# SALVAGED MANUFACTURED HOMES

**A manufactured home is "Salvaged" if the home is scrapped, dismantled, or destroyed, OR if an insurance company pays the full insured value of the home.**

A "salvaged" home can only be repaired by or sold to a licensed manufactured housing retailer.

The only way a "salvaged" manufactured home can be rebuilt is if the rebuilding plans are sealed by a licensed professional Engineer, the plan is submitted to the Department 10 days before construction begins, and the home passes inspections before, during and/or after construction.

**If a "salvaged" home is not rebuilt in accordance with the Law and Rules it cannot be titled or sold to anyone except a licensed retailer, pursuant to § 1201.461 of the Occupations Code.**

## Salvaged Home Procedures

**Option 1: Insured transferring ownership to their insurance company for the claim to be paid:**

1. **Form-1023 - Application for Statement of Ownership:** (The form is located on the **Statement of Ownership Forms & Affidavits** webpage.) Blocks 1 (select "Used"), 2a, 2b, 3, 4a (insured), 4b (insurance company), 4c, 7 (select Salvage), 10a (insured) and 10b (insurance company).
2. **Form-1013 - Form B:** (The form is located on the **Statement of Ownership Forms & Affidavits** webpage.) Completed if there is a lienholder of record for the release of any personal property liens
3. $55 Cashier's Check or Money Order made payable to TDHCA-MHD.

**Option 2: Insured transferring ownership to a licensed retailer and home elected as salvage:**

1. **Form-1023 - Application for Statement of Ownership:** (The form is located on the **Statement of Ownership Forms & Affidavits** webpage.) Blocks 1 (select "Used"), 2a, 2b, 3, 4a (insured), 4b (retailer), 4c, 7 (select Salvage), 10a (insured) and 10b (retailer).
2. **Form-1013 - Form B:** (The form is located on the **Statement of Ownership Forms & Affidavits** webpage.) Completed if there is a lienholder of record, for the release of any personal property liens
3. Statement from tax collector that all taxes have been paid for each January 18 months prior to the date of transfer to the Retailer/Rebuilder.
4. Original title if provided by insurance company.
5. $55 Cashier's Check or Money Order made payable to TDHCA-MHD.

**Option 3: Retailer applies to rebuild home and restore for residential use:**

1. Create rebuilding plan pursuant to Section 80.36(b)(2) of the Administrative Rules.
2. Have the plan sealed by a licensed professional Engineer.
3. Submit sealed rebuilding plan and submit at least 10 days ***PRIOR*** to beginning construction.
4. Submit Proof of Loss Statement issued by the insurance company.
5. Submit a written request for review of rebuilding plan and inspection of home.
6. Submit **Form-1023 - Application for Statement of Ownership** (The form is located on the **Statement of Ownership Forms & Affidavits** webpage.) Blocks 1 (select "Used"), 2a, 2b, 3, 4b (retailer), 4c, 6 (select Retailer's Inventory), and 10b (retailer).
7. $55 Cashier's Check or Money Order made payable to TDHCA-MHD to issue Statement of Ownership.
8. $200 Cashier's Check or Money Order made payable to TDHCA-MHD for salvage inspection.
9. After rebuilding process is completed, the rebuilder will be invoiced for mileage and per diem traveling to and from the location of the home to be paid before the SOL can be issued.
10. Home can be sold for residential use.

**Option 4: New home damaged in transit or declared salvage from weather damage:**

1. Submit **Form-1023 - Application for Statement of Ownership** (The form is located on the **Statement of Ownership Forms & Affidavits** webpage.) Blocks 1 (select "Used"), 2a, 2b, 3, 4a (manufacturer) 4b (retailer), 4c, 7 (select salvage), 10a (manufacturer) and 10b (retailer).
2. Proof of Loss Statement if declared salvage by an insurance company
3. Original MCO
4. Actual HUD Label(s)
5. $55 Cashier's Check or Money Order made payable to TDHCA-MHD

**The Law - Chapter 1201 of the Occupations Code**

***Sec. 1201.461. Salvaged Manufactured Home; Criminal Penalty.***

(a) For the purposes of this chapter, a manufactured home is salvaged if the home is scrapped, dismantled, or destroyed or if an insurance company pays the full insured value of the home. The reasonableness of the insurer's judgment that the cost of repairing the home would exceed the full insured value of the home does not affect whether the home is salvaged.

