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HOUSE BILL 1006
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Short Title: Manufactured Housing.

(Public)

Sponsors:

Referred to:

April 10, 2003

A BILL TO BE ENTITLED

1 AN ACT TO GRANT GREATER CONSUMER PROTECTION TO RESIDENTS OF
2 MANUFACTURED HOUSING IN NORTH CAROLINA.
3

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 20-109.2 reads as rewritten:

6 "**§ 20-109.2. Surrender of title to manufactured home.**

7 (a) Surrender of Title. – If a title has been issued for a manufactured home and
8 the manufactured home qualifies as real property as defined in G.S. 105-273(13), the
9 owner shall submit an affidavit to the Division that the manufactured home meets this
10 definition and surrender the certificate of title to the Division.

11 (b) Affidavit. – The affidavit must be in a form approved by the Commissioner
12 and shall include or provide for all of the following information:

13 (1) The manufacturer and, if applicable, the model name of the
14 manufactured home.

15 (2) The vehicle identification number and serial number of the
16 manufactured home.

17 (3) The legal description of the real property on which the manufactured
18 home is placed, stating that the owner of the manufactured home also
19 owns the real ~~property~~-property or that the owner of the manufactured
20 home has entered into a lease with a primary term of at least 20 years
21 for the real property on which the manufactured home is affixed with a
22 copy of the lease or a memorandum thereof pursuant to G.S. 47-18
23 attached to the affidavit, if not previously recorded.

24 (4) A description of any security interests in the manufactured home.

25 (5) A section for the Division's notation or statement that the title has been
26 surrendered and cancelled by the Division.

27 (c) Cancellation. – Upon compliance by the owner with the procedure for
28 surrender of title, the Division shall rescind and cancel the certificate of title. If a

1 security interest has been recorded on the certificate of ~~title,~~title and not released by the
2 secured party, the Division may not cancel the title without written consent from all
3 secured parties. After cancelling the title, the Division shall return the original of the
4 affidavit to the owner, or to the secured party having the first recorded security interest,
5 with the Division's notation or statement that the title has been surrendered and has been
6 cancelled by the Division. The owner or secured party shall file the affidavit returned by
7 the Division with the office of the register of deeds of the county where the real
8 property is located. The Division may charge five dollars (\$5.00) for a cancellation of a
9 title under this section.

10 (d) Application for Title After Cancellation. – If the owner of a manufactured
11 home whose certificate of title has been cancelled under this section subsequently seeks
12 to separate the manufactured home from the real property, the owner may apply for a
13 new certificate of title. The owner must submit to the Division an affidavit containing
14 the same information set out in subsection (b) of this section, verification that the
15 manufactured home has been removed from the real property, and written consent of
16 any affected owners of recorded mortgages, deeds of trust, or security interests in the
17 real property where the manufactured home was placed. The Commissioner may require
18 evidence sufficient to demonstrate that all affected owners of security interests have
19 been notified and consent. Upon receipt of this information, together with a title
20 application and required fee, the Division is authorized to issue a new title for the
21 manufactured home.

22 (e) Sanctions. – Any person who violates this section is subject to a civil penalty
23 of up to one hundred dollars (\$100.00), to be imposed in the discretion of the
24 Commissioner."

25 **SECTION 2.** G.S. 47-20.6(a) reads as rewritten:

26 "(a) If the owner of real property or the owner of the manufactured home who has
27 entered into a lease with a primary term of at least 20 years for the real property on
28 which the manufactured home is affixed has surrendered the title to a manufactured
29 home that is placed on the real property and the title has been cancelled by the Division
30 of Motor Vehicles under G.S. 20-109.2, the owner, or the secured party having the first
31 security interest in the manufactured home at time of surrender, shall record the
32 affidavit described in G.S. 20-109.2 with the office of the register of deeds of the county
33 where the real property is located. Upon recordation, the affidavit shall be indexed on
34 the grantor index in the name of the owner of the manufactured home and on the grantee
35 index in the name of the secured party or lienholder, if any."

