

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 71

(Delegate Stewart)

Environment and Transportation

Judicial Proceedings

Manufactured Homes - Sale of Manufactured Housing Communities
(Manufactured Housing Modernization Act)

This bill establishes that an owner of a “manufactured housing community” (MHC) must comply with specified requirements when selling the community, including providing notice of the terms of the offer to each homeowner in the community and providing the homeowners with the opportunity to purchase the manufactured home community.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Sale of Manufactured Housing Communities – Select Definitions and Applicability

A “manufactured housing community” means any property leased or held out for lease to two or more owners of manufactured homes for residential use. MHC includes a mobile home park, as defined in § 8A-101 of the Real Property Article.

A “homeowners organization” means an organization, including a cooperative housing corporation, that (1) represents the interests of the homeowners in an MHC; (2) is open to all homeowners in the MHC; and (3) comprises homeowners who lease or rent at least 51% of the lots in the MHC.

The bill’s requirements related to the sale of an MHC do not apply if:

- a mortgagee, grantee, or other secured party has foreclosed on the MHC and the mortgagee, grantee, or secured part is selling the MHC (1) at a foreclosure sale or (2) after buying the MHC at a foreclosure sale;
- the community owner is selling the MHC to (1) a family member of the community owner or (2) a trust, the beneficiaries of which are family members of the community owner;
- the community owner is a partnership and the sale is to one or more of the partners;
- the conveyance of an interest in the MHC is incidental to the financing of the MHC;
- the sale of the MHC is between joint tenants or tenants in common; or
- the sale of the MHC is a result of the exercise of the power of eminent domain.

Sale Requirements

At least 60 days prior to a community owner entering into a binding contract for the sale of an MHC, the owner must (1) provide notice of the terms of the offer to each homeowner in the MHC and (2) provide the homeowners an opportunity to purchase as provided in the bill. The notice must meet specified requirements and include the price and material terms and conditions of the offer that the community owner intends to accept for the sale of the MHC.

A homeowners organization may offer to purchase the MHC by (1) providing documentation that the members of the homeowners organization unanimously voted in favor of sending a proposal to the community owner; (2) notifying the community owner of the intent to purchase the MHC; and (3) submitting to the community owner a proposed agreement to purchase the MHC that includes terms substantially similar to the terms included in the sales notice. The homeowners organization must send the notice of intent to purchase and the proposed agreement by registered or certified mail.

During the 60-day period prior to entering into a binding contract for sale of an MHC, the community owner must consider an offer to purchase the MHC by a homeowners organization if made in accordance with the above requirements. After 60 days, the community owner may not be required to consider additional offers from the homeowners organization.

Compliance and Civil Remedies

If a community owner willfully fails to comply with the requirements of the bill, the community owner is liable to the homeowners organization in the amount of \$10,000.

Current Law: “Manufactured home” means a structure that is (1) transportable in one or more sections; (2) 8 body feet or more in width or 40 body feet or more in length in traveling mode, or is more than 320 square feet when erected on site; (3) built on a permanent chassis; and (4) designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities.

Under Title 8A of the Real Property Article (Mobile Home Parks) “park” means any property leased or held out for lease to two or more residents or prospective residents.

Small Business Effect: Small business owners of MHCs that are not otherwise exempt are subject to more stringent requirements when selling an MHC, which may impact expenditures and delay revenues associated with the sale.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland Department of Transportation; State Department of Assessments and Taxation; Department of Legislative Services

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