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BULLETIN 0009

**To:** All Agents, Direct Operations and Attorneys in the State of Texas  
**From:** Shannon J. Savage and David W. Rhodes  
**Date:** October 18, 2000  
**Re:** Manufactured Housing

As transactions involving manufactured housing units become more prevalent in Texas, Old Republic would like to clarify our underwriting guidelines for insuring such transactions.

### **General Requirements**

1. It must be determined by either visual inspection, affidavit or surveyor's report that the manufactured housing unit is attached to the land. The manufactured housing unit must:
  - \* Have had removed the towing hitch, axle and all other parts of the chassis that operate exclusively during transportation;
  - \* Be permanently connected to utilities and a private (septic) or public sewage system; and
  - \* Be installed on a permanent foundation (as defined in Section 69.52 of the Manufactured Housing Rules and Regulations).
2. The original Certificate of Title (or the Manufacturers Certificate of Origin in the case of the first retail sale by the retailer to the consumer) must be surrendered to the Texas Department of Housing and Community Affairs ("**TDHCA**"). Call TDHCA at 1-800-500-7074 or visit their website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) for assistance.

3. A Certificate of Attachment must be filed in the real property records of the county in which the manufactured housing unit is located.

4. Liens must be searched in all of the following places:

On the back of the Certificate of Title or the Manufacturer's Certificate of Origin;

The UCC records of the county where the manufactured housing unit is located;

the State UCC records;

Submit Form U with a \$10.00 research fee to TDHCA; and

For manufactured housing units already affixed to the land, in addition to all of the above steps, search the county real property records.

5. Search taxes in the following places:

A real property and a personal property tax search.

Check the county clerk's records to determine no Sales and Use Tax lien has been filed

Ad Valorem Taxes For both personal and real property

Submit Form U (with a \$10.00 research fee) in order to verify with TDHCA I that no tax liens have been filed with the TDHCA under Section 32.105 of the Tax Code.

6. The deed, deed of trust, or mechanic's lien contract used in these types of transactions should contain a legal description of the land which includes the manufactured housing unit, specifically identifying the unit by its serial number.

7. If the manufactured home has been previously sold as a part of the real property verify with the department that the certificate of title (which was previously cancelled) has not been reinstated,

### **Refinancing:**

House Bill 1086 effective September 1, 1999, adds another Chapter 62 to the Property Code (note: there are two Chapters numbered 62) which provides a mechanism whereby certain liens on a manufactured home can be converted from a personal property lien to a real estate lien. The new Chapter 62 applies only to liens on a

manufactured home if the loan or credit advance documents state or indicate that the lien:

- is or is in the nature of a vendor's lien;
- is or is in the nature of a purchase money lien;
- is or is in the nature of a retail installment lien.

After September 1, 1999, you may insure transactions where a lender is making a loan to the owner of a manufactured home and the loan renews and extends: (1) the purchase money loan on the manufactured home; and (2) the purchase money loan on the real estate on which the manufactured home is located; and (3) a mechanic's lien contract executed for the purpose of installing the manufactured home on the land.

The following underwriting requirements should be met to insure the refinance:

1. The Manufacturer's Certificate of Origin or original Certificate of Title must be cancelled with TDHCA and the Certificate of Attachment must be recorded in the Real Property Records of the County;
2. The prior retail installment/purchase money lien should be renewed and extended in the refinance Deed of Trust with a reference to its recording information. If not of record, you should require the borrower to sign an affidavit with a copy of the unrecorded lien instrument attached. In addition the original unrecorded lien instrument should be obtained from the present lender when you make the payoff and retained in the GF file for proof of subrogation and referred to by reference to the refinance Deed of Trust;
3. The refinance Deed of Trust must contain language stating that it is a renewal and extension of a prior lien on a manufactured housing unit pursuant to Section 62 of the Property Code;
4. If possible you should record an assignment of the retail installment contract from the holder of such contract to the new refinancing lender. If the original manufactured home lender refuses to provide an assignment then you should obtain (i) a written payoff statement from such lender, and (ii) evidence of payment in full of the amount shown on the payoff statement;
5. All liens listed on the manufacturer's certificate or certificate of title and all liens filed in the UCC records of the Secretary of State and the county where the manufactured home is located must be released as a part of the closing;
6. All taxes should be current (State Sales and Use, ad valorem, TDHCA)

In a transaction involving a manufactured housing unit which does not comply with the foregoing underwriting requirements, the following exception should be included:

*"This policy covers only the land described in Schedule A, and specifically excludes all improvements, including but not limited to, the manufactured home located on such property. The coverage of this policy does not extend to any lien on such manufactured home or to any consequences of foreclosure or attempted foreclosure of any such lien. "*