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## Judiciary Committee

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### HB 2799

**Title:** An act relating to the sale of manufactured/mobile home communities.

**Brief Description:** Concerning the sale of manufactured/mobile home communities.

**Sponsors:** Representatives McBride, Robinson, Zeiger, Ormsby, Gregerson, Orwall, Goodman, Tharinger, Tarleton and Appleton.

#### Brief Summary of Bill

- Requires a landlord of a manufactured/mobile home community, within two days of receiving an offer to purchase the community, to provide written notice of opportunity to purchase to all eligible organizations.
- Prohibits a landlord from closing on the sale of a manufactured/mobile home community until 120 days after the date on which the notice of opportunity was delivered, except that during this period the landlord may sell to either a qualified tenant organization or an eligible organization.
- Provides that a landlord failing to provide requisite notice or selling within the 120 day period is liable to the state in the amount of \$5,000 or five percent of the total sales price, whichever is greater.
- Makes permanent the exemption from the real estate excise tax for a qualified sale of a manufactured/mobile home community.

**Hearing Date:** 2/3/16

**Staff:** Cece Clynch (786-7195).

#### Background:

A landlord must provide a written notice of sale of a manufactured/mobile home community, by certified mail or personal delivery, to:

- each tenant in the community;

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- the officers of any known "qualified tenant organization", defined as a formal organization of tenants within a manufactured/mobile home community, with the only requirement for membership consisting of being a tenant;
- the Office of Mobile/Manufactured Home Relocation Assistance, in the Department of Commerce;
- the local government and the local housing authority within whose jurisdiction all or part of the community exists; and
- the Washington State Housing Finance Commission.

The notice of sale must be delivered within 14 days after the date on which any advertisement, multiple listing, or public notice advertises that a manufactured/mobile home community is for sale. The notice must include a statement that the landlord intends to sell the community and the contact information of the landlord or landlord's agent who is responsible for communicating with the qualified tenant organization or "eligible organization". "Eligible organization" includes local governments, local housing authorities, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state, and regional or statewide nonprofit housing assistance organizations.

A landlord intending to sell a manufactured/mobile home community is encouraged to negotiate in good faith with qualified tenant organizations and eligible organizations. A sale of a manufactured/mobile home community to a qualified tenant organization or an eligible organization is a qualified sale. A qualified sale that takes place between June 12, 2008, and December 31, 2018, is exempt from the state and local real estate excise tax (REET).

The above provisions were enacted into law in 2008. At the same time, the Legislature repealed provisions granting a right of first refusal to qualified tenant organizations that had been declared an unconstitutional taking of private property for private use by the Washington Supreme Court in 2000. Those provisions required a park owner in receipt of notice from a qualified tenant organization expressing interest in purchasing the park to: (1) notify the tenant organization of any agreement to sell the park to a third party; (2) disclose the agreement's terms; (3) allow the tenant organization 30 days in which to pay the owner two percent of the third party's agreed purchase price and tender its own offer; and, (4) sell to the tenants as long as the tenants' offer was as financially favorable as the offer from the third party.

### **Summary of Bill:**

An eligible organization may submit to the Department of Commerce (Department) a written request to receive notices of opportunity to purchase manufactured/mobile home communities. The Department is required to furnish the list to any person upon request.

Within two days after receiving a purchase offer, a landlord must provide written notice of opportunity to purchase, by certified mail or personal delivery, to all eligible organizations on the list maintained by the Department. This notice must include:

- a statement that the landlord intends to sell;
- contact information for the landlord or the landlord's agent who is responsible for communications regarding the sale; and
- the terms of any offer or agreement for the sale, including the terms of any seller financing.

A landlord is generally prohibited from closing on the sale of a manufactured/mobile home community until 120 days after the date on which the notice of opportunity was delivered; however, during this period the landlord may sell to either a qualified tenant organization or an eligible organization.

A landlord who sells or transfers a manufactured/mobile home community and willfully fails to comply with either the requirement to provide notice of opportunity to purchase or the prohibition on sale for 120 days is liable to the state in the amount of \$5,000 or five percent of the total sales price, whichever is greater. This penalty is the exclusive remedy for a violation. The Attorney General may bring a civil action in the name of the state against the landlord for such violations.

The expiration date of December 31, 2018, is removed, making permanent the REET exemption for a qualified sale.

A severability clause is included, providing that if any provisions of the act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/28/16.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.