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Senate Bill 912

Sponsor: Senator Harmon Cropsey

Committee: Local Government and Veterans

Date Completed: 6-8-88

SUMMARY OF SENATE BILL 912 as introduced 6-2-88:

The bill would amend the Mobile Home Commission Act to do the following:

- Prohibit the termination of a mobile home park tenancy except for just cause, and define "just cause".
- Allow a tenant evicted for just cause to sell his or her mobile home on-site if certain conditions were met.
- Require the tenant to continue paying rent and other charges during a just cause termination action.
- Give a mobile home park tenant the right to have his or her home appraised if it were being sold to the owner or operator after termination of the tenancy for just cause.
- Provide for liquidated damages in an action to terminate a tenancy.
- Regulate mobile home park rules that governed the physical condition and aesthetics of mobile homes in the park.
- Allow physical and aesthetic standards that otherwise would be disallowed if the park were changing its "method of doing business" and gave residents at least one year's notice.
- Provide for penalties for violations of the Act.
- Repeal the Act's June 1, 1988, sunset date.

The bill would take effect on December 1, 1988.

A more detailed description of the bill follows.

"Just Cause"

The tenancy of a mobile home park tenant could not be termination, and the renewal of a lease agreement between a tenant and a park could not be refused, unless there were just cause for the termination or refusal. "Just cause" would mean one or more of the following:

- Use of a mobile home site by the tenant for an unlawful purpose.
- Failure by the tenant to comply with his or her lease or agreement or a rule or regulation of the mobile home park that was reasonably related to 1) the health, safety, or welfare of the park, its employees, or tenants; 2) the quiet enjoyment of the other tenants of the park; or 3) maintaining the physical condition or appearance of the park or the mobile homes in it to protect the value of the park or maintain its aesthetic quality or appearance.
- A violation by the tenant of rules promulgated by the Department of Public Health for mobile home parks.
- Intentional physical injury by the tenant to the personnel or other tenants of the park, or intentional physical damage by the tenant to the property of the park or tenants.

- Failure of the tenant to comply with a local ordinance, State law, or governmental rule or regulation relating to mobile homes.
- Failure of the tenant to pay rent or other lease or rental charges on time on three or more occasions during a 12-month period, if the park owner or operator had served a written demand for nonpayment of rent under the Revised Judicature Act.
- Conduct by the tenant on the park premises that constituted a substantial annoyance to other tenants or to the park, after notice and an opportunity to cure.
- Failure of the tenant to maintain the mobile home or home site in a reasonable condition consistent with aesthetics appropriate to the park.
- Condemnation of the mobile home park.
- Changes in the use or substantive nature of the park.
- Public health and safety violations by the tenant.

Just Cause Termination Action

Within 10 days of service of a demand for possession of premises for just cause, the tenant would have the right to request, by certified or registered mail to the park owner or operator, an in-person conference with the owner or operator or his or her representative. If requested on time, the conference would have to be held at the park at a time and date set by the owner or operator but within 20 days after the request. The tenant could be accompanied by counsel at the conference. This provision would not affect the right of the owner or operator to commence summary proceedings pursuant to the demand for possession.

In every action to terminate a mobile home park tenancy for just cause, the tenant would have to continue paying all rent and other charges to the owner or operator when due after the demand for possession of the premises and while the action was pending. The owner or operator could accept all such payments without prejudice to the eviction action. If a rental payment were not made on time, the owner or operator could proceed with the repossession action without prejudice to the just cause termination action.

Every judgment for possession resulting from an action to terminate a mobile home park tenancy for just cause would have to set forth the tenant's right to sell a mobile home on-site, the conditions of that right, and the consequences of a tenant's failure to meet those conditions (as described below).

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In every contested action to terminate a mobile home park tenancy for just cause, the court would have to award liquidated damages to the prevailing party if a provision requiring such damages were included in the lease or rental agreement governing the tenancy or rules or regulations adopted under the lease or agreement.

The bill specifies that the proposed section providing for just cause terminations would not prohibit a change of the rental payments or the terms or conditions of tenancy following the termination of a tenancy or the expiration of a written lease for the site.

On-Site Sale

If a tenancy in a mobile home park were terminated for just cause, the tenant could sell his or her mobile home on-site, as provided in the Mobile Home Commission Act, subject to all of the following conditions:

- The tenant would have to sell or move the home within 90 days after the date of the judgment of possession, although the time period could be extended to 90 days after the park owner or operator denied tenancy to a person making a bona fide offer to purchase the home within the 90-day period or an extension.
- The tenant would have to pay all rent and other charges for the site on time during the 90-day period or its extension. Failure to do so would entitle the owner or operator to seek an immediate writ of restitution. "Rent and other charges" would not include liquidated damages.
- Upon the expiration of 10 days after the date of judgment of possession, the owner or operator could disconnect all mobile home park-supplied utility services.
- Within 10 days after the date of the judgment the tenant would have to give the landlord proof that the home had been properly winterized by a licensed mobile home installer and repairer. Failure to do so would entitle the owner or operator to seek an immediate writ of restitution.
- The tenant would have to continue to maintain the home and site according to the rules and regulations of the park.
- The park would have to give the tenant reasonable access to the home and the site for maintaining them and selling the home.

