

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2264

2007 SENATE POLITICAL SUBDIVISIONS

SB 2264

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2264**

Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: **January 25, 2007**

Recorder Job Number: **1882**

Committee Clerk Signature

Shirley Borg

Minutes:

Chairman Cook opened the hearing on SB 2264 relating to sale of a mobile home park. All members (5) were present.

Senator Taylor, District 7 brought SB 2264 before the committee. It is a bill regarding notice and right of first refusal for mobile lot home owners in a mobile home park. A couple things after the bill was written are in the amendments that he passed out. (See attachment #1)

What the bill would do is if there is an agreement to sell a mobile home park, the seller would notify the residents in writing if the purchasers intend to close the mobile home park or convert to another use with in one year of the agreement. They would need ninety day written notice of that intent. They have to provide information on the cash price, terms and conditions. It would be sent by first class mail. If fifty one percent of the owners in that mobile home or an organization that has the permission to represent them would like to execute an agreement to purchase the park at the cash price that has been agreed upon, they would have a right to do that. It is a right of first refusal law and is not that uncommon in some other states. If the owners meet the offer which is not intended to lose the seller of the mobile home park any money.

Senator Taylor continued to explain the bill.

Chairman Cook asked if there have been problems out there,

Senator Taylor answered not within his own district but there is a potential for it.

Chairman Cook asked if the existing seller decided to close the park and use the land for some other purpose, what rights do the tenants have in that situation?

Senator Taylor answered under current law they would just have to provide notice that it is to be rezoned. If he is doing it himself I don't know if there would be any protection.

Representative Onstad, District 4, Parshal, ND testified in support of SB 2264. This bill allows the option for the current residents to take ownership of the facility that everybody is a part of and create that association or cooperative. If they form their own association and take pride in what they are doing it would help improve the mobile parks.

Bill Patrie, Director of Cooperative Business Strategies, Northcountry Cooperative

Development Fund testified in support of SB 2264. (See attachment #2)

Chairman Cook asked if they have financed any mobile home parks in ND.

Bill Patrie said they had not.

Jeff Avery, lives in a Mobile Home as a tenant, appeared in support of a Do Pass. It will create stability for the residence of a mobile home park and gives them the option to retain their residency in the mobile home park home.

Testimony in opposition of SB 2264.

Kent French, Leichthy Homes, spoke in opposition to SB 2264. The problem he has with the bill is that it takes the land owners rights away. It makes it more difficult to sell property. The property that we worked for, took the risk on as owners. It may have an effect on future manufacturing communities that may be built because if in fact there is stipulations, the banker is going to take a second look at it.

No neutral testimony.

Chairman Cook closed the hearing on SB 2264.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2264**

Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: January 25, 2007 (Committee Work)

Recorder Job Number: 1941

Committee Clerk Signature

Shirley Borg

Minutes:

Chairman Cook called the Senate Political Subdivisions back to order. All members (5) present.

Chairman Cook said SB 2264 is the mobile home park bill. What are your thoughts?

Senator Anderson said in theory it is a good idea, but is so absolute. It says they must accept the offer, if fifty one percent forms a coop.

Chairman Cook asked if he would be open if we eliminated all the new language that is in subsection 1 and subsection 2 and go down into subsection 3 where there is a notification requirement of a purposed rezoning and also add in there a sentence of same notification requirement in case of a potential sale of the property.

Senator Warner said he would be comfortable with this.

Senator Hacker I will reiterate that you are seeing more and more partnerships created. It is very hazy on what was the price. The owner going into a partnership with a developer which is only going to happen maybe fifty percent of the time and I don't see how you would ever convey the sale price.

Chairman Cook asked Chris Rausch our Intern, to drop the sentence that can be added to subsection 3 which will go back to be subsection 1 then and somehow just place in there a

sentence that there needs to be one hundred eighty days notice in case of a owner selling a park.

Chairman Cook closed the committee work and the committee will look at the amendment tomorrow.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2264**

Senate Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: **January 26, 2007** (Action)

Recorder Job Number: **2052**

Committee Clerk Signature

Shirley Borg

Minutes:

Chairman Cook called the committee to order. All members (5) present.

q asked them to go to SB 2264. This is the mobile home bill. This is a prevention of something that might happen but we really have not had a problem. The way I understand it, it will not solve the problem if we did have one. It will probably create a few other problems. I suggest that we look at these amendments. Chris wrote them up and what it does, is require that the owner of a mobile home park to notify the attendants of a pending sale of the park. Chris put them right where I told him to but maybe we need to change the amendments and insert them at the very end of subsection 3.

Senator Hacker made a motion to move the amendments when they area changed.

Senator Olafson seconded the motion.

Voice Vote; 5 Yes 0 No

Senator Olafson moved Do Pass as Amended.

Senator Hacker seconded the motion.

Vote: 5 Yes 0 No 0 Absent

Carrier: **Senator Olafson**

Proposed amendments to SB 2264

Page 1, Line 7, strike "purchase" and insert "sell", strike "purchaser" and replace with "seller"

Line 8, strike "the park owner" and insert "residents"

Line 11, strike "forty-five" and insert "ninety"

Line 16, strike "forty-five" and insert "ninety"

Page 2, Line 9, strike "forty-five" and insert "ninety"

#1

PROPOSED AMENDMENT TO SENATE BILL 2264

Page 1, remove lines 7 through 24.

