

WFG Underwriting Bulletin



To: All Tennessee Policy Issuing Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: August 16, 2016
Bulletin No. TN 2017-01
Subject: Issuance of Manufactured Home/Mobile Home Endorsements. ALTA 7 Series

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.¹

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,

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

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.

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.

Tennessee Process.

In Tennessee, the retirement and conversion process is governed by Tenn. Code Ann. [§55-3-138](#). In order to qualify to cancel the motor vehicle title, the manufactured home must be

- affixed to the real property, with a foundation system complying with all applicable laws and rules,
- the wheels and axles removed,
- permanently connected to sewer/septic and other utilities;
- the ownership of the home must be identical to the ownership of the land.
- All lienholders must have released their liens on the home.

The owner must then surrender the title(s) or manufacturer’s statement or certificate of origin to the Tennessee Department of Revenue along with a recorded “affidavit of affixation” that, among other things certifies the above.

The process is documented by an Affidavit of Affixation recorded in the land records.

If the land records include facially valid Affidavit of Affixation, which has all the elements required in Tenn. Code Ann. [55-3-138\(b\)](#), the ALTA 7-06 may be issued without additional search. The ALTA 7.1-06 or 7.2-06 may be issued upon review of the Affidavit, and confirmation that there are no liens reflected in the motor vehicle or UCC records of the State of Tennessee, real and other property taxes are paid; and no federal state or governmental liens appear of record.

However, since a de-titled Mobile home may be retitled as set forth in Tenn. Code Ann. [§55-3-139](#), an affidavit from the borrower/seller should be required to the effect that the manufactured home has not been retitled.

If the land records do NOT reflect the Affidavit of Affixation, 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, conduct a UCC Search at the state level to confirm that there are no filed security instruments claiming the home as “personal property,” and the usual tax and land record searches, then record appropriate documentation, prior to issuance of any of the ALTA 7 series of endorsements.

NOTE: The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company’s Underwriting Department.

The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.