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## Property; Financing Mobile Homes

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28. Id. §45 (adding to NRS Ch. 489).
29. Id. §§59,60,61 (adding to NRS Ch. 489).
30. Id. §59 ¶ 2 (adding to NRS Ch. 489).
31. Id. §58 (adding to NRS Ch. 489).
32. Id. §18 (adding to NRS Ch. 489).
33. Id. §19 ¶ 2 (adding to NRS Ch. 489).
34. Id. §20 ¶ 1 (adding to NRS Ch. 489).
35. Id. §21 ¶ 2 (adding to NRS Ch. 489).
36. Id. §22 ¶ 5 (adding to NRS Ch. 489).
37. Id. §26 (adding to NRS Ch. 489).
38. Id. §24 (adding to NRS Ch. 489).
39. Id. §63 (adding to NRS Ch. 489).
40. Id. §65 (adding to NRS Ch. 489).
41. Id. §64 (adding to NRS Ch. 489).

#### PROPERTY; FINANCING MOBILE HOMES

Adds to NRS Ch 361

Amends NRS 361.035, 361.067, 675.290, 675.300, 675.350

AB 211 (Committee on Taxation); STATS 1979, Ch 447

Chapter 447 provides that mobile homes<sup>1</sup> and factory-built housing<sup>2</sup> may be classified as real property rather than as personal property for financing and taxation purposes. Due to the rising cost of housing, an increasing number of families are purchasing mobile home and factory-built housing; therefore, a method of securing long-term financing and of assuring that they pay their fair share of taxes was required.<sup>3</sup>

Chapter 447 provides that mobile homes and factory-built housing are classified as real property if: (a) the running gear is removed, and (b) the owner "permanently affixes" the home to land which he owns.<sup>4</sup> If the mobile home or factory-built housing was permanently affixed to the land before July 1, 1979, it will be classified as real property if it's owner files a statement with the county assessor by May 1, 1980, declaring his desire to have it so classified.<sup>5</sup> If the mobile home or factory-built housing becomes permanently affixed to the land on or after July 1, 1979, it is automatically classified as real property.<sup>6</sup>

Chapter 447 also amends the Nevada Installment Loan and Finance Act<sup>7</sup> to provide for the making of installment loans on mobile homes and factory-built housing. Chapter 447 expands the financing methods for mobile homes and defines procedures dealing with finance charges, title insurance and liens on mobile homes.

Under existing law, consumer finance companies are prohibited from making loans on real property.<sup>8</sup> However, now that mobile homes are considered real property in some circumstances, NRS 675.350(4) has been amended in order to permit finance companies to continue to make loans on mobile homes and factory-built housing even though they are classified as real property.<sup>9</sup> The interest of the loan is limited by Chapter 447 to eighteen percent on the unpaid balance of the amount of cash advanced,<sup>10</sup> in conformity with Chapter 498 which raised the maximum contractual interest rate in Nevada from twelve to eighteen percent.<sup>11</sup>

When a mobile home or factory-built house is sold in Nevada and a security interest is taken on the structure, a report of sale, containing the name and address of the secured party, must be submitted to the Manufactured Housing Division of the Department of Commerce within forty-five days after the execution of the sale.<sup>12</sup>

Chapter 447 allows additional fees which may be charged the borrower when obtaining a loan. The borrower may now be charged what is commonly referred to as "Regulation Z" fees such as: (a) a fee for recording the reconveyance of the property which is used to secure the loan; (b) a fee for inspecting the property; (c) a fee for inspecting the abstract or title insurance certificate; (d) a fee for escrow; and (e) fees for the trustee and attorney.<sup>13</sup> Chapter 447 also provides that the borrower must be informed by a clear, conspicuous, and specific written statement of the cost of the insurance on the tangible personal property offered as security and a statement that the borrower may choose the person through whom the insurance is to be obtained.<sup>14</sup> If the borrower wishes to obtain insurance on his life, health or disability, then he must first be notified in writing that this type of insurance is not required by the lender and the borrower must furnish a written indication of his desire to obtain the insurance after receiving written disclosure of the cost of the insurance.<sup>15</sup> Chapter 447 provides that the lender may require the borrower to provide title insurance on the real property which is offered as security for the loan.<sup>16</sup> This insurance must be placed through a title insurance company authorized to do business in Nevada.<sup>17</sup>

Chapter 447 may raise a constitutional issue of equal protection since mobile homes placed in mobile home parks, on land not owned by the mobile home owner, do not qualify to be classified as real property. This has the impact of reducing the sources of long-term financing otherwise available to those mobile home owners who own the land on which their mobile home is placed.

Don H. Gallian

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FOOTNOTES

1. See NRS 361.561 (defining mobile homes).
2. See NRS 461.080 (defining factory built housing).
3. See SHEPARD'S CITATIONS, SHEPARD'S MOBILE HOMES AND MOBILE PARKS 84 (1973).
4. 1979 Nev. Stats. ch. 447 (hereinafter "Ch. 447") §1 (adding to NRS Ch. 361).
5. Id.
6. Id.
7. NRS Ch. 675.
8. 1959 Nev. Stats. ch. 451 §1 ¶4, at 783 (NRS 675.350(4), amended by ch. 447 §6).
9. Ch. 447 §6 (amending NRS 675.350(4)).
10. Id. §4 (amending NRS 675.290(2)(c)).
11. 1979 Nev. Stats. ch. 498 §2 (amending NRS 99.050).
12. 1979 Nev. Stats. ch. 592 §50 (adding to NRS Ch. 489).
13. Ch. 447 §4 (adding NRS 675.290(7)(g), (h)).
14. Id. §4 (adding NRS 675.290(7)(d)(1)).
15. Id. §4 (adding NRS 675.290(7)(d)(2)).
16. Id. §5 (amending NRS 675.300(2)).
17. Id.

SEE GENERALLY:

- 1) Annot., Taxation As Real Estate, of Trailers or Mobile Homes, 86 A.L.R. 2d 277 (1962).