

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 870
Committee Substitute Favorable 4/27/15

Short Title: Cert. of Title/Manuf. Home Changes.

(Public)

Sponsors:

Referred to:

April 15, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO CLARIFY THE RENEWAL, RELEASE, AND CANCELLATION PROCESS
3 FOR SECURITY INTERESTS ON A CERTIFICATE OF TITLE FOR A
4 MANUFACTURED HOME, TO CLARIFY THE CALCULATION OF THE COST OF
5 THE UNDERTAKING FOR THE INSTALLATION OF A MANUFACTURED HOME,
6 AND TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO STUDY
7 THE LAW AND PROCESS RELATED TO MANUFACTURED HOME TITLES AND
8 SECURITY INTERESTS.

9 The General Assembly of North Carolina enacts:

10 SECTION 1. G.S. 20-4.01 reads as rewritten:

11 "§ 20-4.01. Definitions.

12 Unless the context requires otherwise, the following definitions apply throughout this
13 Chapter to the defined words and phrases and their cognates:

14 ...

15 (14) House Trailer. – Any trailer or semitrailer designed and equipped to provide
16 living or sleeping facilities and drawn by a motor vehicle. This term shall not
17 include a manufactured home as defined in G.S. 20-4.01(18a).

18 ...

19 (18a) Manufactured Home. – Defined in G.S. 143-143.9(6).

20 ...

21 (32b) Recreational Vehicle. – A vehicular type unit primarily designed as
22 temporary living quarters for recreational, camping, or travel use that either
23 has its own motive power or is mounted on, or towed by, another vehicle.
24 The basic entities are camping trailer, fifth-wheel travel trailer, motor home,
25 travel trailer, and truck camper. This term shall not include a manufactured
26 home as defined in G.S. 143-143.9(6).

27 a. Motor home. – As defined in G.S. 20-4.01(27)d2.

28 b. Travel trailer. – A vehicular unit mounted on wheels, designed to
29 provide temporary living quarters for recreational, camping, or travel
30 use, and of a size or weight that does not require a special highway
31 movement permit when towed by a motorized vehicle.

32 c. Fifth-wheel trailer. – A vehicular unit mounted on wheels designed
33 to provide temporary living quarters for recreational, camping, or
34 travel use, of a size and weight that does not require a special
35 highway movement permit and designed to be towed by a motorized



1 vehicle that contains a towing mechanism that is mounted above or
 2 forward of the tow vehicle's rear axle.

3 d. Camping trailer. – A vehicular portable unit mounted on wheels and
 4 constructed with collapsible partial side walls that fold for towing by
 5 another vehicle and unfold at the campsite to provide temporary
 6 living quarters for recreational, camping, or travel use.

7 e. Truck camper. – A portable unit that is constructed to provide
 8 temporary living quarters for recreational, camping, or travel use,
 9 consisting of a roof, floor, and sides and is designed to be loaded
 10 onto and unloaded from the bed of a pickup truck.

11 ...
 12 (49) Vehicle. – Every device in, upon, or by which any person or property is or
 13 may be transported or drawn upon a highway, excepting devices moved by
 14 human power or used exclusively upon fixed rails or tracks; provided, that
 15 for the purposes of this Chapter bicycles shall be deemed vehicles and every
 16 rider of a bicycle upon a highway shall be subject to the provisions of this
 17 Chapter applicable to the driver of a vehicle except those which by their
 18 nature can have no application. This term shall not include a device which is
 19 designed for and intended to be used as a means of transportation for a
 20 person with a mobility impairment, or who uses the device for mobility
 21 enhancement, is suitable for use both inside and outside a building, including
 22 on sidewalks, and is limited by design to 15 miles per hour when the device
 23 is being operated by a person with a mobility impairment, or who uses the
 24 device for mobility enhancement. This term shall not include an electric
 25 personal assistive mobility device as defined in G.S. 20-4.01(7a). Unless the
 26 context requires otherwise, and except as provided under G.S. 20-109.2,
 27 47-20.6, or 47-20.7, a manufactured home shall be deemed a vehicle.

28"

29 **SECTION 2.** G.S. 20-58 reads as rewritten:

30 **"§ 20-58. Perfection by indication of security interest on certificate of title.**

31 ...
 32 (c) On and after January 1, 2016, an application for the notation of a security interest
 33 pursuant to subsection (a) of this section on a certificate of title for a manufactured home shall
 34 state the maturity date of the secured obligation. The Division shall include the stated maturity
 35 date for the certificate of title, including the notation of the maturity date on the certificate of
 36 title, in its public records and in any reports regarding the certificate of title provided to third
 37 parties. For the purposes of this subsection, the maturity date of the security interest is defined
 38 in G.S. 45-36.24."

