

Legislative Analysis



MOBILE HOME PARK CHANGES

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<http://www.house.mi.gov/hfa>

House Bill 4886 as introduced
Sponsor: Rep. Joseph A. Aragona

Analysis available at
<http://www.legislature.mi.gov>

House Bill 4887 as introduced
Sponsor: Rep. Mike Mueller

House Bill 4888 as introduced
Sponsor: Rep. Donovan McKinney

House Bill 4889 as introduced
Sponsor: Rep. John Fitzgerald

Committee: Regulatory Reform
Complete to 2-26-24

SUMMARY:

House Bills 4886 to 4889 would modify different statutes relating to mobile home parks. Specifically, the bills would change provisions related to the licensing of mobile home park owners, the prohibited business practices by park owners, and other related topics.

House Bill 4886 would amend the Mobile Home Commission Act to provide procedures for a mobile home park owner to declare a mobile home abandoned. Specifically, the owner of a mobile home park could declare a mobile home owned by another person as abandoned if they have a good-faith belief that the owner of the mobile home has abandoned it. The good-faith belief would have to be based on reasonable evidence that includes any of the following:

- A failure by the mobile home owner to pay rent for 30 days or more.
- The disconnection of utility services in the mobile home for 30 days or more.
- Abandonment of the mobile home by the mobile home owner. A mobile home would be considered abandoned if the mobile home owner informs the owner of the mobile home park that they are abandoning the mobile home or if it appears that the mobile home has been vacant for 30 or more days.

Before declaring a mobile home abandoned, the owner of a mobile home park would have to do all of the following:

- Affix a notice of intent to declare the mobile home abandoned on the mobile home.
- Send a copy of the notice of intent by certified United States Postal Service (USPS) mail to the mobile home owner, all persons identified on any lease agreements between the mobile home park owner and the mobile home owner, and all lienholders listed on the mobile home owner's title.

Upon receiving the notice of intent, the mobile home owner or a lienholder could enter the mobile home park and remove the mobile home after paying all amounts owed to the mobile home park under the lease agreement. The person removing the mobile home would be responsible for any damage to the mobile home park that results from that removal.

Applying for Title

If the mobile home remains in the mobile home park for 30 days after the date the notice of intent was postmarked, all liens on the mobile home would be extinguished and the owner of the mobile home park could declare the mobile home abandoned and apply to the secretary of

state to obtain title to the mobile home. If the owner of the mobile home park applies for a title to the mobile home, they would have to include with the application an affidavit that includes all of the following statements:

- That the affiant is the licensed owner of the mobile home park in which the mobile home is located.
- That the title of the mobile home is being transferred to the licensed owner of the mobile home park in which the mobile home is located.
- That the mobile home park has complied with the requirements of the bill.

Within 30 days after receiving a title application and affidavit described above, the secretary of state would be have to issue title of the mobile home to the owner of the mobile home park.

If there is evidence of a USPS mail return receipt showing proof of deliver of the notice of intent described above from each lienholder described above, a title to a mobile home issued under the bill would be transferred to the mobile home park owner free of all liens.

If the owner of the mobile home park is unable to find the title to or locate the vehicle identification number (VIN) of the mobile home, they would have to prepare an affidavit stating that they inspected the mobile home but could not locate the title to or VIN of the mobile home. The affidavit would have to be sent to the secretary of state, who would have to issue a new title of the mobile home that contains its VIN within 30 days of receiving the affidavit.

Proposed MCL 125.2330j

House Bill 4887 would amend the Mobile Home Commission Act to change the unfair or deceptive methods, acts, or practices prohibited under the act.

Currently, the act prohibits the owner or operator of a mobile home park or seasonal mobile home park from engaging in or allowing an employee or agent to engage in various activities, including renting or leasing a mobile home or site in a mobile home park or seasonal mobile home park without offering a written lease.

The bill would amend this language to prohibit renting or leasing a mobile home or site in a mobile home park or seasonal mobile home park to a person that owns the mobile home located in that park without offering the opportunity to enter into a written lease or agreement that complies with the provisions that would be added to the Truth in Renting Act by House Bill 4889. The bill would also remove the operator of a mobile home park from the list of those prohibited from engaging in the specified practices.

MCL 125.2328

House Bill 4888 would amend the Mobile Home Commission Act to change the duties of the Department of Licensing and Regulatory Affairs (LARA), the topics covered by the rules promulgated under the act, and to the licensing requirements for owners of a mobile home park.

Duties of LARA

The act currently requires LARA to perform various duties related to mobile home parks, the Manufactured Housing Commission, and enforcing the act and its associated rules.

The bill would add a requirement that the department ensure that the commission meets not less often than once each calendar quarter and take all reasonable steps necessary to ensure that all members of the commission receive notice of scheduled meetings.