Rules/Physical Condition of Home

The bill provides that, except as follows, it would be an unfair or deceptive practice for an owner or operator of a mobile home park to deny a tenant the right to sell his or her mobile home, on-site, at a price determined by the tenant, to any purchaser if the purchaser qualified for tenancy and the mobile home met the conditions of written park rules or regulations. This provision would not apply to seasonal mobile home parks.

Mobile home park rules or regulations could include provisions governing the physical condition of mobile homes and the aesthetic characteristics of mobile homes in relation to the mobile home park in which they were located, subject to the following:

- The age or size of a mobile home could not be used as the sole basis for refusing to allow an on-site, in-park sale or for refusing to allow the mobile home to remain on-site. The tenant would have the burden of going forward in a suit against the park owner or operator for violating this provision.
- The standards incorporated in the written park rules or regulations governing the physical condition and

aesthetic characteristics of mobile homes in the park would have to apply equally to all tenants.

- A mobile home sold on-site would have to conform with Public Act 133 of 1974, which provides for fire protection in mobile homes.
- A park owner or operator could charge a reasonable fee to inspect the mobile home before sale. The charge could not exceed \$30 or the amount charged for building permit inspections by the municipality in which the home was located, whichever was higher.
- Any charge connected to the on-site, in-park sale of a mobile home, other than the inspection fee, and the commission or fee charged by a licensed mobile home dealer engaged by the seller to transact the sale, would be an entrance or exit fee in violation of the Act.
- The standards governing the physical condition of mobile homes and the aesthetic characteristics of mobile homes in the park, as incorporated in the written park rules, could not be designed to defeat the intent of these provisions. This would not apply if the park were changing its method of doing business (as described below) and gave all affected park residents at least one year's notice, unless a different notice was otherwise provided by law.

Except as provided above regarding the age or size of a mobile home, a mobile home park owner or operator would have the burden of going forward to show compliance with these provisions.

A change in a mobile home park's method of doing business would include but not be limited to any of the following:

- Conversion to a mobile home park condominium.
- Conversion to total rental of both mobile home site and park-owned mobile homes.
- Changes in use of the land on which the park was located.

Notwithstanding the preceding provisions, a mobile home park could require a mobile home to be moved to a comparable site within the park at the expense of the park.

If, after termination of the resident's tenancy for just cause, a resident of a mobile home park sold his or her mobile home to the park owner or operator, or to any entity in which the owner or operator had an interest, the resident would have the right to have the home's value appraised, and the sale price could not be less than the appraised value.

A mobile home park rule that did either of the following could not be enforced against a resident unless the rule was proposed and in force before the resident was approved for tenancy in the park:

- Prohibited those children who were previously approved under prior park rules from residing in the park. A rule prohibiting children, or additional children, could not be enforced against persons who were residents of the park at the time the rule was adopted until after one year's notice to them.
- Prohibited a resident from keeping those pets that were previously approved under prior park rules, except dangerous animals.

Damages/Penalties

A lease or rental agreement or rules or regulations adopted under a lease or rental agreement could include a requirement that liquidated damages be awarded to the prevailing party in a contested action to terminate a

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tenancy in a mobile home park for just cause brought under the Revised Judicature Act. The liquidated damages could not exceed \$500 for a district court action and \$300 for each appellate level, and could not be construed to be a penalty.

If, after notice and a hearing as provided in the Administrative Procedures Act, a person were determined to have violated the Act, the Mobile Home Code Commission could impose one or more of the following penalties:

- Censure.
- Probation.
- Placement of a limitation on a license.
- Suspension or revocation of a license. When taking either action, the Commission could request the appointment of a receiver.
- Denial of a license.
- A civil fine of up to \$10,000. A fine would have to be credited to the Commission Fund.
- A requirement that restitution be made.

The bill specifies that this section would not prohibit actions from being taken under other sections of the Act. The bill also provides that the pursuit in court of the lawful rights of a licensee would not constitute a violation of the Act, regardless of the outcome of the action.

If the Department of Commerce found that the health, safety, or welfare required emergency action, and incorporated that finding in its order, summary suspension of a license could be ordered effective on the date specified in the order or on service of a certified copy of the order on the licensee, whichever was later, and effective during the proceedings. The proceedings would have to be promptly commenced and determined.

MCL 125.2328 et al.

Legislative Analyst: S. Margules

FISCAL IMPACT

Senate Bill 912 could result in an indeterminate increase in State revenue if fines allowed in Section 43 for violations of the Act were actually levied.

Fiscal Analyst: G. Olson

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.