

## WFG Underwriting Bulletin



To: All Alabama Policy Issuing Agents of WFG National Title Insurance Company  
From: WFG Underwriting Department  
Date: August 16, 2017  
Bulletin No: AL 2017-02  
Subject: Issuance of Manufactured Home/Mobile Home Endorsements. ALTA 7 Series

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Mobile homes and manufactured homes are considered motor vehicles in most states, and titled as such. It has a manufacturer's statement of origin that is replaced with a certificate of title upon sale to a consumer and registration with the state – just like a car.

In most states, manufactured homes are transferred by assigning the certificate of title in the same manner as selling a car. Liens may be recorded against "vehicle titled" mobile homes and manufactured homes under the state's motor vehicle title lien laws and/or as a UCC security interest in personal property (in most states recorded with the secretary of state centrally). This creates difficulties in insuring a mobile home as part of a real estate loan or sale transaction.

If the manufactured home is still titled as a motor vehicle, (a) a deed doesn't convey valid title – no more than the deed would convey the Mercedes parked in the garage; and (b) a mortgage or deed of trust covering the property, even if it includes the VIN number of the home, does NOT create a valid lien.

### **Issuing the ALTA 7 Manufactured Home Endorsements.**

Lenders and owners, understandably, want assurance that they are getting the interest in the mobile home they think they are. Fannie Mae rules require it.<sup>1</sup>

1. The ALTA 7-06 is intended to give assurance to the lender that their lien on the land "includes the manufactured housing unit located on the land described in Schedule A at Date of Policy." This endorsement may be issued for a manufactured home that has previously been "converted" to real property or which you are currently converting.

The ALTA 7-06 is routinely requested by lenders when the collateral includes a manufactured home.

2. The ALTA 7.1-06 (loan) and 7.2-06 (owners) are endorsements designed for use when a manufactured home has first been placed on a property or "converted" to real property and provide additional assurances that the manufactured home is actually on the insured property, has been "converted" to a real property interest, belongs to the same owner as the Land, and all personal property or motor vehicle liens have been properly released.

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<sup>1</sup> Fannie Mae Selling Guide (4-25-17) [§B5-2-05](#)

The ALTA 7.1-06 and 7.2-06 are to be issued only upon specific request and only when your office or an outside mobile home title specialist are handling the conversion to real property concurrently with the insured transaction.

### **Converting a Manufactured Home to Real Property & Releasing Liens.**

Most states have a mechanism for “retiring” a mobile home title and “converting” it to real property which must be exactly followed before any of the ALTA 7 series of endorsements may be issued.

Where the mobile home is already in place, the process has hopefully been completed and will usually be documented in one or more recorded instruments in the land records. These must be examined for compliance with applicable state law.

Where those instruments are not found in the land records, or the home is newly affixed, it will usually be necessary to complete the state “retirement” and “conversion” process prior to closing and issuing any of the ALTA 7 series endorsements.

In most states, this is a lot of extra work, and requires a knowledge of the manufactured home title process beyond the experience of most title agents. Use of an outside mobile home title service to assist in the process should be considered.

In Alabama, the retirement and conversion process is governed by Ala.Code 1975 § [32-20-20\(b\)](#) and Department of Revenue Procedure [810-5-75-.66](#). Among other things, this process requires

- That the manufactured home be permanently affixed to the parcel of real property
- That the ownership of the manufactured home and real property be identical
- The (vehicle) titled owner and lienholders apply for cancellation of the Certificate of Title through a designated agent
- The Alabama Department of Revenue issues a certificate of cancellation
- The application to the DoR includes
  - the certificate of origin or certificate of title;
  - lien releases for all liens recorded on the vehicle title;
  - An affidavit executed by all who have an ownership interest in the manufactured home and the realty to the effect that the manufactured home is permanently affixed; and
  - written verification from the judge of probate that the manufactured home has been recorded as being permanently affixed and recorded as real property in that county.

A UCC Search at the state level should be conducted to confirm that there are no filed security instruments claiming the home as “personal property.”

If the land records include facially valid (1) affidavits of retirement and (2) a certificate of cancellation from the Department of Revenue, the ALTA 7-06 may be issued without additional investigation.

If the land records do not include both of those, or the manufactured home is newly placed, further investigation of the status of the motor vehicle title is warranted. You will generally need to complete the retirement and conversion process outlined above, and record appropriate documentation, prior to issuance of any of the ALTA 7 series of endorsements.