1-1 By: Staples, Estes

(In the Senate - Filed February 17, 2003; February 19, 2003, read first time and referred to Committee on Business and Commerce; April 7, 2003, reported adversely, with favorable Committee Substitute by the following vote: Yeas 8, Nays 0; April 7, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 521 By: Armbrister

1-8 A BILL TO BE ENTITLED AN ACT

1-10

1-11

1-12

1-13

1-14 1-15

1-16

1-17

1-18 1-19 1-20

1-21

1-22 1-23 1-24 1-25

1-26

1-27

1-28

1-29 1-30 1-31

1-32

1-33

1-34 1-35 1-36

1-37

1-38 1-39 1-40

1-41 1-42

1-43 1-44

1-45

1**-**46 1**-**47

1-48 1-49 1-50 1-51

1-52 1-53 1-54 1-55 1-56

1**-**57 1**-**58

1-59

1-60

1-61 1-62 1-63 relating to the acquisition and regulation of manufactured homes; providing penalties.

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

SECTION 1. Section 1201.113, Occupations Code, is amended to read as follows:

Sec. 1201.113. CERTIFICATION AND CONTINUING EDUCATION PROGRAMS. (a) The board shall [department may] recognize, prepare, or administer  $\boxed{\textbf{a}}$  certification and continuing education programs [program] for persons regulated under this chapter. [Participation in a certification program is voluntary.]

- (b) [The board shall recognize, prepare, or administer a continuing education program for its license holders.] A license holder must participate in certification and [a] continuing education programs as provided by Subsection (e) [program to the extent required by the board to retain the person's license].
- (c) To prepare or administer a certification or continuing education program under this section, the board may contract with:
- (1) a private, nonprofit organization that qualifies for an exemption from federal income taxation under Section 501(a), Internal Revenue Code of 1986, by being listed as an exempt organization under Section 501(c)(3) of that code; or
  - (2) an educational institution.
- (d) To be considered for a contract under Subsection (c), an organization or institution must submit an application. The board may charge an application fee to be set by the board in an amount necessary to pay the costs of processing the application.

  (e) Persons regulated under this chapter and directly
- (e) Persons regulated under this chapter and directly involved in the sale of manufactured housing must complete eight hours of certification and continuing education programs each year. The programs must address state and federal law applicable to all manufactured housing retailer practices and relevant consumer protection regulations and ethical standards.
- (f) The department shall issue an appropriate certificate to a person who completes a certification program and [or] participates in a continuing education program under this section.
- (g) The board shall suspend the license of a person regulated under this chapter who does not complete the programs as required by this section. The board shall reinstate the license on the person's completion of the programs.

the person's completion of the programs.

SECTION 2. If the Act of the 78th Legislature, Regular Session, 2003, relating to nonsubstantive additions to and corrections in enacted codes takes effect, Subsections (a) and (b), Section 1201.162, Occupations Code, are amended to read as follows:

Section 1201.162, Occupations Code, are amended to read as follows:

(a) Before the completion of a credit application, the retailer or agent must provide to the consumer the following statement that is printed in at least 10-point type and not attached to or combined with any other written material:

"When buying a manufactured home, there are a number of important considerations, including price, quality of construction, features, floor plan, and financing alternatives.

"The United States Department of Housing and Urban Development (HUD) helps protect consumers through regulation and enforcement of HUD design and construction standards for manufactured homes. Manufactured homes that meet HUD standards are

known as 'HUD-code manufactured homes.' The Texas Department of Housing and Community Affairs regulates Texas manufacturers, retailers, brokers, salespersons, installers, and rebuilders of manufactured homes.

