
SENATE BILL 5827

State of Washington

53rd Legislature

1993 Regular Session

By Senators Moore, Franklin and M. Rasmussen

Read first time 02/16/93. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to the sale of mobile homes and mobile home parks;
2 and adding a new chapter to Title 64 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** It is the purpose of this chapter to provide
5 an opportunity for mobile home park tenant organizations to purchase
6 the mobile home park where they reside in the event of a voluntary sale
7 of the park, and an opportunity for mobile home park owners to purchase
8 mobile homes located in their park in the event of a voluntary sale.

9 NEW SECTION. **Sec. 2.** An obligation of good faith is imposed on
10 the parties in the conduct of transactions affected by this chapter.
11 Rights created by this chapter are forfeited by any party failing to
12 act in good faith. Further obligations under this chapter on other
13 parties are also discharged by a failure to act in good faith.

14 NEW SECTION. **Sec. 3.** If a qualified tenant organization gives
15 written notice to the mobile home park owner where the tenants reside
16 that they have a present and continuing desire to purchase the mobile
17 home park, the park may then be sold only according to this chapter.

1 "Notice" for the purposes of this section means a writing signed by
2 sixty percent of the tenants in the park indicating that they desire to
3 participate in the purchase of the park, and that they are
4 contractually bound to the other signators of the notice to participate
5 by purchasing an ownership interest that will entitle them to occupy a
6 mobile home space for the remainder of their life or for a term of at
7 least fifteen years.

8 NEW SECTION. **Sec. 4.** (1) "Mobile home park" means the same as
9 defined in RCW 59.20.030.

10 (2)(a) The terms "sold" or "sale" for the purposes of this chapter
11 have their ordinary meaning and include: (i) A conveyance, grant,
12 assignment, quitclaim, or transfer of ownership or title to real
13 property and improvements that comprise the mobile home park, or mobile
14 homes, for a valuable consideration; (ii) a contract for the
15 conveyance, grant, assignment, quitclaim, or transfer; (iii) a lease
16 with an option to purchase the real property and improvements, or
17 mobile home, or any estate or interest therein; or (iv) other contract
18 under which possession of the property is given to the purchaser, or
19 any other person by his direction, where title is retained by the
20 vendor as security for the payment of the purchase price. These terms
21 also include any other transfer of the beneficial or equitable interest
22 in the mobile home park such as a transfer of equity stock or other
23 security evidencing ownership that results in a change in majority
24 interest ownership.

25 (b) The terms "sale" or "sold" do not include: (i) A transfer by
26 gift, devise, or inheritance; (ii) a transfer of a leasehold interest
27 other than of the type described in this subsection; (iii) a
28 cancellation or forfeiture of a vendee's interest in a contract for the
29 sale of the mobile home park; (iv) a deed in lieu of foreclosure of a
30 mortgage; (v) the assumption by a grantee of the balance owing on an
31 obligation that is secured by a mortgage or deed in lieu of forfeiture
32 of the vendee's interest in a contract of sale where no consideration
33 passes otherwise; (vi) the partition of property by tenants in common
34 by agreement or as the result of a court decree; (vii) a transfer,
35 conveyance, or assignment of property or interest in property from one
36 spouse to the other in accordance with the terms of a decree of divorce
37 or dissolution or in fulfillment of a property settlement agreement
38 incident thereto; (viii) the assignment or other transfer of a vendor's

1 interest in a contract for the sale of real property, even though
2 accompanied by a conveyance of the vendor's interest in the real
3 property involved; (ix) transfers by appropriation or decree in
4 condemnation proceedings brought by the United States, the state or any
5 political subdivision thereof, or a municipal corporation; (x) a
6 mortgage or other transfer of an interest in real property or mobile
7 home merely to secure a debt, or the assignment thereof; (xi) a
8 transfer or conveyance made under an order of sale by the court in a
9 mortgage or lien foreclosure proceeding or upon execution of a
10 judgment; (xii) a deed in lieu of foreclosure to satisfy a mortgage;
11 (xiii) a conveyance to the federal housing administration or veteran's
12 administration by an authorized mortgagee made under a contract of
13 insurance or guarantee with the federal housing administration or
14 veteran's administration; (xiv) a transfer in compliance with the terms
15 of any lease or contract upon which notice has already been given under
16 this chapter, or where the lease or contract was entered into before
17 the effective date of this act; or (xv) a transfer to a corporation or
18 partnership the majority interest of which is wholly owned by the
19 transferor.

