

1-1 By: Shine (Senate Sponsor - Zaffirini , et al.) H.B. No. 2706  
 1-2 (In the Senate - Received from the House April 17, 2023;  
 1-3 April 19, 2023, read first time and referred to Committee on  
 1-4 Business & Commerce; May 16, 2023, reported adversely, with  
 1-5 favorable Committee Substitute by the following vote: Yeas 10,  
 1-6 Nays 0; May 16, 2023, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18			X	
1-19	X			

1-20 COMMITTEE SUBSTITUTE FOR H.B. No. 2706 By: Zaffirini

1-21 A BILL TO BE ENTITLED  
 1-22 AN ACT

1-23 relating to the regulation of manufactured homes.  
 1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-25 SECTION 1. Section 1201.1025, Occupations Code, is amended  
 1-26 by adding Subsection (a-1) and amending Subsection (c) to read as  
 1-27 follows:  
 1-28 (a-1) A person is exempt from holding a retailer's license  
 1-29 as required by Section 1201.101(b) if all manufactured homes sold  
 1-30 or offered for sale by the person are:  
 1-31 (1) located in a manufactured home community, as  
 1-32 defined by Section 94.001, Property Code; and  
 1-33 (2) sold or offered for sale to the same purchaser in  
 1-34 connection with a sale of the real property of the community.  
 1-35 (c) A person who is eligible for an exemption under this  
 1-36 section remains subject to the other applicable provisions of this  
 1-37 subchapter and department rules regarding the sale or transfer of  
 1-38 manufactured homes.  
 1-39 SECTION 2. Section 1201.153(c), Occupations Code, is  
 1-40 amended to read as follows:  
 1-41 (c) The notice must:  
 1-42 (1) contain the information required by:  
 1-43 (A) the United States Department of Housing and  
 1-44 Urban Development; or  
 1-45 (B) the board; and  
 1-46 (2) be of the type, size, and format required by the  
 1-47 director.  
 1-48 SECTION 3. Section 1201.201(5), Occupations Code, is  
 1-49 amended to read as follows:  
 1-50 (5) "Inventory":  
 1-51 (A) has the meaning assigned by Section 9.102,  
 1-52 Business & Commerce Code; and  
 1-53 (B) does not include manufactured homes used by a  
 1-54 retailer as equipment, as defined by Section 9.102(a)(33), Business  
 1-55 & Commerce Code [means new and used manufactured homes that  
 1-56 [(A) a retailer has designated as the  
 1-57 retailer's inventory for sale pursuant to the process implemented  
 1-58 by the department, and  
 1-59 [(B) are not used as residential  
 1-60 dwelling when so designated].

2-1 SECTION 4. Sections 1201.219(a) and (c), Occupations Code,  
2-2 are amended to read as follows:

2-3 (a) A lien on manufactured homes in inventory is perfected  
2-4 only by filing a financing statement in accordance with Section  
2-5 9.310, Business & Commerce Code, and the other provisions of that  
2-6 code related to security interests for inventory [~~the lien with the~~  
2-7 ~~department on the required form~~]. Once perfected, the lien applies  
2-8 to the manufactured homes in the inventory as well as to any  
2-9 proceeds from the sale of those homes. The department may suspend  
2-10 or revoke the license of a retailer who fails to satisfy a perfected  
2-11 inventory lien.

2-12 (c) Notwithstanding any other provision of this section or  
2-13 any other law, the filing of a financing statement to perfect a lien  
2-14 [~~security agreement~~] on the inventory of a retailer as described by  
2-15 Subsection (a) does not prevent a buyer in the ordinary course of  
2-16 business, as defined by Section 1.201, Business & Commerce Code,  
2-17 from acquiring good and marketable title free of that lien, and the  
2-18 department may not consider that lien for the purpose of title  
2-19 issuance.

2-20 SECTION 5. Section 1201.357(b), Occupations Code, is  
2-21 amended to read as follows:

2-22 (b) If the manufacturer, retailer, or installer, as  
2-23 applicable, fails or refuses to provide warranty service in  
2-24 accordance with the department order under Section 1201.356, the  
2-25 director may [~~shall~~] hold an informal meeting at which the  
2-26 manufacturer, retailer, or installer must show cause as to why the  
2-27 manufacturer's, retailer's, or installer's license should not be  
2-28 suspended or revoked and at which the consumer may express the  
2-29 person's views. Following the meeting, the director shall either  
2-30 resolve the matter by agreed order, dismiss the matter if no  
2-31 violation is found to have occurred, or institute an administrative  
2-32 action, which may include license suspension or revocation, the  
2-33 assessment of administrative penalties, or a combination of such  
2-34 actions.

2-35 SECTION 6. This Act takes effect September 1, 2023.

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