"If you plan to place a manufactured home on land that you own

or will buy, you should consider items such as:

2 - 12-2

2-3

2 - 4

2-5

2-6

2-7

2-8 2-9

2-10 2-11 2-12

2-13

2-14 2-15 2-16

2-17

2-18 2-19 2-20

2-21

2-22

2-23

2-24

2-25 2-26 2-27

2-28

2-29

2-30

2-31

2-32

2-33 2-34 2-35 2-36

2-37

2-38

2-39 2-40 2-41

2-42

2-43 2-44

2-45 2-46 2-47

2-48

2-49 2-50 2-51

2-52 2-53

2-54 2-55 2-56

2-57 2-58

2-59 2-60 2-61

2-62 2-63

2-64 2-65 2-66

2-67 2-68 2-69

"ZONING AND RESTRICTIVE COVENANTS. <u>Municipalities</u> [Some municipalities] or subdivisions may restrict placement of
manufactured homes on certain lots, may prohibit the placement of homes within a certain distance from property lines, may require that homes be a certain size, and may impose certain construction requirements. You may need to obtain building permits and homeowner association approval before you place a manufactured home on a certain lot. Contact the local municipality, county, and subdivision manager to find out if you can place the manufactured home of your choice on a certain lot.

"WATER. [Not all lots have immediate access to water lines. You may have to drill a well. Be sure that your lot has access to water. If you must drill a well, contact several drillers for bids. If water is <u>available through</u> [provided by] a municipality, utility district, water district, or cooperative, you should inquire about the rates you will have to pay  $\underline{and}$  the costs necessary to join the water system.

"SEWER. If your lot is not serviced by a municipal sewer system or utility district, you  $\underline{\text{will}}$  [ $\underline{\text{may}}$ ] have to install an on-site sewer facility (commonly known as a septic system). There are a number of concerns or restrictions that will determine if your lot is adequate to support an on-site sewer facility. Check with the local county or a licensed private installer to determine the requirements that apply to your lot and the cost to install such a system.

"HOMEOWNER ASSOCIATION FEES. Many subdivisions mandatory assessments and fees that lot owners must pay. Check with the manager of the subdivision in which your lot is located to determine if any fees apply to your lot.

"TAXES. Your home will be appraised and subject to ad

valorem taxes as are other single-family residential structures. These taxes must be escrowed with your monthly payment, except that your lender is not obligated to impose an escrow requirement in a real property transaction involving a manufactured home if the lender does not otherwise require the escrow of taxes, insurance premiums, fees, or other charges in connection with loans secured by residential real property. On closing, you will be notified of all provisions pertaining to federal truth in lending disclosures.

"INSURANCE. Your lender may require you to obtain insurance that meets lender requirements and protects your investment. You should request quotes from the agent of your choice to obtain the

"TYPES OF MORTGAGES AVAILABLE. The acquisition of a manufactured home may be financed by a real estate mortgage or a chattel mortgage. A real estate mortgage may have a lower interest

rate than a chattel mortgage.

"RIGHT OF RESCISSION. If you acquire a manufactured home, by purchase, exchange, or lease-purchase, you may, not later than the third day after the date the applicable contract is signed, rescind the contract without penalty or charge." [In Texas, real property is taxed annually based on its market value. Attaching manufactured home to a lot improves the lot's value and wi increase the taxes assessed on the lot. You are liable for the payment of all ad valorem taxes assessed against your home by the municipality, county, school district, and other tax authorities (utility district, community college, etc.). As with other residential structures, the applicable tax rate will apply to the market value of the home. You should contact the local chief appraiser or the county tax assessor-collector for specific tax information. They will need to know the price you paid for, and the specific location of, the home. If the manufactured home is your principal place of residence, you should be able to claim a HOMESTEAD EXEMPTION. You should also make certain that the lot or

land you are purchasing is not subject to any rollback tax liability because of the change in use of the property."]

(b) A retailer may not transfer title to a manufactured home or otherwise sell, assign, or convey a manufactured home to a consumer unless the retailer delivers to the consumer a written document disclosing, [+

(1) the total purchase price of the manufactured home, as adjusted for:

