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#### MRL 101 PRESENTATION

#### HOSTED BY:

GOLDEN STATE MANUFACTURED-HOME OWNERS EDUCATION FUND

**QUESTION 1:** Who enforces the Mobilehome Residency Law (MRL)?

ANSWER: YOU DO! There is no MRL "police", and law enforcement officials are often too busy or unknowledgeable about the MRL. And there are limitations on what District Attorneys, County Counsels or City Attorneys can do to help. It is rare that criminal prosecutions occur, and even for civil actions government officials must be convinced that there is a winnable case. But help has arrived in the form of the Mobilehome Residency Law Protection Act (MRLPA), which enable homeowners to file a complaint for MRL violations with the Department of Housing and Community Development (HCD). The most egregious violations shall be referred to a local legal provider for enforcement if the issue cannot be resolved.



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QUESTION 2: Is a trailer or RV treated the same as a mobilehome under the MRL?

ANSWER: A trailer or RV occupying a mobilehome site for 9 or more continuous months <u>is</u> treated the same as a "mobilehome" under the MRL <u>except</u> in connection with resale protections contained in 798.73. A park owner <u>can</u> thus require the removal of a trailer or RV from the park as a condition of its sale. Otherwise, all protections and provisions of the MRL apply equally to RVs if the 9 month occupancy requirement is met.

RELATED QUESTION: Is a "Park Model" home a mobilehome or an RV?

ANSWER: Yes, due to the characteristics of its size and construction it is by definition an RV.



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**QUESTION 3:** Does the MRL consider you to be a homeowner or a tenant?

ANSWER: Both. You are not merely a "tenant". You are a "homeowner" as defined in Civil Code 798.9, but you also have a tenancy as defined in section 798.12. Mobile homeowners are treated as "tenants" under the general eviction laws. You are treated as a "homeowner" under the foreclosure laws. So to be accurate, you are a "Homeowner" with "tenancy" rights.



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**QUESTION 4:** What documents are incorporated by reference into mobilehome lease or rental agreement?

ANSWER: According to Civil Code 798.15, both park rules and regulations and the MRL are deemed to be a part of any lease or rental agreement and incorporated by reference in it, even if the terms of the agreement do not say so. This means that rules are considered to be part of your contractual relationship with the park owner, and if not enforced by management a breach of contract might be alleged.



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QUESTION 5: If a park rule or rental agreement contradicts the MRL, which one applies?

ANSWER: Since the MRL is a state law which cannot be waived in a rental agreement (see 798.19), the MRL <u>always</u> governs, and prevails over provisions in rules or rental agreement/leases. Any rules or rental agreement/lease terms which contradict the MRL are unenforceable, even if signed by the homeowner.



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QUESTION 6: Do prospective buyers have the same protections as homeowners in connection with the offering of leases and rental agreements?

ANSWER: No. Until a mobilehome buyer signs a rental agreement they do not have a tenancy, and thus are not a homeowner. Only homeowners, i.e. those who have already signed a lease or rental agreement and have a tenancy, are protected by the provisions of 798.17 and 798.18.



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QUESTION 7: Can management offer a TV, microwave or similar "gift" to induce you to sign of a lease?

ANSWER: Yes. 798.17 (d) provides that management cannot offer a rental rate reduction, but <u>can</u> offer gifts.



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**QUESTION 8:** Which leases/rental agreements are exempt from local rent control?

ANSWER: Civil Code 798.17 has long provided that any lease or rental agreement with a term in excess of 12 months is exempt from local rent ordinance (RSO) protections. The industry calls these "long-term leases".

However AB 2782 which took effect January 1, 2021 ends this exemption and provides as follows:

- 1. All leases of any length signed <u>on or after February 13, 2020</u> are longer be exempt from local RSO, and local RSO rent limitations will apply to protect those residents regardless of what the lease provisions say. The local RSO pre-empts the lease.
- 2. All leases with a term 12 months or longer signed <u>prior to</u> <u>February 13, 2020</u> remain exempt from RSO until they expire, or until January 1, 2025, whichever occurs first. If renewed, the exemption continues to apply until January 1, 2025.



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QUESTION 9: What types of lease terms must be offered to Homeowners?

ANSWER: Civil Code 798.17 and 798.18 provide that a park owner must offer a Homeowner a choice of rental agreements with a term of 12 months, a lesser term (including month-to-month) as requested by the resident, or a longer term (such as five years) as mutually agreed upon.



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QUESTION 10: Can a Homeowner ever be required by management to sign a new rental agreement?

ANSWER: No! An existing Homeowner who already has a tenancy cannot be required to sign a new rental agreement or lease. The MRL only requires that new residents sign a rental agreement as a condition of park occupancy.



