

California Department of Housing and Community Development



Study Guide for Obtaining a Dealer or Salesperson License

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Contact Information

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Occupational Licensing (OL) Program

This Study Guide (Guide) is designed to assist HCD Dealer and Salesperson license applicants preparing to take the OL examinations. The Guide provides many links to statutes and regulations, applicable to manufacturers, dealers, and salespersons, governing the sale, use, construction, alteration, installation, enforcement, and registration and titling of manufactured homes, multifamily manufactured homes and mobilehomes, [collectively known as (MH-Unit)], and commercial modulares (CM).

The OL Program was transferred from the Department of Motor Vehicles to the Department of Housing and Community Development (HCD) in 1980.

The purpose of the OL Program is to ensure compliance with the laws and regulations

governing licensing, escrows, and sales through required education, investigating complaints, and illegal practices. Taking appropriate disciplinary action against those who violate the laws and regulations, including citations, administrative action, civil action, and even criminal prosecution.



Image of a manufactured home

General Requirements

1. Who can become a licensed dealer and/or salesperson?

To qualify to become a licensed dealer or salesperson you must meet certain requirements established by California Laws and Regulations to determine an applicant's character, honesty, integrity, and reputation. Reference Health & Safety Code (HSC) §§18050 and 18050.5.

2. Who must be licensed as a dealer/salesperson?

Any person acting in the capacity of a dealer must be licensed with HCD. A dealer's license is required for a person who is engaged in any of the following activities: For commission, money, or other thing of value, sells, exchanges, leases, buys, offers for sale, or negotiates or attempts to negotiate a sale, or exchange of an interest in MH-Units/CM, or induces or attempts to induce any person to buy or exchange an interest in an MH-Unit/CM, and who receives or expects to receive a commission, money, brokerage fee, profit, management fee, or any other thing of value from either the seller or purchaser of the MH-Unit/CM. Reference: HSC §18002.6(a).

Any person acting in the capacity of a salesperson must be licensed with HCD. Same as the activities for a dealer above. This includes a person that supervises salespersons, such as a general manager, assistant general manager, sales manager, etc. Reference: HSC §18013(a).

Any manufacturer that: (1) sells MH-Unit or CM products in California directly to a consumer, or (2) uses salespersons to solicit business in California, must either obtain a Dealer's license or sell its product using an existing HCD licensed dealer.

General Requirements, *continued*

- 3. Who is exempt from dealer licensing requirements?** Common exceptions to licensing requirements for dealers include: banks that repossess a MH-Unit/CM, then sell it; licensed salespersons working as an employee of a licensed dealer; Mobilehome Parks that acquire MH-Units via a warehousemen’s lien; persons holding a valid real estate broker’s license issued by the California Bureau of Real Estate (BRE) that sells only used MH-Units/CM that have been previously registered with HCD or that have been installed on a foundation system. Another common exception is for sales executed completely outside of California and with no sales presence within California borders. Reference HSC §18002.6(b) and Business and Professions Code §10131.6.
- 4. Who is exempt from salesperson licensing requirements?** Common exceptions to licensing requirements for salespersons include a representative of a bank selling a repossessed MH-Unit/CM as part of their official duty or court order; licensed manufacturers for specific types of sales, such as selling to a licensed dealer; a person not in the business of buying or selling MH-Units/CMs; selling an MH-Unit acquired for their own personal use; a licensed dealer; a licensed BRE salesperson selling a used MH-Unit. Reference HSC §§18013(b) and 18062.8(p).
- 5. Do I have to reside in California to obtain a dealer / salesperson license?** No. However, a dealer must have a physical place of business (POB) in California. Reference HSC §18045.5(b).

**OL Program
Mission**

Provide buyers of manufactured homes and commercial modulars protection by ensuring that licensed applicants are qualified to transact business, by overseeing dealers' and salespersons' business practices, and by correcting unlawful business practices in a fair manner.

