
HOUSE BILL 2169

State of Washington 52nd Legislature 1991 Regular Session

By Representatives Ogden, Ballard, Leonard, Franklin, Nelson and Rasmussen.

Read first time March 5, 1991. Referred to Committee on Housing.

1 AN ACT Relating to the purchase of mobile home parks; adding a new
2 chapter to Title 59 RCW; adding new sections to chapter 59.22 RCW;
3 creating a new section; and making an appropriation.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** It is the purpose of this chapter to
6 provide a meaningful notice and opportunity for mobile home park tenant
7 organizations to purchase the mobile home park where they reside in the
8 event of a voluntary sale of the park, and a meaningful notice and
9 opportunity for mobile home park owners to purchase mobile homes
10 located in their park in the event of a voluntary sale.

11 NEW SECTION. **Sec. 2.** An obligation of good faith is imposed
12 on the parties in the conduct of transactions affected by this chapter.
13 Rights created by this chapter are forfeited by any party failing to

1 act in good faith. Further obligations under this chapter on other
2 parties are also discharged by a failure to act in good faith.

3 NEW SECTION. **Sec. 3.** If a qualified tenant organization gives
4 written notice to the mobile home park owner where the tenants reside
5 that they have a present and continuing desire to purchase the mobile
6 home park, the park may then be sold only according to this chapter.

7 "Notice" for the purposes of this section means a writing signed by
8 sixty percent of the tenants in the park indicating that they desire to
9 participate in the purchase of the park, and that they are
10 contractually bound to the other signators of the notice to participate
11 by purchasing an ownership interest that will entitle them to occupy a
12 mobile home space for the remainder of their life or for a term of at
13 least fifteen years.

14 NEW SECTION. **Sec. 4.** (1) "Mobile home park" means the same as
15 defined in RCW 59.20.030.

16 (2)(a) The terms "sold" or "sale" for the purposes of this chapter
17 have their ordinary meaning and include: (i) A conveyance, grant,
18 assignment, quitclaim, or transfer of ownership or title to real
19 property and improvements that comprise the mobile home park, or mobile
20 homes, for a valuable consideration; (ii) a contract for the
21 conveyance, grant, assignment, quitclaim, or transfer; (iii) a lease
22 with an option to purchase the real property and improvements, or
23 mobile home, or any estate or interest therein; or (iv) other contract
24 under which possession of the property is given to the purchaser, or
25 any other person by his direction, where title is retained by the
26 vendor as security for the payment of the purchase price. These terms
27 also include any other transfer of the beneficial or equitable interest
28 in the mobile home park such as a transfer of equity stock or other

1 security evidencing ownership that results in a change in majority
2 interest ownership.

3 (b) The terms "sale" or "sold" do not include: (i) A transfer by
4 gift, devise, or inheritance; (ii) a transfer of a leasehold interest
5 other than of the type described in this subsection; (iii) a
6 cancellation or forfeiture of a vendee's interest in a contract for the
7 sale of the mobile home park; (iv) a deed in lieu of foreclosure of a
8 mortgage; (v) the assumption by a grantee of the balance owing on an
9 obligation that is secured by a mortgage or deed in lieu of forfeiture
10 of the vendee's interest in a contract of sale where no consideration
11 passes otherwise; (vi) the partition of property by tenants in common
12 by agreement or as the result of a court decree; (vii) a transfer,
13 conveyance, or assignment of property or interest in property from one
14 spouse to the other in accordance with the terms of a decree of divorce
15 or dissolution or in fulfillment of a property settlement agreement
16 incident thereto; (viii) the assignment or other transfer of a vendor's
17 interest in a contract for the sale of real property, even though
18 accompanied by a conveyance of the vendor's interest in the real
19 property involved; (ix) transfers by appropriation or decree in
20 condemnation proceedings brought by the United States, the state or any
21 political subdivision thereof, or a municipal corporation; (x) a
22 mortgage or other transfer of an interest in real property or mobile
23 home merely to secure a debt, or the assignment thereof; (xi) a
24 transfer or conveyance made under an order of sale by the court in a
25 mortgage or lien foreclosure proceeding or upon execution of a
26 judgment; (xii) a deed in lieu of foreclosure to satisfy a mortgage;
27 (xiii) a conveyance to the federal housing administration or veteran's
28 administration by an authorized mortgagee made under a contract of
29 insurance or guarantee with the federal housing administration or
30 veteran's administration; (xiv) a transfer in compliance with the terms

1 of any lease or contract upon which notice has already been given under
2 this chapter, or where the lease or contract was entered into before
3 the effective date of this act; or (xv) a transfer to a corporation or
4 partnership the majority interest of which is wholly owned by the
5 transferor.

6 (3) A "qualified tenant organization" means a formal organization
7 of tenants in the park in question, organized for the purpose of
8 purchasing the park, with membership made available to all tenants with
9 the only requirements for membership being: (a) Payment of reasonable
10 dues; and (b) being a tenant in the park.