The bill would also add a requirement that the department employ an appropriate number of qualified employees as required to implement and enforce the act and the rules promulgated under it, including staff to conduct community inspections, review financial information, manage the licensing process, and investigate potential violations of the act and its rules. Beginning January 1, 2025, the department would have to employ at least three full-time employees whose sole duties are to perform the obligations under the act.

Mobile home code

The act requires LARA to promulgate the mobile home code and mandates certain topics that must be covered by the code.

The bill would newly require the section of the code governing the business, sales, and service practices of mobile home dealers to include either or both of the following:

- A requirement that a mobile home dealer's advertisements contain contact information.
- Parameters on dealer sales, financing practices, or the terms and conditions of the sale of a mobile home.

In addition, the bill would add provisions requiring the code to include rules governing all of the following:

- Inspections of mobile home parks and seasonal mobile home parks, including establishing standard procedures for inspections that include a comprehensive list of items a mobile home park or seasonal mobile home park must comply with to have a satisfactory inspection.
- Inspection of the books and records of mobile home parks or seasonal mobile home parks after giving the parks at least 10 days' written notice before inspection.
- The content of a mobile home park or seasonal mobile home park licensing form.
- Conduct in mobile home sales, including substituting of purchased mobile homes, removing equipment from mobile homes after the purchase agreement is executed, and revising a purchase agreement after it has been executed.
- Dealer sales financing practices, including the form of a retail installment sales agreement, prohibiting mandatory retailer-obtained financing or insurance of a mobile home as a condition of sale, and requiring a retailer to pay off a loan after taking a mobile home as a trade.
- Retailers' and retailers' agents' practices as well as prohibited practices, including violations of the act and its rules, acting on an unlicensed person's behalf, allowing a license to be used by an unlicensed person, disclosure of retailers' interest to third parties, and disclosure of retailers' interest in transactions.
- The hearing process for persons aggrieved by a local government's decision in relation to a mobile home park or seasonal mobile home park licensed under the act.
- The process for identifying, documenting, notifying, and undertaking enforcement measures against an unlicensed owner of a mobile home park or seasonal mobile home park.

All rules that were promulgated by LARA or the Manufactured Housing Commission and that are not rescinded on the bill’s effective date would be authorized, valid, and enforceable and would remain in effect until the earlier of December 31, 2025 or the date LARA promulgates rules under the bill.

Mobile home park owner licensing

Currently, the act provides that a person cannot operate a mobile home park or seasonal mobile home park without a license. The bill would change this requirement to apply to those who own a park, rather than operate one. Licenses under the act and the bill are valid for three years.

The bill would require the owner of a mobile home park or seasonal mobile home park to post a copy of their license in a conspicuous place and in an area that is accessible to all residents of the park.

The bill would also increase licensure fees, beginning October 1, 2024, as follows:

License Category	Current Fee	Proposed Fee
Mobile Home Park Owner	\$225 + \$3 for each home site in excess of 25	\$250 + \$4 for each home site in excess of 25
Seasonal Mobile Home Park Owner	\$120 + \$1.50 for each home site in excess of 25	\$200 + \$2 for each home site in excess of 25

Notice and penalties

The bill would require a person to apply for licensure within 30 days of becoming the owner of a mobile home park or seasonal mobile home park. If LARA determines that an owner of a park is unlicensed, it would notify the owner in writing regarding the lack of a license and provide them with an application for licensure. The written notice would have to require the unlicensed owner to apply for licensure within 30 days. LARA would also have to forward a copy of the notice to the clerk of the municipality where the park is located.

If an unlicensed owner does not apply for licensure within the 30-day period, LARA would have to impose a fine of up to \$100,000 after notice and a hearing provided under the Administrative Procedures Act. Collected fines would be deposited with the state treasurer and credited to the Mobil Home Code Fund.

The bill would require the department to notify the attorney general of any unpaid fines for a violation of the act. The attorney general would then be required to bring civil action in a court of competent jurisdiction to recover the fine.

Fines imposed for a violation of the act, including those described above, could be collected by the imposition of a judgment lien by a court or by obtaining a writ of garnishment against the person determined to have violated the act. A writ of garnishment would have to be issued by a court of competent jurisdiction and directed to the state or the state treasurer to satisfy the fine. To obtain a writ of garnishment, LARA would need to comply with the requirements of Chapter 40 of the Revised Judicature Act.

Database

Finally, the bill would require LARA to establish or cause to be established, by January 1, 2025, a public database on its website containing the contact information, license number, and current licensing status of every owner of a mobile home park or seasonal mobile home park, mobile home dealer, and mobile home installer or repairer. The database would have to be updated within 30 days of a change in licensure status.

LARA would have to provide a means for an owner of a mobile home park or seasonal mobile home park, mobile home dealer, or mobile home installer or repairer to update their contact information. Every owner of a mobile home park or seasonal mobile home park would have to designate an individual that is an officer, director, or employee of theirs to communicate with LARA and provide that individual's contact information, including their current street address, monitored email address, and operational phone number.

