

SENATE BILL REPORT

SB 5627

As of January 15, 2018

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

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

Sponsors: Senators Kuderer, Hunt, Saldaña and Keiser.

Brief History:

Committee Activity: Financial Institutions & Insurance: 1/16/18.

Brief Summary of Bill

- Extends the state real estate excise tax (REET) exemption on a qualified sale of a manufactured/mobile home community from December 31, 2018 to December 31, 2026.
- Increases notification requirements a landlord of a manufactured/mobile home community must provide to a tenant for a change of use or sale of the community from one year to two years.
- Requires a six month delay in the closure of the sale of a manufactured/mobile home community unless it is a qualified sale.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Jeff Olsen (786-7428)

Background: The Manufactured/Mobile Home Landlord Tenant Act (Act) regulates the relationship between the owner of a manufactured/mobile home community (landlord) and the owner of the manufactured or mobile home (tenant). The Act specifies what must be in the rental agreement before a tenant moves in, the responsibilities of the landlord and the tenant, and provides for a dispute resolution program through the attorney general's office.

The valid written rental agreement between the landlord and the tenant must include the terms of payment, rules of the park/community, service and fees, details regarding the deposit and property information, and a provision regarding a future sale of the park/community. Either the provision shall include a mandate of three years notice by the landlord to the tenant

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prior to change in ownership or that the park shall close after notification of the sale. A landlord must give 12-months notice for a change of land use of the mobile home park.

When an owner of a mobile home park/manufactured housing community is preparing to sell the property, the owner must deliver notice by certified mail or personal delivery to its tenants 14-days after the public notice announcing the sale. Besides tenants, a notice of sale by the property owner of the manufactured/mobile home communities must be delivered to:

- any officers of a tenant organization;
- the Office of Mobile/Manufactured Home Relocation Assistance;
- the local government and housing authority where the community is located; and
- the Washington State Housing Finance Commission.

A qualified tenant association is a formal organization of tenants within the mobile home/manufactured home community. An eligible organization includes local governments, housing authorities, nonprofit community or neighborhood organizations, federally recognized Indian tribes in the state of Washington, and regional or statewide nonprofit housing assistance organizations. A qualified tenant organization or another organization seeking to preserve the property as a mobile home/manufactured housing community is defined under state law as a qualified sale of a manufactured/mobile home community.

Every sale of real estate in the state of Washington is subject to the state REET of 1.28% unless specifically exempted in law. The term sale for the purpose of real estate excise tax does not include the qualified sale of a manufactured/mobile home community that has taken place on or after June 12, 2008, but before December 31, 2018.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): A landlord of a manufactured/mobile home community must provide the Department of Commerce (Commerce) notice by certified mail or personal delivery within three business days after the landlord receives a bona fide offer of purchase. The notice must include whether the landlord is, or is not, considering the sale of the manufactured/mobile home community and the contact information of the landlord or landlord's agent for purpose of a qualified tenant organization or eligible organization to make an offer. Commerce must maintain a list of all eligible organizations and qualified tenant organizations that submit a request to the agency to receive notices regarding the purchase of manufactured/mobile home communities.

The landlord may not close on the sale of the manufactured/mobile home community until six months after the notice of opportunity is delivered to Commerce. A landlord who sells a manufactured/mobile home community or transfers its ownership without waiting six months or giving proper notice to Commerce is liable to the state for a civil penalty of \$5,000 or 5 percent of the total sales price, whichever is greater. The attorney general may bring civil action in superior court against a landlord. If the landlord sells the property or manufactured/mobile home community to an eligible organization or qualified tenant association the six month waiting period to close does not apply.

The notification requirement for a change of use, which a landlord of a manufactured/mobile home community must provide to a tenant, is increased from 12 months to 24 months.

The state REET exemption on the qualified sale of a manufactured/mobile home community by a qualified tenant association is extended from December 31, 2018, to December 31, 2026.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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