

Texas Department of Housing and Community Affairs Manufactured Housing Board Meeting November 4, 2011

Michael H. Bray, Chair

Anthony G. Burks, Member

Sheila M. Vallés-Pankratz, Member

Donnie W. Wisenbaker, Member

Texas Department of Housing and Community Affairs Manufactured Housing Board Meeting November 4, 2011

ROLL CALL

	Present	Absent
Michael H. Bray, Chair		
Anthony G. Burks, Member		
Sheila M. Vallés-Pankratz, Member		
Donnie W. Wisenbaker, Member		
Number Present		
Number Absent		

_____, Presiding Officer

MANUFACTURED HOUSING BOARD MEETING TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS 1500 N. Congress, Capitol Extension Committee Room E2.028

Austin, Texas 78701

November 4, 2011 10:30 a.m.

AGENDA

CALL TO ORDER, ROLL CALL Chair **CERTIFICATION OF OUORUM** Chair The Board of the Manufactured Housing Division of the Texas Department of Housing and Community Affairs (TDHCA) will meet to consider and possibly act upon: **ACTION ITEMS** Item 1. Consideration and action to approve the minutes of the board meeting on September 23, Chair 2011. Item 2. Presentation, discussion and possible action to approve the proposed amendments to 10 Joe Garcia Texas Administrative Code Chapter 80 for publication as proposed in the Texas Register for public comment. **REPORT ITEMS** 1. Executive Director's Report to include issues relating operations, budget and performance of the Manufactured Housing Division. Joe Garcia PUBLIC COMMENT Chair **EXECUTIVE SESSION** Chair Note: The Board may go into executive session (close its meeting to the public) on any agenda item if appropriate and

- authorized by the Open Meetings Act, Texas Government Code, Chapter 551.
 (a) If necessary, the Board will go into executive session to discuss Personnel Matters pursuant to Sec. 551.074, Texas Government Code.
- (b) If necessary, the Board will go into executive session for Consultation with Attorney pursuant to Sec. 551.071, Texas Government Code.

RECONVENE

Reconvene in public session and take action on any matters coming out of Executive Session.

ADJOURN

To access this agenda or request information, please visit our website at <u>www.tdhca.state.tx.us</u> or contact Sharon Choate, TDHCA/MHD, 1106 Clayton Lane, Suite 270W, Austin, Texas 78723, 512-475-2206, <u>sharon.choate@tdhca.state.tx.us</u>.

Individuals who require auxiliary aids, services or translators for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made.

Chair

Chair

Agenda Action Item No. 1

MINUTES OF THE REGULAR MEETING OF THE

MANUFACTURED HOUSING BOARD

On Friday, September 23, 2011, at 10:15 a.m., there was a regular meeting of the Manufactured Housing Board (the "Board") at 1500 N. Congress, Capitol Extension Committee Room E2.028. Michael Bray presided. Anthony Burks, Sheila Vallés-Pankratz and Donnie Wisenbaker constituting a quorum, attended. The following Manufactured Housing Division (the "MHD") staff were present: Joe Garcia, Amy Morehouse, Kassu Asfaw, and Sharon Choate.

Michael Bray called the roll and confirmed the presence of a quorum.

Michael Bray asked for a motion to approve the minutes from the board meeting on July 22, 2011. Upon motion of Sheila Vallés-Pankratz, duly seconded by Anthony Burks, the minutes of the previous meeting were unanimously approved.

Joe Garcia presented and discussed for approval adoption of proposed amendments to 10 Texas Administrative Code Chapter 80 for publication in the Texas Register as adopted. Upon motion of Sheila Vallés-Pankratz, duly seconded by Donnie Wisenbaker, the motion was unanimously approved.

At 10:18 a.m., the board went into an Executive Session to discuss personnel matters relating to the executive director's performance evaluation and compensation review pursuant to Sec. 551.074, Texas Government Code. The board rated the executive director's performance as outstanding and approved a one-time merit bonus of \$6,488.

The board reconvened in open session at 11:21 a.m.

Joe Garcia delivered the Executive Director's Report.

The next board meeting was tentatively set for Friday, November 4, 2011.

There being no further business to come before the board, the meeting was adjourned at 12:09 p.m.

