



McGlinchey Stafford and the Manufactured Housing Institute (MHI) are pleased to bring you the Manufactured Housing Law Update. With content prepared by McGlinchey Stafford’s nationally-recognized consumer financial services team, the Update focuses on legal and regulatory actions in the manufactured housing industry. More about MHI and McGlinchey Stafford can be found at the end of the Update.

**WELCOME!**

It’s hard to believe that 2017 has come to a close, isn’t it? December was fairly quiet on the manufactured housing front. There were interesting cases relating to lease to purchase contracts in both Ohio and Alaska. A Massachusetts Bankruptcy Court grappled with the issue of whether a manufactured home located in Massachusetts could have a Florida homestead right. The answer might just surprise you!

As promised, Ohio has made substantial amendments to Chapter 1322 of the Ohio Revised Code, which will affect those in the mortgage or chattel lending space. Texas promulgated rules, effective January 7, 2018, that contain a smorgasbord of rules relating to the manufactured housing program. Pennsylvania amended its laws relating to mortgage servicing.

Grab a hot cocoa, sit back, and enjoy your December Update!

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## COMMUNITIES

### CASE LAW

#### FHA – Service animal



**CASE NAME:** *Sanzaro v. Ardiente Homeowners Association, LLC*

**DATE:** 11/30/2017

**CITATION:** *United States District Court, D. Nevada. Slip Copy. 2017 WL 5895133*

Deborah and Michael Sanzaro were the owners of property in the Ardiente development. An HOA clubhouse was located in this development, accessible by Ardiente members and their guests.

The Social Security Administration found Deborah Sanzaro was disabled and unable to walk unassisted, and granted her disability benefits. Plaintiffs acquired a dog to assist her with her pain levels and limited mobility (“Angel”).

Plaintiffs alleged three separate incidents wherein the Ardiente HOA denied Deborah and her alleged service animal entry into the clubhouse.

Plaintiffs brought 102 causes of action for “discrimination against the disabled, breach of contract and other torts,” including claims under the Americans with Disabilities Act and the Fair Housing Act, and Nev. Rev. Stat. § 651.075, precluding places of public accommodation from refusing admittance to a person with a service animal.

The Court previously dismissed Plaintiffs' suit. On appeal, the Ninth Circuit affirmed in part and reversed and remanded in part. As a result, seven causes of action remained, arising under or with reference to the FHA and ADA, including a claim under Nev. Rev. Stat. § 651.075.

The Court found issues of material fact that prevented the Court from finding, as a matter of law, that the clubhouse was a place of public accommodation under the ADA. Therefore, the Court denied summary judgment

on Plaintiffs' ADA claims alleging violations based on: the Defendants' requirement that Plaintiffs provide documentation that Angel was a service animal; the Defendants' requirement that Deborah Sanzaro verify the need for a service animal; and Defendants' requirement that Deborah Sanzaro prove she was disabled.

Also, because the Court did not find that Plaintiffs established that the HOA clubhouse constituted a dwelling under the FHA, the Court denied Plaintiffs' second request finding that the Defendants violated Plaintiffs' rights under the FHA. The Court found that there were disputed or unclarified facts regarding the use of the clubhouse in relation to the enjoyment of the dwelling.

Further, the Court found that the evidence presented in support of Angel being a service animal was insufficient as a matter of law. This evidence included: Plaintiffs' declarations that Angel had been trained to retrieve Deborah's cell phone when it falls on the ground and even retrieve Deborah's walker; a letter from their veterinarian requesting Angel be authorized to be registered as a service animal; a letter from their veterinarian that Angel had received the necessary shots and vaccinations; and a patch issued by “Registeredservicesdogs.com” indicating that Angel was a service dog. The Court denied Plaintiffs' motion for summary judgment on their state law claims based on Defendants' requiring that Plaintiff provide documentation that Angel was a service animal and verification of her need for a service animal.

**CASE LAW****Rent – Bankruptcy**

**CASE NAME:** *In re Roberson*

**DATE:** 12/06/2017

**CITATION:** *United States Bankruptcy Court, N.D. Ohio. Slip Copy. 2017 WL 6060598*

The debtors filed chapter 7. Subsequently, the debtors filed a Motion for Sanctions for Violation of Automatic Stay, alleging that creditor GCB Properties III, Ltd. dba Cleveland Real Estate Pros.com threatened an eviction action and made related collection efforts against the debtors in violation of the automatic stay. The Court found that the creditor had violated the automatic stay and ordered the creditor to pay the debtors' attorney's fees in the amount of \$1,680, but denied the debtors' request to award noneconomic and punitive damages.

The debtors filed a motion to show cause why the creditor should not be found in contempt and sanctioned for failure to pay the \$1,680 in attorney's fees. The Court declined to find the creditor in contempt, ruling that the order to pay damages did not clearly exclude the possibility of setoff as a means of satisfying the Court's order.

The debtors filed a motion to amend the Court's order to clarify that no right of setoff existed.

The Court found that, although the debtors paid no rent from April 1, 2016, through September 30, 2016, the creditor had no postpetition claim for unpaid rent to set off the awarded attorney's fees. Any debt owed a landlord on a lease deemed rejected by the trustee pursuant to 11 U.S.C. § 365(d)(1), including postpetition rent arrearages, is deemed a prepetition debt under 11 U.S.C. § 365(g)(1).

Since the trustee did not move to assume or reject the debtors' lease with the creditor, the lease was deemed

rejected May 31, 2016, sixty days after the petition was filed.

The Court agreed with the line of cases that hold that holdover tenants are not liable for postpetition rent simply because they wait for landlords to take the steps to complete an eviction action.

In addition, the record suggested that the creditor itself was responsible for the failure to take timely action that allowed the debtors to remain on the premises beyond the 60-days provided for the trustee to assume or reject an unexpired lease of residential real property. The creditor could have moved for relief from stay shortly after receiving notice of the debtors' bankruptcy. In addition, the creditor could have sought to have the stay annulled under section 362(d), could have sought expedited relief under section 362(f), or could have sought a determination that any order granting relief from stay have immediate effect under Bankruptcy Rule 4001(a)(3).

The Court granted the debtors' motion and amended the Court's order to clarify that the creditor's purported claim for postpetition rent was discharged, leaving the creditor with no claim to set off.

**CASE LAW****Eviction – Lease-purchase**

**CASE NAME:** *A.L. COZZETTI, Appellant, v. RAY MADRID, Appellee*

**DATE:** 12/13/2017

**CITATION:** *Supreme Court of Alaska. Not Reported in P.3d. 2017 WL 6395736*

Madrid, the purchaser or lessor of a mobile home, fell behind on his monthly payments, and Cozzetti, claiming to be the owner of the home, brought a forcible entry and detainer (FED) action to evict him. Madrid argued that he was a purchaser, not a renter, and therefore he could not be evicted through an FED action. He also argued that Cozzetti violated the Unfair Trade Practices

and Consumer Protection Act (UTPA) by misrepresenting the ownership of the mobile home and by asserting in the FED action that Madrid was merely a renter. The district court granted judgment for possession to Cozzetti.

