

BILL ANALYSIS

C.S.H.B. 3417
By: Fierro
Urban Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There have been calls for increased licensing flexibility under the Texas Manufactured Housing Standards Act, particularly during the time of a prolonged disaster or pandemic. Additionally, it has been noted that the act lacks clarity in places and is out of line with updated federal regulation in others. C.S.H.B. 3417 seeks to revise and update the act to address these issues.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3417 amends the Occupations Code to waive the education requirements for a license under the Texas Manufactured Housing Standards Act during an emergency declared by the governor or a federal agency. The bill authorizes the executive director of the manufactured housing division of the Texas Department of Housing and Community Affairs (TDHCA) to take the following actions during a declared emergency that exceeds a period of 14 days:

- waive licensing requirements under the act to ensure the continued and adequate supply of professionals to build, sell, transport, insure, finance, and install manufactured homes; and
- require a person to register with the TDHCA before engaging in any activity regulated under the act.

Following the cessation of the declared emergency, the executive director may require a person so registered with the TDHCA to comply with the criminal history background check requirements and other licensing requirements of the act. The bill establishes that all actions regulated by the act and actions needed to construct, transport, install, sell, finance, rent, and insure manufactured homes are essential services that must be allowed to continue to operate at a statewide level during a declared emergency.

C.S.H.B. 3417 exempts a person from the requirement to hold a retailer's license to sell or exchange manufactured homes to consumers if all manufactured homes sold or offered for sale by the person are as follows:

- located in a manufactured home community, as defined by the Property Code; and
- sold or offered for sale to the same purchaser in connection with a sale of the real property of the community.

The bill clarifies that a person who is eligible for an exemption from holding a retailer's license remains subject to applicable provisions of the act and TDHCA rules regarding the sale or transfer of manufactured homes.

C.S.H.B. 3417 provides for the information contained in a formaldehyde health notice for a HUD-code manufactured home to be as required by the Manufactured Housing Board within the TDHCA as an alternative to being the information required by HUD.

C.S.H.B. 3417 specifies that the new manufactured homes that qualify as inventory for purposes of provisions relating to manufactured home statements of ownership are new manufactured homes purchased by a retailer from a manufacturer. The bill excludes as inventory a manufactured home used by a retailer as equipment, as defined by Uniform Commercial Code--Secured Transactions. The bill clarifies that a lien on manufactured homes in a retailer's inventory is perfected only by filing the lien with the TDHCA on the required form.

C.S.H.B. 3417 replaces the requirement for the executive director to hold an informal meeting relating to the failure or refusal of a manufacturer, retailer, or installer to provide warranty service in accordance with an applicable TDHCA order with respect to a consumer complaint home inspection with an authorization to do so.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3417 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the original required the executive director to waive all licensing requirements under the Texas Manufactured Housing Standards Act during a declared emergency that exceeds a 14-day period, the substitute instead provides the executive director discretion by making the waiving of licensing requirements optional.

The substitute, as a condition of exempting a person from the requirement to hold a retailer's license to sell manufactured homes, requires that all the homes sold or offered for sale by the person be sold or offered for sale to the same purchaser in connection with a sale of the real property of the manufactured home community. However, the original specified in that condition that the qualifying sale or offer to the same person is in connection with a sale of a lot or parcel of real property located in the community.