36 **SECTION 3.** G.S. 47-20.7(a) reads as rewritten:

37 "(a) A person who owns real property on which a manufactured home has ~~been,~~
38 ~~been~~ or will be ~~placed,~~placed or the owner of a manufactured home who has entered
39 into a lease with a primary term of at least 20 years for the real property on which the
40 manufactured home has been or will be placed, as defined in G.S. 105-273(13), and
41 either where the manufactured home has never been titled by the Division of Motor
42 Vehicles or where the title to the manufactured home has been surrendered and
43 cancelled by the ~~Division,~~Division prior to January 1, 2002, may record in the office of
44 the register of deeds of the county where the real property is located a declaration of

1 intent to affix the manufactured home to the property and may convey or encumber the
2 real property, including the manufactured home, by a deed, deed of trust, or other
3 instrument recorded in the office of the register of deeds."

4 **SECTION 4.** G.S. 105-273(13) reads as rewritten:

5 **"§ 105-273. Definitions.**

6 When used in this Subchapter (unless the context requires a different meaning):

7 ...

8 (13) "Real property," "real estate," and "land" mean not only the land itself,
9 but also buildings, structures, improvements, and permanent fixtures
10 on the land, and all rights and privileges belonging or in any way
11 appertaining to the property. These terms also mean a manufactured
12 home as defined in G.S. 143-143.9(6) if it is a residential structure; has
13 the moving hitch, wheels, and axles removed; and is placed upon a
14 permanent foundation either on land owned by the owner of the
15 manufactured home, or on land in which the owner of the
16 manufactured home has a leasehold interest pursuant to a lease with a
17 primary term of at least 20 years for the real property on which the
18 manufactured home is affixed and where the lease expressly provides
19 for disposition of the manufactured home upon termination of the
20 lease. A manufactured home as defined in G.S. 143-143.9(6) that does
21 not meet all of these conditions is considered tangible personal
22 property."

23 **SECTION 5.** Chapter 42 of the General Statutes is amended by adding a
24 new section to read:

25 **"§ 42-14.3. Notice of conversion of manufactured home communities.**

26 (a) In the event that an owner of a manufactured home community (defined as a
27 parcel of land, whether undivided or subdivided, that has been designed to
28 accommodate at least five manufactured homes) intends to convert the manufactured
29 home community, or any part thereof, to another use that will require movement of the
30 manufactured homes, the owner of the manufactured home community shall give each
31 owner of a manufactured home notice of the intended conversion at least 180 days
32 before the owner of a manufactured home is required to vacate and move the
33 manufactured home, regardless of the term of the tenancy. Failure to give notice as
34 required by this section is a defense in an action for possession. The respective rights
35 and obligations of the community owner and the owner of the manufactured home
36 under their lease shall continue in effect during the notice period.

37 (b) Notwithstanding subsection (a) of this section, if a manufactured home
38 community is being closed pursuant to a valid order of any unit of State or local
39 government, the owner of the community shall be required to give notice of the closure
40 of the community to each resident of the community within three business days of the
41 date on which the order is issued."

42 **SECTION 6.** Chapter 143 of the General Statutes is amended by adding a
43 new section to read:

44 **"§ 143-143.20A. Display of pricing on manufactured homes.**

1 (a) If the manufacturer of a manufactured home publishes a manufacturer's
2 suggested retail price, that price shall be displayed near the front entrance of the
3 manufactured home.

4 (b) Each manufactured home dealer shall prominently display a sign and provide
5 to each buyer a notice, developed by the North Carolina Manufactured Housing Board,
6 containing information about the Board, including how to file a consumer complaint
7 with the Board and the warranties and protections provided for each new manufactured
8 home under federal and State law."