On appeal, the superior court held that the mobile home was personal property, not real property, meaning that the transaction was subject to the UTPA. It then held that the contract was an installment purchase agreement and not a lease.

Having determined that Madrid was a buyer, not a renter, the Court indicated that it would not enforce the forfeiture provisions of the contract. Because Madrid had already paid more than the remaining balance into the court registry, Madrid had a right to the title to the mobile home.

Further, Cozzetti violated the UTPA in the FED action by misrepresenting that Madrid was a mere renter, and Cozzetti's two misrepresentations as to the title of the property — first when he indicated on the contract that the property was owned by the Agency for Native Advocacy, Inc., and second when he represented to the court that he was in fact the owner — also violated the UTPA. Cozzetti appealed.

The Supreme Court of Alaska found that the contract specifically provided that Cozzetti would transfer title to Madrid upon completion of all monthly payments. Such provisions are characteristic of installment agreements, and the Alaska UCC specifically provides that transactions in the form of a lease may create a security interest if the “lessee has an option to become the owner of the goods for no additional consideration or for nominal additional consideration on compliance with the lease agreement.”

The agreement also provided that “[i]n the event of default, ... all monies paid will be considered rents,” and Madrid would “waive all rights to equitable ownership and forfeit[ ] all funds paid.” This implied that, prior to

default, Madrid's payments would not be considered rents.

Further, the agreement required a non-refundable initial payment of \$2,000, but the Alaska Uniform Residential Landlord and Tenant Act (URLTA) prohibits security deposits of more than two months' rent as well as nonrefundable security deposits. And the agreement made Madrid responsible for maintenance and repairs of the property and appliances, which under the URLTA must remain a landlord's responsibility.

The Court also found that enforcing the forfeiture would deprive Madrid of his equity in the home; in contrast, permitting him to pay the remaining balance had the virtue of putting the parties in the positions they bargained for at the outset.

In the absence of any evidence Cozzetti's initial misrepresentation as to the owner of the property actually led to the conveyance or transfer of the mobile home, the Court could not say that it violated the UTPA. However, the Court concluded that Cozzetti's misrepresentation of Madrid as a renter damaged Madrid by leading the district court to improperly grant judgment against Madrid. Further, this deceptive conduct occurred “in connection with the sale or advertisement of good or services,” making the conduct subject to the UTPA,

The superior court's determination that Cozzetti's dual misrepresentations of ownership violated the UTPA was reversed. The superior court's decisions were otherwise affirmed.

**CASE LAW****Eviction – Lease-purchase**

**CASE NAME:** *KEDAR ARMY, ET AL., PLAINTIFFS-  
APPELLANTS, v. RACHELLE DUNLAP,  
DEFENDANT-APPELLEE*

**DATE:** *12/18/2017*

**CITATION:** *Court of Appeals of Ohio, Third District,  
Van Wert County. Slip Copy. 2017 WL  
6450824*

Dunlap wanted to rent or purchase a mobile home as soon as possible. Appellants, who ran a mobile home park, indicated they had nothing available to rent, but they had at least two mobile homes available for purchase, including one that appellants said was a 1990 model.

Dunlap entered into an oral agreement with appellants to purchase the home for \$16,900, with a \$10,000 down payment. Dunlap did not have the mobile home inspected or appraised. Dunlap was to pay the remaining balance in monthly installments of \$190. Dunlap was also responsible for a monthly lot fee. Dunlap and appellants signed a written lease agreement for the lot and a separate agreement for the “lease” of the 1990 mobile home to reflect the monthly payments toward purchase, though no written contract for the purchase of the mobile home was ever signed by Dunlap.

When Dunlap listed the mobile home for sale, a potential purchaser informed her that the mobile home could not be newer than 1975 because the model was no longer made after that year. Dunlap found out a model such as hers in “good” condition was only worth about \$2,000.

Dunlap attempted to get a copy of the title from appellants, and to negotiate about the return of her money, less any money she owed for rent, but was unsuccessful. Appellants advised Dunlap she could not sell the mobile home because she did not have the title to it.

Appellants filed a “Complaint in Forcible Entry and Detainer” for nonpayment. Dunlap filed an answer and a counterclaim and vacated the home, which she had professionally cleaned.

The trial court determined that the Plaintiff used leases from 1977 which were in violation of Ohio Landlord Tenant law. The Sales Agreement drafted by the Plaintiff was contrary to law and was void. The trial court limited Plaintiff’s recovery to lot rent because the purported sales/ lease-purchase agreement was void, and treated the “down payment” amount as a deposit that appellants wrongfully withheld. The trial court awarded Dunlap the remaining \$8,000 from her deposit, plus interest, less lot rent. Dunlap was also awarded attorney’s fees which were statutory for the return of a deposit. Plaintiff appealed, claiming the trial court erred in not addressing the sales agreement as a part of the parties’ contractual agreements and in voiding the lease.

The appeals court found that, while appellants characterized the agreement as a lease-purchase agreement, they really seemed to be attempting to enforce something akin to a “land installment contract.” However, a land installment contract pursuant to Ohio Rev. Code § 5313.01 would not include a mobile home as it is not real property. There is a separate provision of the revised code that defines “lease-purchase agreements” of personal property. However, that provision specifically excludes motor vehicles from lease-purchase agreements, which pursuant to the definition of motor vehicle in Ohio Rev. Code § 4501.01 would include a mobile home.

Aside from finding that the oral contract was void, the trial court essentially found that appellants lacked “clean hands” to provide them with an equitable remedy. The trial court found that appellants had “preyed upon” Dunlap and that their conduct in this matter was “reprehensible.”

Appellants also argued that even if the lease-purchase agreement was invalid, they still had a valid written lease agreement for the subject mobile home. The Court found, however, that there was never truly a “meeting of the minds” or an “agreement” for a “lease” of the mobile home. Both parties orally agreed that Dunlap would purchase a 1990 mobile home and that she would make 43 monthly payments to pay off that purchase. The written lease, and the amount of the monthly payment, seemed to serve only to memorialize those monthly payments for the purported purchase.

Affirmed.

#### ADOPTED RULE

**Ohio**  
**Fire code**



This amended rule includes Ohio. Admin. Code 1301:7-7-01.121.5.2, to provide that no manufactured home that constitutes a serious hazard to occupant safety shall be occupied.

Also, Ohio. Admin. Code 1301:7-7-03.304.1.1 provides that accumulations of wastepaper, wood, hay, straw, weeds, litter or combustible or flammable waste or rubbish of any type, including but not limited to asphalt shingles, shall not be permitted to remain on a roof or in any court, yard, vacant lot, alley, parking lot, open space, or beneath a grandstand, bleacher, pier, wharf, manufactured home, recreational vehicle or other similar structure.