Preliminary (PE) and Continuing (CE) Education Requirements

- 6. What are the PE/CE education requirements for obtaining a dealer/salesperson license?** An applicant for an MH-Unit dealer or salesperson license must have successfully completed an HCD approved six (6) hour PE course within six (6) months of taking an MH-Unit examination. Each person listed on the application as a participating person, basically the holder of the HCD OL license for a business in the dealership ownership, must meet the requirements of HSC §18050.7.
- MH-Unit salespersons with a current and valid license do not need to take the six (6) hour PE course if applying for an MH-Unit dealer license. The same applies to an MH-Unit dealer wanting to get a separate salesperson’s license to work for another dealer. Reference: Title 25, California Code of Regulations (T25CCR), §5302.
- The PE/CE education requirement is not required to obtain a CM dealer or salesperson license. Reference: HSC §18053.5, T25CCR §5022.
- Important Note:** If more than six (6) months lapses before taking the MH-Unit examination, the PE course must be taken again. Reference: HSC §18053.5, T25CCR §§5020(f)(11), 5020(g)(6), 5022, and 5302.
- 7. What is the purpose of Preliminary Education?** To improve consumer protection, preliminary and continuing education requirements were mandated by law to ensure MH-Unit dealers and MH-Unit salespersons are aware of the legal responsibilities and liabilities associated with their licenses.
- 8. Why is preliminary education not required for CM dealers/salespersons?** Generally, CM buyers are businesses or government agencies and are better equipped to protect their interests than the average consumer. Reference: HSC §18056.

Taking the Exam

- 9. How much time is allotted to take the exam?** The MH-Unit and CM dealer examinations each contain 75 multiple choice questions with a two-hour (120 minute) time limit.
- The MH-Unit and CM salesperson examinations each contain 50 multiple choice questions with a one and one-half hour (90 minute) time limit.
- 10. What is the test format?** Examinations conducted are all offered in pencil and paper format. The examinations are given in a multiple-choice format. Answers are typically selected from four (4) choices.
- 11. What are the acceptable forms of identification?** To be admitted into an examination, you must show a valid form of photo identification. Such as any of the following:
- Current state-issued driver's license
 - DMV identification card
 - U.S. Passport
 - U.S. Military identification card
- Important Note:** You will not be allowed to take the examination without a valid form of photo identification as listed above.
- 12. What are the fees for taking the exam?** The dealer examination fee is \$110; salesperson examination is \$86, due each time the examination is taken. Reference: T25CCR §5040(e).
- 13. When will I be notified of the examination results?** Exams will be graded once the applicant completes the exam. Results will be given to the applicant immediately after the examination is completed.
- 14. What score do I need to pass the exam?** In order to successfully complete the DEALER examination, a minimum score of 53 correct answers (70%) must be obtained. Salesperson applicants must score a minimum of 35 correct answers (70%) to pass.
- 15. Is there a limit to the number of times I may re-take the exam?** There is no limit to the number of times an applicant may take the examination; however, the examination fee applies to each examination taken.

Examination Locations

2020 W. El Camino Ave. Suite 200 (916) 323-9803
Sacramento, CA 95833-1829

3737 Main Street, Suite 400 (951) 782-4431
Riverside, CA 92501-3337

1530 Hilton Head Road, Suite 107 (619) 441-2326
El Cajon, CA 92019-4655

3220 South Higuera, Room 103 B (805) 549-3373
San Luis Obispo, CA 93401-6982

2986 Bechelli Lane, Suite 201 (530) 224-4815
Redding, CA 96002-1903

Note: Due to limited testing and operating hours, please contact the nearest HCD office to schedule an examination appointment. Walk-in examination requests may not be granted.

What Can I Expect On The Dealer Examination?

How to study for the Dealer Examination:

You can prepare for the MH-Unit and CM examination by studying the applicable codes located on the links listed below. The examination questions are based on applicable portions of the various laws and regulations governing manufactured home, multifamily manufactured home, mobilehome, and commercial modular sales.

<http://www.hcd.ca.gov/codes/occupational-licensing/legauth.htm>: The HCD Occupational Licensing Program website identifying the specific HSC and T25CCR sections, including links to the online laws and regulation pages.

<http://leginfo.legislature.ca.gov/faces/codes.xhtml>: The direct online link for all California laws, such as the applicable HSC sections, commencing with §18000 for OL laws; the applicable Civil Code (CC) sections, commencing with §798 for the Mobilehome Residency Law; CC §1102 for resale disclosure laws; CC §1790 for consumer warranty protection laws; and CC §1797 for new manufactured home warranty laws.

<http://government.westlaw.com/linkedslice/default.asp?SP=CCR-1000>: The direct online link for all California regulations, such as T25CCR commencing with §5000 for OL regulations.

<http://www.boe.ca.gov/pdf/pub47.pdf>: The Board of Equalization's Publication 47 for manufactured home tax information.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/mhs/csp: Link to the Federal Housing and Urban Development (HUD) information.

