



SPONSOR: Sen. Hoffner & Rep. Carson

DELAWARE STATE SENATE
152nd GENERAL ASSEMBLY

SENATE BILL NO. 310

AN ACT TO AMEND TITLE 25 OF THE DELAWARE CODE RELATING TO MANUFACTURED HOME TITLE TRANSFERS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend Title 25 of the Delaware Code by making deletions as shown by strike through and insertions as
2 shown by underline as follows and by redesignating accordingly:

3 § 7003. Definitions.

4 For purposes of this chapter:

5 () “Heir” means someone who obtains an interest in a manufactured home as the result of the death of another
6 person. This includes obtaining an interest through a will, intestate succession, or transfer on death designation.

7 § 7007. Manufactured home standards.

8 (c) Standards for manufactured homes for resale or transfer of title and retention in the manufactured home
9 ~~community.~~ — community.

10 ~~(1)~~ A landlord shall adopt reasonable written standards regarding the resale or transfer of title of a
11 manufactured home intended for retention in the landlord’s manufactured home community. The standards must
12 relate only to appearance, maintenance, safety, and compliance with state and local housing, building, or health
13 codes, and the 1976 HUD Code. A landlord may not issue standards in which the age of a manufactured home is
14 the exclusive or dominant criterion prohibiting the home from being sold and retained in the community after the
15 sale is consummated.

16 ~~(2) If a manufactured home does not meet a landlord’s written standards for resale or transfer of title and~~
17 ~~retention in the manufactured home community, a tenant may attempt to bring the home into compliance with the~~
18 ~~standards. The landlord shall, within 10 days of a written request from the tenant, reevaluate the home in a~~
19 ~~reasonable and fair manner.~~

20 § 7008. Provisions of a rental agreement.

21 (b) A rental agreement for a lot in a manufactured home community may not contain any of the following:

(22) A provision that terminates a lease due to the death of any tenant, including one that terminates due to the death of the last remaining tenant.

§ 7013. Manufactured home transfer; rented lot transfer.

(a) This section governs the sale, conveyance, or transfer of title of a manufactured home which is already located in a manufactured home community, which the buyer or transferee intends to retain in the manufactured home community. This section further extends to the landlord the right to purchase any manufactured home in the community for 1% higher than the contract price at which the tenant has agreed to sell the home to a third party.

(b) A rental agreement for a lot in a manufactured home community transfers automatically under the following circumstances:

(1) To the buyer or transferee of a manufactured home from a previous homeowner or heir of a deceased homeowner.

(2) To the heirs of a deceased homeowner.

(3) To the estate of a deceased homeowner.

a. A community owner may not terminate a lease due to the death of a tenant, including the last living tenant on the lease.

b. An heir who obtains an interest in a manufactured home may not be required to complete a tenant application unless the heir intends to reside in the home.

1. An heir who intends to reside in the home may only be required to submit to the criminal background portion of a tenancy application.

2. A community owner may not prohibit an heir with only a partial ownership interest in the manufactured home from residing in the community. If there is more than one heir and fewer than all of the heirs reside in the home, it is not a violation of any lease provision that may prohibit such an arrangement, including any provisions against subletting.

c. It is not a violation of any lease provision for some or all of the heirs not to reside or occupy a home for any period of time. The heirs or the estate of the deceased homeowner must still comply with lease provisions regarding payment of rent and maintenance of the home and lot.

d. It is a defense to a summary possession action for nonpayment of rent that circumstances surrounding the administration of the estate prevented payment of the rent within otherwise allowed time period. The estate or the heirs may still be held responsible for late fees and court costs.

(c) Right of first offer.

52 (1) An owner of a manufactured home who intends to sell the home shall provide the community owner
53 with notice of the intent to sell. The notice must contain an offer to the community owner to purchase the home at
54 a price demanded by the homeowner. There are no other formal requirements for the contents or form of the
55 notice, and the homeowner may set the amount of time needed prior to the sale of the home.

56 (2) The notice under this subsection must be sent in writing, which includes electronic communications if
57 the community owner or its agents have a known email address or have used any written electronic
58 communications in the past to communicate with residents. The notice may be sent to the community owner at its
59 address registered with DEMHRA or at any address it uses to regularly conduct business with residents.

60 (3)a. The community owner must respond within 7 days of the date the notice was sent and must indicate
61 whether it is accepting the offer or declining it. The 7 days may not be extended due to any requests by the
62 community owner, including requests for additional information or inspections.

63 b. If the community owner declines the offer, it may make a one-time counteroffer to the
64 homeowner.

65 c. The homeowner has 7 days from receipt of a counteroffer under paragraph (3)b. of this section
66 to accept any such counteroffer. If the homeowner chooses not to accept the counteroffer, it may proceed
67 with a sale of the home to a buyer other than the community owner.

68 (4) If the community owner declines an offer made under subsection (1) of this section or the homeowner
69 does not accept any counteroffer made under subsection (3) of this section, the community owner may no longer
70 interfere or attempt to prevent the sale of the home or transfer of the lease in any way.

