

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**DIVISION OF CODES AND STANDARDS**

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INFORMATION BULLETIN 2002-12 (OL, R&T)

**TO: R&T Interested Parties
Manufacturers (MH) Liscensed
Dealers (MH).
Dealers (CC)
Manufacturers (CC) Liscensed
Escrow Companies
Division Staff**

**SUBJECT: REPORTING DEALER SALES OF MANUFACTURED HOMES,
MOBILEHOMES, MULTI-UNIT MANUFACTURED HOUSING AND
COMMERCIAL MODULARS TO BE INSTALLED ON
FOUNDATION SYSTEMS PURSUANT TO HEALTH AND
SAFETY CODE SECTION 18551(a)**

This Information Bulletin supersedes Information Bulletin 86-16 (MH) and is intended to clarify requirements of law regarding dealer sales of new or used manufactured homes, mobilehomes, multi-unit manufactured housing, and commercial modulars that are sold and installed on foundation systems pursuant to Health and Safety Code (H&SC) Section 18551(a). This bulletin does not address units installed on foundation systems as chattel pursuant to H&SC Section 18551(b). A separate Information Bulletin will be issued soon addressing 18551(b) installations. In addition, effective January 1, 2003, the term "commercial coach" will change to "commercial modular." This change is the result of the passage of Senate Bill 1935/Costa (Chapter 98, Statutes of 2002).

TAXATION

All manufactured homes, mobilehomes, multi-unit manufactured housing, and commercial modulars installed on a foundation system as a fixture or improvement to the underlying real property pursuant to H&SC Section 18551(a) are subject to local property taxation at the time the installation is completed. This includes used units that, prior to the installation pursuant to H&SC Section 18551(a), were previously registered and subject to in lieu taxation (annual renewal of license fees).

LICENSING REQUIREMENTS

A dealer licensed by the Department of Housing and Community Development (HCD) may sell manufactured homes, mobilehomes, multi-unit manufactured housing, or commercial modulars to be installed pursuant to H&SC Section 18551(a). However, once installed, a licensed dealer may not be involved in any subsequent resale of the unit while installed on a foundation system in accordance with H&SC Section 18551(a). The subsequent sale, including the sale or lease of the real property to which the unit is attached, may be either a private party transaction or a transaction handled by persons licensed by the Department of Real Estate (DRE) pursuant to the Business and Professions Code.

ESCROW

The sale by a dealer of a new or used manufactured home, mobilehome, or multi-unit manufactured housing to be installed in accordance with H&SC Section 18551(a) is subject to escrow. See H&SC Section 18035.2 for additional information and escrow requirements pertinent to these types of installations.

DATE OF SALE

Pursuant to H&SC Section 18080.5(e), when a dealer sells a new or used manufactured home, mobilehome, multi-unit manufactured housing, or commercial modular to be installed pursuant to H&SC Section 18551(a), the transaction is deemed completed and consummated, and any fees and the required report of sale or lease form are due to HCD when any of the following occurs:

Commercial Modulars: The purchaser of any commercial modular has signed a purchase contract or security agreement or paid any purchase price or the lessee of a new commercial modular has signed a lease agreement or a lease with an option to buy or the lessee of a used commercial modular has signed a lease with an option to buy or paid any purchase price and the purchaser or lessee has taken physical possession or delivery of the commercial modular.

Manufactured Homes, Mobilehomes, or Multi-Unit Manufactured Housing: When the installation has been completed and a Certificate of Occupancy has been issued.

Note: Substantial penalties apply for failing to timely report any sale or lease.

REPORTING SALES

A manufactured home, mobilehome, multi-unit manufactured housing, or commercial modular installed pursuant to H&SC Section 18551(a) is not subject to registration; however, the sale must be reported to HCD. Once the installation onto the foundation system is complete and a Certificate of Occupancy issued, the unit becomes a fixture or improvement to the real property on which it is attached and should be included on the

Deed of Trust or Grant Deed recorded by the local County Recorder's Office. No title or registration certificates are issued by HCD.

All dealer sales of new manufactured homes, mobilehomes, multi-unit manufacture housing, or commercial modulars must be reported on a report of sale or lease form (HCD 480.1 for new manufactured homes, mobilehomes, or multi-unit manufactured housing or HCD 480.2 for new commercial modulars). All dealer sales of used manufactured homes, mobilehomes, multi-unit manufactured housing, or commercial modulars must be reported on a report of sale or lease form (HCD 480.3).

Because dealer and application requirements can vary from sale to sale, they are not included in this bulletin. Refer to the California Code of Regulations, Title 25, Division 1, Chapter 5, Sections 5575 and 5610(b) (for new units) and 5575 and 5611 (for used units) for specific dealer and application requirements.

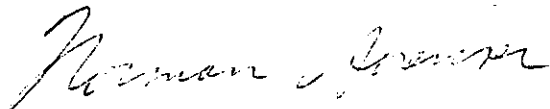
PERMITS FOR INSTALLATION

Applications for permits to construct the foundation system and install the unit must be made through the enforcement agency (commonly the city or county building department) where the installation is to occur. Once the permit is issued and the installation is complete, inspected, and approved for occupancy, the enforcement agency will issue a Certificate of Occupancy and transmit a copy of the building permit and \$11 per transportable section to HCD. In addition, on the same day the Certificate of Occupancy is issued the enforcement agency shall also submit documentation (see H&SC Section 18551(a)(2)(A) for specific requirements) to record this information with the County Recorder's Office where the property resides.

Any questions regarding dealer sales of new or used manufactured homes, mobilehomes, multi-unit manufactured housing, or commercial modulars should be directed to either HCD's Occupational Licensing Program or Registration and Titling Unit as follows:

HCD
Occupational Licensing Program
P. O. Box 31
Sacramento, CA 95812
(916) 323-9803

HCD
Registration and Titling Unit
P. O. Box 2111
Sacramento, CA 95812
1-800-952-8356 or
(916) 323-9224



Norman Sorensen
Deputy Director