Sharon Choate, Secretary

Approved:

Michael Bray, Presiding Chair

Agenda Action Item No. 2

Preamble for Proposed Repeal of Manufactured Housing Rules

Administrative Rules of the Texas Department of Housing and Community Affairs 10 Texas Administrative Code, Chapter 80

The Manufactured Housing Division of the Texas Department of Housing and Community Affairs (Department) proposes repealing 10 Texas Administrative Code §§80.40, 80.41, 80.70 - 80.73, 80.80, 80.90 - 80.94 in order to repeal Subchapters E through H and re-propose the rules as new Subchapters D through G.

Joe A. Garcia, Executive Director of the Manufactured Housing Division of the Texas Department of Housing and Community Affairs, has determined that for the first five-year period that the repeal is in effect there will be no fiscal implications for state or local government as a result of enforcing or administering the repeal. There will be no effect on small or micro-businesses because of the repeal. There are no anticipated economic costs to persons who are required to comply with the repeal.

Mr. Garcia also has determined that for each year of the first five years that the repeal is in effect the public benefit as a result of enforcing the repeal will be to provide the rules in a more organized manner.

Mr. Garcia has also determined that for each year of the first five years the repeal is in effect there should be no adverse effect on a local economy, and therefore no local employment impact statement is required under Administrative Procedure Act (APA), Texas Government Code §2001.022.

If requested, the Department will conduct a public hearing on the repeal of this rule, pursuant to the Administrative Procedure Act, Texas Government Code §2001.029. The request for a public hearing must be received by the Department within 15 days after publication.

Comments may be submitted to Mr. Joe A. Garcia, Executive Director of the Manufactured Housing Division of the Texas Department of Housing and Community Affairs, P. O. Box 12489, Austin, Texas 78711-2489 or by e-mail at <u>mhproposedrulecomments@tdhca.state.tx.us</u>. The deadline for comments is no later than 30 days from the date that the proposed repeal is published in the *Texas Register*.

The repeals are proposed under Section 1201.052 of the Texas Occupations Code, which provides the Director with authority to amend, add, and repeal rules governing the Manufactured Housing Division of the Department and Section 1201.053 of the Texas Occupations Code, which authorizes the board to adopt rules as necessary and the director to administer and enforce the manufactured housing program through the Manufactured Housing Division.

No other statutes, codes, or articles are affected by the proposed repeals.

The agency hereby certifies that the proposed repeal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

- §80.40. Security Requirements.
- §80.41. License Requirements.
- §80.70. Enforcement.
- §80.71. Rules for Hearings.
- §80.72. Sanctions and Penalties.
- §80.73. Procedures for Handling Consumer Complaints.
- §80.80. Administration of Claims under the Manufactured Homeowners' Recovery Trust Fund.
- §80.90. Issuance of Statements of Ownership and Location.
- §80.91. Issuance of a Texas Seal.
- §80.92. Inventory Finance Liens.
- §80.93. Recording Tax Liens on Manufactured Homes.
- §80.94. Report to County Tax Assessor-Collectors and County Appraisal Districts.

Preamble for Proposed Manufactured Housing Rules

Administrative Rules of the Texas Department of Housing and Community Affairs 10 Texas Administrative Code, Chapter 80

The Manufactured Housing Division of the Texas Department of Housing and Community Affairs (the "Department") proposes new 10 Texas Administrative Code §§80.3, 80.40, 80.41, 80.70-80.73, 80.80, and 80.90-80.94 relating to the regulation of the manufactured housing program. The new rules are revised to comply with Senate Bill 1 (82nd Legislature, 2011, 1st special session) that amends the Manufactured Housing Standards Act; to re-propose repealed rules in order to re-organize in new Subchapters D through G; to clarify the definition of a criminal record for license applicants; to remove the fee of \$1.50 for a certified copy of the Statement of Ownership and Location; to clarify what criteria the Department will use to determine that any liens on real property have been released; and to require a copy of the deed to confirm that the applicant declaring a home abandoned is the owner of the real property.

The majority of the re-proposed rules remain the same as the current rules, but are proposed in new subchapters. The following is a description of changes made to the current rules.

Section 80.3(d): Revised the education fee to comply with the changes made in SB 1 (82nd Legislature, 2011, 1st special session) by breaking down the fees into three courses (Core Education Fee, Retailer Education Fee).

