

SENATE BILL REPORT

SB 5131

As Reported by Senate Committee On:
Housing Stability & Affordability, January 23, 2019

Title: An act relating to sales of manufactured/mobile or park model homes at county treasurer's foreclosure or distraint sales.

Brief Description: Regarding foreclosure and distraint sales of manufactured/mobile or park model homes.

Sponsors: Senators Takko, Short and Kuderer.

Brief History:

Committee Activity: Housing Stability & Affordability: 1/21/19, 1/23/19 [DPS].

Brief Summary of First Substitute Bill

- Provides that when a manufactured/mobile home is sold at a county treasurer's foreclosure or distraint sale, the signature of the registered owner, legal owner, and purchaser is not required to transfer title of the home.
- Extinguishes all lienholder interests in a manufactured/mobile home sold at a county treasurer's foreclosure or distraint sale if the lienholder was provided at least thirty days' prior notice of the sale.

SENATE COMMITTEE ON HOUSING STABILITY & AFFORDABILITY

Majority Report: That Substitute Senate Bill No. 5131 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kuderer, Chair; Das, Vice Chair; Zeiger, Ranking Member; Darneille, Fortunato and Saldaña.

Staff: Brandon Popovac (786-7465)

Background: Manufactured Homes as Vehicles or Property. A manufactured home is a structure designed and constructed to be transportable in one or more sections, built on a permanent chassis, and designed to be used as a dwelling with or without a permanent

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foundation when connected to the required utilities that include plumbing, heating, and electrical systems.

A manufactured home situated on land that belongs to someone other than the homeowner must be titled by the Department of Licensing (DOL) as a vehicle, and it is taxed as personal property. To transfer ownership of a manufactured home through DOL, the registered owner must sign the certificate of title releasing the owner's interest.

If the manufactured home is affixed to land owned by the homeowner, the manufactured home must either be titled by DOL or the homeowner may choose to have the title eliminated or not issued. If the title is eliminated or not issued, the application must be recorded in the county property records of the county where the real property to which the home is affixed is located. In that case, the manufactured home is treated the same as a site-built structure, taxed as real property, and ownership is based on ownership of the real property through real property law.

County Tax Foreclosure and Distrain Sales. All real and personal property in Washington is subject to property tax, unless a specific exemption is provided by law. Personal property includes tangible property, such as motor vehicles or manufactured homes. Real property includes all land, buildings, structures, or permanent improvements on land, permanent fixtures on land, standing timber, or water rights. County treasurers receive and collect all taxes extended upon the tax rolls of the county.

If personal property taxes are delinquent, the county treasurer must commence collection efforts by preparing papers in distraint. The county treasurer must then distraint, or seize, sufficient goods and chattel belonging to the person charged with the taxes and sell them at public auction to pay the delinquent taxes. The county treasurer may also collect fees and costs for the distraint and sale of personal property.

Three years after the date real property taxes become delinquent, the county treasurer must issue a certificate of delinquency. The county treasurer files the certificate of delinquency with the clerk of the court and, with the assistance of the local prosecuting attorney, institutes an action for foreclosure of the real property tax lien. Notice and summons of the foreclosure proceeding must be given to the property owner and any person having a recorded interest in, or lien of record upon, the property.

The superior court, in determining an action to foreclose on a tax lien, may enter an order for the sale of the affected property. An order for the sale of the property allows the county treasurer authority to proceed with the sale of the property. The county treasurer must sell the property through a public auction, according to specified notice and time requirements, to the highest and best bidder for cash. The county treasurer issues a tax deed conveying title to the property to the winning bidder at the auction.

Summary of Bill (First Substitute): If a manufactured/mobile or park model home is sold at a county treasurer's foreclosure or distraint sale, the registered owner of record, legal owner on title, and the purchaser are not required to sign the certificate of title and title application to transfer title. Any lienholder interest in a manufactured/mobile or park model home is extinguished by the county treasurer's foreclosure or distraint sale, provided that the

lienholder has been provided a copy of the notice of the sale at the lienholder's last known address, by registered letter, at least 30 days prior to the date of sale.

EFFECT OF CHANGES MADE BY HOUSING STABILITY & AFFORDABILITY COMMITTEE (First Substitute):

- Clarifies that a lienholder interest in a manufactured/mobile home or park model home is extinguished by a foreclosure or distraint sale if the lienholder was provided at least 30 days' prior notice of the sale.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Tracking down the actual owners of personal property, like a mobile home, is difficult unless its title has been extinguished. It is also frustrating trying to track down lienholders of mobile homes. Last year this bill sailed through the Senate without objection and almost through the House. A proposed amendment is requesting a 30-day notification for all lienholders of record, but county treasurers already do send notice twice, when the foreclosure process begins, which is anywhere from nine to twelve months ahead of the actual auction, and then once the judgment is made by the courts. There is no objection to the amendment as long as it does not create redundancy.

Persons Testifying: PRO: Senator Dean Takko, Prime Sponsor; Arny Davis, Washington State Association of County Treasurers, Washington Association of County Officials.

Persons Signed In To Testify But Not Testifying: No one.