39 **SECTION 3.** Article 3 of Chapter 20 of the General Statutes is amended by adding
 40 a new section to read:

41 **"§ 20-58.3A. Automatic expiration of security interest in manufactured home; renewal of**
 42 **security interests in manufactured homes.**

43 (a) For the purposes of this section, the term "secured party" means the secured party
 44 named on a certificate of title for a manufactured home and those parties that succeed to the
 45 rights of the secured party as a secured creditor by assignment or otherwise. The term
 46 "borrower" means the borrower of the obligation secured by the security interest noted on the
 47 certificate of title for a manufactured home.

48 (b) With the exception of a security interest in a manufactured home perfected pursuant
 49 to G.S. 20-58(c), unless satisfied pursuant to G.S. 20-58.4 or G.S. 20-109.2, a security interest
 50 in a manufactured home that is perfected by a notation on the certificate of title shall

1 automatically expire 30 years after the date of the issuance of the original certificate of title
2 containing the notation of the security interest.

3 (c) Unless satisfied pursuant to G.S. 20-58.4 or G.S. 20-109.2, a security interest in a
4 manufactured home perfected by a notation on the certificate of title pursuant to G.S. 20-58(c)
5 shall automatically expire as follows:

6 (1) If the perfection of the security interest has not been renewed as provided in
7 this section, on the earlier of (i) 90 days after the maturity date stated on the
8 application for the security interest or (ii) 15 years plus 180 days after the
9 date of issuance of the original certificate of title containing the notation of
10 the security interest.

11 (2) If the perfection of the security interest has been renewed as provided in this
12 section, on the earlier of (i) 10 years after the date of the renewal of the
13 perfection of the security interest, (ii) 90 days after the original maturity date
14 of the security interest, or (iii) 90 days after any extended maturity date
15 stated on the application of renewal.

16 (d) Prior to the date that perfection of a secured party's security interest in a
17 manufactured home automatically expires pursuant to subsection (c) of this section, the secured
18 party may deliver to the Division an application for renewal of the perfection of the secured
19 party's security interest. The application for the renewal of the perfection of the secured party's
20 security interest shall be in a form prescribed by the Division. Nothing in this section shall be
21 construed to extend the maturity date of the secured obligation unless an agreement in writing
22 has been executed by the borrower extending the original maturity date. The application for
23 renewal of the perfection of the secured party's security interest shall contain all of the
24 following:

25 (1) The secured party's signature.

26 (2) The existing certificate of title, unless it is in the possession of a prior
27 secured party.

28 (3) An affirmative statement of any agreement executed by the borrower to
29 extend the maturity date.

30 (4) If the application is submitted by the assignee or successor in interest of the
31 secured party listed on the certificate of title, documentary evidence that the
32 applicant is the assignee or successor in interest of the secured party listed
33 on the certificate of title.

34 (5) The name and address of the party from whom information concerning the
35 security interest may be obtained.

36 (6) Any other information requested by the Division.

37 (e) Upon receipt of the application for renewal of the perfection of the secured party's
38 security interest, the Division shall do one of the following:

39 (1) If the existing certificate of title is included with the application for renewal,
40 the Division shall issue a new certificate of title bearing (i) the date of the
41 original security interest, (ii) a notation of the renewed perfection of the
42 security interest, (iii) the maturity date of the security interest, and (iv) the
43 date of renewal.

44 (2) If the existing certificate of title is in the possession of a prior secured party,
45 the Division, if satisfied as to the genuineness and regularity of the
46 application for renewal, shall obtain the certificate of title from the party in
47 possession for the purpose of notating (i) the date of the original security
48 interest, (ii) the renewal of the perfection of the security interest, (iii) the
49 original or extended maturity date, and (iv) the date of renewal. Once the
50 notations have been made, the Division shall return the certificate of title to
51 the possession of the secured party.

1 (3) If the existing certificate of title cannot be obtained, the Division shall cancel
2 the existing certificate of title and issue a new certificate of title. The new
3 certificate of title shall list all known security interests and shall bear
4 notation that shows (i) the date of the original security interest, (ii) the
5 renewal of the perfection of the security interest, (iii) the original or
6 extended maturity date, and (iv) the date of renewal.

7 (f) An application for the renewal of a secured party's security interest pursuant to this
8 section shall be effective to renew the perfection of the security interest as of the date the
9 application is delivered to the Division. Each renewed security interest shall retain its original
10 date of perfection and shall thereafter expire on the earlier to occur of (i) 10 years after the date
11 of renewal of the perfection of the security interest or (ii) the original or extended maturity
12 date. Perfection of a security interest in a manufactured home may be renewed more than once
13 pursuant to this section."

14 **SECTION 4.** G.S. 20-58.4 reads as rewritten:

15 **"§ 20-58.4. Release of security interest.**

16 ...