Section 80.3(e): Removed text relating to approving a third-party to provide an initial licensing instruction course because the Department does not currently provide an option for third-party initial licensing instruction.

Section 80.3(k): Removed the charge of \$1.50 for additional copies of the Statement of Ownership and Location because it cost more to process the payment than to provide a copy at no charge.

New Subchapter D is proposed to include new §80.40 and §80.41 previously located in Subchapter E.

New §80.40: The proposed new rule is the same as the repealed version.

New §80.41: The proposed new rule is proposed with changes in subsections (c) and (f).

Section 80.41(c)(1): Revised to comply with the changes made in SB 1 (82nd Legislature, 2011, 1st special session) by breaking down the hours required and types of courses (eight (8) hours for initial instruction course; four (4) hours for retailer course and four (4) hours for installer course).

Section 80.41(c)(2): Revised by requiring each course be required to test separately and a score of 70% correct is required to pass each test. Also, changed the word "prepared" to "approved" relating to the approval of questions by the director.

Section 80.41(c)(3): Changed the word "terminated" in the first sentence to "suspended." Added a sentence explaining while the license is in a suspended status the salesperson may not act as a manufactured housing salesperson.

Section 80.41(c)(4), (5) and (6): The paragraph is deleted from the new rule because there is no requirement to list the curriculum in the rules.

Section 80.41(f)(3): Revised the criteria in determining whether to issue a license to an applicant base on the applicants criminal record, instead of only considering denial of the license or suspension if the applicant has a criminal conviction.

Section 80.41(f)(4), (5) and (6): Changed wording from having a criminal conviction to having a criminal record.

New Subchapter E is proposed to include new §§80.70-80.73 previously located in Subchapter F.

New §80.70: The proposed new rule is the same as the repealed version.

New §80.71: The proposed new rule is the same as the repealed version.

New §80.72: The proposed new rule is the same as the repealed version.

New §80.73: The proposed new rule is the same as the repealed version.

New Subchapter F is proposed to include new §80.80 previously located in Subchapter G.

New §80.80: The proposed new rule is the same as the repealed version.

New Subchapter G is proposed to include new §§80.90-80.94 previously located in Subchapter H.

New §80.90: The proposed new rule is proposed with changes in subsections (d), (f) and (h).

Section 80.90(d): Removed reference relating to a fee for an additional certified copy of a statement of ownership and location because the fee is insignificant and is more costly to process for the Department when applications are rejected because the fee is missing. Providing a copy for free enables the user to reprint certified copies from their own computer which is more efficient for the consumer and the Department.

Section 80.90(f)(2)(D) and (3)(C): Added new subparagraphs to clarify what criteria the Department will use to determine that any liens on real property have been released. The criteria is the same as stated in \$1201.2076(b) of the Occupations Code.

Section 80.90(h): Added requirement to provide a copy of the deed to confirm that the applicant declaring the home as abandoned is the owner of the real property. A high percentage of applications received are from persons who represent themselves as the owners of the real estate but who are not, resulting in a costly revocation process. Requiring a copy of the deed enables the Department to determine eligibility.

New §80.91: The proposed new rule is the same as the repealed version.

New §80.92: The proposed new rule is the same as the repealed version.

New §80.93: The proposed new rule is the same as the repealed version.

New Figure: 10 TAC §80.93(b): The Tax Lien Layout form is the same as the current form.

New §80.94: The proposed new rule is the same as the repealed version.

Joe A. Garcia, Executive Director of the Manufactured Housing Division of the Texas Department of Housing and Community Affairs, has determined that for the first five-year period that the proposed rules are in effect there will be no fiscal implications for state or local government as a result of enforcing or administering these sections. There will be no effect on small or microbusinesses because of the proposed new rules. There are no anticipated economic costs to persons who are required to comply with the proposed new rules.

Mr. Garcia also has determined that for each year of the first five years that the proposed new rules are in effect the public benefit as a result of enforcing the rules will be to provide clarification of procedures and to comply with the Manufactured Housing Standards Act.

Mr. Garcia has also determined that for each year of the first five years the proposed new rules are in effect there should be no adverse effect on a local economy, and therefore no local employment impact statement is required under Administrative Procedure Act (APA), Texas Government Code §2001.022.