#### ADOPTED RULE

**Ohio**  
**Residential Code – Exceptions**



Effective 1/1/2018, this rule amends Ohio Admin. Code 4101:8-1-01 to provide that the exception for manufactured housing from the provisions of the

Residential Code of Ohio does not apply to the utility connections from the utility service point to the manufactured homes, except that a manufactured home located within a manufactured home park and used by the park operator to promote the sale/rental of manufactured homes in that park remains exempt. This exemption for homes within a park, used by the park operator to promote the sale/rental of manufactured homes in that park, also applies to the existing exception for alterations of, additions to, or changes of occupancy of manufactured homes.

## DEFAULT SERVICING

#### CASE LAW

**Bankruptcy – “Ride-through”**



**CASE NAME:** *In re: Rosemarie Francis McCray, a/k/a Rose Marie McCray, a/k/a Rose McCray*  
**DATE:** *11/30/2017*  
**CITATION:** *United States Bankruptcy Court, E.D. Michigan, Southern Division. Slip Copy. 2017 WL 5956639*

Please note that there was a similar case involving the same issue, with a different outcome, in the November Manufactured Housing Law Update.

The Debtor’s Retail Installment Contract and Security Agreement to purchase a Mobile Home as the Debtor’s residence was assigned to 21st Mortgage.

The Debtor filed chapter 7, indicating that the amount that the secured Creditor’s claim was \$21,366.00. At the time she filed her bankruptcy, the Debtor was current on her payments.

The Debtor filed a Statement of Intention and checked a box to indicate that she intended to “Retain the property and enter into a Reaffirmation Agreement.” She also checked a box to indicate that she intended to “Retain the property” and, for an explanation, stated “Pay and retain.”

The Creditor filed a Motion to Compel Compliance With 11 U.S.C. § 521(a)(2) and to Delay Entry of Discharge. The Creditor arguing that the Debtor must either reaffirm the debt, redeem the Home, or surrender the Home to the Creditor, and that the law does not permit her to just “Pay and retain” the Mobile Home.

The Debtor argued that she could not be compelled to enter into a reaffirmation agreement and that she may “Pay and retain” the Mobile Home even without a redemption or reaffirmation so long as she continued to make the payments on the Home. The Debtor also argued that the sole consequence under the Bankruptcy Code if she did not redeem or reaffirm is the termination of the automatic stay, with a finding that the property in question was no longer property of the bankruptcy estate.

According to the Court, following BAPCPA, the Bankruptcy Code provides some legal consequences for an individual debtor's failure to timely perform their duties under § 521(a)(2) with respect to personal property that secures a debt: under § 362(h)(1) the property is removed from the bankruptcy estate, the automatic stay is lifted, and the creditor is free to enforce its rights under applicable non-bankruptcy law. And if the debtor fails to perform their duty under § 521(a)(6) with respect to personal property that secures an allowed claim for the purchase price of the property, § 521(a)(6) expressly provides one more consequence: the debtor shall “not retain possession” of such property.

At issue here was not whether the Debtor had to perform her duties with respect to the Mobile Home under § 521 of the Bankruptcy Code. The Court agreed with the Creditor – she must. However, the particular remedy requested by the Creditor – delay of discharge – is not authorized by the Bankruptcy Code and conflicts with Federal Rule of Bankruptcy Procedure 4004(c).

Because the Debtor did not file a proper statement of intention that identified whether she intended to

redeem, reaffirm or surrender the Mobile Home, and because she did not in fact perform one of these three actions, the automatic stay was lifted by § 362(h)(1) and the Mobile Home was no longer property of the bankruptcy estate. The Creditor was free to enforce all of its non-bankruptcy law, bargained-for rights and remedies with respect to the Mobile Home, unencumbered by the Debtor's bankruptcy case.

The Court noted that this case was ready to proceed to discharge. Once that discharge is entered, it would be too late for the Debtor to enter into a reaffirmation agreement. To allow the Debtor an opportunity to negotiate and enter into a reaffirmation agreement with the Creditor, the Court delayed entry of the order denying the Motion for 14 days from the issuance of the opinion.

#### CASE LAW

##### Rescission – Statute of Limitations



**CASE NAME:** *Fendon v. Bank of America, N.A.*

**DATE:** 12/12/2017

**CITATION:** *United States Court of Appeals, Seventh Circuit. 877 F.3d 714*

In 2007, James Fendon borrowed money from Bank of America, secured by a mortgage on his home. A borrower may rescind such a transaction for any reason within three days and, for some reasons, within three years. Fendon alleged that he notified the Bank on August 15, 2008; April 16, 2009; and June 17, 2010, that he was rescinding the loan, and that the Bank ignored the first two notices and rejected the third. In 2011 the Bank filed a foreclosure action in state court, and on March 23, 2016, a state court entered a final judgment confirming the foreclosure sale. That same day Fendon filed this suit seeking rescission and any other available relief.

The Court noted that, by the time Fendon began this suit it was too late to unwind the transaction, because the

property securing the loan had been sold. Federal district courts lack authority to revise the judgments of state courts.

The Bank maintained, and the district judge held, that the suit was untimely under 15 U.S.C. § 1640. The first sentence of § 1640(e) sets a one-year period of limitations for any claim under § 1640 as a whole. The second and later sentences of § 1640(e) provide some exceptions, but none of those applied.

On appeal, the Court noted that Fendon sent his first notice of rescission on August 15, 2008. A creditor has 20 days to act on such a notice. So by September 4, 2008, after the Bank ignored the notice, Fendon had suffered a legal wrong (if he was indeed entitled to rescind) and could have sued. Under federal law a claim accrues as soon as a person knows that he has been injured and thus possesses a “complete and present” right of action. Fendon asserted that the later notices, and sporadic communications to and from the Bank, extended the time for suit. Yet negotiations, requests for reconsideration, and new demands for action do not affect the time to sue on a claim that has already accrued. The Bank did not say or do anything during the years after September 2008 that established either equitable tolling or equitable estoppel. It followed that Fendon's claim for damages had expired more than six years before he filed this suit, which was properly dismissed.

Affirmed.

## CASE LAW

### Bankruptcy – Homestead exemption



**CASE NAME:** *In re Frost*

**DATE:** *12/19/2017*

**CITATION:** *United States Bankruptcy Court, D. Massachusetts, Eastern Division. Slip Copy. 2017 WL 6508965*

In 2016, the Debtors sold their home in Florida, relocated to Massachusetts, and purchased a mobile home, located in Carver, Massachusetts. They did not own the land on which the mobile home was situated. On July 28, 2017, the Debtors filed chapter 7 in Massachusetts.