<http://www.hcd.ca.gov/codes/manufactured-housing/lawregs.html>: The HCD Manufactured Housing Program website identifying the specific HSC laws and T25CCR regulations for manufactured homes, mobilehomes, multifamily manufactured homes, and commercial modulars; including HUD requirements.

<http://www.hcd.ca.gov/codes/mobilehome-special-occupancy-parks/authority.html>: The HCD Mobilehome Parks Program website identifying the specific HSC and T25CCR requirements for mobilehome park laws and regulations.

Topics that are covered in the Examination:

The following topics are covered in the dealer examination:

Advertising: Approximately 8% of Exam
 Education: Approximately 18% of Exam
 Federal Manufactured Home Procedural and Enforcement Regulations: Approximately 7% of Exam
 General Licensing: Approximately 37% of Exam
 Penalties: Approximately 5% of Exam
 Registration and Titling: Approximately 7% of Exam
 Sales and Use Tax Regulations: Approximately 7% of Exam
 Warranty: Approximately 11% of Exam

Sample Questions for the MH-Unit Dealer Examination:

The Department may allow a manufacturer, distributor, or dealer license to be placed on inactive status:

- A. For six (6) months or for the remaining term of the original license, whichever is less.
- B. For a period of six (6) months.
- C. Only when the licensee has no sales within the preceding six (6) months.
- D. When it is both mutually agreeable and in the best interests of the licensee and the Department.

What Can I Expect On The Salesperson Examination?

How to study for the Salesperson Examination:

You can prepare for the MH-Unit and CM salesperson examination by studying the applicable codes located on the links listed below.

<http://www.hcd.ca.gov/codes/occupational-licensing/legauth.htm>: The HCD Occupational Licensing Program website identifying the specific HSC and T25 sections, including links to the online laws and regulation pages.

<http://leginfo.legislature.ca.gov/faces/codes.xhtml>: The direct online link for all California laws, such as the applicable HSC sections, commencing with §18000 for OL laws; the applicable Civil Code (CC) sections, commencing with §798 for the Mobilehome Residency Law; CC §1102 for resale disclosure laws; CC §1790 for consumer warranty protection laws; and CC §1797 for new manufactured home warranty laws.

<http://government.westlaw.com/linkedslice/default.asp?SP=CCR-1000>: The direct online link for all California regulations, such as T25CCR commencing with §5000 for OL regulations.

<http://www.boe.ca.gov/pdf/pub47.pdf>: The Board of Equalization's Publication 47 for manufactured home tax information.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/rmra/mhs/csp: Link to the Federal Housing and Urban Development (HUD) information.

<http://www.hcd.ca.gov/codes/manufactured-housing/lawregs.html>: The HCD Manufactured Housing Program website identifying the specific HSC laws and T25CCR regulations for manufactured homes, mobilehomes, multifamily manufactured homes, and commercial modulars; including HUD requirements.

<http://www.hcd.ca.gov/codes/mobilehome-special-occupancy-parks/authority.html>: The HCD Mobilehome Parks Program website identifying the specific HSC and T25CCR requirements for mobilehome park laws and regulations.

Topics that are covered in the Examination:

The following topics are covered in the salesperson examination:

Advertising: Approximately 7% of Exam
Education: Approximately 18% of Exam
Federal Manufactured Home Procedural and Enforcement Regulations: Approximately 3% of Exam
General Licensing: Approximately 37% of Exam
Penalties: Approximately 5% of Exam
Registration and Titling: Approximately 7% of Exam
Sales and Use Tax Regulations: Approximately 7% of Exam
Warranty: Approximately 11% of Exam
Miscellaneous: Approximately 5% of Exam.

Sample Questions for the Salesperson Examination:

When acting as the listing agent for a seller, after accepting a buyer's written offer to purchase a used manufactured home, the dealer or salesperson is required to:

- A. Immediately notify the seller that an offer has been received.
- B. This does not apply to net listing agreements.
- C. Provide the seller written disclosure of the buyer's written offer within 48 hours of the dealer accepting the offer, but no less than three (3) days from close of escrow. To include the exact amount of the offer and the specific amounts of commission.
- D. Provide the seller written disclosure of the buyer's written offer within three (3) days of the dealer accepting the offer, but no less than 48 hours from close of escrow. To include the exact amount of the offer and the specific amounts of commission.

