



HOUSE BILL 870: Certificate of Title/Manufactured Home Changes.

2015-2016 General Assembly

Committee:	Date:	August 9, 2016
Introduced by:	Prepared by:	Giles Perry
Analysis of:	S.L. 2016-59	Staff Attorney

OVERVIEW: *S.L. 2016-59 clarifies the procedure for renewing, releasing, and canceling security interests on the certificate of title for a manufactured home, and revises the cost calculation used in determining whether a lien agent must be appointed for leased real property being improved by the installation of a manufactured home.*

This act has various effective dates. Please see the full summary for more detail.

BILL ANALYSIS:

Section 1 of the bill incorporates by reference, for purposes of Chapter 20 (Motor Vehicles), the definition of "manufactured home" found in Chapter 143, Article 9A (NC Manufactured Housing Board).¹

In addition, Section 1 modifies the definitions of "house trailer" and "recreational vehicle" used in Chapter 20 to exclude manufactured homes, but include them within the meaning of the term "vehicle" unless the context requires otherwise, or as otherwise provided in statutes governing the process by which a manufactured home placed on a permanent foundation becomes an improvement to real property.²

Section 2 amends G.S. 20-58 to require an application for notation of a security interest on a manufactured home's certificate of title to state the secured obligation's maturity date, and to require the Division of Motor Vehicles (DMV) to include the maturity date on the certificate of title, in DMV public records, and in any reports regarding the certificate of title provided to third parties by DMV.

Section 3 enacts a new G.S. 20-58.3A to provide for automatic expiration of a security interest and to establish a procedure for renewal of a security interest on manufactured homes.

An unsatisfied security interest in a manufactured home that is not perfected in accordance with G.S. 20-58(c) (added by Section 2) automatically expires 30 years after the date of issuance of the original certificate of title, unless a different maturity date is stated on the title.

An unsatisfied security interest in a manufactured home that is perfected in accordance with G.S. 20-58(c) automatically expires:

- (1) if the perfection has not been renewed, on the earlier of 90 days after the stated maturity date or 15 years plus 180 days after the date of issuance of the original certificate, or

¹ "A structure, transportable in one or more sections, which, in the traveling mode, is eight feet or more in width or is 40 feet more in length, or when erected on site, is 320 or more square feet, and which 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, and includes the plumbing, heating, air conditioning and electrical systems contained therein." G.S. 143-143.9(6).

² G.S. 20-109.2, G.S. 47-20.6, G.S. 47-20.7.

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- (2) if the perfection has been renewed, on the earlier of 10 years after the date of the renewal, 90 days after the original maturity date (if not extended), or 90 days after any extended maturity date.

Section 3 provides a procedure for a secured party to renew the perfection of a security interest, but requires written consent of the borrower to any extension of the maturity date.

Section 3 also provides that DMV is not subject to a claim under the State Tort Claims Act based on its reliance on any application for renewal of a security interest on a manufactured home submitted by a third party pursuant to G.S. 20-58.3A.

Section 4 provides an alternative method by which the owner of a manufactured home who has satisfied the secured debt can obtain a cancellation of the security interest when it is impossible to obtain a release from the secured party.

Section 5 authorizes the DMV to charge a \$20.00 fee for renewing a security interest on a certificate of title or removing a security interest from a certificate of title.

Section 6 amends G.S. 20-109.2(d) to provide that when an owner of a manufactured home that has become an improvement to real property applies for a new certificate of title in connection with separating the manufactured home from the real property, the owner must submit to DMV verification of the identity of the current owner of the real property upon which the manufactured home was located. DMV is required to issue the new title in the name of the current owner of the real property upon which the manufactured home was located.

Section 7 amends G.S. 44A-11.1, which requires appointment of a lien agent for improvements to real property when the cost of the undertaking is \$30,000 or more, to provide that when improvements to a real property leasehold are limited to the purchase, transportation or setup of a manufactured home for which there is a current certificate of title, the purchase price of the home is not included in calculating the costs of the undertaking.

Sections 8 and 9 makes conforming changes to statutes requiring designation of a lien agent as a condition precedent to issuance of building permits for improvements to real property where the cost of work is \$30,000 or more, to provide that when improvements to a real property leasehold are limited to the purchase, transportation or setup of a manufactured home, with a current certificate of title, the purchase price of the home must be excluded in calculating the costs of the undertaking.

EFFECTIVE DATE: Section 6 became effective August 1, 2016, and applies to titles issued on or after that date. The remainder of this act becomes effective July 1, 2017.

Bill Patterson and Susan Sitze of the Legislative Analysis Division substantially contributed to this summary.