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QUESTION 11: Do park rules apply to park management the same as Homeowners?

ANSWER: Yes, according to Civil Code 798.23, except for (1) senior park age restrictions or (2) where their duties require that a rule be violated (i.e. parking in a fire lane during an emergency situation). Effective January 1, 2021, this section provides that a park owner cannot rent or sublease homes if the park rules prevent Homeowners from doing so.



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QUESTION 12: What procedure must be followed by management to amend rules or regulations?

ANSWER: Civil Code 798.25 provides that a meeting with residents must first be noticed and held after written notice of the rules change is given. There is no requirement that management do anything other than show up, explain the rule and listen. Residents have no veto power to block implementation of rules. All rules can be unilaterally created by the park with the exception that a rule requiring mandatory arbitration, or a rule that is "unreasonable" is not enforceable. New Rules require 6 months to take effect, except rules recommon area facilities or required by a change in law, which take effect 60 days later.

Beware: If a Homeowner agrees in writing the new rule takes effect immediately.



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QUESTION 13: Can the park manager ever enter you home?

ANSWER: Civil Code 798.26 says <u>only</u> in the event the home is abandoned or in an emergency situation.



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**QUESTION 14:** Can the park manager enter your lot?

ANSWER: Yes, per Civil Code 798.26, to read utilities, trim trees, perform maintenance where residents fail to do so, or to protect the park. Management cannot invade privacy in doing so.



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QUESTION 15: Can "capital improvement" expenses be passed through to residents by management?

ANSWER: Yes, if a mechanism exists for doing so. The California Supreme Court ruled in *Cacho v. Boudreau* that a park can pass through property taxes. Previous cases have held that street repairs can also be passed through separate from rent. There must be either a lease provision authorizing the pass through or where there is local rent control the ordinance provisions must be followed.



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QUESTION 16: True or False: Responsibility for maintaining, trimming or removing a tree is determined by who originally planted the tree.

ANSWER: False. See Civil Code 798.37.5. It does not matter whether the park or the resident originally planted the tree. The park owner is responsible to maintain or remove trees which are a hazard or health and safety violation. Residents are responsible for all other tree maintenance.



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QUESTION 17: Can a cleaning deposit be required by management for a GSMOL or HOA meeting?

ANSWER: No. Civil Code 798.51 (b) says liability insurance cannot be required for noncommercial meetings related to mobilehome living, even if guests or non-residents are attending, as long as a resident is "hosting the meeting and all homeowners or residents of the park are allowed to attend." Presumably this includes the park manager.



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QUESTION 18: Can your tenancy be terminated when the term of a lease or rental agreement expires?

ANSWER: No. A mobilehome tenancy can <u>only</u> be terminated "for cause" based upon one of the 7 enumerated reasons in Civil Code 798.56. Otherwise, it can continue indefinitely without the necessity of a particular lease term, as long as the Homeowner desires. The 7 reasons:

- -Failure to timely Pay Rent by 6<sup>th</sup> day of the month when due
- -Violation of a reasonable rule or regulation
- -Code violations on the mobilehome
- -Criminal convictions for certain acts committed on park premises
- -Substantial annoyance of other residents
- -Conversion or closure of the park
- -The park property is taken by Imminent Domain



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QUESTION 19: Does the MRL protect residents from conversion of the park to another use?

ANSWER: Civil Code 798.56 (g) requires at least 6 months' written notice, and usually 12 months. A local conversion ordinance ensures that residents receive relocation benefits or are "bought out" at fair market "in place" value. AB 2782 which took effect January 1, 2021 provides as follows:

Former law provided that local governments <u>may</u> require a park owner to mitigate the impact of a park conversion/closure by purchasing the resident's home via a fair market value "buyout" when the resident cannot be relocated to new housing (which commonly is the case). AB 2782 <u>requires</u> park owners to compensate displaced residents by paying fair market value for their homes where the resident(s) cannot be relocated to another mobilehome park. The right to be compensated for one's home equity is thus made a guaranteed provision in State law. AB 2782 also:

- 1. Prohibits a local jurisdiction (City or County) from approving a change of use of the park <u>unless</u> there is a finding that the closure or conversion will <u>not</u> result in a shortage of affordable housing within the local jurisdiction; and
- 2. Requires the park owner to pay for, and include in any Conversion Impact Report, an appraisal of the resident's mobilehome prepared by a state-certified appraiser that determines its market value for purposes of calculating the fair market value "buy out".

A local government can adopt more stringent protections if they wish to do so.



