

## DEALS ON WHEELS? NOT SO HARD!

### Putting Manufactured Home Closings on a Firm Foundation

One of the most confusing and frustrating escrows these days are those that involve manufactured homes. The number of new homeowners opting for life in the 'burbs and the number of lenders requiring the Certificate of Title to be cancelled are on the rise. It was not until recently that the various county officials established uniform procedures, but we still have many tag agents who do not understand the rules. We hope this week's Terrain will be helpful in putting you on a "firm foundation" in understanding manufactured home transactions.

For more information, you can download the Manufactured Home Quick Reference Guide from the Oklahoma Tax Commission's website – <http://www.tax.ok.gov/adv4.html>. *DISCLAIMER: Procedures may vary in your county – you should check with your County Assessor and local tag agent to determine any variations in the following suggested steps.* We welcome your comments – please contact us at (405) 232-3258 or [mwittrock@firstam.com](mailto:mwittrock@firstam.com) if you have any questions or comments!!

## ESCROW PROCEDURES FOR MANUFACTURED HOMES CANCELLATION OF TITLE

### SALE OF EXISTING MANUFACTURED HOME

1. **Determine from parties whether MH Title had been previously cancelled**
  - If MH Title has been previously cancelled, then proceed to close transaction as if there was a brick house on the property
  - If MH Title has NOT been previously cancelled, determine intention of parties
    - If new lender, it will likely require title to be cancelled, but you should confirm
    - If cash sale, you should discuss with buyer whether they want the title **cancelled** with the Oklahoma Tax Commission or whether they want the Certificate of Title **transferred** to them.
    - Parties should sign "Election to Cancel Title" at closing

### CANCELLATION PROCEDURE FOR EXISTING MANUFACTURED HOME TITLE:

2. **Obtain original Certificate of Title** as early as possible
  - Check to see there is a lien registered on the Certificate of Title
  - If Certificate of Title shows a lien, confirm name of Lender and obtain payoff
  - **DO NOT** have seller sign – leave the Certificate of Title blank!
3. **Draft Warranty Deed**
  - Below legal description type the following:

“The real property described in this Warranty Deed includes as an improvement to the land a manufactured home, [Make, Model, Serial Number, VIN], permanently affixed to the land.”

4. **Draft Mortgage**

- Below legal description type the following (subject to approval of lender):

“The real property described in this Mortgage includes as an improvement to the land a manufactured home, [Make, Model, Serial Number, VIN], permanently affixed to the land.”

5. **Complete Form 756**

- Available on Oklahoma Tax Commission website (and attached below)
- Have Seller(s) sign before or at same time as Deed
  - Note: Form 756 MUST be dated before or at same time of Deed. If Form 756 is dated after Deed, the County will not accept and seller will have to prepay taxes for the current year

6. **Collect \$5.00 payable to the Oklahoma Tax Commission for Title Cancellation Fee**

- Show fee description as “Cancellation of MH Title” on HUD-1
- Buyer Charge of \$5.00 (unless contract provides otherwise)

7. **Collect additional escrow fee for cancellation of title services (optional)**

- Buyer Charge (unless contract provides otherwise)

8. **Payoff of Lien (if required)**

- Set up MH payoff just like regular mortgage payoff
- Send payoff to Lender
  - Remember that you will need the Release ASAP (no longer than 60 days)

9. **Prorate Taxes**

- Prorate ad valorem taxes according to Contract

10. **Have Parties sign “Notice to Customer Regarding Title to Manufactured Home”**

- Form is located below
- Check “Cancel Title”

11. **Obtain certification on Form 756 from County Assessor**

12. **Deliver to Tag Agent (or Oklahoma Tax Commission) the following:**

- Signed 756
- \$5.00 check payable to Oklahoma Tax Commission
- Original (and unsigned) Certificate of Title
- Lien Release (if required)
- Copy of Warranty Deed (if sale)

## REFINANCE OF EXISTING MANUFACTURED HOME

1. **Determine whether MH Title had been previously cancelled**
  - If MH Title has been previously cancelled, then proceed to close transaction as if there was a brick house on the property
  - If MH Title has NOT been previously cancelled, determine intention of parties
    - New lender will likely require title to be cancelled, but you should confirm
    - Parties must sign "Election to Cancel Title" at closing
2. Follow steps 2, 4, 5, 6, 7, 8, 10, 11 and 12

## PURCHASE OF NEW MANUFACTURED HOME

1. **Determine from parties whether MH Title is to be cancelled**
  - If MH Title is to be cancelled, follow proceedings above EXCEPT
  - Instead of obtaining Certificate of Title, you will obtain MSO (Manufacturer's Statement of Origin)
  - If MH Title is to be cancelled, Dealer will need to cancel or you will work with Dealer to cancel, and follow procedures above
  - If MH Title is not to be cancelled, follow procedures below
  - Lien Affidavit or Lien Waiver from company providing set up of home

