



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5045 (as reported without amendment)
Sponsor: Representative Tonya Schuitmaker
House Committee: Banking and Financial Services
Senate Committee: Banking and Financial Institutions

Date Completed: 4-24-06

RATIONALE

A number of years ago, law enforcement officials apparently requested the Secretary of State (SOS) to investigate issues related to property title fraud and recommend methods to reduce the likelihood of fraud. One of the measures taken by the SOS was to include title transfer information on the front, rather than the back, of certificates of title. With forms for transfer or assignment of property on the back of title certificates, title transfer information often was lost when people involved in a transaction failed to photocopy both sides of the document or failed to notice the form on the back and engaged in a financial transaction without completing the title transfer paperwork. Current practice is for transfer-of-title information to appear on the front of a certificate and statutory requirements for various types of property, such as motor vehicles, boats, and off-road vehicles, have been changed to reflect that practice. Certificates of title for mobile homes, however, still are required to contain title transfer or assignment forms on the back of the document. It has been suggested that those requirements be deleted from the Mobile Home Commission Act.

CONTENT

The bill would amend the Mobile Home Commission Act to eliminate requirements that transfer-of-title information be indicated on the back of a mobile home's certificate of title.

The Act requires that a certificate of title for a mobile home contain "upon the reverse side" forms for assignment of title or interest and warranty of title by the owner, with

space for notation of security interests in the mobile home at the time of a transfer, to be signed in ink, and other forms the Department of Labor and Economic Growth (DLEG) considers necessary. Under the bill, the certificate of title would continue to have to include those forms, but they would not have to be on the reverse side of the certificate.

In addition, the Act provides that, if the owner of a mobile home transfers or assigns the owner's title or interest to the mobile home, he or she must indorse "on the back of the certificate of title" an assignment of the mobile home with warranty of title with a statement of all security interests in the mobile home, and must mail or deliver the certificate to DLEG or to the purchaser or transferee at the time of the delivery to the purchaser or transferee. Under the bill, a mobile home owner who transferred or assigned the title or interest to another person still would have to indorse the assignment, but would not have to do so on the back of the certificate of title.

MCL 125.2330b & 125.2330c

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The bill would bring the statute into conformity with current practice by deleting the statutory requirements that the back of a mobile home certificate of title contain a form for the transfer or assignment of title

to that property and that the owner of a mobile home indorse the title certificate on the back when he or she assigns title or interest to another party. A number of years ago, the SOS changed the format of certificates of title for various types of property so that transfer information appears on the front of the document. This helps to ensure that transfer-of-title information is completed properly and remains secure and available when a certificate is photocopied, thereby simplifying the title transfer process for those involved in the transaction and reducing the possibility of fraud. The statutory requirements that this information be on the back of a mobile home's certificate of title are obsolete and should be deleted.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Maria Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.