

2601 - Permanently Sited Definition

Update Made:

- Changed wording From:
 - “Factors that tend to show a MH is permanently sited:”
- To:
 - “Factors that tend to show a MH is permanently sited include one or more of the following:”

Implications:

Provides Clarity

- Makes clear that **not all factors must be met**; any one or more may indicate the home is permanently sited.
- Ensures lenders correctly identify when a manufactured home qualifies as real estate.

Why the Clarification Matters

- There are better consumer protections for the homeowner when a home is financed as real estate
- **TILA-RESPA Disclosures (The Loan Estimate and Closing Disclosure)**
 - The TILA-RESPA **Rule does not apply** to *chattel-dwelling loans* (e.g., a mobile home **not attached** to real property).
 - While there are exceptions to when the TILA-RESPA Rule applies, lenders typically use the **Loan Estimate** and **Closing Disclosure** for most (if not all) mortgage transactions.
 - We aimed to provide TILA-RESPA disclosures on all loan programs because:
 - We believe the Loan Estimate and Closing Disclosure are the **most accurate and appropriate** for the mortgage terms offered.
 - Our origination system no longer reliably supports the outdated **Good Faith Estimate** or **HUD-1 Settlement Statement (the disclosures used before the TILA-RESPA Rule)**
 - Staff are **not trained** on the older disclosure forms.
- Classifying the home as real estate means we can use a Mortgage Deed (rather than a Consumer Loan Security Agreement) at closing.

2604 – Real Estate Deeds For Mobile Homes

- Remove requirement for the use of a Warranty Deed to finance the property as real estate
- Allow lenders to accept a Bill of Sale (instead of a Warranty Deed) and still be able to finance the property as real estate
- If there comes a time where loans for MHs in parks/cooperatives can be sold to the secondary market, the lender could require a Warranty Deed for that transaction

Implications Of NOT Making the Requested Update:

- Sellers often provide a Bill of Sale with the purchase and sale agreement, but we must require a Warranty Deed because we handle these transactions as real estate.
- In some cases, this wasn't caught, and the loan closed using a Bill of Sale instead of a Warranty Deed, requiring the seller's attorney to correct the conveyance post-closing, coordinated with the buyer's attorney, seller, and seller's attorney.

Update Made:

- Removal of the requirement to use "Mobile Home Warranty Deed"
- Removal of the requirement to obtain landowner consent for conveyance of the manufactured home

Implications:

- There is a lack of awareness to use this version (vs. the standard Warranty Deed used for all real estate transactions)
- Obtaining landowner consent can delay mortgage closings
- The buyer/homeowner has "consent" when a lease is signed
- The lender typically obtains landowner consent on their park approval form obtained prior to closing

2605 – Mobile Home Bill of Sale Conversion Process

Update Made:

- Removal of the requirement to convert a Bill of Sale to a Warranty Deed

Implications:

- There was a general lack of awareness of this requirement amongst attorneys, town clerks and other stakeholders
- Why was this required in the first place? It's not as if a Mortgage Deed that's recorded is required to be "purged". That Deed is discharged once the lien is paid off. Why can't that be the case for the Bill of Sale?
- If the owner acquired the manufactured home by virtue of a bill of sale, he/she should still be able to get a residential loan without the extra expense of having to deed the home to themselves- removing this requirement removes this added expense and step
- Once a Bill of Sale is converted to a Warranty Deed, it cannot be converted back to a Bill of Sale

9741 - Sales Not Covered

Update Made:

- Exempt manufactured homes from sales tax

Implications:

- Manufactured home suppliers charge homebuyers for sales tax on the sales contract. On a \$100,000 home, a homebuyer would save \$3600 or 6% of 60% of the cost of the home.

9602 – Tax on Transfer of Title to Property

Update Made:

- Property Transfer Tax would now apply for manufactured homes conveyed as personal property

Implications:

- On a \$100,000 home, a homebuyer would pay property transfer tax in the amount of \$525 instead of \$3600.

9605 – Payment of Tax

Update Made:

- Payment of property transfer tax would be required within 30 days of the transfer of the home

Implications:

- Stakeholders will need to figure out who will file the property transfer tax return and payment as part of this new process

Conforming Revisions

- Replace references to “mobile home” with “manufactured home”
- Definitions:
 - **Mobile Home:** A prefabricated, factory-built home, on a permanent chassis, built before June 15th, 1976
 - **Manufactured Home:** A prefabricated, factory-built home, on a permanent chassis, built after June 15th, 1976. And therefore, constructed according to HUD Code.
- Most lenders do not finance “mobile homes”.
- But, should each be defined?