71 (5) A homeowner does not need to provide an offer to sell under this subsection under the following
72 circumstances.

73 a. If the sale, transfer, or conveyance of the home is to a family member of the homeowner or to
74 a trust, the beneficiaries of which are family members of the homeowner on the modified Table of
75 Consanguinity; or the sale, transfer, or conveyance is to a family member of the homeowner on the
76 modified Table of Consanguinity, under § 7014 of this title, who is included within the line of intestate
77 succession if the homeowner dies intestate.

78 b. The sale, transfer, or conveyance of the home is between joint tenants or tenants-in-common.

79 c. The transfer or conveyance is by gift, devise, or operation of law.

(d)(1) If the community owner declines the offer to purchase the home, it may conduct an exterior inspection of the home to determine if the home qualifies for retention in the manufactured home community according to written standards promulgated under § 7007 of this title.

(2) If the community owner chooses to conduct an inspection under this subsection, it must do so within 7 days of declining the offer to purchase without making a counteroffer or within 7 days of the homeowner declining or allowing a counteroffer to expire.

(3) Within 3 days of the inspection under this subsection, the community owner must provide a written list, with references to the applicable rules, of any conditions in violation of the standards.

(4) A buyer or transferee who becomes a tenant in a manufactured home community has 3 years from the date of the resale or transfer to complete changes to the buyer or transferee's manufactured home required under the written standards of the manufactured home community. Once the work begins on the manufactured home on a specific item from the list, the necessary changes for that item must be completed within a reasonable time.

(e) A buyer or transferee who does not complete required changes under subsection (d) of this section is subject to a summary possession proceeding pursuant to Chapter 57 of this title.

(f)(1) A community owner may require a prospective transferee to complete an application for tenancy in the community and may charge a fee under § 7020(d) of this title. The application may be requested and submitted at any time prior to the transfer of the home, and a contract for sale is not required for a prospective buyer to submit an application and have it considered.

~~(b)(1) A rental agreement for a lot in a manufactured home community is only transferable from an individual tenant, or heir, who owns the manufactured home on the lot under the rental agreement to a transferee to whom the tenant intends to sell or transfer title to the home, if all of the following apply:~~

~~a. The home qualifies for retention in the manufactured home community according to written standards promulgated under § 7007 of this title. The community owner may conduct an exterior inspection of the home to determine if it qualifies for retention consistent with the written standards.~~

~~b. After a review of the proposed rental agreement transferee's written application, the landlord accepts the proposed rental agreement transferee as a tenant.~~

(2) Acceptance or rejection of a proposed rental agreement transferee under this subsection must be on the same basis by which the landlord accepts or rejects any prospective tenant.

(3) A landlord must give the rejected proposed rental agreement transferee a written statement that explains the specific eligibility requirement not satisfied and the grounds for the rejection.

(4) Within ~~15~~ 10 days of the receipt of a completed application package of the prospective tenant, including the applicable fee, ~~under subsection (c) of this section~~, a landlord must provide written notice, to the tenant under the lot rental agreement and the proposed rental agreement transferee, that states whether the proposed rental agreement transferee is accepted or rejected. If the application is rejected, the notice must comply with paragraph ~~(b)(3)~~ (d)(3) of this section.

~~(c) A tenant who owns a manufactured home in a manufactured home community, and plans to sell, convey, or transfer title to the home to a buyer or transferee who intends to retain the home in the manufactured home community, must notify the landlord in writing 3 weeks prior to the scheduled sale, conveyance, or transfer of title of the manufactured home and the transfer of the lot rental agreement, giving the name and address of the prospective buyer or transferee, along with a written statement or a proposed bill of sale clearly indicating the agreed sale price and terms. Failure on the part of a tenant to so notify the landlord is grounds for termination by the landlord of the tenant and landlord's rental agreement.~~

~~(1) The landlord has the right to purchase the home at a price of 1% higher than the contract price and under the same terms at which the tenant has agreed to sell the home to a third party.~~

~~(2) If the landlord wishes to purchase the home at 1% higher than the contract price and under the same terms at which the tenant has agreed to sell the home to a third party, the tenant must sell the home to the landlord.~~

~~(3) Upon receipt of the name and address of the prospective buyer or transferee and the agreed sale price and terms, the landlord shall notify the tenant in writing within 5 business days that the landlord is exercising the right to purchase the home. If the landlord does not notify the tenant in writing under § 7015 of this title within 5 business days that the landlord is exercising the right to purchase the home, the right of the landlord to purchase the home expires.~~

~~(4) The landlord's notice must be sent to the tenant under § 7015 of this title. The notice must clearly state that the price and terms are acceptable, and must set a settlement date within 14 days.~~

~~(5) The right of the landlord to purchase a tenant's home does not extend to the following circumstances:~~

~~a. A bank, mortgage company, or any other mortgagee has foreclosed on the home.~~

~~b. The sale, transfer, or conveyance of the home is to a family member of the homeowner or to a trust, the beneficiaries of which are family members of the homeowner on the modified Table of Consanguinity; or the sale, transfer, or conveyance is to a family member of the homeowner on the modified Table of Consanguinity, under § 7014 of this title, who is included within the line of intestate succession if the homeowner dies intestate.~~

~~c. The sale, transfer, or conveyance of the home is between joint tenants or tenants in common.~~

140 ~~d. The transfer or conveyance is by gift, devise, or operation of law.~~

141 ~~(6)(g)(1)~~ A landlord may not engage in any act or activity with the intention of placing undue influence or undue
142 pressure on a tenant to sell the tenant's home to the landlord.

