

2011 SENATE TRANSPORTATION

SB 2165

2011 SENATE STANDING COMMITTEE MINUTES

Senate Transportation Committee
Lewis and Clark Room, State Capitol

SB 2165
January 20, 2011
12905

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Constituent's concern over manufactured home titles and the lack of ability for buyers to mortgage the manufactured home to get long term financing.

Minutes:

One e-mail attached

Senator G. Lee opened the hearing on SB 2165 relating to the department of motor vehicle record retention.

Senator Nodland introduced the bill and spoke in support of it. He said SB 2165 is a bill relating to a bill passed in the last session that related to mobile or manufactured homes to be used for long term financing. Within the last 2 years he had a constituent that had problems selling an older, totally remodeled manufactured home because the buyers, when they went to the bank, could not get long term financing. This title situation disallowed them to obtain long term financing and without it they could not purchase the manufactured home. SB 2165 will allow the title to be treated as a mortgage and give lenders the ability to do long term financing on it.

Don Forsberg, Executive Vice President for Independent Community Banks of North Dakota (ICBND) testified in support of SB 2165. He also brought verbal support from the North Dakota Bankers Association.

Senator Mathern asked if the permanent record part of the bill was what gives the ability for long term financing.

Mr. Forsberg said that the manufactured homes were titled property, which is no different than a vehicle. So the records were only retained a limited amount of time. The intent is to make them real property or could be real property and titles would need to be retained because that is the only way of tracking.

Senator Mathern asked where all other titles are kept.

Mr. Forsberg said that real estate records are the responsibility of the Register of Deeds in each individual county.

Senator Lee asked if an abstract followed the manufactured home when moved.

Mr. Forsberg said that he believed, it would be tracked with a certificate. He thinks it will be an electronic record retained by the Secretary of State's office.

There was some confusion on where records would be held and it was recognized that they would be held at the Department of Transportation.

Senator Sitte asked if there will be any recourse on previous situations.

Senator Nodland said it will help the constituent's situation because he has a title. Until this is passed the banking industry says it has to be treated like lending money for a vehicle instead of permanent real estate.

Mr. Forsberg clarified his testimony and his misunderstanding on where records were retained. He further read to the committee Linda Butts, e-mail (attachment #1). He said he was incorrect in using the Secretary of State in his comments.

No opposing testimony

Senator Lee closed the hearing on SB 2165.

Senator Mathern moved a **Do Pass** on SB 2165.

Senator Sitte seconded the motion.

Roll call vote 5-0-1. **Motion passed.**

Carrier is **Senator Nodland.**

Date: 1-20-2011
Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2115

Senate Transportation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Mathern Seconded By Senator Sitte

Senators	Yes	No	Senators	Yes	No
Chairman Gary Lee	✓		Senator Tim Mathern	✓	
Vice Chairman Dave Oehlke	✓				
Senator Dave Nething					
Senator George Nodland	✓				
Senator Margaret Sitte	✓				

Total (Yes) 5 No 0

Absent 1

Floor Assignment Senator Nodland

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2165: Transportation Committee (Sen. G. Lee, Chairman) recommends DO PASS
(5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2165 was placed on the
Eleventh order on the calendar.

2011 HOUSE TRANSPORTATION

SB 2165

2011 HOUSE STANDING COMMITTEE MINUTES

House Transportation Committee Fort Totten Room, State Capitol

SB 2165
03/10/11
Job # 15278

Conference Committee

Committee Clerk Signature

Jeanette Cook

Explanation or reason for introduction of bill/resolution:

SB 2165 is a bill relating to the department of motor vehicle record retention.

Minutes:

Attachments #1

Senator Nodland introduced SB 2165. He stated that this relates to SB 2130 which also pertains to manufactured homes. It relates to allowing manufactured homes to have long term financing. SB 2165 takes care of a title problem. All manufactured homes have a title. The normal course of a business is that the title has to be renewed every five years. So then, people that bought them couldn't obtain long term financing. When they bought these homes, they would have to get a loan on a five year renewal basis. It is difficult for the purchaser and the banks that are working with them. This bill will fix that. It says that the titles will be permanently be maintained and makes the long term financing simple.

Marilyn Foss, General Counsel for the North Dakota Bankers Association, spoke to support SB 2165 and provided written testimony. See attachment # 1.

Chairman Ruby: Was there a renewal fee after five years?

Marilyn Foss: The renewal fee that Senator Nodland was addressing was filing and renewing documentation that was filed if you are financing them as personal property not when you are financing them as real estate.

Chairman Ruby: Are the records kept only if they are attached to real property, or is it any manufactured home?

Marilyn Foss: We are talking about manufactured housing that has gone through the 2130 process for being established as real property. There are other ways to establish that a manufactured home or even a grain bin has been permanently affixed to real property. Those typically occur through court proceedings. This bill pertains only to this specific statutory process.