I Passed The Exam, Now What?

- 16. I passed the exam; what is my next step?** You must apply for a license through HCD within six (6) months of passing the exam. If you do not apply for a license within six (6) months after passing the exam, you will need to take the preliminary education and exam again.
- 17. How do I find out the status of my application?** Please allow seven (7) calendar days for processing your application. You can also visit the HCD website at <http://www.hcd.ca.gov> to see if your application has been issued a temporary permit or license. At the HCD "Home Page", click on the "Occupational Licensing Query" link under "Online Services" on the right side of the page and follow the instructions to the query screen. Reference: T25CCR §5020.5 and HCD Website.
- Note:** If you cannot find your personal name or business name using the online OL License Query engine, please contact the Occupational Licensing office at (916) 323-9803 or email us at OL@hcd.ca.gov. Reference: T25CCR §5020.5.
- 18. How long is my MH-Unit or CM manufacturer, dealer, or salesperson temporary permit (TP) or license good for?** A TP may be issued while HCD completes its investigation of an applicant. A TP may be issued for a period not to exceed 120 days, allowing the applicant to operate as a licensee. HCD may issue more than one TP if HCD deems additional time is necessary on a case-by-case basis. Reference: HSC §§18052 and 18054.7; T25CCR §§5023 and 5030.
- The length of time that a license is valid is twenty-four (24) months from the date of issuance of an initial TP or a license if no TP was initially granted. Reference: HSC §§18052 and 18054.7.
- 19. I failed the exam. Now what?** You can re-take the exam for a fee until you pass.
- Warning:** MH-Unit applicants where six (6) months have passed since the initial Preliminary Education (PE) completion date must re-do the PE. Also, after passing the exam, the applicant has six (6) months to submit their application. Reference: T25CCR §§5020(f)(10) and (g)(5), and 5022.

Maintaining Your MH-Unit Dealer or MH-Unit Salesperson License (Not Required for CM Licensees)

- 20. How much continuing education must I complete for each renewal period?** For the first license renewal period: 24 hours.
For the second license renewal period: 12 hours.
For the third and subsequent license renewal periods: 6 hours.
Reference: HSC §18056.2.
- 21. What continuing education courses are required and how many hours is each course?** For the first license renewal period: 24 hours in any of the courses listed below are required:
- Laws and regulations governing MH-Unit manufacturing and sales.
 - Escrow.
 - Advertising and Misrepresentations.
 - Registration and Titling.
 - Purchase Documents.
 - Warranties.
 - Mobilehome Park Residency Law and Mobilehome Parks Act.
- Reference: T25CCR §5306.
- For the subsequent license renewal periods: One course is always required (Laws and Regulations) and the remaining hours can be from any other approved course they choose.
Reference: T25CCR §5306.
- Course duration varies depending on how many hours the course provider listed when they applied for approval. At the very minimum, continuing education courses must be at least two (2) hours long. Typical courses are 2, 3, 4, or 6 hours long. Reference: T25CCR §5310.

Important Note:

HCD will not accept clock hour credits earned by repeating the same course provided by the same course provider within the same licensure term. You can view a list of HCD approved course providers and their courses online at: <http://www.hcd.ca.gov/codes/occupational-licensing/>.
Reference: T25CCR §5306 and HCD Website.

Renewing Your License

- 22. How will I know when to renew my license?** Every license issued to an MH-Unit/CM manufacturer, dealer, or salesperson is good for twenty-four (24) months from the date of issuance of either a temporary permit or the license, if a temporary permit was not issued. Reference: HSC §§18052 and 18054.7; T25CCR §§5023 and 5030.
- 23. What if I don't receive my renewal notice?** Renewal notices issued by HCD are courtesy notices. The licensee is responsible for renewing their license on time. If you do not receive a renewal notice, contact the OL Program to request assistance and renewal forms.
- For MH dealers and salespersons, a completed "Certification of Clock Hours Earning" form HCD OL 137 must accompany your renewal application. Reference: HSC §18054.7; T25CCR §5030.
- 24. How much are renewal fees?** Renewal fees for each established place of business (POB) or salesperson are: Manufacturer = \$1,000; Dealer = \$810; Salesperson = \$150. Reference: T25CCR §§5040(a)(2), (b)(2) and (c)(2).
- 25. What happens if I missed my renewal date?** Expired licenses may be reinstated within sixty (60) calendar days of the expiration date, if they pay their renewal fee plus a penalty fee equal to 50% of the renewal fee. After sixty (60) days from the expiration date, a new license must be obtained and continuing education requirements still apply. Reference: HSC §18054.7; T25CCR §§5030, 5302(f) and 5304.
- Continuing education requirements are still required for expired MH-Unit dealer or MH-Unit salesperson licenses within one (1) year of the expiration date of the license. After a year, a preliminary education course is required to be completed. Reference: HSC §18056.4; T25CCR §§5302 and 5304.