(b) A person who owns a used manufactured home that is salvaged shall apply to the director for the issuance of a new statement of ownership that indicates that the home is salvaged.

(c) If a new manufactured home is salvaged, the retailer shall remove the label and surrender the label and the manufacturer's certificate under Section 1201.204 to the director for issuance of a statement of ownership that indicates that the home is salvaged.

(d) A person may not sell, convey, or otherwise transfer to a consumer in this state a manufactured home that is salvaged. A salvaged manufactured home may be sold only to a licensed retailer.

(e) A person may not repair, rebuild, or otherwise refurbish a salvaged manufactured home unless the person complies with the rules of the director relating to rebuilding a salvaged manufactured home. For purposes of this subsection, "refurbish" means any general repairs, improvements, or aesthetic changes to a manufactured home that do not constitute the rebuilding of a salvaged manufactured home.

(f) If a salvaged manufactured home is rebuilt in accordance with this chapter and the rules of the director, the director shall, on application, issue a new statement of ownership that indicates that the home is no longer salvaged.

(g) A county or other unit of local government that identifies a manufactured home within its jurisdiction that has been declared salvage may impose on that home such inspection, correction, and other requirements as it could apply if the home were not a manufactured home.

(h) A licensee may not participate in the sale, exchange, or installation for use as a dwelling of a manufactured home that is salvage and that has not been repaired in accordance with this chapter and the department’s rules. An act that is prohibited by this subsection is deemed to be a practice that constitutes an imminent threat to health or safety and is subject to the imposition of penalties and other sanctions provided for by this chapter. A violation of this subsection is a Class B misdemeanor.

**Administrative Rules - 10 Texas Administrative Code, Chapter 80**

***§80.36. Retailers’ Rebuilding Responsibilities and Requirements. (Effective: January 7, 2018)***

(a) Any home that is salvaged as defined in §1201.461 of the Standards Act, may be rebuilt/repaired for purposes of issuance of a manufactured Statement of Ownership at the option of the Department after inspection in accordance with Department procedures. Notification in writing to the Department at its Austin headquarters shall be required before rebuilding/repair begins.

(b) The retailer must:

(1) notify the Department in writing ten (10) business days before rebuilding (or monthly for continuous activity) and provide the following, if available:

(A) HUD or Texas Seal number;

(B) data plate and comfort cooling certificate information (applicable wind and roof load zones, manufacturer's name and address, home model, list of appliance models, home production date, thermal zones, transmission coefficients, furnace certification temperatures, and duct capacity for cooling);

(C) copy of salvage declaration report if salvaged by an insurance company;

(D) description of damage;

(E) description of cause of damage (water, wind, impact, fire, etc.); and

(F) location of home during rebuilding.

(2) provide a plan for rebuilding, sealed by a licensed professional engineer, that contains the following:

(A) drawings and specifications that describe the rebuilding;

(B) if more than one home is rebuilt in any one (1) month period, then a quality assurance manual that describes the following:

(i) system testing;

(ii) inspection process of cavities before concealment; and

(iii) record keeping.

(C) list of new parts and appliances;

(D) list of reused or salvaged parts and appliances; and

(E) rebuilder's data plate (if applicable).

(3) notify the Department when concealed cavities will be exposed for Department inspectors;

(4) remove damaged material and equipment;

(5) add new or used materials and equipment;

(6) repair all defects; and

(7) repair and test all systems.

(c) The Department may schedule inspections of the home during the rebuilding process.

(d) A manufactured home which does not meet the definition of salvage as defined in §1201.461 of the Standards Act, may be refurbished to its original structural configuration so that it is habitable as defined by §1201.453 of the Standards Act.