Chairman Ruby: If the home is damaged, what is the process then?

Marilyn Foss: It is permanent record retention. The whole point of this is to have the manufactured home be regarded as real property once it is permanently affixed to property. There is no process to "undo" things. I will note that manufactured housing is something that is taking off nationwide. So, having uniform standards for this is becoming a more urgent issue. For that reason, at the National Conference for State Laws they have started a drafting project for manufactured housing to come up with uniform national standards for establishing how it becomes real estate and what documentation will be required for that.

Vice Chairman Weiler: Can you clarify a "manufactured home"?

Marilyn Foss: In SB 2130 the definition said that a manufactured home is one that meets HUD standards. Most manufactured housing that can be financed over long term is more than a single wide mobile home.

Vice Chairman Weiler: We had a bill in Finance and Tax earlier, and when they talked about manufactured homes, they meant mobile homes. In the real estate business we talk about modular home and mobile homes. I just wanted clarification.

Marilyn Foss: I haven't looked at the definition for awhile. It talks about a chassis, removing the chassis, and how it is affixed to a permanent foundation. Also how it is attached to permanent utilities, etc. The distinction, if there is one, has not seemed to cause confusion in the lending community that I am aware of. We are not talking about mobile homes.

Representative Delmore: If I have motor home that I park at Devils Lake, leave it there, and go there in the summer. Would that be included in this bill?

Marilyn Foss: No, not unless you removed its ability to be a traveling motor home, permanently attached it to a permanent foundation, and attached it to permanent utilities for sewer and water, etc.

Representative Onstad: Is the foundation that it is sitting on part of the transition from personal property to real estate?

Marilyn Foss: That certainly is part of it. There are a number of specific events that need to occur. One of them is removing its ability to be picked up and moved without damage. There are a number of things, like having the same kind of foundation and attachments of a stick built home.

There was no further support for SB 2165.
There was no testimony in opposition to SB 2165.

The hearing was closed on SB 2165.

Representative R. Kelsch moved a DO PASS on SB 2165.
Representative Owens seconded the motion.

A roll call vote was taken. Aye 12 Nay 0 Absent 2

House Transportation Committee

SB 2165

03/10/11

Page 3

The motion carried.

Representative Heller will carry SB 2165.

Date: 3/10/11

Roll Call Vote #: _____

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2165

House TRANSPORTATION Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Kelsch Seconded By Owens

Representatives	Yes	No	Representatives	Yes	No
Chairman Ruby	X		Representative Delmore	X	
Vice Chairman Weiler	X		Representative Gruchalla	X	
Representative Frantsvog	X		Representative Hogan	X	
Representative Heller	X		Representative Onstad	X	
Representative R. Kelsch	X				
Representative Louser					
Representative Owens	X				
Representative Sukut	X				
Representative Vigasaa					
Representative Weisz	X				

Total (Yes) 12 No 0

Absent 2

Floor Assignment Heller

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2165: Transportation Committee (Rep. Ruby, Chairman) recommends DO PASS
(12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB 2165 was placed on the
Fourteenth order on the calendar.

2011 TESTIMONY

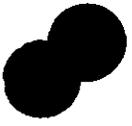
SB 2165

Lee, Gary A.

From: Butts, Linda N.
Sent: Wednesday, January 19, 2011 6:02 PM
To: Lee, Gary A.
Subject: SB2165

Sen Lee, I will not be able to attend the hearing tomorrow, but we have no objection to the bill as written as it's a relatively small number of titles and should not have a measureable impact on our operations. Normally we retain titles for as long as they are active; once inactive we retain the electronic record for 15 years before we purge.

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#1

TESTIMONY OF MARILYN FOSS

SUPPORTING SB 2165

Chairman Ruby, members of the committee, I am Marilyn Foss, General Counsel for the North Dakota Bankers Association. I am here this morning to ask you to give a Do Pass to SB 2165.

SB 2165, literally, is a tweak to the North Dakota laws that govern the statutory process to establish that a manufactured home has been converted from personal property to real property. This statutory process was established by the 2009 legislative assembly in SB 2130, (a bill that takes up some 20 pages of the 2009 session laws). With SB 2165, the department of motor vehicles will have permanent records of the conversions that occur under the statutory process.

The whole point of SB 2130 was to make it easier for mortgage lenders to finance manufactured homes. Permanent records are important to that process because manufactured homes now have "life expectancies" of more than 30 years; they are purchased, placed on permanent foundations, sold, resold, financed, and refinanced. Permanent records of title surrender will facilitate these later sales/finance transactions for homes that were "manufactured" rather than stick built and will protect consumers from having to go through a court proceeding to establish the status of a home as real estate in the years after the conversion took place.

We have discussed this change with the DMV and have been advised that classifying the records as permanent records will not cause problems.

With that, I will urge you to give a strong Do Pass to SB 2165 and will stand for questions. Thank you.