Licensee Responsibility to Notify HCD of Changes

- 26. What do I do if I have moved since the submittal of my application for a license or since my last renewal?** If you are a licensed salesperson, dealer, or manufacturer and have moved your residence, please submit the following:
- A fee of \$45.
 - A completed form HCD OL 18. Follow the instructions in Section 1 on the form.
- Reference: T25CCR §5027.
- If you are a licensed dealer and moved your business location, please submit the following:
- A fee of \$358.
 - A completed form HCD OL 12.
 - A completed form HCD OL 21.
 - Photo – exterior office of new location.
 - Return the original wall license.
 - If applicable, a letter of Authorization and franchise/contractual agreement from each manufacturer to sell their new MH-Unit or CM at the new location.
 - If applicable, a list of any new manufacturers, brand names and model designations offered for sale from each manufacturer.
 - A list of names, home addresses, and license numbers of all salespersons and managing persons, employed at the new location.
- Reference: T25CCR §5024(a).
- If you are a licensed manufacturer and moved your business location, please submit the following:
- Fee of \$358.
 - Completed form HCD OL 12.
 - Completed form HCD OL 21.
 - Photo – exterior office picture of new location.
 - Photo – manufacturing area.
 - Return the original wall license.
 - An explanation of Serial Number Configuration.

Licensee Responsibility to Notify HCD of Changes, *continued*

26, continued. What do I do if I have moved since the submittal of my application for a license or since my last renewal?

- For CM and Multifamily Manufactured Home Manufacturers: Provide a copy of your Third-Party Quality Assurance and Design Approval Agency contracts for the new business location. Reference: HSC §18030(b), T25CCR §§4874 and 5024(a).

27. What form and/or fees do I need to submit to HCD to add or remove a salesperson?

To remove a licensed salesperson from employment, submit form HCD OL 18 to HCD within ten (10) calendar days. No fee is required. Reference: T25CCR §5026.

To add a licensed salesperson, a fee of \$45 is required. Submit the fee with a completed form HCD OL 18 within ten (10) calendar days. Reference: T25CCR §§5026 and 5040.

What is a Participating Person?

A participating person is the person or persons responsible for the HCD OL dealer or manufacturer license. The participating person is basically the holder of the HCD OL license for a business. The participating person is always the owner of a sole proprietorship business. A participating person may be a designated partner(s) of a partnership; a designated manager(s) or member(s) of a limited liability company; or a controlling stockholder(s), director(s), or officer(s) of a corporation. In order for a dealership or manufacturer to continue business, there must be at least one (1) qualified participating person for the business at all times.

Reference: HSC §18053.5(e), T25CCR §5002(z).

DEALERS Only:

A participating person may also be a Responsible Managing Employee (RME) **only** if no owner, such as if no partner in a partnership; no manager or member of a limited liability company; no controlling stockholder, director, or officer of a corporation will be participating in the direction, control, or management of the sales operation of a dealership. If you have a participating person who is partner, member, controlling shareholder, director, or officer then you cannot also have a RME. Likewise if you have a RME you cannot also have a participating person partner, manager, member, controlling stockholder, director, or officer.

Reference: HSC §18053.5(e); T25CCR §5002(x).

28. Do we have to notify HCD if the participating person for a licensed dealer or manufacturer is no longer with the business?

Yes, you are required to notify HCD at least ten (10) calendar days before the effective date of the termination or addition of a participating person.

Reference: HSC §§18050.7 and 18060; T25CCR §5025.

What forms and fees are required to remove or add a participating person?

Change of participating person(s) for dealers and manufacturers:

- A fee of \$72 for removal of person(s); \$130 to add person(s); \$202 for both removing and adding a participating person(s).
- A completed form HCD OL 12.
- A completed form HCD OL 29 for each new participating person.
- Two (2) full facial photographs, minimum size 1 1/4" X 1", taken from a maximum distance of six (6) feet, for each new participating person.
- A completed Livescan form HCD OL 8016, fingerprinted by a certified fingerprint roller for each new participating person.