If requested, the Department will conduct a public hearing on this rulemaking, pursuant to the Administrative Procedure Act, Texas Government Code §2001.029. The request for a public hearing must be received by the Department within 15 days after publication.

Comments may be submitted to Mr. Joe A. Garcia, Executive Director of the Manufactured Housing Division of the Texas Department of Housing and Community Affairs, P. O. Box 12489, Austin, Texas 78711-2489 or by e-mail at <u>mhproposedrulecomments@tdhca.state.tx.us</u>. The deadline for comments is no later than 30 days from the date that these proposed rules are published in the *Texas Register*.

The new rules are proposed under Section 1201.052 of the Texas Occupations Code, which provides the Director with authority to amend, add, and repeal rules governing the Manufactured Housing Division of the Department and Section 1201.053 of the Texas Occupations Code, which authorizes the board to adopt rules as necessary and the director to administer and enforce the manufactured housing program through the Manufactured Housing Division.

No other statutes, codes, or articles are affected by the proposed new rules.

The agency hereby certifies that the proposed amended section has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

Proposed Manufactured Housing Rules

Administrative Rules of the Texas Department of Housing and Community Affairs 10 Texas Administrative Code, Chapter 80

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SUBCHAPTER A. CODES, STANDARDS, TERMS, FEES AND ADMINISTRATION

§80.1. Texas Manufactured Housing Standards Code.

(No change.)

§80.2. Definitions.

(No change.)

§80.3. Fees.

- (a) (c) (No change.)
- (d) Education Fee:
 - (1) Core Education Fee: Each attendee at the regularly offered course of initial instruction in the law and consumer protection regulations for license applicants shall be assessed a fee of \$150 \$250. Subject to availability of staff, the Department may provide additional initial instruction courses upon request for a fee of \$150 \$250 per attendee plus reimbursement to the Department for the actual costs of the training session and any related costs, such as travel, meal, and lodging.
 - (2) Retailer Education Fee: \$50 for each attendee.
 - (3) Installer Education Fee: \$50 for each attendee.
- (e) There is a fee of \$300 to process an application for a contract to be approved to provide an initial instruction for licensing course or a continuing education program under \$1201.113 of the Standards Act.
- (f) (j) (No change.)
- (k) There is a fee of \$55 for the issuance of a Statement of Ownership and Location. <u>The Fees Relating to Statements of Ownership and Location. Each</u> fee shall accompany the required documents delivered or mailed to the Department at its principal office in Austin.
 - (1) A fee of \$55 will be required for the issuance of a Statement of Ownership and Location.
 - (2) A fee of \$1.50 will be required for each additional requested certified copy other than copies provided at issuance as required by the Standards Act.
- $(l) (n) \qquad (No change.)$

§80.4. Advisory Committee.

(No change.)

SUBCHAPTER B. INSTALLATION STANDARDS AND DEVICE APPROVALS

§80.20. Requirements for Manufacturer's Designs and Installation Instructions.

(No change.)

§80.21. Requirements for the Installation of Manufactured Homes.

(No change.)

§80.22. Generic Standards for Moisture and Ground Vapor Controls.

(No change.)

§80.23. Generic Standards for Footers and Piers.

(No change.)

§80.24. Generic Standards for Anchoring Systems.

(No change.)

§80.25. Generic Standards for Multi-Section Connections Standards.

(No change.)

§80.26. Registration of Stabilizing Components and Systems.

(No change.)

SUBCHAPTER C. LICENSEES' RESPONSIBILITIES AND REQUIREMENTS

§80.30. All Licensees' Responsibilities.

(No change.)

§80.31. Manufacturers' Responsibilities and Requirements.

(No change.)

§80.32. Retailers' Responsibilities and Requirements.

(No change.)

§80.33. Installers' Responsibilities and Requirements.

(No change.)

§80.34. Brokers' Responsibilities and Requirements.

(No change.)

§80.35. Salesperson's Responsibilities and Requirements.

(No change.)

§80.36. Rebuilders' Responsibilities and Requirements.

(No change.)

§80.37. Correction Requirements.

(No change.)

§80.38. Right to Advance Copy of Certain Documents.