 $\left[ \frac{A}{A} \right]$ any agreed interest rate and any points or

fees; and

[(B) the length of time for any loan repayment;

and

3 - 1

3-2

3-3 3-4

3-5 3-6

3-7

3-8

3-9

3-10

3-11

3-12

3-13

3**-**14

3-15

3-16

3 - 17

3-18

3-19

3-20 3-21

3-22

3-23

3-24 3-25 3-26 3-27

3-28

3-29 3-30

3-31

3-32

3-33

3 - 343-35 3**-**36 3-37

3-38

3-39 3-40

3-41 3-42

3-43 3 - 44

3-45

3-46

3-47

3-48

3-49 3-50 3-51

3-52 3**-**53

3-54

3-55 3-56 3-57

3-58

3-59 3-60 3-61

3-62 3**-**63

3-64

3-65 3-66 3-67 3-68

3-69

 $\left[\frac{2}{2}\right]$  regardless of whether the real property proposed as the site for the manufactured home has been sold through an executory contract for conveyance, any responsibility of the consumer to:

(1) [(A) pay property taxes associated with the manufactured home;

 $[\frac{B}{B}]$  maintain private roads proximate to the manufactured home's location; and

(2) [<del>(C)</del>] maintain a contract for an on-site sewage disposal system[+

obtain property damage insurance; and

[(E) obtain mortgage insurance].

SECTION 3. If the Act of the 78th Legislature, Regular Session, 2003, relating to nonsubstantive additions to and corrections in enacted codes does not take effect, Subsections (a) and (b), Section 21, Texas Manufactured Housing Standards Act (Article 5221f, Vernon's Texas Civil Statutes), are amended to read as follows:

(a) Prior to the completion of a credit application, the retailer or agent must provide to the consumer the following statement that is printed in at least 10-point type and not attached

to or combined with any other written material:

"When buying a manufactured home, there are a number of important considerations, including price, quality of construction, features, floor plan, and financing alternatives.

"The United States Department of Housing and Urban Development (HUD) helps protect consumers through regulation and enforcement of HUD design and construction standards for manufactured homes. Manufactured homes that meet HUD standards are known as 'HUD-code manufactured homes.' The Texas Department of Housing and Community Affairs regulates Texas manufacturers, retailers, brokers, salespersons, installers, and rebuilders of manufactured homes.

"If you plan to place a manufactured home on land that you own or will buy, you should consider items such as:

"ZONING AND RESTRICTIVE COVENANTS. Municipalities [Some municipalities] or subdivisions may restrict placement of
manufactured homes on certain lots, may prohibit the placement of homes within a certain distance from property lines, may require that homes be a certain size, and may impose certain construction requirements. You may need to obtain building permits and homeowner association approval before you place a manufactured home on a certain lot. Contact the local municipality, county, and subdivision manager to find out if you can place the manufactured home of your choice on a certain lot.

"WATER. [Not all lots have immediate access to water lines. You may have to drill a well. Be sure that your lot has access to water. If you must drill a well, contact several drillers for bids. If water is <u>available through</u> [provided by] a municipality, utility district, water district, or cooperative, you should inquire about the rates you will have to pay and the costs necessary to join the

water system. "SEWER. "SEWER. If your lot is not serviced by a municipal sewer system or utility district, you  $\underline{\text{will}}$  [may] have to install an on-site sewer facility (commonly known as a septic system). There are a number of concerns or restrictions that will determine if your lot is adequate to support an on-site sewer facility. Check with

C.S.S.B. No. 521 the local county or a <u>licensed</u> private installer to determine the requirements that apply to your lot and the cost to install such a system. system.

"HOMEOWNER ASSOCIATION FEES. Many subdivisions have mandatory assessments and fees that lot owners must pay. Check with the manager of the subdivision in which your lot is located to determine if any fees apply to your lot.

"TAXES. Your home will be appraised and subject to ad valorem taxes as are other single-family residential structures.

These taxes must be escrowed with your monthly payment, except that your lender is not obligated to impose an escrow requirement in a real property transaction involving a manufactured home if the lender does not otherwise require the escrow of taxes, insurance premiums, fees, or other charges in connection with loans secured by residential real property. On closing, you will be notified of all provisions pertaining to federal truth in lending disclosures.

"INSURANCE. Your lender may require you to obtain insurance that meets lender requirements and protects your investment. You should request quotes from the agent of your choice to obtain the insurance.