Reference: HSC §18060; T25CCR §§5020, 5025 and 5040.

Licensee Responsibility to Notify HCD of Changes, *continued*

28, continued. Do we have to notify HCD if the participating person for a licensed dealer or manufacturer is no longer with the business?

DEALERS only: include the following:

- A completed form HCD OL 28, Certificate of Appointment.
- Proof (receipt) of successful completion of the MH-Unit or CM Dealer Examination, whichever is applicable, within six (6) months prior to the application date.
- A completed form HCD OL 50, if any of the signatories on the business bank account has changed.

Reference: HSC §18053.5, T25CCR §§5020(f) and 5025(a).

What forms and fees are required to remove or add a participating person?

If an MH-UNIT DEALER: include the following:

- Six (6) hours of Preliminary Education unless currently licensed. If currently licensed, contact HCD OL Program to check if continuing education is required.
- Meet the educational and/or work experience requirements of HSC §18050.7.

Reference: HSC §§18050.7 and 18060; T25CCR §5025.

If a CORPORATION:

- Submit a Notice of Change of Corporate Officer(s) and/or Director(s), form HCD OL 15, a copy of corporate minutes reflecting the (addition of/removal of) corporate officer(s).
- Provide a copy of the current Articles of Incorporation filed with the California Secretary of State (SOS) or acceptable SOS document(s) filed with the SOS showing the change(s) of the participating person(s).

Reference: T25CCR §§5020(a), (c), and 5025.

If a LIMITED LIABILITY COMPANY:

- Statement of Relinquishment, form HCD OL 49, for each person relinquishing ownership interest.
- A copy of the current Articles of Organization filed with the SOS or acceptable SOS form LLC-1 filed with the SOS showing the change(s) of the participating person(s).

Reference: T25CCR §§5020(a), (c), and 5025.

If a PARTNERSHIP:

- Statement of Relinquishment, form HCD OL 49, for each person relinquishing ownership interest.
- A copy of the current executed limited partnership agreement filed with the SOS or acceptable SOS form LP-1 filed with the SOS showing the change(s) of the participating person(s).
- A copy of the current executed general partnership agreement filed with the SOS or acceptable SOS form GP-1 filed with the SOS showing the change(s) of the participating person(s).

Note 1: Per SOS website, in-lieu of filing with the SOS, a general partnership may record its partnership at the county recorder's office where the partnership is located. In this situation, provide a copy of the current general partnership agreement showing it was recorded at the appropriate county recorder's office.

Reference: T25CCR §§5020(a), (c), and 5025.

Note 2: If a Responsible Managing Employee (RME) is the participating person, the RME must have a valid HCD salesperson's license. However, the RME applicant is required to take the dealer exam, not the salesperson exam. Reference: HSC §18053.5, T25CCR §§5020(a), (c), and 5025.

Note 3: Foreign or out-of-state businesses should contact the SOS for information.
<http://www.sos.ca.gov/>.

Note 4: HCD does not issue licenses to limited liability partnerships.

General Information

29. What is HCD OL's physical address and other contact info?

California Department of Housing and Community Development
Occupational Licensing Program
2020 W. El Camino Ave., Suite 200
Sacramento, CA 95833
Phone: (916) 323-9803
Fax: (916) 263-5348
Email: OL@hcd.ca.gov

30. Where do I mail documents to HCD OL?

If you are mailing documents through the U.S. Postal Service, please mail to:
HCD OL
P. O. Box 31
Sacramento, CA, 95812-0031

If you are sending documents through another delivery service directly to the building, please address to:
HCD OL
2020 W. El Camino Ave., Suite 200
Sacramento, CA 95833

31. What is the website address to obtain HCD OL information and forms?

For specific information use the following links:
The website address to obtain more information and HCD OL forms to apply for new license or make changes to an existing license on the HCD website is <http://www.hcd.ca.gov/codes/occupational-licensing/>.
Salesperson specific info: <http://www.hcd.ca.gov/codes/occupational-licensing/salplic.htm>
Dealer specific info: <http://www.hcd.ca.gov/codes/occupational-licensing/dlrlic.htm>
Distributor specific info: <http://www.hcd.ca.gov/codes/occupational-licensing/distlicpg.htm>
Manufacturer specific info: <http://www.hcd.ca.gov/codes/occupational-licensing/mfgpgp.htm>
OL Email address: OL@hcd.ca.gov
Reference: HSC §18050; T25CCR §5020.

