

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

1800 Third Street, Room, 260, P.O. Box 1407
Sacramento, CA 95812-1407
From TDD Phones 1 (800) 735-2929
(916) 445-9471 FAX (916) 327-4712
www.hcd.ca.gov



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INFORMATION BULLETIN 2003-07 (OL & R&T)

**TO: Manufactured Home, Mobilehome, and Multi-Unit Manufactured
 Housing Dealers
 Financial Institutions
 Escrow Companies
 Course Providers and Instructors
 Division Staff**

**SUBJECT: DEALER SALES OF NEW AND USED MANUFACTURED HOMES,
 MOBILEHOMES, AND MULTI-UNIT MANUFACTURED HOUSING TO
 BE INSTALLED AS CHATTEL ON FOUNDATION SYSTEMS
 PURSUANT TO HEALTH AND SAFETY CODE SECTION 18551(b)**

This Information Bulletin is intended to clarify requirements of law regarding dealer sales of new or used manufactured homes, mobilehomes, or multi-unit manufactured housing that are sold and installed on foundation systems pursuant to Health and Safety Code (H&SC) Section 18551(b) (hereafter referred to as "chattel units"). Chattel units are installed on a permanent foundation system as personal property rather than as a fixture improvement to the underlying real property. If an owner obtains financing for a chattel unit, the lien is on the unit only.

A separate Information Bulletin 2002-12 (OL & R&T) was issued December 6, 2002, regarding manufactured homes, mobilehomes, multi-unit manufactured housing, and commercial modulars installed pursuant to H&SC Section 18551(a).

1. TAXATION

All new chattel units are subject to local property taxation at the time the installation is completed. (See Revenue and Taxation Code, Division 1, Part 13, commencing with Section 5800 for information on local property taxation.)

Used chattel units are subject to the same taxation type (either local property taxation or in lieu taxation) as they were prior to the H&SC Section 18551(b) installation. (See H&SC Section 18115 for information on in lieu taxation.) An exception would be if an owner of a unit subject to in lieu taxation requests to voluntarily convert to local property taxation pursuant to H&SC Section 18119(c).

2. LICENSING REQUIREMENTS

A dealer licensed by the Department of Housing and Community Development (HCD) may sell units to be installed pursuant to H&SC Section 18551(b). In addition, a licensed dealer may also act as an agent in the subsequent resale of a chattel unit.

3. ESCROW

The sale by a dealer of new or used chattel units is subject to escrow, pursuant to H&SC Section 18035.

4. DATE OF SALE

Pursuant to H&SC Section 18080.5(e) (2), when a dealer sells a new or used chattel unit, any required fees and the appropriate dealer report of sale form are due when all amounts, other than escrow fees and amounts for uninstalled or undelivered accessories, are disbursed from the escrow account. This date becomes the date of sale for reporting purposes.

5. REPORTING SALES

All dealer sales of new and used chattel units must be reported in an application for registration within ten (10) days from the date of sale on a report of sale or lease form (HCD 480.1 for new chattel units and HCD 480.3 for used chattel units). Because 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 5520 (for new units) and 5575 and 5530 (for used units) for specific dealer and application requirements.

6. PERMITS FOR INSTALLATION

The installation of chattel units is subject to provisions of H&SC Section 18613. Prior to installing a unit as chattel, a construction permit must be obtained and approved by the appropriate enforcement agency. Once the permit application is approved, the installation completed, inspected, and approved for occupancy, a Certificate of Occupancy is issued by the enforcement agency.

Because chattel units are not a fixture improvement to the underlying real property, lien holder approval is not required. The HCD Form 433(A) "Notice of Manufactured Home (Mobilehome) or Commercial Coach, Installation on a Foundation System" need not be prepared, recorded, and a copy forwarded to HCD, and the \$11 per section fee is not required.

Questions regarding dealer sales and responsibilities of new or used chattel units should be directed to either the department's Occupational Licensing Program or Registration and

Titling Program as follows:

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

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

Norman Sorensen
Deputy Director