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SENATE BILL DRS45241-MW-85

Short Title: Revise Manufact. Home Title Laws. (Public)

Sponsors: Senators Galey, Britt, and Daniel (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REVISE LAWS GOVERNING MANUFACTURED HOME TITLES.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 20-58.3A(g) reads as rewritten:

5 "(g) ~~The Division~~Division, or license plate contractor of the Division, shall not be subject
6 to a claim under Article 31 of Chapter 143 of the General Statutes related to the renewal of the
7 perfection of a security interest or the failure to acknowledge or give effect to an expired
8 perfection of a security interest on a certificate of title for a manufactured home pursuant to this
9 section if the claim is based on reliance by the ~~Division~~Division, or license plate contractor of
10 the Division, on any application for renewal submitted to the ~~Division~~Division, or license plate
11 contractor of the Division, by a third party pursuant to this section or based on the automatic
12 expiration of a perfection of a security interest pursuant to this section."

13 **SECTION 2.** G.S. 20-58.4 reads as rewritten:

14 "**§ 20-58.4. Release of security interest.**

15 ...

16 (c) An owner, upon securing the release of any security interest in a vehicle shown upon
17 the certificate of title issued therefor, may exhibit the documents evidencing such release, signed
18 by the person or persons making such release, and the certificate of title to the ~~Division~~Division,
19 or license plate contractor of the Division, which shall, when satisfied as to the genuineness ~~and~~
20 ~~regularity~~ of the release, issue to the owner either a new certificate of title in proper form or an
21 endorsement or rider attached thereto showing the release of the security interest.

22 (d) If an owner exhibits documents evidencing the release of a security interest as
23 provided in subsection (c) of this section but is unable to furnish the certificate of title to the
24 ~~Division~~Division, or license plate contractor of the Division, because it is in possession of a prior
25 secured party, the Division, when satisfied as to the genuineness ~~and regularity~~ of the release,
26 shall procure the certificate of title from the person in possession thereof for the sole purpose of
27 noting thereon the release of the subsequent security interest, following which the Division shall
28 return the certificate of title to the person from whom it was obtained and notify the owner that
29 the release has been noted on the certificate of title.

30 ...

31 (e1) If the vehicle is a manufactured home, the owner may proceed in accordance with
32 subsection (e) of this section or may, in the alternative, provide the Division with a sworn
33 affidavit by the owner stating that the debt has been satisfied and that either:

34 (1) After diligent inquiry, the owner has been unable to determine the identity or
35 the current location of the secured creditor or its successor in interest; or



1 (2) The secured creditor has not responded within 30 days to a written request
2 from the owner to release the secured creditor's security interest.

3 For purposes of this subsection, the term "owner" shall mean any of the following: (i) the
4 owner of the manufactured home; (ii) the owner of real property on which the manufactured
5 home is affixed; or (iii) a title insurance company as insurer of an insured owner of real property
6 on which the manufactured home is affixed.

7 (e2) The Division ~~may~~shall treat either of the methods employed by the owner pursuant
8 to subsection (e) or subsection (e1) of this section as a proper release for purposes of this section
9 when satisfied as to the genuineness, truth and sufficiency thereof. ~~Prior to cancellation of a~~
10 ~~security interest under the provisions of this subsection, at least 15 days' notice of the pendency~~
11 ~~thereof shall be given to the secured party at his last known address by the Division by registered~~
12 ~~letter. The Division shall not cancel a security interest pursuant to this subsection if, within 15~~
13 ~~days after the Division gives notice, the secured party responds to the Division indicating that~~
14 ~~the security interest remains in effect.~~of the evidence. Before cancelling a security interest under
15 this section, the Division, or license plate contractor of the Division, shall send notice to the last
16 known address of the secured party. If the secured party files an objection within 15 days after
17 notice was sent, the Division shall not cancel the security interest.

18 (f) ~~The Division~~Division, or license plate contractor of the Division, shall not be subject
19 to a claim under Article 31 of Chapter 143 of the General Statutes related to the release of the
20 perfection of a security interest on a certificate of title for a manufactured home pursuant to this
21 section if the claim is based on reliance by the ~~Division~~Division, or license plate contractor of
22 the Division, on any release, affidavit, notation of the certificate of title, or documents evidencing
23 the release or satisfaction of a security interest submitted to the ~~Division~~Division, or license plate
24 contractor of the Division, by a third party pursuant to this section."

25 **SECTION 3.** G.S. 20-109.2 reads as rewritten:

26 "**§ 20-109.2. Surrender of title to manufactured home.**

27 ...

28 (d) Application for Title After Cancellation. – If the owner of a manufactured home
29 whose certificate of title has been cancelled under this section subsequently seeks to separate the
30 manufactured home from the real property, the owner may apply for a new certificate of title.
31 The owner must submit to the Division an affidavit containing the same information set out in
32 subsection (b) of this section, verification that the manufactured home has been removed from
33 the real property, verification of the identity of the current owner of the real property upon which
34 the manufactured home was located, and written consent of any affected owners of recorded
35 mortgages, deeds of trust, or security interests in the real property where the manufactured home
36 was placed. ~~The Commissioner may require evidence sufficient to demonstrate that all affected~~
37 ~~owners of security interests have been notified and consent.~~ Upon receipt of this information,
38 together with a title application and required fee, the Division shall issue a new title for the
39 manufactured home in the name of the current owner of the real property upon which the
40 manufactured home was located.

41 (e) Sanctions. – Any person who violates this section is subject to a civil penalty of up to
42 one hundred dollars (\$100.00), to be imposed in the discretion of the Commissioner.

43 (f) No Right of Action. – A person damaged by the cancellation of a certificate of title
44 pursuant to subsection (a1) of this section does not have a right of action against the
45 ~~Division~~Division, or license plate contractor of the Division."

46 **SECTION 4.** This act becomes effective October 1, 2021.