## SALE OF NEW OR EXISTING MANUFACTURED HOME – NO CANCELLATION OF TITLE

1. **Determine Intention of Parties** - whether they want the title **cancelled** with the Oklahoma Tax Commission or whether they want the Certificate of Title **transferred** to them.
2. **Obtain original Certificate of Title** as early as possible
  - Check to see there is a lien registered on the Certificate of Title
  - If Certificate of Title shows a lien, confirm name of Lender and obtain payoff
  - **Have seller sign** and assign to Buyer
3. **Draft Warranty Deed**
  - Below legal description type the following:

"The real property described in this Warranty Deed includes as an improvement to the land a manufactured home, [Make, Model, Serial Number, VIN], permanently affixed to the land."
4. **Draft Mortgage**
  - Below legal description type the following (subject to approval of lender):

"The real property described in this Mortgage includes as an improvement to the land a manufactured home, [Make, Model, Serial Number, VIN], permanently affixed to the land."

5. **Determine Current Ad Valorem Taxes plus 25%**
  - Contact County Treasurer (Manufactured Home Division) for amount of current year's taxes plus 25%
  - Issue check to County Treasurer and give to Buyer at closing
6. **Prorate Ad Valorem Taxes**
  - Charge the current year's taxes + 25% in advance for the current year to Seller
  - Prorate "backwards" –
    - Credit Seller from date of closing through the end of year
    - Debit Buyer from date of closing through the end of the year
  - NOTE: County will hold ad valorem taxes (+25%) in an account for the benefit of the Buyer. At the end of the year, the County will return the 25% to the Buyer
7. **Have Buyer and Seller sign "Notice to Customer Regarding Title to Manufactured Home" form**
  - Check "Do Not Cancel Title"
8. **Have Seller(s) sign Certificate of Title to Buyers (and Notarize)**
  - Give to Buyer at Closing
9. **Make sure that Buyer has the following** when he leaves your office:
  - Check for Ad Valorem Taxes
  - "Certified copy of signed Warranty Deed (with MH language)
  - Customer knows where to go in the courthouse to pay taxes and complete Form 936
  - Customer knows to go to tag agency to transfer title and pick up Motor Vehicle sticker for tagging MH for the current year
  - Original, signed and notarized MH Certificate of Title
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***Suggested Manufactured Home Requirement  
for Commitment for Title Insurance***

If the Sale or Mortgage is to include the value of a manufactured home:

- (a) **Determine whether Certificate of Title is to be cancelled at the request of the Buyer or New Lender.**
- (b) **If the manufactured home is or will be permanently affixed prior to closing:**
  - (1) Determine whether Certificate of Title has been previously cancelled OR Manufactured Home has been assessed as real property by the County Assessor OR furnish a statement prepared by the surveyor, appraiser, or other appropriate evidence that the wheels, axles, and tow bar of the manufactured home have been removed; that the manufactured home has been situated on a permanent foundation located on the Land; and that the manufactured home has been connected to utilities, including water and sewer; or

- (2) If new construction, furnish lien waiver statement(s) from all parties involved in the delivery and set-up of the manufactured home.
- (c) **If the manufactured home will not be affixed prior to closing:**
- (1) Obtain an inspection showing no materials have been delivered to the Land and no site preparation has been performed as of the filing of the insured mortgage. If site preparation or construction has been commenced, furnish lien waiver statement(s) from all parties involved in the delivery and set-up of the manufactured home.
- (d) **If Certificate of Title is to be cancelled:**
- (1) Obtain original Certificate of Title or Manufacturer's Statement of Origin to determine that Title is vested properly and that there are no liens registered on the Certificate of Title. Seller should not sign the Certificate of Title.
  - (2) If a lien is found, pay and obtain release of lien.
  - (3) Deed and/or Mortgage should include the following language: "The real property described in this instrument includes as an improvement to the land a manufactured home, make, model, year, and serial number, permanently affixed to the land."
  - (4) Parties execute "Notice to Customer Regarding Title to Manufactured Home and Election to Cancel Title."
  - (5) Seller execute Form 756 "Application for Title Cancellation of a Manufactured Home Permanently Affixed to Real Estate" prior to or at time of Deed.
  - (6) Collect \$5.00 payable to Oklahoma Tax Commission for Title Cancellation Fee.
  - (7) Obtain certification of County Assessor on Form 756.
  - (8) Deliver to Oklahoma Tax Commission or Tax Agency original Certificate of Title (not signed by seller and lien must be released), cancellation fee, and Form 756.
- (e) **If Certificate of Title is being transferred (no cancellation):**
- (1) Obtain original Certificate of Title or Manufacturer's Statement of Origin to determine that Title is vested properly and that there are no liens registered on the Certificate of Title. Have Seller assign the Certificate of Title to Buyer.
  - (2) If a lien is found, pay and obtain release of lien.
  - (3) Deed and/or Mortgage should include the following language: "The real property described in this instrument includes as an improvement to the land a manufactured home, make, model, year, and serial number, permanently affixed to the land."
  - (4) Parties execute Notice to Customer Regarding Title to Manufactured Home and Election to Cancel Title.
  - (5) Pay Current Ad Valorem Taxes + 25% as required by County Treasurer.
  - (6) Buyer completes transfer of title and motor vehicle tag through County Treasurer and Oklahoma Tax Commission or Tag Agency.



