

**SB**

**153**

**Alaska Bankers Association**

P.O. Box 100720 • Anchorage, Alaska 99510-0720 • 907-777-3011 • Fax 907-777-3029

March 11, 2010

Senator French  
State Capitol  
Room 417  
Juneau, AK 99801

RE: SB-153 Manufactured Housing Conversion Procedure

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-153, the Manufactured Housing Conversion Procedure bill.

SB-153 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.

AK SB-153 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-153.

Sincerely,



David Lawer  
President  
Alaska Bankers Association

# Alaska State Legislature



Senator Hollis French

## **SB 153 – MOBILE HOMES AS REAL PROPERTY**

### **Sponsor Statement**

Senate Bill 153 establishes procedures to convert manufactured homes to real property, through a defined process within the Division of Motor Vehicles. This change will give the owners of manufactured homes better access to traditional mortgage financing, which often features lower interest rates, and it will help homeowners increase the value of their house by allowing them to convert their manufactured home into real property. The legislation will also help to prevent 'clouded' titles that often hinder clean transactions involving manufactured homes.

Currently, when a manufactured home is affixed to a permanent foundation on land owned by an individual, the vaguely defined title surrender procedure currently used by the Division of Motor Vehicles lacks a record notice. Without a record notice, a homeowner is often left with an unmarketable title and an unperfected security interest in their house, placing all parties in a real estate transaction – the buyer, the lender, and the seller - at risk.

Many Alaskans live in manufactured homes. This legislation will treat residents that permanently affix a manufactured home to land they own the same way that traditional homeowners are treated in the state. I urge you to support this fair legislation.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
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
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 19, 2009

**SUBJECT:** Sectional summary for SB 153 relating to manufactured homes  
(Work Order No. 26-LS0650\R)

**TO:** Senator Hollis French  
Attn: Cindy Smith

**FROM:**  Theresa Bannister  
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

**Section 1.** States the findings and purpose for the bill.

**Section 2.** Adds a new subsection to AS 06.05.207 of the banking code. Defines "real property" to include a manufactured home that has become real property under new sec. 34.85.010.

**Section 3.** Adds a new subsection to AS 06.15.250 of the mutual savings bank chapter. Defines "real property" to include a manufactured home that has become real property under new sec. 34.85.010.

**Section 4.** Amends AS 06.45.060(5)(A) of the credit union chapter to change "mobile home" to "manufactured home."

**Section 5.** Adds a new subsection to AS 06.45.060 of the credit union chapter to provide a definition of "manufactured home."

**Section 6.** Amends the definition of "mortgage loan" in AS 06.60.990(19) of the mortgage lending regulation chapter to include a manufactured home that has become real property under new sec. 34.85.010.

**Section 7.** Adds a new definition section to AS 09.45, the chapter relating to real property actions, to define "real property" to include a manufactured home that has become real property under new sec. 34.85.010 and to define "manufactured home."

**Section 8.** Amends AS 28.05.061(a), which relates to vehicle records, to list manufactured home documents as records that the Department of Administration is to file, maintain, and index.

**Section 9.** Adds new subsections to AS 28.05.061, which relates to vehicle records, to indicate what the department record must state for certain documents relating to manufactured homes. Defines "recording information" for AS 28.05.061.

**Section 10.** Amends AS 28.10.201(b) to reference a new subsection added by bill sec. 11 and to change "mobile home" to "manufactured home."

**Section 11.** Adds a new subsection to AS 28.10.201. Prohibits the department from issuing a certificate of title to a manufactured home if an application has been filed under secs. 28.10.262 - 28.10.264.

**Section 12.** Amends AS 28.10.211(c) to substitute "manufacturer's certificate of origin" for "manufacturer's statement of origin."

**Section 13.** Adds a new subsection to AS 28.10.211, relating to applications for vehicle titles. Allows the holder of a manufacturer's certificate of origin for a manufactured home to deliver the certificate to a person to facilitate the home's conveyance or encumbrance. The recipient holds it in trust.

**Section 14.** Adds a new subsection to AS 28.10.221, which relates to the refusal, suspension, or revocation of a vehicle title. Prohibits the department, with an exception for new sec. 28.10.263, from suspending or revoking a certificate of title to a manufactured home just because the home is affixed to real property.

