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Assembly California Legislature

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## **AB 1943: MANUFACTURED HOMES**

COAUTHORS: NONE

**IN BRIEF:** Due to the recent Lilac Fire, 75 manufactured home owners found that they were unable to rebuild their homes or obtain a standardize loan because of a gap in the law. As a result, manufactured home owners cannot obtain standard financing and are forced (if available) to get a portfolio loan with a significantly increased costs and interest rates; severely limiting owners' ability to finance affordable housing or home replacements. For other residents who own an interest in a single family manufactured housing condominium projects, their ability to obtain refinancing, reverse mortgages or financing for buyers when the resident wants or needs to sell their manufactured home and condominium interest thereby jeopardizing their ability to finance affordable housing, home replacements or use their existing equity to remain in their homes.

**EXISTING LAW:** Existing law requires an owner or licensed contractor to obtain a building permit from the appropriate enforcement agency to install a manufactured home, mobilehome, or commercial modular on a foundation system by, among other things, submitting written evidence that the real property where the manufactured home, mobilehome, or commercial modular owner owns, holds title to, or is purchasing the real property where the manufactured home, mobilehome, or commercial modular is to be installed.

**THE ISSUE:** The only procedure for a manufactured home to be permanently affixed to a foundation is for the owner to obtain a specific building permit. Unless a manufactured home owner can receive and record a 433A permit, the Department of Housing and Community Development does not consider a manufactured home to be "real property". As a result, homeowners are severally limited in their ability to obtain standardized financing from lenders or title companies. There is an unsatisfactory alternative which is to file a 433C which transfer the manufacture home to the property tax roles with a county. Lenders will not accept this alternative because the manufactured home is not physically secured to the land. From time to time, portfolio lenders will accept the filing of a 433C, but such lenders typically charge high up-front costs and higher interest rates. Whereas with the 433A which requires physically permanently affixing the manufactured home to the land, traditional standard lenders, FHA, Veteran Loans, Fannie Mae and Freddie Mac will be able to loan on the manufactured homes as part of the condominium unit. In senior mobile home parks with qualifying persons, a reverse mortgage can be obtained to refinance an existing manufactured home or replace a manufactured home thereby providing the seniors ability to remain in their community.

**THE SOLUTION:** This bill would specify that for purposes of the Health and Safety Code provision, "real property" is defined to include a common interest development, including the separate interest in a manufactured housing common interest development.

**SUPPORT:** The Loftin Law Firm(Sponsor), San Diego County, City of Carlsbad, Bonsall Chamber of Commerce, Carlsbad Chamber of Commerce, City of San Marcos, Huntington Beach Home Investments LLC (Burnham USA Equities, Inc.), Capistrano Shores, Inc., Champagne Village Property Owners Association, Rancho Monserate Country Club Homeowners Association, Inc., Sequoia Funding, LLC, On The Level, General Contractors, Inc., Chiles & Associates Real Estate Co., Prime Lending, Comfort Homes, numerous individuals and homeowners

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