"TYPES OF MORTGAGES AVAILABLE. The acquisition of manufactured home may be financed by a real estate mortgage or a chattel mortgage. A real estate mortgage may have a lower interest

rate than a chattel mortgage.

"RIGHT OF RESCISSION. If you acquire a manufactured home, by purchase, exchange, or lease-purchase, you may, not later than the third day after the date the applicable contract is signed, rescind the contract without penalty or charge." [In Texas, real property is taxed annually based on its market value. Attaching a manufactured home to a lot improves the lot's value and will increase the taxes assessed on the lot. You are liable for the payment of all ad valorem taxes assessed against your home by the municipality, county, school district, and other tax authorities (utility district, community college, etc.). As with other residential structures, the applicable tax rate will apply to the market value of the home. You should contact the local chief appraiser or the county tax assessor-collector for specific tax information. They will need to know the price you paid for, and the specific location of, the home. If the manufactured home is your principal place of residence, you should be able to claim a HOMESTEAD EXEMPTION. You should also make certain that the lot or land you are purchasing is not subject to any rollback tax liability because of the change in use of the property."]

(b) A retailer may not transfer title to a manufactured home

or otherwise sell, assign, or convey a manufactured home to a consumer unless the retailer delivers to the consumer a written document disclosing [+

[(1) the total purchase price of the manufactured home, as adjusted for:

 $\left[\frac{A}{A}\right]$ any agreed interest rate and any points or

fees; and

[(B) the length of time for any loan repayment;

and

4-1 4-2 4-3

4-4 4-5 4-6 4-7

4-8

4-9 4-10 <del>4</del>-11

4-12 4-13

4-14 4-15 <del>4</del>-16 4-17

4-18

4-19

4-20

<del>4</del>-21

4-22

4-23

4-24 4-25 4-26 4-27

4-28

4-29 4-30

4-31

4-32

4-33

4-34 4-35 4-36 4-37

4-38 4-39

4-40 4-41

4-42

4-43 4-44

4-45 4-46

4-47 4-48

4-49 4-50

4-51

4-52

4-53

4-54 4-55 4-56 4-57

4-58

4-59

4-60 4-61 4-62

4-63

4-64 4-65

4-66 4-67

4-68 4-69  $[\frac{(2)}{2}]$  regardless of whether the real property proposed as the site for the manufactured home has been sold through an executory contract for conveyance, any responsibility of the consumer to:

(1) [(A) pay property taxes associated with the

[(B)] maintain private roads proximate to the manufactured home's location; and

(2) [<del>(C)</del>] maintain a contract for an on-site sewage disposal system[+

[(D) obtain property damage insurance; and [(E) obtain mortgage insurance].

SECTION 4. Subchapter D, Chapter 1201, Occupations Code, is amended by adding Sections 1201.1521, 1201.163, and 1201.164 to read as follows:

Sec. 1201.1521. RESCISSION OF CONTRACT FOR SALE, EXCHANGE,

OR LEASE-PURCHASE OF HOME. A person who acquires a manufactured home by purchase, exchange, or lease-purchase may, not later than the third day after the date the applicable contract is signed,

rescind the contract without penalty or charge.

Sec. 1201.163. ADVANCE COPY OF CONTRACT AND DISCLOSURE STATEMENT. In a chattel mortgage transaction, a retailer shall provide to a consumer a completed installment contract and disclosure statement at least 48 hours before the contract is

Sec. 1201.164. WRITTEN ESTIMATE. In a chattel mortgage transaction, if a retailer gives an estimate to a consumer regarding the contract price of a manufactured home or the monthly payments or interest rate, the estimate must be:

5-1 5-2 5-3

5-4 5-5 5-6 5-7 5-8

5-9

5-10 5-11 5-12 5-13

5-14 5-15 5**-**16 5-17

5-18 5-19 5-20 5-21 5-22

5-23

5-24

5-25

5-26

5-27 5-28 5-29 5-30 5**-**31 5-32

5-33

5-34 5-35 5-36 5-37

5-38

5-39

5-40

5-41

5-42 5-43

5-44

5-45 5-46

5-47

5-48 5-49 5-50

5-51 5-52

5**-**53

5-54

5-55 5-56 5-57

5-58

5-59 5-60

5-61 5-62

5-63 5-64 5-65

5-66

5-67 5-68

5-69

(1) in writing; and
(2) titled "ESTIMATE -- NOT BINDING."