The Debtors had resided in Massachusetts for fewer than 730 days when they commenced their chapter 7 case, and they resided in Florida for the entire 180 days preceding the move. They therefore agreed with the Trustee that under 11 U.S.C. § 522(b)(3)(A), the state whose exemptions they may elect was not Massachusetts, but Florida. Accordingly, the Debtors claimed their mobile home as exempt under Fla. Stat. § 222.05. The Trustee objected, arguing that Florida's statutory homestead exemption cannot be applied to property outside of the state.

Florida has two possible sources for a homestead exemption: one in the state's constitution, Fl. Const. Art. 10, § 4, and the other in a statute, Fla. Stat. § 222.05. The constitutional exemption applies only to real estate; the Debtors conceded that it did not shelter their mobile home. Rather, they relied solely on the Florida homestead statute.

The Trustee argued that this statutory homestead exemption includes an unstated requirement that the dwelling house in question be located in the State of Florida; in other words, he argued that the statutory exemption, by implicit prohibition, may not be applied extraterritorially.



According to the Court, homestead provisions are to be liberally construed in favor of maintaining the homestead property. In conjunction with (i) the silence of the statute on its application extraterritorially and (ii) the fact that, unlike Florida's constitutional homestead exemption, this statutory exemption applies not to real estate but to a mobile home, which is personalty used as a dwelling house, this principle required that the statutory exemption for mobile homes be determined to apply extraterritorially.

The Trustee's objection overruled.

## INSTALLATION

### ADOPTED RULE

#### Texas

#### Statement of ownership – Education



Effective 1/7/2018, this rule amends 10 Tex. Admin. Code §§ 80.2, 80.3, 80.32, 80.33, 80.36, 80.38, 80.40, 80.41, 80.73, 80.80, 80.90 and 80.91, relating to the regulation of the manufactured housing program. The rules were revised to comply with House Bill 2019 (85th Legislature, 2017 regular session) that amended the Manufactured Housing Standards Act and for clarification purposes.

Many of the amendments pertain to changing the name of the Statement of Ownership and Location to the Statement of Ownership and the removal of the term of lease-purchase.

Section 80.2(2): Clarification of the definition of business days to provide that if there is a time limitation of five (5) days or less, within the Standards Act, it is business days unless specified otherwise.

Section 80.3(g): The reference to the home previously being designated for business use is removed.

Section 80.32(p): The name of the Texas Manufactured Homeowners' Recovery Trust Fund changed to the Texas

Manufactured Homeowner Consumer Claims Program (Claims Program).

Section 80.33(g): Adds that:

(1) If a contracting installer subcontracts the installation to a licensed installer, the subcontracted installer who performs the installation shall complete the Notice of Installation, and submit the original signed form to the Department no later than seven (7) days after which the installation is completed, or not later than three (3) days for installers with a provisional license. The subcontracted installer may submit the required fee with the Notice of Installation Form.

(2) If a contracting installer subcontracts the installation to a licensed installer, and the subcontracted installer does not pay the fee, the contracting installer shall submit a copy of the Notice of Installation, labeled as such, with the required fee to the Department, no later than seven (7) days after which the installation is completed, or not later than three (3) days for subcontracted installers with a provisional license.

(3) Provisional installers that provide the installation are required to send a copy of the Notice of Installation to the Department's Field Office within three (3) days of the installation to ensure a timely inspection may be conducted.

(4) The timely submittal of the Notice of Installation after completion of the installation ensures the Department inspectors may inspect the manufactured home with utilities connected, but before the home is skirted.

Section 80.38(b): Removes the requirement that the Governor of Texas must declare existence of an emergency, which allows the consumer the right to waive their three day right of rescission in case of an emergency, rather than only after a governor declared natural disaster.

Section 80.41 Adds that:

All related persons added to a retailer's license are required to take the initial eight (8) hour course of instruction in the law, including instruction in consumer protection regulations and the four (4) hour retailer education course prior to being added to the retailer's license.

All related persons added to an installer's license are required to take the initial eight (8) hour course of instruction in the law, including instruction in consumer protection regulations and the four (4) hour installer education course prior to being added to the installer's license.

All related persons added to a retailer/installer license or retailer/installer/broker license are required to take the initial eight (8) hour course of instruction in the law, including instruction in consumer protection regulations; the four (4) hour retailer education course; and the four (4) hour installer education course prior to being added to the license.

All related persons added to a manufacturer's license are required to take the initial eight (8) hour course of instruction in the law, including instruction in consumer protection regulations prior to being added to the manufacturer's license.

All related persons added to a broker's license are required to take the initial eight (8) hour course of instruction in the law, including instruction in consumer protection regulations prior to being added to the broker's license.

Section 80.41(d)(1): Removes all the Continuing Education specific hour requirements.

Section 80.41(d)(2): Adds the requirement that all related persons added to a license must complete the eight hours of continuing education every two years.

Section 80.41(e)(4)(A): Removes language requiring fingerprints to be obtained prior to applying for a license.

Section 80.41(f)(1)(C): The name of the Trust Fund changed to the Manufactured Homeowner Consumer Claims Program.

Section 80.73(i): Adds that:

(i) If a purchaser of a manufactured home for business use has proof that they disclosed to the retailer in writing at the time of purchase that the purchaser intended for a person to be present in the home for regularly scheduled work shifts of not less than eight (8) hours prior to purchasing a manufactured home for business use they may file a complaint with the Department if the manufactured home is not habitable.

(1) The complaint must be filed in writing to the Department within sixty (60) days of the later of the date of sale or the date of installation.

(2) The retailer is required to make the home habitable if after a Department inspection it is determined to be inhabitable and the proper evidence was submitted demonstrating the intended business use of the manufactured home.

The title of Subchapter F is changed from Manufactured Homeowners' Recovery Trust Fund to Manufactured Homeowner Consumer Claims Program.

The title of Section 80.80 is changed from Administration of Claims under the Manufactured Homeowners' Recovery Trust Fund to Manufactured Homeowner Consumer Claims Program.

Section 80.80(a), (b) and (f): Revised the name from Manufactured Homeowners' Recovery Trust Fund or the Fund to either Manufactured Homeowner Consumer Claims Program or the Claims Program.

Section 80.90(d): Removes the requirement for certified copies of supporting documentation to accept just copies.

Section 80.90(e): Includes the term Certificates of Attachment as automatically converting to the new document of title, the Statement of Ownership.

Section 80.90(j): Adds new subsection stating the executive director may require an affidavit of fact requesting additional documentation to accompany a statement of ownership application.

