

# Titling of Manufactured Homes: Challenges & Trends



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# History

- ◆ Travel trailer origins
- ◆ “Mobile home” now “manufactured home”
- ◆ HUD Code standards – construction, safety
- ◆ Personal property/chattel vs. real estate



# Not a Motor Vehicle

Yet historically treated as motor vehicles

**MANUFACTURER'S STATEMENT OF ORIGIN TO A MOTOR VEHICLE**

The undersigned CORPORATION hereby certifies that the new motor vehicle described below, the property of said CORPORATION, has been transferred this 30 day of JULY 19 90 on Invoice No. V 8852  
8853V

to whose address is FALLS MOBILE HOMES  
BOX 219 (Street, City and State) 54024  
WISCONSIN

Trade Name ST CROIX FALLS Model Year 1991 Series or Model 60  
NORTHERN CLASSIC FR ME

Body Type 3B-FB-3BA-UTL-RT-PERIM Length 7721ABV  
SIZE 64 X 26

No. Axles 2 Serial No. MY91 Shipping Weight 7721ABV  
No. Wheels 4

The CORPORATION further certifies that this was the first of such new motor vehicle in ordinary trade and commerce.

FRIENDSHIP HOMES OF MINNESOTA  
(Corporation)

By: JOHN D. MOORE Title or Position BILLING MANAGER  
NAPPANEE, INDIANA 46550  
Office Address of Signatory (City and State)

Approved by Registrar - 10-49



# Title Process



PS2017-08

MINNESOTA DEPARTMENT OF PUBLIC SAFETY  
Driver and Vehicle Services Division  
445 Minnesota St., Suite 180  
ST. PAUL, MINNESOTA 55101

## NOTIFICATION OF ASSIGNMENT, RELEASE OR GRANT OF SECURED INTEREST (Instructions on reverse side)

YEAR	MAKE	TYPE	MODEL	VEHICLE IDENTIFICATION NO.	TITLE NO.	
OWNER(S) NAME			SECURED PARTY'S NAME			
STREET ADDRESS			STREET ADDRESS			
CITY	STATE	ZIP CODE	<b>A</b>	CITY	STATE	ZIP CODE
SIGNATURE OF OWNER(S), NECESSARY ONLY WITH GRANT			SIGNATURE AND TITLE OF AUTHORIZED AGENT			

ASSIGNMENT The secured party named in Section A has assigned his interest to the secured party named in Section B.

RELEASE The secured party named in Section A no longer claims a security interest in the vehicle described above. Date of Release: \_\_\_\_\_

GRANT

**--- NOTICE ---**  
This form must be not to release a lien.



MN title bears legend: “THIS TITLE DESCRIBES A MANUFACTURED HOME NOT A MOTOR VEHICLE.”

# 2003 Changes

13. US Bank Home Mortgage has placed a moratorium on loans on manufactured housing in the following states. Reasons for the moratorium include the lack of surrender provisions for Certificates of Title and other title related issues. The moratorium list will be revised as states make changes to laws regarding surrender of the Certificate of Title.  
Alaska, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Louisiana, Maryland, Michigan, Minnesota, Missouri, Mississippi, Nebraska, New York, North Dakota, South Carolina, South Dakota, Tennessee, Vermont and West Virginia.

(02/11/03)

- Moratorium on loans on manufactured housing
- Pressure for legislative reforms
- Tighter restrictions by lenders



# New Lending Restrictions



- MH must be classified as real property
- Land must be owned, not rented
- Home must be attached to permanent foundation
- Mortgage or deed must be recorded in land records and must identify the property as including both the home and the land
- If state law requires, certificate of title must be surrendered for permanent cancellation

“Loans in which there is a chattel lien on the home plus a real property lien on the land are unacceptable.” – Fannie Mae

# Current State Laws Differ

Manufactured homes may be classified as:

- Personal property, even if they are attached to land;
- Real property for all purposes;
- Real property for some purposes and personal property for others; or
- **Personal property until they become a fixture or until the title is “converted” from personal to real property** (most common)

# Minnesota's Law

## **168A.141 MANUFACTURED HOME AFFIXED TO REAL PROPERTY.**

**Subdivision 1. Certificates surrendered for cancellation.** When a manufactured home is affixed, as defined in section 273.125, subdivision 8, paragraph (b), to real property, and financed by the giving of a mortgage on the real property, the owner of the manufactured home shall surrender the manufacturer's certificate of origin or certificate of title to the department for cancellation. The owner of the manufactured home shall give the department the address and legal



Interesting note:

Manufactured home that is permanently affixed requires certificate of title if there is no mortgage



# So what's the problem?



- ◆ Failure to adhere to law is discovered days before closing on a home sale

# Enter the DMV



- Pending sale of permanently affixed MH with existing mortgage lien and

- Title was never canceled, or
- Title was never applied for

- Serial number mix-ups

- Confusion about law

- Court actions ensue



# Other Examples

- ◆ Less common: Title has been surrendered for cancellation and owner wants to move the home to another county as personal property
- ◆ MN law does not permit reversal; some states do
  - How to ensure no mortgage liens or security interests exist?

# Potential Solutions?

Texas: “Statement of Ownership & Location”

Consumer groups advocate for classification of all manufactured homes as real property from point of sale

Other solutions?



# Can DMVs Get Out of the Business of Titling Manufactured Homes?

- ◆ Time-consuming for DMV to administer
- ◆ DMVs know vehicles, not real estate
- ◆ Legal issues often complicate the process
- ◆ Confusing for consumers
- ◆ Confusing for lenders



# Discussion & Further Reading

## **References:**

Burkhart, Ann M., Professor of Law, University of Minnesota Law School, *“Bringing Manufactured Housing into the Real Estate Finance System,”* Legal Studies Research Paper Series, No. 10-06, 2010. Electronic copy available at <http://ssrn.com/abstract=1548441> (accessed March 1, 2011).

*“Manufactured Housing: A Home that the Law Still Treats Like a Car,”* Consumer’s Union, Austin, TX, February 2005.

*Manufactured Housing Resource Guide: “Titling Homes as Real Property,”* National Consumer Law Center, January 2009, at [http://cfed.org/assets/pdfs/mh\\_realproperty.pdf](http://cfed.org/assets/pdfs/mh_realproperty.pdf). Appendix contains a summary of all states’ conversion statutes. (accessed March 25, 2011)

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*“State of the Manufactured Housing Consumer Lending Environment,”* Manufactured Housing Institute, Arlington, VA. Prepared for MH Summit, Elkhart, IN, June 2, 2010  
<http://manufacturedhousing.org/webdocs/MH%20Talking%20Points%205-17-10.pdf> (accessed March 28, 2011)