

MLTA 2010 Legislative Issues

Mobile Home Conversion bills

- House Bill No. 1584 sponsored by Representative Kenny Jones (R), Bob Nance (R), Bert Atkins (D), Tim Jones (R), Patricia Yaeger (D), Walt Bivins (R), Jeff Grisamore (R), Curt Dougherty (D) and Larry Wilson (R). House bill has been assigned to Financial Institutions committee, but has not been heard yet.
- Senate Bill No. 630 sponsored by Senator Jane Cunningham. Bill was heard by Ways and Means Committee and was voted out of committee Consent. Bill is currently on the February 18 Consent Calendar.
- Missouri is one of the absolutely last states to **not** have a procedure for "officially" designating a permanently affixed mobile home as real estate.
- Current situation makes it hard for owner to get financing at a lower rate and almost impossible to obtain refinancing; it results in the owner paying higher taxes **IF** the assessor treats the home as personal property; and it exposes title insurance to claims because it's an "improvement to real property" whose existence is not disclosed in the public records.
- The bill is also supported by the Manufactured Homes Association, the Missouri Bankers Association, the Missouri Mortgage Bankers Association, the Missouri Realtors Association and the Assessors' association. It is opposed by no one.

Access to Domestic Court Files bills

- House Bills Nos. 1908 sponsored by Representatives Bryan Stevenson (R) and Walt Bivins (R), and 2046 sponsored by Representatives Tim Jones (R) and Mike Colona (D) have not yet been assigned to a committee. However, the Judiciary Committee Substitute for House Bill No. 1692 sponsored by Jason Smith (R) has our language in the bill thanks to Rep. Stevenson, the Judiciary Committee chair. **HCS HB 1692** is assigned to the Rules committee for hearing on Monday, February 22, and should be voted out of committee that day **[I'll update you on Tuesday]**.
- A Senate Bill will be introduced by Senator Jack Goodman.
- Our bill is intended to solve unexpected problems created by last session's HB 481 which made domestic files less accessible in order to prevent identity theft. However, the result was delays and unnecessary costs in closing real estate transactions.
- We have worked with OSCA (Office of the State Courts Administrator), the Clerks' Association and the Missouri Bar in coming up with appropriate language, and our bills have been approved by MoBar.
- We approve of HCS HB 1692, but would like to see either HB 1908 or 2046 also be moved as a separate Consent bill.

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Mechanic's Lien bills

- MLTA's bills are House Bill No. 2058 sponsored by Representative John Diehl (R) and Senate Bill No. 934 sponsored by Senator John Griesheimer. The House bill is being heard on Wednesday, February 24 by the Insurance Policy committee and the Senate bill is being heard Tuesday, February 23, by the Senate General Laws committee.
- Title insurance is not really intended to cover mechanic's liens because those liens usually are not a matter "of record" at the time of closing. In fact, mechanic's liens are specifically excluded from coverage. However, because lenders **must** have mechanic's lien coverage in order to sell the loan on the secondary market, for many years we have been covering mechanic's liens without any additional charge.
- By our coverage of mechanic's liens, we have helped keep loan rates low and kept fixed-rate financing available to homebuyers while we have not made one dime off of offering that coverage. However, in the 1980's and in the current real estate market, title insurers in Missouri sustained huge losses that the underwriters are no longer willing to sustain.
- Missouri is the fifth worst state in the total amount of mechanic's lien claims and is THE WORST state in premium-to-loss ratio in the country. As a result, since this past summer, underwriters are severely restricting mechanic's lien coverage in Missouri and are placing ever-growing, very time-consuming burdens on title insurance agents when we seek to provide mechanic's lien coverage.
- Obviously, the economy is a significant factor in the volume of mechanic's lien claims, but the **primary factor** is Missouri's mechanic's lien laws which allow a lien to be asserted six months after the work is completed and very often after the property has been sold to an innocent homebuyer.
- A mechanic's lien is a security interest in the real estate for the value of work or materials used in constructing improvements to that real estate. Yet there is **NO** other type of secured loan that doesn't require the lender to promptly notify the whole world that the lender claims a right in the property. A mortgage has to be recorded, a UCC statement has to be filed, or a notation has to be placed on a title certificate for any other security interest to be effective against a good faith purchaser, but in Missouri a carpenter, plumber, or lumber yard can wait six months after the work is done to reveal to the new homeowner that it has a superior interest in the residence.
- Our bill merely requires that a subcontractor or supplier provide the same type of notice that any secured lender must provide, in this case, by recording a notice that the subcontractor or supplier claims a security interest in the real estate.
- Obviously, this makes it easier for us to insure the lender so the lender can sell the note on the secondary market and keep mortgage rates low. However, this also allows us to make certain that every subcontractor and supplier has been paid for the work or materials provided. Most importantly, this will prevent the homebuyers, who sometimes choose not to obtain title insurance to protect their down-payment, from discovering that they must pay twice for their home.