SECTION 5. Subsections (a) through (d), Section 1201.217,
Occupations Code, are amended to read as follows:

- (a) Except as provided by Section 1201.218, if a manufactured home is permanently attached [or becomes an improvement] to real property, as defined by Section 2306.004, Government Code, the manufacturer's certificate or the original document of title may [shall] be surrendered to the department for approach to the department for cancellation. [This requirement does not apply to an owner who is not issued a title under Section 2.001(e) or (f), Property Code.
- (b) The legal description or the appropriate tract or parcel number of the real property must be given to the department when the manufacturer's certificate or original document of title is surrendered. A [If a notice of attachment is to be filed, a] copy of the notice of attachment filed under Subsection (d) must be submitted with the manufacturer's certificate or the original document of title [surrendered for cancellation]. The director may require the filing of other information.
- (c) The department shall issue a certificate of attachment to real property to the person who surrenders the manufacturer's certificate or <u>original</u> document of title. The certificate of attachment to real property must:

(1)contain:

(A) the legal description or the appropriate tract or parcel number of the real property; and

(B) the identification number of the home; and

certify that the manufacturer's certificate or (2) original document of title has been canceled.

(d) Before the department issues a certificate of attachment\_\_[+

[(1)] a title <u>insurance company</u> [<u>insurer</u>] authorized to <u>engage in</u> [<del>do</del>] business in this state <u>or other person who</u> [<del>that</del>] surrenders the manufacturer's certificate or the original document of title to the department  $\frac{\text{shall}}{\text{limprovement}}$  file a notice of  $\frac{\text{improvement}}{\text{limprovement}}$  attachment in the real property records of the county 

[(2) a person who surrenders the manufacturer's certificate or the original document of title to the department may file a notice of attachment in the real property records of the county in which the home is located].

SECTION 6. Subsection (a), Section 1201.218, Occupations Code, is amended to read as follows:

(a) The department may not cancel a manufacturer's certificate or an original  $\left[\frac{a}{a}\right]$  document of title under Section 1201.217 if a lien on the manufactured home has been recorded with the department.

SECTION 7. If the Act of the 78th Legislature, Regular Session, 2003, relating to nonsubstantive additions to and corrections in enacted codes takes effect, Subsections (a), (b), and (c), Section 1201.222, Occupations Code, are amended to read as follows:

A manufactured home that is permanently attached to real (a) property and titled in the name of the consumer under a deed or contract for sale is classified [and taxed] as real property if the manufacturer's certificate of origin or the original document of

title is surrendered for cancellation and a notice of attachment or a certificate of attachment, as described by Section 1201.217, is filed in the real property records of the county in which the home is located [the real property to which the home is attached is titled in the name of the consumer under a deed or contract for sale]. A manufactured home is considered permanently attached to real property if the home is secured to a foundation and connected to a utility, including a utility providing water, electric, natural gas, propane or butane gas, or wastewater service.

(b) The closing of a transaction for the acquisition of real property and a manufactured home considered to be real property under this section must occur at the office of a federally insured financial institution, a title insurer, or an attorney at law. If the real property is purchased under a contract of sale, the contract must be filed in the real property records of the county in which the home is attached [installed].

6-1 6-2

6-3 6-4 6**-**5 6-6

6-7

6-8 6-9 6-10

6-11 6-12 6-13 6-14 6**-**15 6**-**16 6-17

6-18

6-19 6**-**20 6**-**21

6-22 6-23

6-24 6**-**25 6**-**26

6-27

6-28 6-29 6-30

6-31

6-32

6-33 6-34 6-35 6-36 6-37

6-38 6-39 6-40 6-41

6-42 6-43 6-44 6-45

6-46

6-47

6-48 6-49 6-50 6-51

6-52

6-53

6-54

6-55 6-56 6-57

6-58 6-59

6-60

6-61 6-62

6-63

6-64 6-65 6-66

6-67

6-68

6-69

(c) <u>Attachment</u> [<u>Installation</u>] of a manufactured home considered to be real property under this section must occur in a manner that satisfies the lending requirements of the Federal Housing Administration (FHA), Fannie Mae, or Freddie Mac for long-term mortgage loans or for FHA insurance. <u>In addition, the</u> attachment [The installation] of a new manufactured home must meet[, in addition to applicable state standards,] the manufacturer's specifications required to validate manufacturer's warranty.