32. Where can I get access to all of California laws and regulations?

You can view California laws online at: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>
You can view California regulations online at: <http://government.westlaw.com/linkedslice/default.asp?SP=CCR-1000>.

What is a Mobilehome?

The term “mobilehome” was originally used to describe structures constructed in factories containing one and not more than two dwelling units. In 1982, the definition of “mobilehome” changed to “manufactured home” to identify structures containing only one dwelling unit. However, the term “mobilehome” was amended further to remove the two dwelling unit provision, and the term “multifamily manufactured home” (formally known as “multi-unit manufactured housing”) was added to address structures containing more than one dwelling unit. In 2008 the term was further amended to specify structures built under state standards prior to June 15, 1976.



What is a Manufactured Home?

“Manufactured Homes” are single-family dwellings manufactured in a factory to preemptive federal construction standards. Available designs range from low priced single section homes known as “singlewides,” to upscale homes manufactured in several sections, and even multi-story homes. Shown at the right is a model designed for placement on a foundation with the garage constructed after the installation of the three-section home.

Note: A “Park Trailer” model is not a manufactured home, it is a recreational vehicle and excluding loft areas may have up to 400 square feet of gross floor area.



What is a Multifamily Manufactured Home?

Formally known as “multi-unit manufactured housing”, a “multifamily manufactured home” is a structure manufactured in one or more transportable sections to form two or more dwelling units into a single structure when installed. Multifamily manufactured homes may be used as a duplex, a dormitory, a hotel, efficiency units, or apartments, installed on a support system or foundation system. Depending on the situation, it may be required to comply with state and/or federal accessibility requirements.



What is a Commercial Modular?

“Commercial Modular,” formerly known as “Commercial Coach” until January 1, 2003, is one of the most diverse types of nonresidential transportable structures manufactured in a factory. They are manufactured in single or multiple transportable sections, have many varied configurations and uses, and may be multi-storied units. They are designed and equipped for human occupancy for industrial, professional, or commercial uses. These structures can be a corner convenience store, an architect’s office, a factory, a school classroom(s), etc. A permit is required to transport these units.



What is a Special Purpose Commercial Modular?

A “Special Purpose Commercial Modular,” formerly known as a “Special Purpose Commercial Coach” until January 1, 2003*, is not a structure. They are vehicles, with or without motive power, designed and equipped for human occupancy for industrial, professional, or commercial purposes. These vehicles are not required to be moved under permit, but they must be registered and licensed by the California Department of Motor Vehicles for movement on public roads. The mobile food preparation unit at the left is an example of a Special Purpose Commercial Modular. In most instances, the local health department or the California Department of Health Services also must approve the unit in order to affix a Department insignia of approval.

*Reference HSC §18001.8, 18012.5, and 18015.1.

Information From Industry

The following Questions and Answers were provided by MH industry representative JC Strutzel and do not necessarily reflect the position of HCD. However they may provide applicants and licensees with the perspective of a long time industry expert relating to a topic that is becoming more common in today's economic era. NOTE: The Department of Real Estate (DRE) is now the Bureau of Real Estate (BRE).

1. How do Dealers and Brokers cooperate?

If someone licensed only as a Dealer cooperates with a Broker, the sale is subject to §18035 of the Health and Safety Code and the Dealer must control the sale. The Dealer is charged with the responsibility of controlling the transaction and making sure the sale conforms to HCD law. The Dealer is identified as the 'Seller' in the escrow and purchase documents. The Dealer is allowed to pay, and the Broker is allowed to receive, a 'referral fee' even though the Broker has performed a function that requires a DRE license.

2. Does that mean a Dealer/Broker cooperative sale would conform to both DRE and HCD law?

No. The respective legal processes governing Dealers and Brokers are vastly different. The transactional differences between the two make it impossible to comply with both sets of laws at the same time. The law governing cooperative sales between a Dealer and Broker is Dealer law such as found in Division 13, Part 2, of the Health and Safety Code. Within that body of law is Section 18035 Health and Safety Code, which contains a code specified escrow law.

3. Why was HCD law chosen over DRE law as the regulatory process of choice?

Both the California Association of Realtors (CAR) and HCD expressed opinions on this issue. Both parties agreed that such transactions should only be covered by one body of law. CAR recommended DRE law because it annually protected hundreds of thousands of real property homes. HCD said the rights of the consumer were far greater under HCD law. HCD prevailed.