**Section 15.** Adds a new subsection to AS 28.10.261, which relates to evidence. Makes a manufactured home's certificate of title issued by the department prima facie evidence of what it says, even if the home is affixed to real property.

**Section 16.** Adds new sections to AS 28.10.

**Sec. 28.10.262.** Directs the department to cancel a manufacturer's certificate of origin to a manufactured home if an application is filed and certain other conditions are met. States that when a person satisfies this section, the manufactured home is not subject to AS 28.10.

**Sec. 28.10.263.** Directs the department to cancel a certificate of title to a manufactured home if an application is filed and certain other conditions are met. States that when a person satisfies this section, the manufactured home is not subject to AS 28.10.

Sec. 28.10.264. Directs the department to confirm the conversion of a manufactured home to real property if an application is filed and certain other conditions are met. States that when a person satisfies this section, the manufactured home is not subject to AS 28.10.

Sec. 28.10.265. Directs the department to issue a certificate of title for a manufactured home if an application is filed and certain other conditions are met. States that when a person satisfies this section, the manufactured home is subject to AS 28.10.

Sec. 28.10.266. Lists what an application under secs. 28.10.262 - 28.10.265 must provide.

Sec. 28.10.267. Establishes the requirements for the declaration required by sec. 28.10.266(11) for an application under sec. 28.10.264 or 28.10.265.

Sec. 28.10.268. Indicates the time when the requirements of secs. 28.10.262 - 28.10.264 are considered to be satisfied if an application under one of those sections is delivered to the department within 30 days after an affixation affidavit is recorded.

Sec. 28.10.269. Defines terms for AS 28.10.201 - 28.10.269.

**Section 17.** Adds new subsections to AS 28.10.371, which relates to liens and encumbrances on vehicles, to address certain situations involving liens on manufactured homes.

**Section 18.** Adds a new subsection to AS 28.10.381, which relates to liens and encumbrances on vehicles, to generally prohibit cancelling certificates while a lien or encumbrance is outstanding, and to state that the validity and priority of the liens and encumbrances continue.

**Section 19.** Adds a new subsection to AS 28.10.391, which relates to liens and encumbrances on vehicles, to indicate that the liens and encumbrances of converted manufactured homes are governed by real property law.

**Section 20.** Amends AS 28.10.661(2) to define "mobile home" as a "manufactured home" for the chapter.

**Section 21.** Adds a new paragraph to AS 28.10.661 to define "manufactured home" for the chapter.

**Section 22.** Amends AS 29.45.070, which relates to municipal taxation, to reflect the conversion to real property allowed by the new chapter in AS 34.85.

**Section 23.** Amends AS 34.03.360 of the state's uniform residential landlord and tenant act to add a definition of "mobile home."

**Section 24.** Amends AS 34.70.200(3) of the chapter dealing with disclosures in residential real property transfers to include as residential real property manufactured homes that have become real property under AS 34.85.010.

**Section 25.** Amends AS 34.80.090(6) of the chapter that deals with escrow transactions for residential real property to include converted manufactured homes as residential real property.

**Section 26.** Adds a new chapter relating to converting manufactured homes to real property.

**Sec. 34.85.010.** Lists the criteria for a manufactured home to become real property.

**Sec. 34.85.020.** Describes the effects of converting a manufactured home to real property.

**Sec. 34.85.040.** Describes how the ownership interest requirement of sec. 34.85.010 can be satisfied when the manufactured home owner does not own the real property where the home is located.

**Sec. 34.85.060.** Establishes what an affixation affidavit must provide.

**Sec. 34.85.070.** Describes what an owner's statement required for an affixation affidavit must state.

**Sec. 34.85.080.** Indicates that permanently affixing a manufactured home to real property or recording an affixation affidavit does not affect liens and encumbrances on the manufactured home unless certain conditions are met.

**Sec. 34.85.090.** Directs the recipient of a certified copy of an affidavit to deliver the copy to the department under secs. 28.10.262 - 28.10.264.

**Sec. 34.85.100.** States that, except as provided by certain statutes, an affixation affidavit is not necessary or effective to convey or encumber a manufactured home or to change the character of a manufactured home to real property. Indicates what a conveyance of land on which a manufactured home is located must recite. Voids an agreement that waives this section.