SECTION 8. If the Act of the 78th Legislature, Regular Session, 2003, relating to nonsubstantive additions to and corrections in enacted codes does not take effect, Subsections (a), (b), and (c), Section 19A, Texas Manufactured Housing Standards Act (Article 5221f, Vernon's Texas Civil Statutes), are amended to read as follows:

- (a) A manufactured home that is permanently attached to real property and titled in the name of the consumer under a deed or contract for sale is classified [and taxed] as real property if the manufacturer's certificate of origin or the original document of title is surrendered for cancellation and a notice of attachment or a certificate of attachment, as described by Section 1201.217, Occupations Code, is filed in the real property records of the county in which the home is located [the real property to which the home is attached is titled in the name of the consumer under a deed or contract for sale]. A manufactured home is considered permanently attached to real property if the home is secured to a foundation and connected to a utility, including a utility providing water, electric, natural gas, propane or butane gas, or wastewater services.
- (b) The closing of a transaction for the acquisition of real property and a manufactured home considered to be real property under this section must occur at the office of a federally insured financial institution, a title company, or an attorney at law. If the real property is purchased under a contract of sale, the contract must be filed in the real property records of the county in which the home is <u>attached</u> [<u>installed</u>].
- (c) Attachment [Installation] of a manufactured home considered to be real property under this section must occur in a manner that satisfies the lending requirements of the Federal Housing Administration (FHA), Fannie Mae, or Freddie Mac for long-term mortgage loans or for FHA insurance. In addition, the attachment [The installation] of a new manufactured home must meet[, in addition to applicable state standards,] the manufacturer's specifications required to validate manufacturer's warranty.

SECTION 9. Section 1201.508, Occupations Code, is amended by adding Subsection (d) to read as follows:

(d) The retailer may not require a consumer to make a down payment on the acquisition of a manufactured home until the time the contract is executed.

SECTION 10. Section 1201.605, Occupations Code, is amended to read as follows:

Sec. 1201.605. ADMINISTRATIVE PENALTY. (a) The director

may assess  $\underline{against}$  a person who fails to obtain or maintain a license as required by this chapter an administrative penalty in an amount not to exceed \$10,000 for each violation of this chapter and:

- reasonable attorney's fees; (1)
- (2)administrative costs;
- (3) witness fees;

7-1 7-2 7-3

7 - 4

7-5

7-6

7-7

7-8

7-9

7-10 7-11 7-12

7-13

7-14 7-15 . 7**-**16 7-17

7-18

7-19

7-20

7-21

7-22

7-23

7-24

7-25 7-26 7-27

7-28

7-29 7-30 7**-**31

7-32 7-33

7-34 7-35 7-36 7-37

7-38

7-39 7-40 7-41 7-42

7-43

7-44 7-45 7-46 7-47 7-48 7-49

7-50 7-51 7-52

7-53

7-54

7-55 7-56 7-57

7-58

7-59 7-60 7-61 7-62 7-63

7-64

7-65 7-66 7-67

7-68

7-69

- (4)investigative costs; and
- (5) deposition expenses.
- The director may assess against a retailer who fails to (b) provide information to a consumer as required by this chapter an administrative penalty in an amount not to exceed:
  - (1) \$1,000 for the first violation;
  - \$2,000 for the second violation; and
- (3) \$4,000 for each subsequent violation.

  SECTION 11. Section 347.254, Finance Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:
- Except as provided by Subsection (c), a [A] creditor (a) [may] require a consumer to pay ad valorem taxes on the shall manufactured home through the creditor.
- (c) The escrow requirement of Subsection (a) does not apply to a real property transaction involving a manufactured home if the creditor does not otherwise require the escrow of taxes, insurance premiums, fees, or other charges in connection with loans secured
- by residential real property.