**NOTICE TO CUSTOMER REGARDING  
TITLE TO MANUFACTURED HOME AND  
ELECTION TO CANCEL TITLE**

Date: \_\_\_\_\_ File Number: \_\_\_\_\_

Address of Property: \_\_\_\_\_

1. The undersigned are the Owner/Seller(s) and or Buyer(s) of the property listed above.
2. That there is currently affixed to said real property as a permanent improvement the following described manufactured home: [Make, Model, Year, Serial Number]  
  
\_\_\_\_\_
3. That the wheels, axles and tow bar of the manufactured home have been removed; that the manufactured home has been situated on a permanent foundation located on the subject property; and the manufactured home has been connected to utilities, including water and sewer.
4. That no prior security interest has been granted in said manufactured home to any other party, except: \_\_\_\_\_
5. With respect to the Certificate of Title to the manufactured home, the undersigned hereby instruct First American Title as follows: [Check as appropriate]

\_\_\_\_\_ **CANCEL TITLE.** I instruct First American Title to cancel the Certificate of Title to the manufactured home pursuant to Title 47 Okla. Stat. §1110. I understand that upon cancellation, I will no longer have a Certificate of Title. I understand that (1) the home must be moved as a conventional structure and may not be moved as a manufactured home using the home's wheels and axles or (2) I must petition the district court to order the Tax Commission to issue a title.

\_\_\_\_\_ **DO NOT CANCEL TITLE.** I understand that First American Title will not handle the transfer of the Certificate of Title to the manufactured home. I will be responsible for the transfer of title and registration through the Oklahoma Tax Commission or tag agency, including payment of ad valorem taxes due upon the transfer. I hereby release First American Title for any claims, actions, losses, proceedings, costs and expenses arising out of the manufactured home title transfer. **NOTICE:** Title 47 Okla. Stat. §1117 and 68 Okla. Stat. §2813, regarding the collection of ad valorem taxes due on manufactured homes, provides that when ownership of a manufactured home previously titled in Oklahoma is being transferred, proof of paid current calendar year ad valorem taxes, or a release indicating no current calendar year ad valorem taxes are due, must be submitted before transferring title, unless the home title was issued earlier that same calendar year and the records reflect current registration. This includes the completion of Form 936.

BUYER(S):

SELLER(S):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Oklahoma Tax Commission  
Motor Vehicle Division  
Application for Title Cancellation of a Manufactured Home  
Permanently Affixed to Real Estate**

**Fee: \$5.00**

*No Title may be cancelled if an active lien is reflected in the records of the Motor Vehicle Division.  
No Title may be cancelled unless the landowner and manufactured homeowner are one and the same.*

\_\_\_\_\_  
YEAR                      MAKE                      TITLE NUMBER

\_\_\_\_\_  
VEHICLE IDENTIFICATION NUMBER

The above listed manufactured home is now permanently affixed to the following described real estate:

\_\_\_\_\_  
COUNTY                      LANDOWNER

The following parcel identification and landowner confirmation is to be completed, signed and sealed by an authorized representative of the County Assessor's office of the county in which the manufactured home and land are located.

County Parcel Identification Number: \_\_\_\_\_

Landowner of Record: \_\_\_\_\_

\_\_\_\_\_  
County Seal and Signature of County Assessor or Authorized Representative      Date

Notice: Application for Title Cancellation must be made within sixty (60) days of the above County Assessor confirmation date.

Pursuant to the provisions of 47 O.S. §1110, application is hereby made to permanently cancel the Oklahoma Certificate of Title to this manufactured home.

\_\_\_\_\_  
SIGNATURE OF MANUFACTURED HOME OWNER OR LEGAL AGENT                      DATE

\_\_\_\_\_  
MAILING ADDRESS, CITY, STATE, ZIP

**INSTRUCTIONS**

**Attach your Oklahoma Certificate of Title for the above listed manufactured home to this completed form and submit, along with your remittance made payable to the Oklahoma Tax Commission in the amount of \$5.00 to the Oklahoma Tax Commission or any Oklahoma motor license agent (tag agent).**

**Incomplete or improperly completed forms will not be processed.**