17 (e) If it is impossible for the owner to secure from the secured party the release
18 contemplated by this section, the owner may exhibit to the Division either such evidence as
19 may be available showing satisfaction or other discharge of the debt secured, together with a
20 sworn affidavit by the owner that the debt has been satisfied, satisfied or a sworn affidavit by
21 the owner that the debt has been satisfied and that either (i) after diligent inquiry the owner has
22 been unable to determine the identity or the current location of the secured creditor or its
23 successor in interest or (ii) the secured creditor has not responded within 30 days to a written
24 request from the owner to release the secured creditor's security interest. ~~which the~~The Division
25 may treat either of the above as a proper release for purposes of this section when satisfied as to
26 the genuineness, truth and sufficiency thereof. Prior to cancellation of a security interest under
27 the provisions of this subsection, at least 15 days' notice of the pendency thereof shall be given
28 to the secured party at his last known address by the Division by registered letter. The Division
29 shall not cancel a security interest pursuant to this subsection if, within 15 days after the
30 Division gives notice, the secured party responds to the Division indicating that the security
31 interest remains in effect.

32 (f) In addition to the methods described in this section for the release of a security
33 interest noted on a certificate of title, the owner of a manufactured home or the owner of the
34 real property on which the manufactured home is physically located may effect the satisfaction
35 and release of a security interest in a manufactured home noted on the certificate of title as
36 provided in G.S. 20-109.2."

37 **SECTION 5.** G.S. 44A-11.1 is amended by adding a new subsection to read:

38 "(a1) Where the improvements to a real property leasehold are limited to the purchase,
39 transportation, and setup of a manufactured home, as defined in G.S. 143-143.9(6), for which
40 there is a current certificate of title, the purchase price of the manufactured home shall be
41 excluded in determining whether the costs of the undertaking are thirty thousand dollars
42 (\$30,000) or more."

43 **SECTION 6.** G.S. 153A-357(e) reads as rewritten:

44 (e) No permit shall be issued pursuant to subdivision (1) of subsection (a) of this
45 section where the cost of the work is thirty thousand dollars (\$30,000) or more, other than for
46 improvements to an existing single-family residential dwelling unit as defined in
47 G.S. 87-15.5(7) that the owner occupies as a residence, or for the addition of an accessory
48 building or accessory structure as defined in the North Carolina Uniform Residential Building
49 Code, the use of which is incidental to that residential dwelling unit, unless the name, physical
50 and mailing address, telephone number, facsimile number, and electronic mail address of the
51 lien agent designated by the owner pursuant to G.S. 44A-11.1(a) is conspicuously set forth in

1 the permit or in an attachment thereto. The building permit may contain the lien agent's
2 electronic mail address. The lien agent information for each permit issued pursuant to this
3 subsection shall be maintained by the inspection department in the same manner and in the
4 same location in which it maintains its record of building permits issued. Where the
5 improvements to a real property leasehold are limited to the purchase, transportation, and setup
6 of a manufactured home, as defined in G.S. 143-143.9(6), for which there is a current
7 certificate of title, the purchase price of the manufactured home shall be excluded in
8 determining whether the costs of the undertaking are thirty thousand dollars (\$30,000) or
9 more."

10 **SECTION 7.** G.S. 160A-417(d) reads as rewritten:

11 "(d) No permit shall be issued pursuant to subdivision (1) of subsection (a) of this
12 section where the cost of the work is thirty thousand dollars (\$30,000) or more, other than for
13 improvements to an existing single-family residential dwelling unit as defined in
14 G.S. 87-15.5(7) that the owner occupies as a residence, or for the addition of an accessory
15 building or accessory structure as defined in the North Carolina Uniform Residential Building
16 Code, the use of which is incidental to that residential dwelling unit, unless the name, physical
17 and mailing address, telephone number, facsimile number, and electronic mail address of the
18 lien agent designated by the owner pursuant to G.S. 44A-11.1(a) is conspicuously set forth in
19 the permit or in an attachment thereto. The building permit may contain the lien agent's
20 electronic mail address. The lien agent information for each permit issued pursuant to this
21 subsection shall be maintained by the inspection department in the same manner and in the
22 same location in which it maintains its record of building permits issued. Where the
23 improvements to a real property leasehold are limited to the purchase, transportation, and setup
24 of a manufactured home, as defined in G.S. 143-143.9(6), for which there is a current
25 certificate of title, the purchase price of the manufactured home shall be excluded in
26 determining whether the costs of the undertaking are thirty thousand dollars (\$30,000) or
27 more."

28 **SECTION 8.** The Legislative Research Commission may study the law and
29 process related to manufactured housing title and security interests, including the involvement
30 and possible elimination of the Division of Motor Vehicles from the registration and titling
31 process for manufactured homes in this State.

32 **SECTION 9.** Section 8 is effective when this act becomes law. The remainder of
33 this act becomes effective January 1, 2016.