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**HOUSE BILL 2072**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Representatives Steele and Sutherland

AN ACT Relating to the classification of manufactured homes as real property; amending RCW 65.20.010, 65.20.020, 65.20.030, 65.20.040, 65.20.900, and 46.12.700; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 65.20.010 and 1989 c 343 s 1 are each amended to read as follows:

The legislature recognizes that confusion exists regarding the classification of manufactured homes as personal or real property. This confusion is increased because manufactured homes are treated as vehicles in some parts of state statutes, however these homes are often used as residences to house persons residing in the state of Washington. This results in a variety of problems, including: (1) Creating confusion as to the creation, perfection, and priority of security interests in manufactured homes; (2) making it more difficult and expensive to obtain financing and title insurance; (3) making it more difficult to utilize manufactured homes as an affordable housing option; and (4) increasing the risk of problems for and losses to the consumer. Therefore the purpose of this chapter is to clarify the type of property manufactured homes are, particularly relating to security interests, and to ((~~provide a~~)) improve the statutory process to make the manufactured home real property ((~~by eliminating the title to a manufactured home~~)) when the home is affixed to land owned by the homeowner.

**Sec.**  RCW 65.20.020 and 2010 c 161 s 1154 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Affixed" means that the manufactured home is installed in accordance with the installation standards in state law.

(2) "Department" means the department of licensing.

(3) "Eliminating the title" means to cancel an existing certificate of title issued by this state or a foreign jurisdiction or to waive the certificate of title required in chapter 46.12 RCW and recording the appropriate documents in the county real property records pursuant to this chapter. "Eliminating the title" does not mean the designation of a manufactured home as real property as provided in RCW 65.20.030(2).

(4) "Homeowner" means the owner of a manufactured home.

(5) "Land" means real property excluding the manufactured home.

(6) "Manufactured home" or "mobile home" means a structure, designed and constructed to be transportable in one or more sections and is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities that include plumbing, heating, and electrical systems contained therein. The structure must comply with the national mobile home construction and safety standards act of 1974 as adopted by chapter 43.22 RCW if applicable. "Manufactured home" does not include a modular home. A structure which met the definition of a "manufactured home" at the time of manufacture is still considered to meet this definition notwithstanding that it is no longer transportable.

(7) "Owner" means, when referring to a manufactured home that is titled, the person who is the registered owner. When referring to a mobile home that is untitled pursuant to this chapter, the owner is the person who owns the land. When referring to land, the person may have fee simple title, have a leasehold estate of thirty-five years or more, or be purchasing the property on a real estate contract. Owners include joint tenants, tenants in common, holders of legal life estates, and holders of remainder interests.

(8) "Person" means any individual, trustee, partnership, corporation, or other legal entity. "Person" may refer to more than one individual or entity.

(9) "Secured party" means the legal owner when referring to a titled mobile home, or the lender securing a loan through a mortgage, deed of trust, or real estate contract when referring to land or land containing an untitled manufactured home pursuant to this chapter.

(10) "Security interest" means an interest in property to secure payment of a loan made by a secured party to a borrower.

(11) "Title" or "titled" means a certificate of title issued pursuant to chapter 46.12 RCW.

**Sec.**  RCW 65.20.030 and 2000 c 250 s 9A-836 are each amended to read as follows:

((~~When~~)) (1) Except as provided in subsection (2) of this section, when a manufactured home is sold or transferred on or after March 1, 1990, and when all ownership in the manufactured home is transferred through the sale or other transfer of the manufactured home to new owners, the manufactured home shall be real property when the new owners eliminate the title pursuant to this chapter. The manufactured home shall not be real property in any form, including fixture law, unless the title is eliminated under this chapter. Where any person who owned a used manufactured home on March 1, 1990, continues to own the manufactured home on or after March 1, 1990, the interests and rights of owners, secured parties, lienholders, and others in the manufactured home shall be based on the law prior to March 1, 1990, except where the owner voluntarily eliminates the title to the manufactured home by complying with this chapter. If the title to the manufactured home is eliminated under this chapter, the manufactured home shall be treated the same as a site-built structure and ownership shall be based on ownership of the real property through real property law. If the title to the manufactured home has not been eliminated under this chapter, ownership shall be based on chapter 46.12 RCW.

(2) When a new manufactured home is sold by a manufacturer or dealer on or after January 1, 2023, and when all ownership in the manufactured home is transferred through the sale or other transfer of the manufactured home to new owners, the manufactured home shall be real property when affixed to a permanent foundation to land owned by the homeowner and shall be treated the same as a site-built structure and ownership shall be based on ownership of the real property through real property law. The manufactured home must be recorded in the county real property records of the county where the real property to which the home is affixed is located.

(3) For purposes of perfecting and realizing upon security interests, manufactured homes shall always be treated as follows: ((~~(1)~~)) (a) If the ((~~title has not been eliminated~~)) manufactured home does not meet the criteria for real property under this chapter, security interests in the manufactured home shall be perfected only under chapter 62A.9A RCW in the case of a manufactured home held as inventory by a manufacturer or dealer or chapter 46.12 RCW in all other cases, and the lien shall be treated as securing personal property for purposes of realizing upon the security interest; or ((~~(2)~~)) (b) if the title has been eliminated or a title has not been issued under this chapter, a separate security interest in the manufactured home shall not exist, and the manufactured home shall only be secured as part of the real property through a mortgage, deed of trust, or real estate contract.