  SECTION 12. Subsection (a), Section 2.001, Property Code, is amended to read as follows:
- (a) Except as provided by Subsection (b), a manufactured
- home is <u>personal</u> [real] property.

  SECTION 13. Subsection (b), Section 2.001, Property Code, as amended by Chapters 899 and 1055, Acts of the 77th Legislature, Regular Session, 2001, is reenacted and amended to read as follows:
  - A manufactured home is real property if [+
- [ $\frac{(1)}{(1)}$ ] the home is permanently attached to real property[ $\frac{1}{7}$ ] and if:  $\frac{(1)}{(1)}$  the manufacturer's certificate of origin or
- the original document of title is surrendered for cancellation and a notice of attachment or a certificate of attachment, as described by <u>Section 1201.217</u>, <u>Occupations Code</u> [the <u>Texas Manufactured</u> Housing Standards Act (Article 5221f, Vernon's <u>Texas Civil Statutes</u>)], is filed in the real property records of the county in which the home is located; or
- (2) the owner of the home has entered into a lease for the real property on which the home is located and the lease specifically permits the recording of a notice of attachment or a certificate of attachment.

  SECTION 14. Section 2.001, Property Code, is amended by amending Subsections (c), (e), and (i) and adding Subsection (e-1)
- to read as follows:
- (c) In this section, "consumer," "document of title," "first retail sale," "manufactured home," and "mobile home" have the meanings assigned by <a href="Chapter 1201">Chapter 1201</a>, Occupations Code [the Texas Manufactured Housing Standards Act (Article 5221f, Vernon's Texas Civil Statutes)
  ].
- (e) Except for a manufactured home that is real property as provided by Subsection (b), the [The] Texas Department of Housing and Community Affairs shall [may not] issue a document of title for a new and untitled manufactured home at the first retail sale of the home or for a titled manufactured home at a subsequent sale of the home, regardless of whether [if] the home is to be temporarily or permanently installed by a retailer directly on real property titled in the name of the consumer under a deed or contract for sale.
- (e-1) In a real property transaction described by Section 1201.222, Occupations Code [Before installation], the consumer must provide the retailer with a legible copy of the deed containing a legal description of the real property. The retailer is not required to determine the validity of the legal description of the real property. [A title company or attorney at law conducting the

closing of a transaction under Section 19A, Texas Manufactured Housing Standards Act (Article 5221f, Vernon's Texas Civil Statutes), or the retailer or retailer's agent shall file in the public land records for the county in which the real property is located a notice of installation not later than the 30th working day after the date the installation is completed and shall forward the manufacturer's certificate of origin and a copy of the notice installation to the Texas Department of Housing and Community Affairs. The notice of installation serves as a completed cancellation application.

8-1 8-2

8-3

8-4

8-5

8-6

8-7

8-8

8-9

8-10 8-11

8-12

8-13

8-14

8-15 8-16 8-17

8-18 8-19 8-20 8-21 8-22

8-23 8-24

8-25 8-26 8-27

8-28 8-29

8-30 8-31

8-32

8-33

8 - 348-35 8-36

8-37 8-38

8-39

8-40 8-41

8-42

8-43

8-44 8-45 8-46 8-47

8-48 8-49

8-50 8-51 8-52 8-53

8-54

8-55 8-56

8-57 8-58

8-59

8-60 8-61 8-62

8-63

8-64

8-65

8-66 8-67 8-68

8-69

(i) This section does not require a retailer or retailer's agent to obtain a license under Chapter 1101, Occupations Code [The Vernon's Texas Real Estate License Act (Article 6573a, Statutes)].

