no further business to come before the committee, Chair Wielechowski adjourned the Senate State Affairs Standing Committee meeting at 10:01 a.m.