

BILL ANALYSIS

Senate Research Center
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S.B. 1940
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Jurisprudence
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, if a mobile home remains personal property and is not designated as part of real estate, probate may be required to transfer the title—an expensive and time-consuming process. Many families struggle with these costs, delaying estate resolution. While Texas law allows vehicle owners to designate a beneficiary with the Texas Department of Motor Vehicles for seamless title transfer, no similar process exists for mobile homes. S.B. 1940 introduces a mechanism for mobile homeowners to file beneficiary designations, ensuring a quick and easy title transfer upon death. This reform would particularly benefit rural Texans, where mobile home ownership is common, providing financial relief and legal clarity.

Effect of S.B. 1940:

An owner's designation of beneficiary does not affect the owner's rights in their lifetime (i.e., selling or encumbering the home). Upon the owner's death, if the beneficiary survives the owner by 120 hours, the home is transferred to them; otherwise, it is treated as a lapsed inheritance. Existing liens and creditor claims are not impacted by the transfer to beneficiaries and remain enforceable. Designations for jointly owned homes with survivorship rights only apply after the last owner's death. S.B. 1940 provides that wills cannot override beneficiary designations. Beneficiaries are provided the right to disclaim their interest.

As proposed, S.B. 1940 amends current law relating to authorizing a beneficiary designation that transfers a manufactured home classified as personal property at the owner's death.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 3 (Section 1201.2135, Occupations Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle C, Title 2, Estates Code, by adding Chapter 116, as follows:

CHAPTER 116. BENEFICIARY DESIGNATION FOR CERTAIN MANUFACTURED HOMES

Sec. 116.001. DEFINITIONS. Defines "beneficiary designation," "designated beneficiary," "joint owner with right of survivorship," "joint owner," "manufactured home," and "person."

Sec. 116.002. APPLICABILITY. Provides that this chapter applies only to a manufactured home classified as personal property under Section 2.001 (Manufactured Housing), Property Code.

Sec. 116.003. BENEFICIARY DESIGNATION AUTHORIZED. (a) Authorizes an owner of a manufactured home to transfer the owner's interest in the home to a sole beneficiary effective on the owner's death by designating a beneficiary as provided by Section 1201.2135, Occupations Code.

(b) Provides that a beneficiary designation is subject to Section 116.004(b), revocable and is authorized to be changed at any time without the consent of the designated beneficiary as provided by Section 1201.2135, Occupations Code, a nontestamentary instrument, and effective without notice or delivery to or acceptance by the designated beneficiary during the owner's life or consideration.

(c) Prohibits a will from revoking or superseding a beneficiary designation, regardless of when the will is made.

(d) Authorizes a designated beneficiary to disclaim the designated beneficiary's interest in the manufactured home as provided by Chapter 240 (Texas Uniform Disclaimer of Property Interests Act), Property Code.

Sec. 116.004. JOINT OWNERSHIP. (a) Requires that a beneficiary designation, if a manufactured home that is the subject of the beneficiary designation is owned by joint owners with right of survivorship, be made by all of the joint owners.

(b) Provides that a beneficiary designation made by joint owners with right of survivorship is authorized to be revoked or changed as provided by Section 1201.2135, Occupations Code, only if it is revoked or changed by all of the joint owners, and is authorized to be revoked or changed by the last surviving joint owner as provided by Section 1201.2135, Occupations Code.

Sec. 116.005. EFFECT OF BENEFICIARY DESIGNATION DURING OWNER'S LIFE. Provides that, during a manufactured home owner's life, a beneficiary designation does not affect or create certain rights or interests.

Sec. 116.006. EFFECT OF BENEFICIARY DESIGNATION AT OWNER'S OR LAST SURVIVING OWNER'S DEATH. (a) Provides that, on the death of the owner of a manufactured home that is the subject of a beneficiary designation, the following rules apply to an interest in the home:

(1) if the designated beneficiary survives the owner making the designation by 120 hours, the interest in the home is transferred to the designated beneficiary; and

(2) if the designated beneficiary fails to survive the owner making the designation by 120 hours, the share of the designated beneficiary lapses, notwithstanding Section 111.052 (Validity of Certain Nontestamentary Instruments and Provisions), and is subject to and passes in accordance with Subchapter D (Failure of Devise; Disposition of Property to Devisee who Predeceases Testator), Chapter 255 (Construction and Interpretation of Wills), as if the beneficiary designation were a devise made in a will.

(b) Provides that, if an owner is a joint owner with right of survivorship who is survived by one or more other joint owners, the manufactured home that is the subject of the beneficiary designation belongs to the surviving joint owner or owners. Provides that, if an owner is a joint owner with right of survivorship who is the last surviving joint owner, the beneficiary designation is effective.

(c) Provides that a designated beneficiary takes the manufactured home subject to all encumbrances, assignments, contracts, liens, and other interests to which the home is subject at the owner's or last surviving owner's death, as applicable. Provides that the transfer to the designated beneficiary does not affect the ability of a lienholder to pursue an existing means of debt collection permitted under the laws of this state.

Sec. 116.007. CREDITOR CLAIMS; ALLOWANCES IN LIEU OF EXEMPT PROPERTY AND FAMILY ALLOWANCES. Provides that certain provisions of the Estates Code apply to a transfer of an owner's interest in a manufactured home by a

beneficiary designation in the same manner and to the same extent as a transfer of real property under a transfer on death deed under Chapter 114 (Transfer on Death Deed).

SECTION 2. Amends Section 122.001(1), Estates Code, to redefine "beneficiary."

SECTION 3. Amends Subchapter E, Chapter 1201, Occupations Code, by adding Section 1201.2135, as follows:

Sec. 1201.2135. **BENEFICIARY DESIGNATION.** (a) Authorizes the owner of a manufactured home to designate a sole beneficiary to whom the owner's interest in the home transfers on the owner's death as provided by Chapter 116, Estates Code, by submitting an application for the issuance of a new statement of ownership under Section 1201.206 (Application for Issuance of Statement of Ownership) with the designation. Requires that the designation, to be effective, state that the transfer of an interest in the home to the designated beneficiary is to occur at the transferor's death.

(b) Requires that the legal name of a beneficiary designated under this section be included on the statement of ownership.

(c) Requires the Texas Department of Housing and Community Affairs (TDHCA) to transfer ownership of a manufactured home to a beneficiary designated under this section for the home if the beneficiary submits an application for the issuance of a statement of ownership under Section 1201.206 not later than the 180th day after the date of the owner's death or, if the home is owned by joint owners, the last surviving owner's death, as applicable and satisfactory proof of the death of the owner or owners, as applicable.

(d) Authorizes a beneficiary designation to be changed or revoked by submitting a new application for the issuance of a statement of ownership under Section 1201.206.

(e) Provides that a beneficiary designation or a change or revocation of a beneficiary designation made on an application for the issuance of a statement of ownership for a manufactured home that has not been submitted to the department before the death of a home's owner or owners who made, changed, or revoked the designation, as applicable, is invalid.

(e) Authorizes TDHCA to adopt rules to administer this section.

SECTION 4. Effective date: September 1, 2025.