**Sec.**  RCW 65.20.040 and 2010 c 161 s 1155 are each amended to read as follows:

If a manufactured home that does not meet the criteria of real property under RCW 65.20.030(2) is affixed to land that is owned by the homeowner, the homeowner may apply to the department to have the title to the manufactured home eliminated. The application package shall consist of the following:

(1) An affidavit, in the form prescribed by the department, signed by all the owners of the manufactured home and containing:

(a) The date;

(b) The names of all of the owners of record of the manufactured home;

(c) The legal description of the real property;

(d) A description of the manufactured home including model year, make, width, length, and vehicle identification number;

(e) The names of all secured parties in the manufactured home; and

(f) A statement that the owner of the manufactured home owns the real property to which it is affixed;

(2) Certificate of title for the manufactured home, or the manufacturer's statement of origin in the case of a new manufactured home. Where title is held by the secured party as legal owner, the consent of the secured party must be indicated by the legal owner releasing his or her security interest;

(3) A certification by the local government indicating that the manufactured home is affixed to the land;

(4) Payment of all vehicle license fees, excise tax, use tax, real estate tax, recording fees, and proof of payment of all property taxes then due; and

(5) Any other information the department may require.

**Sec.**  RCW 65.20.900 and 1989 c 343 s 14 are each amended to read as follows:

This chapter applies prospectively only. RCW 65.20.030(3) applies to all security interests perfected on or after March 1, 1990. ((~~This chapter~~)) RCW 65.20.030(1) applies to the sale or transfer of manufactured homes on or after March 1, 1990, where all of the existing ownership rights and interests in the manufactured home are terminated in favor of new and different owners, or where persons who own a manufactured home on or after March 1, 1990, voluntarily elect to eliminate the title to the manufactured home under this chapter. RCW 65.20.030(2) applies to the sale or transfer of new manufactured homes by a manufacturer or dealer on or after January 1, 2023, where all ownership in the manufactured home is transferred through the sale or other transfer of the manufactured home to new owners, and the manufactured home is affixed to a permanent foundation on land owned by the homeowner.

**Sec.**  RCW 46.12.700 and 2019 c 75 s 1 are each amended to read as follows:

(1) **Titling options.** An owner of a manufactured home shall establish ownership in the manufactured home by either:

(a) Applying for a certificate of title as required under this chapter; or

(b) Eliminating the certificate of title under chapter 65.20 RCW.

(2) **Exemption.** This section does not apply to a manufactured home held for resale by a dealer or manufacturer or to a manufactured home meeting the requirements of real property as provided in RCW 65.20.030(2).

(3) **Transferring ownership.** (a) A registered owner of record must sign the certificate of title releasing the owner's interest when transferring ownership of a manufactured home. If the manufactured home was manufactured before June 15, 1976, the registered owner must sign an affidavit on a form approved by the department. The affidavit must state that the purchaser was notified that failure of the manufactured home to meet federal housing and urban development standards or failure of the manufactured home to meet a fire and safety inspection by the department of labor and industries may result in denial by a local jurisdiction of a permit to site the manufactured home.

(b) When a manufactured/mobile or park model home is sold at a county treasurer's foreclosure or distraint sale, the registered owner of record, legal owner on title, and the purchaser are not required to sign the certificate of title and title application to transfer title. Any lienholder interest in a manufactured/mobile or park model home is extinguished by the county treasurer's foreclosure or distraint sale, provided that such lienholder has been provided a copy of the notice of the sale at his or her last known address, by registered letter, at least thirty days prior to the date of sale.

(4) **Evidence of taxes paid.** Before accepting an application for a certificate of title for a manufactured home, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant to provide evidence that any taxes due on the sale of the manufactured home under chapters 82.45 and 84.52 RCW have been paid. Acceptable evidence includes a copy of:

(a) The real estate excise tax affidavit that has been stamped by the county treasurer; or

(b) A treasurer certificate that is prepared by the treasurer of the county in which a used manufactured home is located and that states that all property taxes due upon the used manufactured home being sold have been satisfied.

(5) **County assessor notification.** The department shall notify the county assessor of the county where the manufactured home is located when ownership of a manufactured home is transferred. The notification must include the name and address of the former owner and the new owner.

(6) **Title elimination.** The certificate of title for a manufactured home may be eliminated or not issued when the manufactured home is registered under chapter 65.20 RCW. If the certificate of title is eliminated or not issued, the application must be recorded in the county property records of the county where the real property to which the home is affixed is located. All vehicle license fees and taxes applicable to manufactured homes under this chapter are due and must be collected before recording the ownership with the county auditor.

(7) **Rules.** The department may adopt rules as necessary to implement this section.

NEW SECTION. **Sec.**  This act takes effect January 1, 2023.

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