20 (3) A "qualified tenant organization" means a formal organization
21 of tenants in the park in question, organized for the purpose of
22 protecting and promoting their rights as tenants, with membership made
23 available to all tenants with the only requirements for membership
24 being: (a) Payment of reasonable dues; and (b) being a tenant in the
25 park.

26 NEW SECTION. **Sec. 5.** If notice of a desire to purchase has been
27 given under section 3 of this act, a park owner shall notify the
28 qualified tenant organization that an agreement to purchase and sell
29 has been reached, the terms of the agreement, including the
30 availability and terms of seller financing, before closing a sale
31 with any other person or entity. If, within thirty days after the
32 actual notice has been received, the qualified tenant organization
33 tenders to the park owner an amount equal to two percent of the agreed
34 purchase price, refundable only according to this chapter, together
35 with a fully executed purchase and sale agreement at least as favorable
36 to the park owner as the original agreement, the mobile home park owner
37 must sell the mobile home park to the qualified tenant organization.
38 In the case of seller financing, a mobile home park owner may decline

1 to sell the mobile home park to the qualified tenant organization if,
2 based on reasonable and objective evidence, to do so would present a
3 greater financial risk to the seller than would selling on the same
4 terms to the original offeror.

5 Failure to perform under the terms of the agreement on the part of
6 the qualified tenant organization shall result in the forfeiture of the
7 two percent deposit and void the purchase and sale agreement. The
8 mobile home park owner may then sell the mobile home park to any party
9 at any time on any terms without regard to this section.

10 NEW SECTION. **Sec. 6.** Failure on the part of a mobile home park
11 owner to give notice as required by this chapter renders a sale of the
12 mobile home park that occurs within thirty days of the time the
13 qualified tenant organization knows or has reason to know that a
14 violation of the notice provisions of section 5 of this act has
15 occurred, voidable upon application to superior court after notice and
16 hearing. If the court determines that the notice provisions of this
17 chapter have been violated, the court shall issue an order setting
18 aside the improper sale. In an action brought under this section, the
19 court shall award the prevailing party attorneys' fees and costs. For
20 the purposes of this section, a "prevailing party" includes any third
21 party purchaser who appears and successfully defends his or her
22 interest.

23 NEW SECTION. **Sec. 7.** If a mobile home park owner gives written
24 notice to all tenants residing in the park, including new tenants at
25 the commencement of their tenancy, that he or she has a desire to
26 purchase their mobile homes, the mobile homes may be sold only
27 according to the following provisions:

28 (1) Before transfer of title to any other person or entity, the
29 mobile home owner shall notify the park owner if an agreement to
30 purchase and sell has been reached and specify the terms of the
31 agreement.

32 (2) If, within ten days of the notice, the mobile home park owner
33 tenders to the mobile home owner an amount equal to five percent of the
34 agreed purchase price, together with a fully executed purchase and sale
35 agreement, the mobile home owner must sell the mobile home to the
36 mobile home park owner.

1 (3) The mobile home park owner must then perform under the
2 agreement and stand ready to close the sale within thirty days of the
3 execution of the purchase and sale agreement. Failure to perform under
4 the terms of the agreement on the part of the mobile home park owner
5 results in the forfeiture of the five percent deposit and voids the
6 purchase and sale agreement.

7 (4) The rights of the mobile home park owner under the purchase and
8 sale agreement, including the deposit, are not forfeited if the
9 transaction fails to close due to no fault or inability to perform on
10 the part of the mobile home park owner.

11 (5) In the case of seller financing, the mobile home owner may
12 decline to sell to the mobile home park owner if, based on reasonable
13 and objective evidence, to do so would present a greater financial risk
14 to the seller than would selling to the original offeror.

15 NEW SECTION. **Sec. 8.** Failure on the part of a mobile home owner
16 to give notice as required by this chapter renders a sale of the mobile
17 home that occurs within sixty days of the time the mobile home park
18 owner knows or has reason to know that a violation of the notice
19 provisions of section 7 of this act has occurred, voidable upon
20 application to superior court after notice and hearing. If the court
21 determines that the notice provisions of this chapter have been
22 violated, the court shall issue an order setting aside the improper
23 sale. In an action brought under this section, the court shall award
24 the prevailing party attorneys' fees and costs. For the purposes of
25 this section a "prevailing party" includes a third party purchaser who
26 appears and successfully defends his or her interest.

27 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act shall
28 constitute a new chapter in Title 64 RCW.

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