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HOUSE BILL 2430

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State of Washington

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By Representatives O'Brien, Mielke, Kagi, Benson, Lantz, Sump, Chase, Pearson, Cody, Kirby, McCoy, Dickerson, Cairnes, Clibborn, Kenney, Holmquist and Rockefeller

Read first time 01/14/2004. Referred to Committee on Trade & Economic Development.

1 AN ACT Relating to purchasing manufactured homes; amending RCW  
2 43.185.050; adding a new section to chapter 43.185 RCW; and declaring  
3 an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.185 RCW  
6 to read as follows:

7 (1) For purposes of this section unless the context clearly  
8 requires otherwise:

9 (a) "Department" means the department of community, trade, and  
10 economic development.

11 (b) "Director" means the director of the department of community,  
12 trade, and economic development.

13 (c) "Eligible person" means a person who meets the requirements set  
14 forth in subsection (3) of this section.

15 (d) "Income requirement" means an income level that is at or below  
16 fifty percent of the median family income for the county or standard  
17 metropolitan statistical area where the home will be sited.

18 (e) "Manufactured home purchase loan" means a loan for the purchase

1 of a manufactured home, manufactured home lot, or manufactured home and  
2 lot that is guaranteed under the manufactured home purchase assistance  
3 program.

4 (f) "Lender" means banks, trust companies, savings and loan  
5 associations, credit unions, nonprofit housing organizations, or other  
6 financial institutions that provide manufactured home purchase loans.

7 (g) "Manufactured home" means a single-family dwelling built in  
8 accordance with the department of housing and urban development  
9 manufactured home construction and safety standards act, which is a  
10 national, preemptive building code.

11 (h) "Manufactured home standards" means the manufactured home  
12 construction and safety standards as promulgated by the United States  
13 department of housing and urban development.

14 (2)(a) The manufactured home purchase assistance program is created  
15 in the department to assist eligible persons in obtaining manufactured  
16 home purchase loans to the extent funding is provided.

17 (b) Lenders providing financing to an eligible person for a  
18 manufactured home purchase loan may be insured by the manufactured home  
19 purchase assistance program against default by the eligible person  
20 under the terms provided in this section.

21 (c) Before a lender makes a manufactured home purchase loan the  
22 lender must, pursuant to contract, establish the terms of the loan  
23 guarantee with the department before it may be insured under the  
24 assistance program. The manufactured home purchase loan must provide  
25 a fixed interest rate loan based upon the best prevailing market rate  
26 in the area at the time the loan is made.

27 (d) If an eligible person defaults on a manufactured home purchase  
28 loan approved by the department under this section, the lender may  
29 apply to the department for reimbursement for the defaulted amount in  
30 accordance with the terms of the contract between the department and  
31 lender.

32 (3) To qualify for a manufactured home purchase loan a person must:

33 (a) Make a down payment of five percent of the value of the  
34 manufactured home, manufactured home lot, or manufactured home and lot;

35 (b) Demonstrate that they have current adequate income to make the  
36 payments on the loan and meet their other expenses, including a salary  
37 that is at least two and one-half times the value of the expected  
38 monthly payment on the manufactured home purchase loan;

1 (c) Meet the income requirement defined in subsection (1)(d) of  
2 this section;

3 (d) Not have declared bankruptcy under the federal bankruptcy code  
4 at any time within the past ten years;

5 (e) Provide documentation or other proof, as required by the  
6 department, that the person has been continuously employed for the  
7 three years prior to the loan guarantee request; and

8 (f) Have a suitable site on which to place the manufactured home.  
9 The home may be placed on a rental site in a manufactured home park, or  
10 on an individual home site owned or leased by the borrowers. The site  
11 must meet the established local standards for site suitability and have  
12 adequate water supply and sewage disposal facilities.

13 (4)(a) The department may, pursuant to a contract, agree to provide  
14 funds to a lender in the event an eligible person has defaulted on a  
15 manufactured home purchase loan. The department shall not guarantee  
16 any loans in which the available money to fund the program does not  
17 equal or exceed the amount it would cost to repay lenders if fifty  
18 percent of all current applicants defaulted on their manufactured home  
19 purchase loans.

20 (b) The manufactured home purchase assistance account is created in  
21 the custody of the state treasurer. The account shall contain all  
22 money allocated by the state to the account and any other money  
23 otherwise transferred into the account. Expenditures from the account  
24 must be used only to fund the manufactured home purchase assistance  
25 program as specified under this section. Only the director or the  
26 director's designee may authorize expenditures from the account. The  
27 account is subject to allotment procedures under chapter 43.88 RCW, but  
28 an appropriation is not required for expenditures.

29 **Sec. 2.** RCW 43.185.050 and 2002 c 294 s 6 are each amended to read  
30 as follows:

31 (1) The department shall use moneys from the housing trust fund and  
32 other legislative appropriations to finance in whole or in part any  
33 loans or grant projects that will provide housing for persons and  
34 families with special housing needs and with incomes at or below fifty  
35 percent of the median family income for the county or standard  
36 metropolitan statistical area where the project is located. At least  
37 thirty percent of these moneys used in any given funding cycle shall be

1 for the benefit of projects located in rural areas of the state as  
2 defined by the department. If the department determines that it has  
3 not received an adequate number of suitable applications for rural  
4 projects during any given funding cycle, the department may allocate  
5 unused moneys for projects in nonrural areas of the state.

6 (2) Activities eligible for assistance from the housing trust fund  
7 and other legislative appropriations include, but are not limited to:

8 (a) New construction, rehabilitation, or acquisition of low and  
9 very low-income housing units;

10 (b) Rent subsidies;

11 (c) Matching funds for social services directly related to  
12 providing housing for special-need tenants in assisted projects;

13 (d) Technical assistance, design and finance services and  
14 consultation, and administrative costs for eligible nonprofit community  
15 or neighborhood-based organizations;

16 (e) Administrative costs for housing assistance groups or  
17 organizations when such grant or loan will substantially increase the  
18 recipient's access to housing funds other than those available under  
19 this chapter;

20 (f) Shelters and related services for the homeless, including  
21 emergency shelters and overnight youth shelters;

22 (g) Mortgage subsidies, including temporary rental and mortgage  
23 payment subsidies to prevent homelessness;

24 (h) Mortgage insurance guarantee or payments for eligible projects;

25 (i) Down payment or closing cost assistance for eligible first-time  
26 home buyers;

27 (j) Acquisition of housing units for the purpose of preservation as  
28 low-income or very low-income housing; (~~and~~)

29 (k) Manufactured home purchase assistance under section 1 of this  
30 act; and

31 (l) Projects making housing more accessible to families with  
32 members who have disabilities.

33 (3) Legislative appropriations from capital bond proceeds may be  
34 used only for the costs of projects authorized under subsection (2)(a),  
35 (i), and (j) of this section, and not for the administrative costs of  
36 the department.

37 (4) Moneys from repayment of loans from appropriations from capital

1 bond proceeds may be used for all activities necessary for the proper  
2 functioning of the housing assistance program except for activities  
3 authorized under subsection (2)(b) and (c) of this section.

4 (5) Administrative costs of the department shall not exceed four  
5 percent of the annual funds available for the housing assistance  
6 program.

7 NEW SECTION. **Sec. 3.** If any provision of this act or its  
8 application to any person or circumstance is held invalid, the  
9 remainder of the act or the application of the provision to other  
10 persons or circumstances is not affected.

11 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
12 preservation of the public peace, health, or safety, or support of the  
13 state government and its existing public institutions, and takes effect  
14 immediately.

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