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<b>QUESTION 20:</b>	In order for a park owner to enforce a rule or regulation, it
must be	

ANSWER: According to Civil Code 798.56(d) the rule or regulation must be <u>"reasonable"</u> to be enforceable. This term can be subject to interpretation, but usually means there is a rational or factual basis for the rule and it applies equally to all residents. Often "reasonableness" is measured by whether there is a good faith business justification for the rule, and whether it is costly to perform.



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QUESTION 21: Can a Park Owner be required to continue to operate as a Senior Park?

ANSWER: Yes. The Federal Ninth Circuit Court of Appeals case of *Putnam Family Partnership LLC v. City of Yucaipa*, ruled that a local city ordinance which prohibited conversion of senior parks to all-age housing was enforceable. The City of Yucaipa created a "Senior Park Overlay District" which required parks to continue to operate as "senior" housing facilities. The court held that as long as the City clearly expressed intent to provide senior housing when the District was created, the decision to do so was intentional, and published policies demonstrated that intent, the overlay district was permissible. Other jurisdictions have passed similar Ordinances, which are the best protection for senior park status.



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QUESTION 22: Can a bank cure a rent default if the resident hasn't paid rent within the 3-day notice period?

ANSWER: Yes. Civil Code 798.56 (e)(6) provides that a Lender may cure a rent default within 30 days after receiving notice of termination, up to twice per year. Thus, even when it is too late for the resident to make payment, a bank can still do so. This is a valuable remedy for Homeowners facing eviction and should always be attempted.



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QUESTION 23: Can a park owner prohibit open houses?

ANSWER: Maybe. According to Civil Code 798.70, "open house" signs can be prohibited. But section 798.71 provides that management cannot prohibit the listing or sale of a mobilehome. Since open houses are typical sales techniques, it can be argued that they cannot be prohibited, as long as no signs are displayed to advertise it in the park.



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QUESTION 24: Upon what grounds may a park owner lawfully turn down a prospective purchaser who applies for tenancy?

ANSWER: Civil Code 798.74 provides only two grounds for denial: (1) a demonstrated failure to follow rules based upon prior tenancies, such as prior evictions, or (2) financial inability to pay rent. This requires the applicant to pass a credit check and also have adequate income to qualify, which is usually a "3 to 1" ratio of income over housing related expenses. Recent amendments obligate management to consider various types of financial "proof" or records which a buyer might submit.



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QUESTION 25: Can an heir who inherits a mobilehome still qualify for tenancy if they do not meet the park's senior park guidelines?

ANSWER: Yes, unless the park rules establish a minimum age, such as 45 or 55 for all residents. If rules only require that one person be 55 or older in 80% of the spaces, then Vol. 54, page 3255 of the Federal Register re: the 1988 Fair Housing Act provides that heirs may fall into the 20% exception which does not violate the Act, and can thus qualify for tenancy without jeopardizing the park owner's Federal Law exemption.



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QUESTION 26: When can lot lines be moved, and who establishes them?

ANSWER: Title 25 of the California Code of Regulations. Article 2, section 1105 requires a permit from HCD and homeowner consent before lot markers or lines can be moved. HCD enforces Title 25, and determines whether lot lines are adequately marked or whether there are encroachments or setback violations.



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QUESTION 27: Is a person who rents a mobilehome from another person or a park owner (i.e. a "renter") a "homeowner" under the MRL?

ANSWER: A 2012 written Opinion from the California Legislative Counsel confirmed that the renter is a "resident", and thus entitled to all MRL protections which pertain to a "resident", but is <u>not</u> a "homeowner", and thus is <u>not</u> entitled to the MRL protections pertaining to "homeowners". Thus, renters can be evicted under general landlord-tenant law and the MRL does not apply.



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QUESTION 28: What is the Mobilehome Residency Law Protection Program (MRLPP) and how does it work?

ANSWER: The MRLPA was enacted in 2018 to provide a complaint procedure where the HCD will field complaints and refer the most egregious MRL violations to local non-profit legal providers at no cost to homeowners. (See MRLPA separate handout)



# THE MOBILEHOME RESIDENCY LAW PROTECTION ACT (MRLPA) FREQUENTLY ASKED QUESTIONS (FAQ) CALIFORNIA HEALTH & SAFETY CODE 18800

#### 1. Q: What does this new Law do?

A: The "Mobilehome Residency Law Protection Act" ("Act") passed in 2018 (AB 3066), establishes a complaint and enforcement system for violations of the Mobilehome Residency Law, found at California Civil Code 798, et seq. (MRL).

#### 2. Q: How does the new "Act" work?

A: Complaints by homeowners and residents alleging violations of the MRL by management or park owner are submitted to a new division of the California Department of Housing & Community Development (HCD). HCD shall review and perform a "triage" of the submitted complaints, and select the most egregious for referral to local nonprofit legal provider offices.

