

## **BILL ANALYSIS**

H.B. 2706  
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Urban Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

There have been calls for increased licensing flexibility under the Texas Manufactured Housing Standards Act, particularly during the time of a prolonged disaster or pandemic. Additionally, it has been noted that some provisions of the act lack clarity while others do not conform to updated federal regulation. This ambiguity has led to unnecessary and burdensome duplication of the inventory lien perfection processes. H.B. 2706 seeks to revise and update the act to address these issues.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 2706 amends the Occupations Code to waive the education requirements for a license under the Texas Manufactured Housing Standards Act during an emergency declared by the governor or a federal agency. The bill authorizes the executive director of the manufactured housing division of the Texas Department of Housing and Community Affairs (TDHCA) to take the following actions during a declared emergency that exceeds a period of 14 days:

- waive licensing requirements under the act to ensure the continued and adequate supply of professionals to build, sell, transport, insure, finance, and install manufactured homes; and
- require a person to register with TDHCA before engaging in any activity regulated under the act.

Following the cessation of the declared emergency, the executive director may require a person so registered with TDHCA to comply with the criminal history background check requirements and other licensing requirements of the act.

H.B. 2706 exempts a person from the requirement to hold a retailer's license to sell or exchange manufactured homes to consumers if all manufactured homes sold or offered for sale by the person are as follows:

- located in a manufactured home community; and
- sold or offered for sale to the same purchaser in connection with a sale of the real property of the community.

The bill clarifies that a person who is eligible for an exemption from holding a retailer's license remains subject to applicable provisions of the act and TDHCA rules regarding the sale or transfer of manufactured homes.

H.B. 2706 provides for the information contained in a formaldehyde health notice for a HUD-code manufactured home to be as required by the Manufactured Housing Board within TDHCA as an alternative to being the information required by HUD.

H.B. 2706 removes a definition of "inventory" that applies to statutory provisions governing manufactured home statements of ownership and provides for that term instead to have the meaning assigned under Uniform Commercial Code--Secured Transactions for the purposes of those provisions. The bill excludes as inventory a manufactured home used by a retailer as equipment, as defined by that code. The bill changes the action that has to be taken in order to perfect a lien on manufactured homes in inventory from filing the lien with TDHCA on the required form to filing a financing statement in accordance with applicable Uniform Commercial Code provisions related to security interests for inventory.

H.B. 2706 replaces the requirement for the executive director to hold an informal meeting relating to the failure or refusal of a manufacturer, retailer, or installer to provide warranty service in accordance with an applicable TDHCA order with respect to a consumer complaint home inspection with an authorization to do so.

**EFFECTIVE DATE**

September 1, 2023.