4. If the buyer, seller, dealer and broker all agreed, could a dealer and broker each process their end of the deal according to HCD and DRE law respectively?

No. As already stated, it is impossible to comply with both regulatory schemes at the same time. There are unavoidable conflicts that cannot be waived.

5. What are some of those conflicts?

Examples of some conflicts are:

- Dealers are in the chain of title; they guarantee title like an auto- mobile dealer (DMV dealer law was the genesis for HCD dealer law). Brokers act only as agents.
- The rights of consumers differ significantly depending upon whether HCD law or DRE law is applied. A few examples are: under DRE law a buyer and seller can agree to liquidated damage clauses; early releases of funds from escrow; or waive the creation of an escrow. All three of these actions violate HCD law.
- Remedies for the consumers differ depending upon which body of law governs the transaction.
- A 'secured party' (i.e. a 'legal owner or junior lienholder) is required to deliver their original title document and a HCD 'Conditional Release of Interest' form prior to the payoff of their liens if the escrow is governed by HCD law (§18035(d) Health and Safety Code). In all other instances a secured party is not required to deliver their original title to escrow until after receiving payment in full of the unpaid balance due on their loan.

HCD law prohibits any provision in an agreement that waives the buyer's rights. Any waiver is deemed contrary to public policy and is deemed void and unenforceable.

6. Why is a Dealer regarded as the seller when the MH unit is still owned by the registered owner and what is the significance of that fact?

HCD has said that simultaneously to when the buyer has paid the purchase price and accepted delivery of the home, and the conditions of escrow have been met, title to the home automatically passes to the dealer for a brief instant in time, thereby enabling the dealer to have the ability to close the escrow, report the sale and guarantee title. At close of escrow the Dealer was the seller. The Dealer and purchaser mutually executed a code specified receipt for deposit (see §18035.1 Health and Safety Code), a purchase order, conditional sales contract, or other document evidencing the purchase contemporaneous with, or prior to, the receipt of any cash from the purchaser. All payments toward the purchase shall only be made payable to the escrow agent.

Information From Industry - continued

7. A common school of thought is that an escrow agent only accepts instructions. Assuming that is true, do escrow agents have to be concerned with making sure the escrow instructions they prepare comply with MH unit escrow law?

Yes. Several years ago Deputy Attorney General Michael Botwin answered this question when he caused an article to be published in "CEA News." The subject of the article concerned a popular escrow agent that complied with the instructions of her principals on the sale of a new MH unit. Those instructions did not comply with the mobile home escrow law (§18035 Health and Safety Commission); Instead funds were released early and the buyer suffered damages. The Dealer fled. The AG filed suit against the escrow agent. The escrow agent paid the buyer's damages and went out of business. That said, probably the greatest exposure to litigation for an escrow agent derives from civil litigation initiated by consumers or lenders, not government enforcement agencies. Therefore, it may be wise to have a discussion with your attorney prior to accepting instructions that do not conform to the law.

8. For the protection of a Broker's client, wouldn't it be better if the Broker continued their involvement with the transaction until the close of escrow?

At first blush this sounds good. But the fact is that Brokers probably know no more about HCD law than Dealers know about DRE law. This supports the notion that the only fair thing to do is to excuse the Broker from any further duty once an offer is accepted. The Broker gets referral fee, which seems to imply the Broker has minimal exposure to a valid complaint.

9. What procedure should a Broker follow when an offer is about to be made involving a Dealer co-op?

You have a duty to disclose to your client that the pending offer involves a Dealer and if the offer is accepted, you will be required to excuse yourself from further participation in the progression of the transaction since the sale must be handled by the Dealer pursuant to HCD law. You may add that you will receive a referral fee.

10. Can someone who is dual-licensed as a Dealer and a Broker cooperate with another Broker pursuant to DRE law instead of HCD law?

Yes. Someone who is dual-licensed is not required to use one license or the other. The forms and actions used by the dual-licensee dictate which license is in play. Hence, it is possible that someone who is licensed as a Broker can cooperate pursuant to DRE law with someone who is dual-licensed.



The Occupational Licensing Program consists of five (5) elements: 1) licensing, 2) consumer complaint handling, 3) preliminary and continuing education, 4) enforcement, and 5) the Manufactured Home Recovery Fund function.