(No change.)

SUBCHAPTER D. E. LICENSING

§80.40. Security Requirements.

(No change.)

§80.41. License Requirements.

- (a) (b) (No change.)
- (c) Education.
 - (1) The Standards Act requirement for an initial <u>eight (8)</u> 20 hour course of instruction in the law, including instruction in consumer protection regulations; four (4) hour retailer education course; and/or four (4) hour installer education course shall be offered quarterly by the Department. Other instruction providers may offer the course, if they complete and submit the required application, together with the required fee and all required supporting documentation, including any additional

documentation requested by the Department, and, based on the recommendation of the Director, they are approved by the Board. Subject to limitations on Department resources, the Department will make special licensing classes available upon written request.

- (2) <u>Each The</u> test to be administered in connection with the course(s) will consist of a representative selection of questions from an approved set of questions <u>approved prepared</u> by the Director. The test(s) will be openbook. A score of 70% correct is required to pass <u>each the</u> test.
- (3) For initial licensing of a salesperson, if the salesperson does not attend and successfully complete the initial licensing class provided by the Department within 90 days after the date of licensure, the license will automatically be <u>suspended terminated</u> until the salesperson has attended and successfully completed that class. <u>While the license is in a suspended status the salesperson may not act as a manufactured housing salesperson.</u>
- (4) The 20 hour course of instruction must include the following matters in its curriculum.
 - (A) the Standards Act and this Chapter;
 - (B) Texas Finance Code, Chapters 347 and 156;
 - (C) Texas Transportation Code requirements relating to moving manufactured homes;
 - (D) Federal Truth -in-Lending Act and Regulation Z;
 - (E) Installations;
 - (F) Consumer Complaints;
 - (G) Enforcement;
 - (H) Complaint Resolution Process; and
 - (I) The Federal Manufactured Home Construction and Safety Standards (FMHCSS).
- (5) The primary administrator for each approved training program will be notified by the Department of changes to the Law and Rules and the date that the changes will become effective.
- (6) The Department may revoke course approval for failure to comply with the standards or procedures set forth in this Chapter or any conditions of approval. Unless the approval provides otherwise or is revoked for cause, an approval is valid for two (2) years.

(d) - (e) (No change.)

(f) License Application or Renewal Denial.

(1) - (2) (No change.)

- (3) In determining whether an applicant should be issued a license if that applicant states in his/her application for said license that he/she has a criminal record, record which may include a conviction, deferred adjudication, plead quilty, or nolo contendere for any felony or misdemeanor offense, other than a Class C Misdemeanor for traffic violations, of criminal convictions within five (5) years preceding the date of the application, the Director shall consider the factors set out in Texas Occupations Code, §553.022:
 - (A) the nature and seriousness of the crime;
 - (B) the relationship of the crime to the intended manufactured housing business activity;
 - (C) the extent to which a license holder might engage in further criminal activity of the same or similar type as that in which the applicant previously had been involved;
 - (D) the relationship of the crime to the ability, capacity, or fitness required to perform the duties and discharge the functions and responsibilities of the license holder's occupation or industry; and
 - (E) whether the offenses were defined as crimes of moral turpitude by statute or common law, from Class A misdemeanors to first, second, and third degree felonies carrying fines and/or imprisonment or both. Special emphasis shall be given to the crimes of robbery, burglary, theft, embezzlement, sexual assault, and conversion.
- (4) In addition to the factors that may be considered in paragraph (3) of this subsection, the Department, in determining the present fitness of a person who has <u>a criminal record been convicted of a crime</u>, may consider the following:
 - (A) the extended nature of the person's past criminal activity;
 - (B) the age of the person at the time of the commission of the crime;
 - (C) the amount of time that has elapsed since the person's last criminal <u>record conviction</u>;
 - (D) the conduct and work activity of the person prior to and following the criminal <u>record conviction</u>; and

- (E) evidence of the person's rehabilitation or attempted rehabilitation effort while incarcerated or following release.
- (5) The applicant shall furnish proof in any form, as may be required by the Department, that he/she has maintained a record of steady employment and has otherwise maintained a record of good conduct and has paid all outstanding court costs, supervision fees, fines, and restitution as may have been ordered in all criminal cases in which the applicant was convicted.
- (6) If the Department suspends or revokes a valid license, or denies a person a license or the opportunity to be considered for a license in accordance with this subsection because of the person's prior <u>criminal record conviction of a crime</u> and the relationship of the crime to the license, the Department shall:
 - (A) notify the person in writing stating reasons for the suspension, revocation, denial, or disqualification; and
 - (B) offer the person the opportunity for a hearing on the record. If the person does not request a hearing on the matter within thirty (30) calendar days from receipt of the Department's decision, the suspension, revocation, or denial becomes final.