## LENDING

### ADOPTED RULE

#### New Jersey

#### Appraisal fees



Effective 12/18/2017, this rule amends N.J. Admin. Code § 3:1-16.2(a)(3) to provide:

Appraisal fee: Defined as a fee charged to a borrower by a lender or broker to recover the direct cost of the fee charged by a duly credentialed real estate appraiser for an appraisal in connection with a mortgage loan application. An appraisal fee may be charged to a borrower by a residential mortgage lender or by a residential mortgage broker, but not by both in connection with the same mortgage loan application. The initial charge to the borrower may be based on a reasonable estimate, provided that any amount in excess of the direct cost of the appraisal performed by a duly credentialed appraiser is refunded to the borrower at or prior to closing. The direct cost of any subsequent appraisal may be charged to a borrower in connection with the same property subject to the same mortgage loan application only for good cause shown. In determining good cause for such purposes, the following factors shall be considered:

- i. Any changed circumstances shown to materially affect the value of the appraised property;
- ii. The period of time since any prior appraisal was performed in connection with the same property subject

to the same mortgage loan application, provided no material delay was caused by the lender;

- iii. Compliance with applicable Federal regulations; and
- iv. Such other factors as may reasonably be deemed material to the specific determination.

Formerly, this subsection provided:

Appraisal fee: If the appraisal is performed and delivered by a third party appraiser, the fee shall not exceed the amount paid, or to be paid, directly to the party performing and delivering the appraisal. If the appraisal is performed and delivered in-house, the fee shall approximate the usual, customary and reasonable fee for comparable appraisals by third party appraisers based on a survey of such fees charged by lenders to be conducted annually by the Department and published in the New Jersey Register. If the appraisal is performed by a third party appraiser and delivered by an appraisal management company, the fee charged by the lender shall not exceed the amount charged by the appraisal management company and shall approximate the usual, customary and reasonable fee for comparable appraisals by third party appraisers based on a survey of such fees charged by lenders to be conducted annually by the Department and published in the New Jersey Register. The initial charge to the borrower may be based on a reasonable estimate, provided that any amount in excess of the amount authorized above in this paragraph is refunded to the borrower at or prior to closing.

### WITHDRAWAL OF PROPOSED RULE

#### HUD

#### Floodplain management



82 Fed. Reg. 60693 (12/22/2017).

In the November 2016 Manufactured Housing Law Update, we reported on HUD's intention to amend 24 CFR Parts 50, 55, 58, 200.

HUD is withdrawing its proposed rules regarding Floodplain Management Protection of Wetlands; Minimum Property Standards for Flood Hazard. Exposure; Building to the Federal Flood Risk Management Standard.

## McGLINCHEY STAFFORD MEMORANDUM

### FHFA

#### Duty to serve



On December 18, 2017, the Federal Housing Finance Agency published the Enterprise Duty to Serve Underserved Markets Plans of Fannie Mae and Freddie Mac.

Our summary of the Plans is attached.

## LICENSING

### LEGISLATION

#### Ohio

#### Residential mortgage lending



**2017 OH H 199.** Enacted 12/22/2017. Effective 91st day after act is filed with Secretary of State.

This bill creates the Ohio Residential Mortgage Lending Act for the purpose of **regulating all non-depository residential mortgage lending, to limit the application of the current Mortgage Loan Law to unsecured loans and loans other than residential mortgage loans**, and to modify an exemption to the Ohio Consumer Installment Loan Act.

The bill amends Ohio Rev. Code Ann. § 9.02 to include “person registered as a mortgage lender under Chapter 1322 of the Revised Code” under the definition of “financial institution.”

The bill amends Ohio Rev. Code Ann. § 1315.21 to provide that “Check-cashing business” does not include a

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person registered as a mortgage lender under Chapter 1322 of the Revised Code.

Ohio Rev. Code Ann. § 1319.12 has been amended to provide that “Collection agency” does not mean a person whose collection activities are confined to and directly related to the operation of another business, including, but not limited to, any registrant as defined in section 1321.51 of the Revised Code, or any person registered as a mortgage lender under Chapter 1322 of the Revised Code.

The bill amends Ohio Rev. Code Ann. § 1321.51 (regarding Second Mortgage Security Loans) to delete several definitions, including: broker, mortgage loan originator, residential mortgage loan, loan processor or underwriter.

Ohio Rev. Code Ann. § 1321.52 now provides that a registrant may make loans, other than a residential mortgage loan as defined in section 1322.01 of the Revised Code, on terms and conditions provided by sections 1321.51 to 1321.60 of the Revised Code.

The bill provides that a registrant may make unsecured loans and loans secured by other than residential real estate or a dwelling as those terms are defined in section 1322.01 of the Revised Code.

The bill amends Ohio Rev. Code Ann. § 1322.01 (under the Mortgage Broker chapter) to add definitions, including: “Administrative or clerical tasks,” “Advertising,” “Application,” “Approved education course,” “Approved test provider,” “Borrower,” “Branch office,” “Control,” “Dwelling” (“Dwelling” includes a single condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence, whether or not that structure is attached to real property), “Loan processor or underwriter.”

“Mortgage” means the consensual interest in real property located in this state, including improvements to that property, securing a debt evidence by a mortgage,

trust indenture, deed of trust, or other lien on real property.

"Mortgage broker" means an entity that obtains, attempts to obtain, or assists in obtaining a mortgage loan for a borrower from a mortgage lender in return for consideration or in anticipation of consideration. For purposes of this division, "attempting to obtain or assisting in obtaining" a mortgage loan includes referring a borrower to a mortgage lender, soliciting or offering to solicit a mortgage loan on behalf of a borrower, or negotiating or offering to negotiate the terms or conditions of a mortgage loan with a mortgage lender on behalf of a borrower.

"Mortgage lender" means an entity that consummates a residential mortgage loan, advances funds, offers to advance funds, or commits to advancing funds for a residential mortgage loan applicant.

The bill provides that "Residential real estate" means any real property located in this state upon which is constructed a dwelling or upon which a dwelling is intended to be built within a two-year period, subject to 24 C.F.R. 3500.5(b)(4). For purposes of this division, a borrower's intent to build a dwelling within a two-year period is presumed unless the borrower has submitted a written, signed statement to the contrary.

Ohio Rev. Stat. Ann. § 1322.04 has been added to provide that this chapter does not apply to any of the following:

(A) Any entity chartered and lawfully doing business under the authority of any law of this state, another state, or the United States as a bank, savings bank, trust company, savings and loan association, or credit union, or a subsidiary of any such entity, which subsidiary is regulated by a federal banking agency and is owned and controlled by a depository institution;

(B) A consumer reporting agency that is in substantial compliance with the "Fair Credit Reporting Act," 84 Stat. 1128, 15 U.S.C. 1681a, as amended;

(C) Any political subdivision, or any governmental or other public entity, corporation, instrumentality, or agency, in or of the United States or any state;

(D) A college or university, or controlled entity of a college or university, as those terms are defined in section 1713.05 of the Revised Code;

(E) Any entity created solely for the purpose of securitizing loans secured by an interest in real estate, provide the entity does not service the loans. As used in this division, "securitizing" means the packaging and sale of mortgage loans as a unit for sale as investment securities, but only to the extent of those activities.