**Sec. 34.85.110.** Directs each person having an interest in the real property from which a converted manufactured home is severed to record a severance affidavit.

**Sec. 34.85.120.** Establishes what a severance affidavit must contain or be accompanied by.

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Sec. 34.85.130. Directs the recipient of a certified copy of a severance affidavit to deliver the copy to the department under secs. 28.10.262 - 28.10.264.

Sec. 34.85.140. Requires an affixation affidavit and a severance affidavit to be acknowledged like real property conveyances and be in a recordable form. Directs the department to establish the forms for the affidavits.

Sec. 34.85.150. Establishes when a manufactured home is considered to be permanently affixed to real property.

Sec. 34.85.190. Defines terms for the new chapter.

Sec. 34.85.195. Gives the chapter a short title.

**Section 27.** Adds a new section to the state's chapter on the recording of real property documents. Directs the recorder to record an affixation affidavit and a severance affidavit if they meet specified requirements. Indicates what the recording officer must write on the recorded affidavit. Directs the recording officer to send a certified copy to the person designated in the affidavit.

**Section 28.** Amends the definition of "goods" in the Alaska Retail Installment Sales Act to include manufactured homes.

**Section 29.** Directs the Department of Administration to adopt regulations for this Act.

**Section 30.** Preserves rights and claims existing before January 1, 2010.

**Section 31.** Sets an immediate effective date for bill sec. 29, which authorizes the adoption of implementing regulations.

**Section 32.** Sets the effective date for all of the bill except bill sec. 29, which authorizes the adoption of implementing regulations.

If I may be of further assistance, please advise.

TLB:ljw  
09-169.ljw

## Written Testimony in Support of Alaska Senate Bill 153

### Submitted by

**Tiffany Kaldor**

Branch Manager

Wells Fargo Home Mortgage

MAC K3012-011

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On behalf of Wells Fargo, I appreciate the opportunity to submit testimony in support of Alaska Senate Bill 153.

SB-153 will amend state law in Alaska to provide a formal method of eliminating the certificate of title to a manufactured home and 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 later physically severed from it.

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.

We feel the bill will: (1) Help manufactured homeowners in the state increase the value of their homes by allowing them to convert their manufactured homes to real property, including manufactured homes not covered by certificates of title (or for which the certificates of title cannot be found) but permanently affixed to real property before the effective date of the legislation; (2) Help lenders gain perfected security interests in manufactured homes; (3) Help the Alaska Division of Motor Vehicles by putting in place a formalized procedure for canceling a title when a manufactured home is put on a permanent foundation; and (4) Increase property tax revenue in the municipalities in Alaska that levy property taxes as the result of manufactured homes' being converted to and considered real property.

March 20, 2009

Senator French  
Alaska State Legislature, State Capitol,  
Juneau, AK 99801

RE: SB-153 Manufactured Housing Conversion Procedure

Dear Senator French:

Wells Fargo is writing to support SB-153, the Manufactured Housing Conversion Procedure bill.

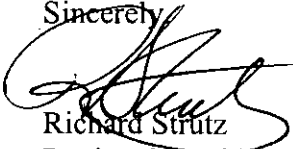
SB-153 will amend state law in Alaska to provide a formal method of eliminating the certificate of title to a manufactured home, converting the home to real property when the home is or will be permanently affixed to real property, and obtaining a new certificate of title when a home previously affixed to real property is severed.

Alaska is the only state that currently has no statutory conversion procedure. 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 home.

We feel the bill will: (1) Help manufactured homeowners in the state increase the value of their home by allowing them to convert their manufactured homes into real property; (2) Help lenders gain a perfected security interest on manufactured homes; (3) Help the Alaska Division of Motor Vehicles by putting in place a formalized procedure for getting rid of a title when a manufactured home is put on a permanent foundation; and (4) Increase property tax revenue in the municipalities in Alaska that do levy property taxes as the result of manufactured homes being converted and considered real property.

Thank you for the opportunity to provide comment on SB-153.

Sincerely,



Richard Strutz  
Regional President

**AK SB-153/Manufactured Housing Conversion Procedure Bill**

**Wells Fargo Contact Information Sheet**

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*DRAFTERS*

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