#### 3. Q: Where will the Act be codified?

A: AB 3066 is <u>not</u> an amendment to the MRL, but rather shall become a part of the "Mobilehome Parks Act" in Health & Safety Code 18800. This Chapter of law contains and specifies the power of HCD to enforce the Codes and Standards for Mobilehome Parks. The new section which contains the "Act" shall give HCD new power to review MRL violations, and then send them out to local nonprofit legal agencies for enforcement.

# 4. Q: Will I have to pay if my complaint goes to court?

A: NO! There is **NO charge** to the complaining homeowner or resident: The Act prohibits legal service providers from charging a homeowner any fees for any services performed in connection with an MRL complaint referred to it by HCD.

### 5. Q: Who pays the cost for HCD to implement and administer this new program?

A: Park Owners will pay an annual fee of \$10.00 for each space in their park. They are allowed to pass this fee on to homeowners. Therefore, homeowners can be charged \$10.00 per year (about 83 cents a month). This amount will be shown as a separate line item on the rent statement once per year, and shall not be included in the base rent amount. Homeowners should think of this as an inexpensive and affordable cost of "insurance" that gives them access to legal services and a way to fight back against park owner abuses.

# 6. Q: Will those residents living in all resident-owned parks also be obligated to pay annual the fee?

A: Yes, because some resident owned communities are subject to the MRL, or contain spaces that may be subject to the MRL.

# 7. Q: What kinds of complaints will be processed by HCD pursuant to the Act?

A: Only those which are determined to constitute violations of the MRL.

## 8. Q: How will homeowners know which complaints are violations of the MRL?

A: GSMOL will be working with local Chapters and its Zone and Region leaders to help homeowners become more familiar with the kinds of issues that the MRL covers.

# 9. Q: If multiple complaints are received involving the same park owner or same park management, will they be consolidated or more likely to get treatment or attention?

A: Yes. The Act provides that where there is a common owner or management company, the complaints may be aggregated into a single investigation of prosecution.

# 10. Q: What efforts to resolve issues with park management, or to put them on notice, will be required before a homeowner can file a complaint with HCD under the Act?

A: None are legally required before a complaint is submitted, although homeowners are always encouraged to try and work out issues before engaging assistance. Once a complaint is submitted and selected by HCD for enforcement, a notice will be sent by HCD informing both the complaining homeowner and the park owner/management that they have 25 days to try and informally resolve the complaint before referral to a local law office.

# 11. Q: What should homeowners and residents do to educate themselves?

A: The "MRL Handbook" published by the California Senate Select Committee on Manufactured Home Communities contains, in addition to the MRL itself, a "Frequently Asked Questions" section that explains the laws contained within the MRL in ordinary language (not "legalese"). You can view it on the Select Committee website at <a href="https://mobilehomes.senate.ca.gov/sites/mobilehomes.senate.ca.gov/files/2022">https://mobilehomes.senate.ca.gov/sites/mobilehomes.senate.ca.gov/files/2022</a> mrl pdf.pdf. Or if you would prefer a hard copy, you'll find instructions for how to order one on the pink sheet called "The MRL" that is available from GSMOL. The Golden State Manufactured-home Owners Education Fund (GSMOEF) has an educational website with "courses" on the MRL and other topics. You can read through the MRL "course", then take an "exam" to become a "certified MRL Master". You can find the website at: <a href="https://www.edfundacademy.blogspot.com">www.edfundacademy.blogspot.com</a>

#### 12. Q: When did the Act take effect?

A: It officially began January 1, 2019, but because the program needed to accumulate funds for about a year and a half in order to be self-sustaining, a complaint could not be filed with HCD until after July 1, 2020.

#### 13. Q: Does the Act have an expiration date?

A: Yes.\_The Act will sunset on January 1, 2024, at which time the Legislature and HCD will assess its effectiveness. GSMOL intends to be actively involved in that assessment and shall make recommendations for future action that will continue to protect homeowners and residents.

# 14. Q: Will there be any reviews or progress reports to make sure this new Act is effective and working properly?

A: Yes. One year before the program ends, on January 1, 2023, HCD is required to submit a written report to the Legislature outlining data collected on the program and make it available publicly on it website. The report shall include:

- The total number of complaints received, processed and referred
- The outcome of each complaint
- The types of complaint allegations received and the most common ones.
- The amount of fees collected for and expended on the program
- Recommendations for any statutory or administrative changes to the program.
- In addition, HCD shall report on the program activity at its semi-annual MPM Mobilehome Park Inspection Program meetings in Sacramento, which GSMOL regularly attends in February and August each year.