(F) Any person engaged in the retail sale of manufactured homes, mobile homes, or industrialized units if, in connection with obtaining financing by others for those retail sales, the person only assists the borrower by providing or transmitting the loan application and does not do any of the following:

(1) Offer or negotiate the residential mortgage loan rates or terms;

(2) Provide any counseling with borrowers about residential mortgage loan rates or terms;

(3) Receive any payment or fee from any company or individual for assisting the borrower to obtain or apply for financing to purchase the manufactured home, mobile home, or industrialized unit;

(4) Assist the borrower in completing the residential mortgage loan application.

(G) A bona fide nonprofit organization that is recognized as tax exempt under 26 U.S.C. 501(c)(3) and whose primary activity is the construction, remodeling, or rehabilitation of homes for use by low-income families, provided that the organization makes no-profit mortgage loans or mortgage loans at zero per cent interest to low-income families and no fees accrue directly to the organization from those mortgage loans and that the United States department of housing and urban development does not deny this exemption;

(H) A credit union service organization, provided that the organization utilizes services provided by registered mortgage loan originators or that it holds a valid letter of exemption issued by the superintendent of financial institutions under division (B)(1) of section 1322.05 of the Revised Code.

(I) A depository institution not otherwise required to be licensed under this chapter that voluntarily makes a filing on the nationwide mortgage licensing system and registry as an exempt entity for the purpose of licensing loan originators exclusively associated with the institution and that holds a valid letter of exemption issued by the superintendent pursuant to division (B)(1) of section 1322.05 of the Revised Code.

The bill amends Ohio Rev. Stat. Ann, § 1322.07 (formerly, § 1322.02), to provide that no person, on the person's own behalf or on behalf of any other person, shall act as a mortgage lender or mortgage broker (adding, mortgage lender) without first having obtained a certificate of registration from the superintendent of financial institutions for the principal office and every branch office (formerly, "every office") to be maintained by the person for the transaction of business as a mortgage lender or mortgage broker in this state. A registrant shall maintain an office location (deleting "in this state") for the transaction of business as a mortgage lender or mortgage broker in this state.

No individual shall act as a mortgage loan originator without first having obtained a license from the superintendent. A mortgage loan originator shall be employed by or associated with a mortgage lender, mortgage broker, or entity holding a valid letter of exemption under division (B)(1) of section 1322.05 of the Revised Code, but shall not be employed by or associated with more than one registrant or entity holding a valid letter of exemption under division (B)(1) of section 1322.05 of the Revised Code at any one time.

The bill amends the information required for an application in Ohio Rev. Code Ann. § 1322.09 (formerly, § 1322.03).

The bill amends Ohio Rev. Code Ann. § 1322.10 (formerly, § 1322.04) to allow for reinstatement if the applicant, no not later than forty-five days after the renewal deadline (formerly, no not later than the thirty-first day of January), submits the renewal fee or additional fee and a one-hundred-dollar penalty to the superintendent.

The bill adds Ohio Rev. Stat. Ann. § 1322.12 to provide that each registrant or entity holding a valid letter of exemption under division (B) (1) of section 1322.05 of the Revised Code shall designate an employee or owner of that registrant's business as the operations manager. The operations manager shall be responsible for the management, supervision, and control of a particular location.

To be eligible for such a designation, an employee or owner shall have at least three years of experience as a mortgage loan originator or registered mortgage loan originator. While acting as the operations manager, the employee or owner shall be licensed as a mortgage loan originator under this chapter and shall not be employed by any other mortgage lender or mortgage broker.

The bill amends the requirements for an MLO license in Ohio Rev. Stat. Ann. § 1322.20 (formerly, § 1322.031).

Ohio Rev. Stat. Ann. § 1322.29 has been added to provide that:

(A) A registrant or entity holding a valid letter of exemption under division (B) (1) of section 1322.05 of the Revised Code shall supervise all business of a mortgage loan originator conducted at the principal office, any branch office, or other location used by the individual mortgage loan originator.

(B) If a mortgage loan originator's employment or association is terminated for any reason, the licensee

may request the transfer of the license to another mortgage lender or mortgage broker by submitting a transfer application, along with a fifteen-dollar fee and any fee required by the national mortgage licensing system and registry, to the superintendent of financial institutions or may request the superintendent in writing to hold the license in escrow. Any licensee whose license is held in escrow shall cease activity as a mortgage loan originator. A licensee whose license is held in escrow shall be required to apply for renewal annually and to comply with the annual continuing education requirement.

(C) A registrant may employ or be associated with a mortgage loan originator on a temporary basis pending the transfer of the mortgage loan originator's license to the registrant, if the registrant receives written confirmation from the superintendent that the mortgage loan originator is licensed under this chapter.

(D) Notwithstanding divisions (A) to (C) of this section, if a licensee is employed by or associated with a person or entity holding a valid letter of exemption under division (B)(1) of section 1322.05 of the Revised Code, all of the following apply:

(1) The licensee shall maintain and display a copy of the mortgage loan originator license at the office where the licensee principally transacts business.

(2) If the mortgage loan originator's employment or association is terminated, the mortgage loan originator shall notify the superintendent within five business days after termination. The licensee may request the transfer of the license to another person or entity holding a valid letter of exemption under division (B)(1) of section 1322.05 of the Revised Code by submitting a transfer application, along with a fifteen-dollar fee and any fee required by the national mortgage licensing system and registry, to the superintendent or may request the superintendent in writing to hold the license in escrow. A licensee whose license is held in escrow shall cease activity as a mortgage loan originator. A licensee whose license is held in escrow shall be required to apply for

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renewal annually and to comply with the annual continuing education requirement.

(E) A licensee may seek to be employed by or associated with a registrant or a person or entity holding a valid letter of exemption under division (B)(1) of section 1322.05 of the Revised Code, if the mortgage lender, mortgage broker, or person or entity receives written confirmation from the superintendent that the mortgage loan originator is licensed under this chapter.

The bill adds Ohio Rev. Stat. Ann. § 1322.30 to provide that a registrant may contract for and receive interest at any rate or rates agreed upon or consented to by the parties to the dwelling secured loan or mortgage, but not exceeding an annual percentage rate of twenty-five per cent.

The bill amends Ohio Rev. Stat. Ann. § 1322.42 (formerly, 1322.075) to provide that (A)(1) No registrant or licensee or person required to be registered or licensed under this chapter shall refer a buyer to any settlement service provider, including any title insurance company, that has an affiliated business arrangement with the registrant, licensee, or person without providing the buyer with written notice as required by rule adopted by the superintendent.

Formerly, this section provided that: (A) No registrant or licensee or person required to be registered or licensed under sections 1322.01 to 1322.12 of the Revised Code shall refer a buyer to any settlement service provider, including any title insurance company without providing the buyer with written notice disclosing all of the following:

(1) Any business relationship that exists between the registrant, licensee, or person required to be registered or licensed under sections 1322.01 to 1322.12 of the Revised Code, and the provider to which the buyer is being referred, and any financial benefit that the registrant, licensee, or person may be provided because of the relationship;

(2) The percentage of ownership interest the registrant, licensee, or person required to be registered or licensed under sections 1322.01 to 1322.12 of the Revised Code has in the provider to which the buyer is being referred;

(3) The estimated charge or range of charges for the settlement service listed;

(4) The following statement, printed in boldface type of the minimum size of sixteen points: "There are frequently other settlement service providers available with similar services. You are free to shop around to determine that you are receiving the best services and the best rate for these services."