9 **SECTION 7.** G.S. 143-143.21A reads as rewritten:

10 **"§ 143-143.21A. Purchase agreements; buyer cancellations.**

11 (a) A purchase agreement for a manufactured home shall include all of the
12 following:

- 13 (1) A description of the manufactured home and all accessories included
14 in the purchase.
- 15 (2) The purchase price for the home and all accessories.
- 16 (3) The amount of deposit or other payment toward or payment of the
17 purchase price of the manufactured home and accessories that is made
18 by the buyer.
- 19 (4) The date the retail purchase agreement is signed.
- 20 (5) The estimated terms of financing the purchase, if any, including the
21 estimated interest rate, number of years financed, and monthly
22 payment.
- 23 (6) The buyer's signature.
- 24 (7) The dealer's signature.

25 (b) The purchase agreement shall contain, in immediate proximity to the space
26 reserved for the signature of the buyer and in at least ten point, all upper-case Gothic
27 type, the following statement:

28 "I UNDERSTAND THAT I HAVE THE RIGHT TO CANCEL THIS PURCHASE
29 BEFORE MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE THAT
30 I HAVE SIGNED THIS AGREEMENT. I UNDERSTAND THAT THIS
31 CANCELLATION MUST BE IN WRITING. IF I CANCEL THE PURCHASE
32 AFTER THE THREE-DAY PERIOD, I UNDERSTAND THAT THE DEALER MAY
33 NOT HAVE ANY OBLIGATION TO GIVE ME BACK ALL OF THE MONEY
34 THAT I PAID THE DEALER. I UNDERSTAND ANY CHANGE TO THE TERMS
35 OF THE PURCHASE AGREEMENT BY THE DEALER WILL CANCEL THIS
36 AGREEMENT."

37 (c) At the time the deposit or other payment toward or payment for the purchase
38 price is received by the dealer, the dealer shall give the buyer a copy of the purchase
39 agreement and a completed form in duplicate, captioned "Notice of Cancellation,"
40 which shall be attached to the purchase agreement, be easily detachable, and explain the
41 buyer's right to cancel the purchase and how that right can be exercised.

42 (d) The dealer shall return the deposit or other payment toward or payment for
43 the purchase price to the buyer if the buyer cancels the purchase before midnight of the
44 third business day after the date the buyer signed the purchase ~~agreement~~.agreement or

1 if any of the material terms of the purchase agreement are changed by the dealer. To
2 make the cancellation effective, the buyer shall give the dealer written notice of the
3 buyer's cancellation of the purchase. The dealer shall return the deposit or other
4 payment toward or payment for the purchase price to the buyer within 15 business days
5 after receipt of the notice of ~~cancellation~~ cancellation or within three business days of
6 any change by the dealer of the purchase agreement. For purposes of this section,
7 "business day" means any day except Sunday and legal holidays. Each time the dealer
8 gives the buyer a new set of financing terms, unless the financing terms are more
9 favorable to the buyer, the buyer shall be given another three-day cancellation period.
10 The dealer shall not commence setup procedures until after the final three-day
11 cancellation period has expired.

12 (e) If the buyer cancels the purchase after the three-day cancellation period, but
13 before the sale is completed, and if:

14 (1) The manufactured home is in the dealer's inventory, the dealer may
15 retain from the deposit or other payment received from the buyer
16 actual damages up to a maximum of ten percent (10%) of the purchase
17 price; or

18 (2) The manufactured home is specially ordered from the manufacturer for
19 the buyer, the dealer may retain actual damages up to the full amount
20 of the buyer's deposit or other payment received from the buyer.

21 (f) The Board shall adopt rules concerning the terms of any deposit paid by a
22 buyer to a dealer. The rules may exempt deposits of less than two thousand dollars
23 (\$2,000). To the extent practicable, the rules shall protect the deposits from the claims
24 of the creditors of a dealer that may thereafter be in bankruptcy. The rules shall further
25 provide for the prompt return of a buyer's deposit if the buyer is entitled to its return."

26 **SECTION 8.** Sections 6 and 7 of this act become effective October 1, 2003.
27 The remainder of this act is effective when it becomes law.