The owner of a mobile home park would have to notify LARA of any of the following within 30 days of their occurrence:

- A sale of a mobile home park.
- A change of a designee of the owner of a mobile home park.
- A change in the email address, mailing address, or business address of the owner of a mobile home park.

LARA also would have to establish a method for the public to submit a reporting form on its website regarding potentially unlicensed owners of a mobile home park or seasonal mobile home park, mobile home dealers, or mobile home installers or repairers.

MCL 125.2304 et seq.

House Bill 4889 would amend the Truth in Renting Act to include requirements for a lease or agreement for a mobile home park or seasonal mobile home park, in addition to those required by other parts of the act or other laws.

Specifically, the bill would require that a lease or agreement for a mobile home park or seasonal mobile home park be signed by the owner of the park and include:

- The date the lease begins.
- The amount the tenant agrees to pay the park for rent or any incidental charges, including a statement of whether utilities are included in the rent.
- The contact information of the owner of the park.
- The amount of time the tenant must provide if they intend to terminate the lease or agreement.
- The following statements:
 - That the tenant is authorized to sell the mobile home and the mobile home can remain in the park if all the following conditions are met:
 - The owner of the park determines that the purchaser qualifies for tenancy.
 - The owner of the park enters into a separate lease or agreement with the purchaser.
 - The mobile home and any attachments to the mobile home comply with the rules and regulations of the park.

- That the tenant is authorized to assign the tenant’s lease to an assignee if all of the following conditions are met:
 - The owner of the park determines that the assignee qualifies for tenancy.
 - The owner of the park enters into a separate lease or agreement with the assignee.
 - The mobile home and any attachments to the mobile home comply with the rules and regulations of the park.
- That the tenant is authorized to post a “FOR SALE” sign on their mobile home as long as the sign complies with the rules and regulations of the park.

The bill would also require the owner of a mobile home park or seasonal mobile home park to provide a copy of the park’s rules and regulations and the lease or agreement to the tenant, at no charge, at the beginning of the tenancy or a reasonable time after the tenancy begins. The owner of park would also have to give the tenant access to an electronic copy of the park’s rules and regulations and the lease or agreement upon request of the tenant.

MCL 554.636 and proposed MCL 554.634a

None of the bills can take effect unless all of them are enacted.

FISCAL IMPACT:

House Bill 4886 could result in a marginal increase in fee revenue to the Mobile Home Code Fund should it lead to an increase in title transfers following declarations of mobile homes being abandoned. The secretary of state collected \$2.6 million in mobile home title and license fees in FY 2021-22. Revenues to the Mobile Home Code Fund are used to regulate the manufactured housing industry and to fund the Manufactured Housing Commission, the Bureau of Construction Code, and the Bureau of Fire Safety in LARA.

House Bill 4887 would not have any fiscal impact on units of state or local government.

House Bill 4888 would have significant fiscal implications for LARA, namely by increasing regulatory costs that the department is likely to incur and by revising licensure fee amounts. A detailed analysis of the impact from fee changes is in progress. The net fiscal impact of the bill is presently indeterminate, as it is unclear whether additional revenues from the fee revisions contained within the bill would offset any increased departmental costs.

The bill would allow for the imposition of an administrative fine of up to \$100,000 if an owner of a mobile home park or seasonal mobile home park is unlicensed. The amount of revenue from this fine would depend on the number of violations and it presently indeterminate. Revenue from this fine would be deposited to the Mobile Home Code Fund, which is a state restricted fund that is used (subject to legislative appropriation) for the operation of the Bureau of Construction Codes and indirect overhead expenses of LARA.

The bill would likely increase LARA's regulatory costs by an indeterminate amount. The bill would require LARA to employ "an appropriate number of employees with the appropriate qualifications as required to implement and enforce this act and the rules promulgated under this act." The bill specifies that additional staff would conduct community inspections, review

financial information, manage the licensing process, and investigate potential violations. The department anticipates that the cost to comply with the requirements under the bill would total \$395,000 annually. The department currently has staffing that fulfill these functions, so the actual increase would likely be less than \$395,000, as the required change would likely involve a realignment and potential expansion of current staff responsibilities.

LARA would also be required to create a publicly accessible database of mobile home park owners, mobile home dealers, and mobile home installers and repairers. The cost of creating and maintaining the database with the functionality required under the bill is presently indeterminate, but could result in higher costs for the department.

The Department of Attorney General (AG) would be responsible for bringing civil action to recover unpaid fines from mobile home park owners under the bill. Depending on the number of civil actions brought by this requirement, the AG may require additional personnel to cover all required legal services. If existing AG staff is insufficient, additional state costs of approximately \$100,000 annually for any additional support staff FTE position and \$200,000 annually for any additional attorney FTE position may be required.

House Bill 4889 would not have any fiscal impact on units of state or local government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.