Ohio Rev. Code Ann. § 1322.43 has been added to provide that no registrant and entity holding a valid letter of exemption under division (B) (1) of section 1322.05 of the Revised Code, through its operations manager or otherwise, shall fail to do either of the following:

(A) Reasonably supervise a mortgage loan originator or any other person associated with the registrant;

(B) Establish reasonable procedures designed to avoid violations of any provision of this chapter or the rules adopted under this chapter, or violations of applicable state and federal consumer and lending laws or rules, by mortgage loan originators or any other person associated with the registrant.

Ohio Rev. Code Ann. § 1322.45 (formerly, § 1322.081) has been amended to provide that the superintendent shall not require a separate account for deposit of buyer funds.

The bill amends Ohio Rev. Code Ann. § 1322.46 (formerly, § 1322.09) to provide that a registrant or mortgage loan originator shall disclose in any printed, televised, broadcast, electronically transmitted, or published advertisement relating to the registrant's or mortgage loan originator's services, including on any electronic site accessible through the internet, the business name of the registrant or mortgage loan

originator and the unique identifier of the registrant or mortgage loan originator.

Formerly, this section provided that a mortgage broker or loan originator shall disclose in any printed, televised, broadcast, electronically transmitted, or published advertisement relating to the mortgage broker's loan originator's services, including on any electronic site accessible through the internet, the name and street address of the mortgage broker or loan originator and the number designated on the certificate of registration or license that is issued to the mortgage broker or loan originator by the superintendent of financial institutions under sections 1322.01 to 1322.12 of the Revised Code.

The bill adds Ohio Rev. Code Ann. § 1322.56 to provide that the superintendent of financial institutions may adopt, in accordance with Chapter 119 of the Revised Code, any rule necessary to comply with the requirements of the nationwide mortgage licensing system and registry, including requirements pertaining to all of the following:

(A) Payment of nonrefundable fees to apply for, maintain, and renew licenses through the nationwide mortgage licensing system and registry;

(B) Renewal or reporting dates;

(C) Procedures to amend or to surrender a license;

(D) Any other activity necessary for participation in the nationwide mortgage licensing system and registry.

The bill adds that the Superintendent of Financial Institutions may take actions necessary to ensure full compliance with this act, including actions to facilitate the transition of existing registrants and licensees and those persons holding valid letters of exemption as of the effective date of this act.

Persons holding a valid mortgage lender certificate of registration or mortgage loan originator license issued under sections 1321.51 to 1321.60 of the Revised Code as of the effective date of this act and persons holding a



valid mortgage broker certificate of registration or loan originator license issued under Chapter 1322 of the Revised Code as of the effective date of this act, shall not be required to be registered or licensed under section 1322.07 or 1322.20 of the Revised Code, as amended, until the first renewal of that certificate of registration or license after that date. The Superintendent may treat the applications submitted by those persons as renewal applications, and may use prior application materials as the basis for issuing registrations, licenses, and letters of exemption after the effective date of this act.

## LEGISLATION

### Pennsylvania

#### Mortgage servicers



**2017 PA S 751.** Enacted 12/22/2017. Effective immediately.

This bill amends 7 Pa. Con. Stat. § 6102 to provide that "administrative or clerical tasks" means the receipt, collection and distribution of information common for the processing, servicing (adding, servicing) or underwriting of a mortgage loan and communication with a consumer to obtain information necessary for the processing, servicing or underwriting of a mortgage loan.

"Billing cycle," in respect to open-end mortgage loans, means the time interval between periodic billing dates as established by the mortgage note and subsequent modification to the obligation (adding, as established by the mortgage note and subsequent modification to the obligation). A billing cycle shall be considered to be a monthly cycle if the closing date of the cycle is the same date each month or does not vary by more than four days from that date.

The bill provides that "Clerical or support duties" does not include communications regarding offering or negotiating mortgage servicing terms.

The bill adds that "Delinquent" means the date when an amount sufficient to cover a periodic payment of principal, interest and, if applicable, escrow becomes due and unpaid, and lasts until the time no periodic payment is due and unpaid, notwithstanding if the borrower is afforded a period after the due date to pay before the servicer assesses a late fee.

"Loss mitigation option" is an alternative to foreclosure offered by the owner, holder or assignee of a delinquent mortgage loan that is made available through the servicer to the borrower.

The bill provides that "mortgage loan business" includes the servicing of mortgage loans.

"Mortgage servicer" is a person who engages in the mortgage loan business by directly or indirectly servicing a mortgage loan.

"Service mortgage loan" means collecting or remitting payment (formerly, "for another), or the right to collect or remit payments (formerly, "for another"), of principal, interest, tax, insurance or other payment under a mortgage loan.

"Single point of contact" means an individual or team of personnel, each of whom has the ability and authority to discuss mortgage loan mitigation options with a borrower on behalf of a mortgage servicer. The mortgage servicer shall ensure that each member of the team is knowledgeable about the borrower's situation and current status.

7 Pa. Con. Stat. § 6111 has been amended to require a license to act as a mortgage servicer.

A mortgage lender may act as a mortgage servicer without a separate mortgage servicer license for mortgage loans the mortgage lender has originated, negotiated and owns.

A person only licensed as a mortgage servicer may only perform the services of a mortgage servicer.

The bill amends 7 Pa. Con. Stat. § 6112 to provide a licensing exemption for a person who services less than four mortgage loans in a calendar year, unless determined to be engaged in the mortgage loan business by the department.

The bill also exempts an individual or entity licensed under the Money Transmission Business Licensing Law, if the individual or entity only engages in the mortgage loan business to the extent funds are transmitted from a mortgagor to make mortgage payments on behalf of the mortgagor in order to exceed regularly scheduled minimum payment obligations under the terms of the indebtedness.

The bill amends 7 Pa. Con. Stat. § 6121 to provide that, for a mortgage servicer, if a mortgage loan is paid in full and, in the case of an open-end mortgage, a mortgage lender is no longer obligated to make future advances to the consumer, the mortgage servicer shall act in good faith to do all of the following:

(i) Request the mortgage holder release the lien on the dwelling or residential real estate and cancel the same of record and, at the time the mortgage loan agreement or promissory note evidencing the mortgage loan is returned, deliver to the consumer good and sufficient assignment, releases or other certificate, instrument or document as may be necessary to evidence the release.

(ii) Request the mortgage holder cancel any insurance provided in connection with the mortgage loan and refund to the borrower, in accordance with regulations promulgated by the Insurance Department, any unearned portion of the premium for the insurance.

