

SENATE BILL REPORT

SB 6595

As Reported By Senate Committee On:
Financial Institutions, Insurance & Housing, February 5, 1998

Title: An act relating to mobile home parks.

Brief Description: Modifying provisions concerning the sale of mobile home parks.

Sponsors: Senators Strannigan, Winsley and Prentice.

Brief History:

Committee Activity: Financial Institutions, Insurance & Housing: 2/3/98, 2/5/98 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

Majority Report: Do pass.

Signed by Senators Winsley, Chair; Benton, Vice Chair; Finkbeiner, Hale, Heavey, Kline and Prentice.

Staff: Dave Cheal (786-7576)

Background: In 1993, the Legislature enacted a right of first refusal for mobile home park tenants to purchase their park if the park is offered for sale.

Resident ownership of mobile home parks can provide protection against changes in land use, changes in ownership, control over management and housing cost increases.

Several features of the Right of First Refusal Act are unclear and have limited its usefulness. For example, the effect of giving notice of intent to and desire to purchase the park after an outside sale agreement is in process has led to litigation. The exact nature of the qualified tenant organization— is unclear.

If a park owner takes steps to place the park on the market, there is no requirement that residents of the park be notified.

Summary of Bill: The definition of notice— that tenants have a desire to purchase the park is clarified to allow notice from authorized officers of a qualified tenant organization, or a majority of homeowners of currently occupied homes in the park.

The time that notice is effective is amended to indicate that it will not affect any sale to a third party if it is served on the owner after the execution of documents that bind the owner and a third party to a purchase and sale. However, notice is valid with regard to subsequent transactions and remains valid until revoked.

The definition of qualified tenant organization— is amended to remove the requirements that it be formal— and organized for the purpose of purchasing the park. The only remaining requirements are that membership be made available to all dues paying tenants.

If notice has been given to the park owner that the tenants wish to buy the park, the park owner must notify the qualified tenant organization whenever an agreement to purchase the park has been reached. The obligation to supply certain information with regard to that purchase and sale agreement is amended to simply require a copy of the agreement and related documents be furnished to the tenants within ten days of the time the agreement becomes binding on the parties. From that point forward, the tenants have 60 days to tender a fully executed purchase and sale agreement at least as favorable to the park owner as the original agreement. The current time period is 30 days.

If the park owner and the qualified tenant organization reach an agreement, the tenants must tender 2 percent of the agreed upon purchase price as an earnest money deposit, refundable according to the terms of the agreement.

If a park owner takes any action indicating a desire to sell the park such as engaging a real estate agent or placing an advertisement in a newspaper or other media, the park owner must immediately provide written notice to all tenants of the park of the potential sale. Failure to provide this notice voids any subsequent sale of the park.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Resident ownership of mobile home parks should be encouraged. The current right of first refusal– law presents needless barriers to tenant-purchasers. The type of tenant organization is too restrictive. The time period for making a deposit is unrealistic. There is no reason a park owner should not notify tenants when he or she intends to sell the park. The bill addresses these problems.

Testimony Against: Tenant groups making an offer to purchase their park should be contractually bound to each other.

Extending the earnest money deadline will cause many non-tenant buyers to lose interest.

Requiring park owners to notify tenants when contemplating or discussing a sale is unworkable.

The current system works and should not be changed.

Testified: PRO: Majken Ryherd Keira, WA Low-Income Housing Congress; Nikki Philips-Baker, MHOA; CON: Ken Spencer, Martin Faveluke, Lois Gaddy, John Woodring, MHCW.