11 NEW SECTION. **Sec. 5.** If notice of a desire to purchase has
12 been given under section 3 of this act, a park owner shall notify the
13 qualified tenant organization that an agreement to purchase and sell
14 has been reached, the terms of the agreement, including the
15 availability and terms of seller financing, before closing a sale with
16 any other person or entity. If, within ninety days after the actual
17 notice has been received, the qualified tenant organization tenders to
18 the park owner an amount equal to one percent of the agreed purchase
19 price, refundable only according to this chapter, together with a fully
20 executed purchase and sale agreement at least as favorable to the park
21 owner as the original agreement, the mobile home park owner must sell
22 the mobile home park to the qualified tenant organization. The
23 qualified tenant organization must perform under the agreement and
24 stand ready to close the sale within ninety days from the date of
25 execution of the purchase and sale agreement. This additional ninety-
26 day period may be extended by mutual agreement between the park owner
27 and qualified tenant organization. In the case of seller financing, a
28 mobile home park owner may decline to sell the mobile home park to the
29 qualified tenant organization if, based on reasonable and objective

1 evidence, to do so would present a greater financial risk to the seller
2 than would selling on the same terms to the original offeror.

3 Failure to perform under the terms of the agreement on the part of
4 the qualified tenant organization shall result in the forfeiture of the
5 one percent deposit and void the purchase and sale agreement. The
6 mobile home park owner may then sell the mobile home park to any party
7 at any time on any terms without regard to this section.

8 The rights of the qualified tenant organization under the purchase
9 and sale agreement, including the deposit, are not forfeited if the
10 transaction fails to close within the additional ninety days due to the
11 failure of the park owner to perform or deliver good and marketable
12 title.

13 NEW SECTION. **Sec. 6.** Failure on the part of a mobile home
14 park owner to give notice as required by this chapter renders a sale of
15 the mobile home park that occurs within sixty days of the time the
16 qualified tenant organization knows or has reason to know that a
17 violation of the notice provisions of section 5 of this act has
18 occurred, voidable upon application to superior court after notice and
19 hearing. If the court determines that the notice provisions of this
20 chapter have been violated, the court shall issue an order setting
21 aside the improper sale. In an action brought under this section, the
22 court shall award the prevailing party attorneys' fees and costs. For
23 the purposes of this section, a "prevailing party" includes any third-
24 party purchaser who appears and successfully defends his or her
25 interest.

26 NEW SECTION. **Sec. 7.** (1) The department may make loans from
27 the fund to resident organizations for the purpose of financing mobile
28 home park conversion costs.

1 (2) The department may only make loans to resident organizations of
2 mobile home parks where a significant portion of the residents are low-
3 income or infirm.

4 NEW SECTION. **Sec. 8.** (1) Any loans granted under to section
5 10 of this act shall be for a term of no more than thirty years.

6 (2) The department shall establish the rate of interest to be
7 paid on loans made from the fund.

8 (3) The department shall obtain security for loans made under this
9 chapter. The security may be in the form of a note, deed of trust,
10 assignment of lease, or other form of security on real or personal
11 property which the department determines is adequate to protect the
12 security of the fund and the interests of the state. To the extent
13 applicable, the documents evidencing the security shall be recorded or
14 referenced in a recorded document in the office of the county auditor
15 of the county in which the mobile home park is located.

16 (4) The department may contract with private lenders, nonprofit
17 organizations, or units of local government to provide program
18 administration and to service loans made under this chapter.

19 NEW SECTION. **Sec. 9.** Before providing financing under this
20 chapter, the department shall require:

21 (1) Verification that at least two-thirds of the households
22 residing in the mobile home park support the plan for acquisition and
23 conversion of the park;

24 (2) Verification that either no park residents will be
25 involuntarily displaced as a result of the park conversion, or the
26 impacts of displacement will be mitigated so as not to impose a
27 hardship on the displaced resident;

28 (3) Projected costs and sources of funds for conversion activities;

1 (4) A projected operating budget for the park during and after
2 conversion; and

3 (5) A management plan for the conversion and operation of the park.

4 NEW SECTION. **Sec. 10.** The department shall consider the
5 following factors in determining the eligibility for, and the amount,
6 of loans made under this chapter:

7 (1) The reasonableness of the conversion costs;

8 (2) The number of available and affordable mobile home park spaces
9 in the general area;

10 (3) The adequacy of the management plan for the conversion and
11 operation of the park; and

12 (4) Other factors established by the department by rule.

13 NEW SECTION. **Sec. 11.** The department shall provide technical
14 assistance to resident organizations who wish to convert the mobile
15 home park in which they reside to resident ownership. Technical
16 assistance does not include details connected with the sale or
17 conversion of a mobile home park which would require the department to
18 act in a representative capacity, or the drafting of documents
19 affecting legal or property rights of the parties by the department.

20 NEW SECTION. **Sec. 12.** Sections 1 through 6 of this act shall
21 constitute a new chapter in Title 59 RCW. Sections 8 through 11 of
22 this act are each added to chapter 59.22 RCW.

23 NEW SECTION. **Sec. 13.** There is appropriated from the interest
24 generated from the budget stabilization account, the sum of ten million
25 dollars to the department of community development, for deposit into
26 the mobile home park purchase fund under RCW 59.22.030. The

1 appropriation in this section may be made in quarterly payments over
2 the course of the 1991-93 biennium.