(iii) If a mortgage holder has delegated the responsibility to record satisfaction of security instruments to a mortgage servicer, the mortgage servicer shall be treated as a mortgage holder for purposes of satisfying the conditions of subparagraph (i) or (ii).

7 Pa. Con. Stat. § 6122 has been amended to provide that, if they are in compliance with the provisions of this

chapter, mortgage lenders shall have the power and authority to service first and secondary mortgage loans that are originated, negotiated and owned by the mortgage lender.

If a mortgage servicer is in compliance with this chapter, the mortgage servicer shall have the power and authority to collect and remit for a lender, mortgagee, note owner, note holder, trustee or primary beneficiary of a residential mortgage loan payment of principal, interest or an amount to be placed into escrow for any combination of the payment of insurance, hazard insurance or taxes.

The bill amends 7 Pa. Con. Stat. § 6123 to provide that a licensee engaging in the mortgage servicer business shall not fail to establish or attempt to establish a single point of contact with whom a borrower can communicate about foreclosure matters or loss mitigation options later than the 36th day of a borrower's delinquency, unless contact is inconsistent with applicable bankruptcy law or court order.

The bill amends 7 Pa. Con. Stat. § 6131 to provide that the department shall issue a mortgage servicer license under this chapter if the applicant has:

(1) Been approved by or meets the current eligibility criteria for approval as a residential mortgage loan servicer of at least one Federal Government-sponsored entity, government corporation or Federal agency.

(2) Established a minimum net worth of \$250,000 at the time of application and maintains the minimum net worth.

(3) Been approved for and maintains as a licensee fidelity bond coverage in accordance with the guidelines established by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

(4) Obtained and maintains a surety bond in an amount that will provide coverage for the mortgage servicer in a form acceptable to the department prior to the issuance

of the license, from a surety company authorized to do business in this Commonwealth. The following shall apply:

- (i) The amount of the bond shall be \$500,000.
- (ii) The bond shall run to the Commonwealth and shall be for the use of the Commonwealth and for the use of consumer who is injured by the acts or omissions of the licensee's mortgage originators that are related to the mortgage loan business regulated under this chapter. A bond shall not comply with the requirements of this section unless the bond contains a provision that the bond shall not be canceled for any cause unless notice of intention to cancel is given to the department at least 30 days, excluding legal holidays, Saturdays and Sundays, before the day upon which cancellation shall take effect. Cancellation of the bond shall not invalidate the bond regarding the period of time the bond was in effect.
- (5) Designated an individual as the qualifying individual for the principal place of business.

7 Pa. Con. Stat. § 6132 has been amended to provide for license fees for mortgage servicers: \$2,500 for the principal place of business and an additional fee of \$1,250 for each branch location.

Renewal fees are \$1,000 for the principal place of business and an additional fee of \$500 for each branch location.

The bill adds 7 Pa. Cons. Stat. § 6141 to provide:

(a) Regulatory coordination. In order to implement this chapter as applicable to mortgage servicers, the following apply:

- (1) Subject to paragraph (2), the department shall promulgate regulations which effectively incorporate the Consumer Financial Protection Bureau's mortgage servicer regulations at 12 CFR Pt. 1024, Subpt. C (relating to mortgage servicing), other than 12 CFR 1024.30 (relating to scope).

(2) When the Federal regulations under paragraph (1) are altered, the department shall promulgate regulations making the appropriate incorporation.

(3) Regulations under this subsection shall not be subject to any of the following:

- (i) Sections 201, 202, 203, 204 and 205 of the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law.
- (ii) Sections 204(b) and 301(10) of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act.
- (iii) The act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act.

(b) Failure of regulatory coordination.--If an alteration of Federal regulations under subsection (a)(2) results in a complete lack of Federal regulations in the area, all of the following apply:

- (1) The version of the Pennsylvania regulations in effect at the time of the alteration shall remain in effect for two years.
- (2) During the time period under paragraph (1), the department shall promulgate replacement regulations.

The addition of 7 Pa. Cons. Stat. § 6141 takes place immediately. The remainder of this act shall take effect upon the effective date of regulations promulgated under 7 Pa.C.S. § 6141.

**MANUFACTURING**

**WITHDRAWAL OF FINAL RULE**  
**EPA**  
**Formaldehyde**



82 Fed. Reg. 57874 (12/08/2017).  
 40 CFR Part 770.

In the Federal Register of October 25, 2017, EPA published both a direct final rule and proposed rule to update the voluntary consensus standards that originally were published in the Toxics Substances Control Act (TSCA) Title VI formaldehyde emission standards for composite wood products final rule on December 12, 2016. In addition, in the direct final rule and proposed rule the EPA amended the testing requirements for panel producers and third-party certifiers establishing correlation between approved quality control test methods and either the ASTM E1333-14 test chamber, or, upon showing equivalence, the ASTM D6007-14 test chamber. As noted in the direct final rule, if EPA received adverse comment on the proposed amendments, the Agency would publish a timely withdrawal of the direct final rule in the Federal Register informing the public that the direct final action will not take effect. The Agency did receive adverse comment on the proposed rule amendments, and is therefore withdrawing the direct final rule and will instead proceed with a final rule based on the proposed rule after considering all public comments.

## TITLING AND PERFECTION

### ADMINISTRATIVE OPINION

#### South Carolina

#### Electronic titling fees



Administrative Opinion No. 2.202, 3.303-1702.

Issued 12/12/2017.

The Department of Consumer Affairs has concluded that the DMV required fee for electronic filing of liens and titles, pursuant to 2015 SC H 5089, is a permissible additional charge and may be passed on to the consumer in a credit transaction; however, fees assessed by a third party or for implementing an in-house interface cannot be.



MARC LIFSET is a member in the firm's business law section, where he advises banks and financial institutions regarding consumer financial services issues, licensing, regulatory compliance and legislative matters. Marc has carved a place for himself in the manufactured housing lending arena as the primary drafter and proponent of New York's Manufactured Housing Certificate of Title Act. Marc is chairperson of the Manufactured Housing Institute ("MHI") Finance Lawyers Committee and serves on the Board of Governors of the MHI Financial Services Division. He is the primary draft person of manufactured home titling and perfection legislation in Alaska, Louisiana, Maryland, Missouri, Nebraska, New York, North Dakota and Tennessee. Marc represents manufactured home lenders, community operators and retailers throughout the country and is a frequent lecturer at industry conventions.

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### ABOUT MHI:

The Manufactured Housing Institute (MHI) is the only national trade organization representing all segments of the factory-built housing industry. MHI members include home builders, lenders, home retailers, community owners and managers, suppliers and 50-affiliated state organizations.

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A leader in the manufactured housing and mortgage lending industries, McGlinchey Stafford represents clients in the areas of federal and state law compliance, preemption analysis and advice, nationwide document preparation, licensing support, due diligence, federal and state examination and enforcement action defense, individual and class action litigation defense, and white collar criminal defense.



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