SECTION 15. Section 32.014, Tax Code, is amended by amending Subsections (a) and (b) and adding Subsection (d) to read as follows:

- (a) Regardless of the classification of the manufactured home under the Property Code, a [If the ownership of the real property on which a manufactured home is affixed and the manufactured home are the same, the] manufactured home shall be appraised and taxed as an improvement to [the] real property, and the tax lien attaches to the real property on which the manufactured home is <u>affixed</u>, if:
- (1) the owner of the manufactured home has been issued a certificate of attachment by the Texas Department of Housing and Community Affairs;
- (2) the owner of the real property on which the manufactured home is affixed owns the manufactured home; and
- (3) the real property is not encumbered by a mortgage, deed of trust, or other interest securing payment or performance of an obligation [located regardless of the classification manufactured home under the Property Code].
- (b)  $\underline{A}$  [If the ownership of the manufactured home, whether by deed or contract for sale, and the real property on which the manufactured home is affixed are not the same, the] personal property manufactured home shall be separately appraised and taxed at the same rate and on the same ad valorem basis as other single-family residential structures, and the [. The] tax lien on the manufactured home does not attach to the real property, if:

  (1) the owner of the manufactured home has not been
- issued a certificate of attachment by the Texas Department of Housing and Community Affairs;
- (2) [when] the owner [ownership] of the manufactured home, whether by deed or contract for sale, does not own the [and] real property on which the manufactured home is affixed; or

  (3) the real property is encumbered by a mortgage,
- deed of trust, or other interest securing payment or performance of an obligation [are different].
- (d) This section prevails over Chapter 1201, Occupations Code, to the extent of any conflict.

  SECTION 16. Section 623.104, Transportation Code, is
- amended by amending Subsection (d) and adding Subsection (e) to read as follows:
- (d) Except as provided by Subsection (e), if  $[\frac{1}{4}]$  the offense involves the movement of a manufactured house over a highway, road, or street in this state without a permit issued by the department, the offense is a misdemeanor punishable by a fine of \$1,000 [\$500].
- (e) If it is shown on the trial of an offense under Subsection (a) that the defendant has previously been punished under Subsection (d):
- (1) one time, the offense is punishable by a fine of \$2,000; or
- (2) two or more times, the offense is punishable by a
- fine of \$4,000.

  SECTION 17. (a) In accordance with Subsection (c), Section 311.031, Government Code, which gives effect to a substantive amendment enacted by the same legislature that codifies the amended

statute, the text of Sections 1201.113 and 1201.217, Occupations Code, as set out in this Act, gives effect to changes made by Chapters 899, 1055, and 1367, Acts of the 77th Legislature, Regular Session, 2001.

(b) To the extent of any conflict, this Act prevails over another Act of the 78th Legislature, Regular Session, 2003, relating to nonsubstantive additions and corrections in enacted

SECTION 18. If the Act of the 78th Legislature, Regular Session, 2003, relating to nonsubstantive additions to and corrections in enacted codes takes effect, Subsection (c), Section 1201.162, Occupations Code, is repealed. If that Act does not take effect, Subsection (c), Section 21, Texas Manufactured Housing Standards Act (Article 5221f, Vernon's Texas Civil Statutes), is repealed.

SECTION 19. Subsections (f), (g), and (h), Section 2.001,

Property Code, are repealed.
SECTION 20. (a) The change in law made by this Act in amending Section 623.104, Transportation Code, applies only to an offense committed on or after September 1, 2003. An offense committed before September 1, 2003, is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before September 1, 2003, if any element of the offense occurred before that date.

(b) The change in law made by this Act in amending Section 32.014, Tax Code, applies only to an ad valorem tax year that begins on or after January 1, 2004. The change in law made in amending that section does not affect a tax lien that attaches to property for a tax year that begins before January 1, 2004, and the law in effect immediately before January 1, 2004, continues in effect for purposes of the tax lien.

SECTION 21. This Act takes effect September 1, 2003, except that Sections 1 and 15 of this Act take effect January 1, 2004.

\* \* \* \* \* 9-35

9-1 9-2

9-3 9-4

9-5 9-6 9-7 9-8

9-9

9-10 9-11 9-12

9-13

9-14 9-15

9-16

9-17 9-18

9-19 9-20 9-21 9-22

9-23 9-24

9-25 9-26

9-27

9-28 9-29

9-30 9-31 9-32

9-33

9-34