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## Judiciary Committee

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### HB 1798

**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, Gregerson, Robinson, Appleton, Ormsby, Macri, McDonald, Orwall, Reeves, Kagi, Sells, Bergquist and Pollet.

#### Brief Summary of Bill

- Requires landlords, under the Manufactured/Mobile Home Landlord-Tenant Act, to provide a written notice of opportunity to purchase to the Department of Commerce within three days after receipt of a bona fide offer to purchase.
- Prohibits landlords from closing on the sale of a manufactured/mobile home community until 90 days after delivery of the notice of opportunity.
- Provides that a landlord failing to provide the requisite notice or wait 90 days to close is liable to the state in the amount of \$5,000 or 5 percent of the total sales price, whichever is greater, and authorizes the Attorney General to bring a civil action for such violations.
- Extends the exemption from the real estate excise tax (REET) for a qualified sale of a manufactured/mobile home community from December 31, 2018, to December 31, 2026, and imposes a higher REET on a sale other than a qualified sale.

**Hearing Date:** 2/8/17

**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 of one and twenty-eight one-hundredths percent of the selling price.

### **Summary of Bill:**

Within three business days after receiving a bona fide purchase offer, a landlord must provide written notice of opportunity to purchase, by certified mail or personal delivery, to the Department of Commerce (Department). This notice must include:

- a statement that the landlord is, or is not, considering the sale of the community; and
- contact information for the landlord or the landlord's agent who is responsible for communicating with the qualified tenant organization or eligible organization regarding an opportunity to make an offer for the sale of the property.

A landlord is prohibited from closing on the sale of a manufactured/mobile home community until 90 days after the date on which the notice of opportunity was delivered.

Eligible organizations and qualified tenant organizations may submit to the 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.

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 90 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 of these two provisions. The Attorney General may bring a civil action in the name of the state against the landlord for such violations.

The expiration date of the exemption from the state and local real estate excise tax (REET) for qualified sales is extended to December 31, 2026. The REET on a sale to a person other than an eligible organization or qualified tenant organization is five and twelve one-hundredths percent of the selling price.

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:** Available.

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