143 a. A tenant may file an action in a court of competent jurisdiction for actual damages sustained
144 when the tenant reasonably believes that the landlord wilfully has done any of the following:

145 1. Exerted undue influence or undue pressure on the tenant to sell the tenant's home to
146 the landlord.

147 2. Exerted undue influence or undue pressure on a former tenant which resulted in the
148 sale of the former tenant's home to the landlord.

149 3. Did not evaluate the home in a reasonable and fair manner when applying written
150 standards for resale or transfer of the manufactured home in the community under § 7007(c) of
151 this title.

152 4. Unreasonably denied a prospective tenant's application for residency in the
153 community.

154 5. Engaged in any other actions that a reasonable person under the circumstances would
155 find had the purpose of preventing the transfer of the home or the lease.

156 ~~b. It is an affirmative defense to a claim that a landlord engaged in an act or activity with the~~
157 ~~intention of placing undue influence or undue pressure on a tenant or former tenant by initiating a rent~~
158 ~~increase, if the landlord provides proof that the increased rent is within the range of market lot rents.~~

159 c. If a court finds that a landlord has wilfully engaged in any of the acts enumerated in paragraph
160 (c)(6)a. of this section, the landlord is liable to the tenant or former tenant for 3 times the actual damages
161 sustained as a result of the landlord's acts and reasonable court costs or 3 times the monthly rent,
162 whichever is higher.

163 (2) Violations by a community owner of this section is an unlawful practice under § 2513 of Title 6 and a
164 violation of subchapter II of Chapter 25 of Title 6.

165 ~~d. If a finds that a landlord has wilfully engaged in an act or activity with the intention of placing undue influence~~
166 ~~or undue pressure on a current or former tenant in order to purchase the current or former tenant's home, the landlord may~~
167 ~~not exercise that landlord's own right to buy any tenant's home for 365 days. Each offense is subject to a 365-day penalty.~~

168 ~~(d) If a landlord accepts a proposed rental agreement transferee, the transfer of an existing rental agreement must~~
169 ~~be completed using 1 of the following 2 methods at the exclusive discretion of the individual tenant, or heir, under the lot~~

rental agreement for the manufactured home, and the proposed rental agreement transferee and landlord are bound by that selection:

(1) The tenant proposing to transfer the existing lot rental agreement agrees to an assignment of the lot rental agreement to an approved rental agreement transferee, with all of the existing obligations and benefits, including the rental amount under the existing rental agreement, for the remaining term of the agreement.

a. If the method under paragraph (d)(1) of this section is selected, the existing rental agreement between the existing tenant and the landlord is simultaneously assigned by the existing tenant and assumed by the approved rental agreement transferee and the approved rental agreement transferee becomes the new tenant.

b. Upon the sale, assignment, and assumption, the landlord must amend the existing lot rental agreement and list the approved rental agreement transferee as the new tenant.

(2) The tenant who is selling the manufactured home chooses to terminate the existing lot rental agreement. The buyer must then negotiate the terms of and enter into a new rental agreement for a full term at a rental amount set by the landlord. If this method is selected, the existing rental agreement is terminated upon the execution of the new rental agreement.

(e) Notwithstanding the provisions of this section and § 7007 of this title, written standards which were in effect on January 1, 2003, relating to the sale or transfer of title of a manufactured home for retention in a manufactured home community will apply for a sale or transfer of title during 2003. For a sale or transfer on January 1, 2004, and thereafter, standards promulgated under § 7007 of this title apply. In addition, a buyer or transferee who becomes a tenant in a manufactured home community has 3 years from the date of the resale or transfer to complete changes to the buyer or transferee's manufactured home required under the written standards of the manufactured home community. However, if the changes are necessary to protect life or for other safety reasons, the landlord may require that changes be made in less than 3 years. Further, if a seller-tenant does not make necessary changes to meet the standards prior to sale, the buyer or transferee shall deposit 120% of the estimated cost of the changes necessary to meet the standards into an account jointly controlled by the landlord and the buyer or transferee. Once work begins on the manufactured home, the necessary changes must be completed within a reasonable time.

(f) A buyer or transferee who does not complete required changes under subsection (e) of this section is subject to a summary possession proceeding pursuant to Chapter 57 of this title.

SYNOPSIS

This Act updates the procedures governing the transfer of a manufactured home located in a manufactured home community in order to provide a clearer process and reduce ambiguities that allowed some community owners to prevent the transfer of a lease or a home as well as prevent family members from inheriting the investment made by a deceased family member in a home.