SUBCHAPTER E. F. ENFORCEMENT

§80.70. Enforcement.

(No change.)

§80.71. Rules for Hearings.

(No change.)

§80.72. Sanctions and Penalties.

(No change.)

§80.73. Procedures for Handling Consumer Complaints.

(No change.)

SUBCHAPTER F. G. MANUFACTURES HOMEOWNERS' RECOVERY TRUST FUND

§80.80. Administration of Claims under the Manufactured Homeowners' Recovery Trust Fund.

(No change.)

SUBCHAPTER G. H. STATEMENTS OF OWNERSHIP AND LOCATION

§80.90. Issuance of Statements of Ownership and Location.

- (a) (c) (No change.)
- (d) Upon issuance of a Statement of Ownership and Location, the Department will mail one certified copy to the owner and one certified copy to the lienholder. If <u>an</u> additional certified <u>copy is desired for a third party it should be noted on the</u> <u>application with appropriate mailing information copies are desired, an</u> <u>application for a certified copy must be submitted and accompanied by the</u> <u>additional fee</u>.
- (e) (No change.)
- (f) Updating of Statements of Ownership and Location on Manufactured Homes Transferred as Real Property.
 - (1) (No change.)
 - (2) To convert a manufactured home from real property to personal property, the owner of the home must submit a completed Application for Statement of Ownership and Location to the Department with supporting documentation as follows:
 - (A) If the applicant is not the owner of record with the Department, satisfactory proof of ownership under a complete chain of title. Acceptable evidence would include, but not be limited to, authenticated copies of all intervening transfer documents, a court order confirming ownership, or title insurance policy in such owner's name issued by a title insurance company licensed to do business in Texas.
 - (B) Satisfactory evidence that any liens on the manufactured home have been discharged or that all lienholders have consented to the change.
 - (C) Evidence of either a satisfactory habitability inspection by the Department or an election to convert the status of the home to business use or salvage.
 - (D) For the purposes of Subparagraph (B) of this Section, the Department may rely on a commitment for title insurance, a title insurance policy, or a lawyer's title opinion to determine that any liens on real property have been released.
 - (3) To update the ownership on a manufactured home already elected and perfected as real property, and remaining in the same location as real property, the new owner of the home must submit a completed Application

for Statement of Ownership and Location to the Department with supporting documentation as follows:

- (A) If the applicant is not the owner of record with the Department, satisfactory proof of ownership under a complete chain of title. Acceptable evidence would include, but not be limited to, authenticated copies of all intervening transfer documents, a court order confirming ownership, or title insurance policy in such owner's name issued by a title insurance company licensed to do business in Texas.
- (B) Satisfactory evidence that any liens on the manufactured home have been discharged or that all lienholders have consented to the change.
- (C) For the purposes of Subparagraph (B) of this Section, the Department may rely on a commitment for title insurance, a title insurance policy, or a lawyer's title opinion to determine that any liens on real property have been released.
- (4) (No change.)
- (g) (No change.)
- (h) Submitting an application for Statement of Ownership and Location pursuant to the abandonment provision in §1201.217 of the Standards Act, should include an affidavit of fact, on the prescribed form, attesting to that all statutory notifications have been made to the appropriate parties, including the tax assessor-collector of the county where the home is located, and evidence that all notification was sent via certified mail. A copy of the deed confirming that the applicant declaring the home as abandoned is the owner of the real property.
 - (i) (No change.)

§80.91. Issuance of a Texas Seal.

(No change.)

§80.92. Inventory Finance Liens.

(No change.)

§80.93. Recording Tax Liens on Manufactured Homes.

(No change.)

§80.94. Report to County Tax Assessor-Collectors and County Appraisal Districts.

(No change.)