Page 2, remove lines 1 through 15.

Page 2, line 16, remove "3."; remove "subsections 1 and 2 do not apply, if"

Page 2, line 23, after the period, insert "Furthermore, the owner of a mobile home park shall notify all tenants in the park in writing of a pending sale at least one hundred eighty days before such sale is to be completed."

January 26, 2007

Ju3
1-26-07

PROPOSED AMENDMENTS TO SENATE BILL NO. 2264

Page 1, remove lines 7 through 24

Page 2, remove lines 1 through 15

Page 2, line 16, remove "3." and remove "subsections 1 and 2 do not apply, if"

Page 2, line 25, after the period insert "The owner of a mobile home park shall notify each tenant in the park in writing of a pending sale at least one hundred eighty days before the sale is to be completed."

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2264: Political Subdivisions Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2264 was placed on the Sixth order on the calendar.

Page 1, remove lines 7 through 24

Page 2, remove lines 1 through 15

Page 2, line 16, remove "3." and remove "subsections 1 and 2 do not apply, if"

Page 2, line 25, after the period insert "The owner of a mobile home park shall notify each tenant in the park in writing of a pending sale at least one hundred eighty days before the sale is to be completed."

Renumber accordingly

2007 HOUSE POLITICAL SUBDIVISIONS

SB 2264

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. SB 2264

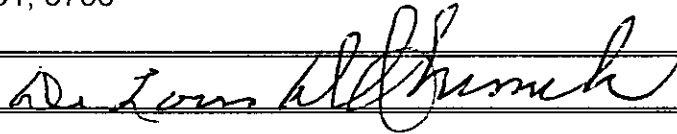
House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: February 23, 2007

Recorder Job Number: 3781, 3788

Committee Clerk Signature



Minutes:

Chairman Herbel opened the hearing on SB 2264.

Senator Taylor: The bill is engrossed and has to do with sale of a mobile home park. We only added the one line you see on the bottom. That lets the tenants be given notice of 180 days before the sale. Gives the tenants a chance to make an offer of their own. There are 12 other states that have right of first refusal because home ownership is important in America and important in North Dakota and these trailer homes are homes.

Rep. Lawrence Klemin: What is the reason for the changes for the notice?

Senator Taylor: This would be a sale of the mobile home park.

Rep. Dwight Wrangham: If there is current contracts or lease agreements with the mobile home owners of the park. Do those contain language that specify certain notice if there is going to be a change in the land or something like that?

Senator Taylor: I am not in contract law, but I assume you can write anything you want to between the two parties and that could be a part of it. There maybe contracts of lease arrangements out there that can delineate some of that.

Rep. Pat Hatlestad: Does this apply only if they are going to rezone the park. If it is going to remain a mobile home park would this be required?

Senator Taylor: The new language is just that last sentence on the bottom. The new language is for sale even if it stays a mobile home park.

Rep. Kari Conrad: All the trailer courts in Minot are owned by someone out of state. Is this a common thing?

Senator Taylor: I do not know where the ownership lies. That is interesting in your district that they have that amount of out of state ownership.

Rep. Kari Conrad: They had allot of problems because of out of state ownership.

Chairman Herbel: What implications would this have; the UND owned a trailer court right close to the Inglestad Arena and when they decided to build that area they used park for a parking lot and it may have complicated things for them to get the construction going to get those people out of the way, so to speak. to start that construction. Do you know if this cancels that state owned parks?

Senator Taylor: In that instance that would have been a change of use. Mobile home Park to a parking lot and arena. The existing language would cover that. There is nothing tying any ones hands. It is just a curtsey of notice. It gives them 180 days to find a new place to park their trailer.

Rep. Onstad: I stand here in support of SB 2264. In my district of Parshall housing is short and mobile home parks are good housing. Pride in ownership of where you are at helps people take better care of their mobile homes and therefore they look nice in the town. Discussed working together and forming an association for a mobile home park.

Rep. Donald Dietrich: Are you aware of any mobile home parks where they have attempted to form an association and possibly to purchase the mobile home park?

Rep. Onstad: Not in the state. I believe in Minnesota they are doing this.

Rep. Lawrence Klemin: If a prospective purchaser makes an offer and it is accepted by the owner than what can the tenants do about it when it only remains to close?

Rep. Onstad: No it does not. The original language gave them first right of refusal; now it is taken out. At this point it is only notification to them that a sale is pending. If they want to work with the owner to do this there is nothing binding.

Rep. Lawrence Klemin: At that point in time it is too late because the owner has already entered into a contract to sell it to someone else and can't change it mind without breaching the contract.

Rep. Onstad: That is correct. They look at the 180 days is that potential sale and they are working on that sale. Most of your cases if they are looking to redevelop that sale they start that negotiation, I am looking to move this property for sale, it just gives back to those current tenants some ability to have notice.

Bill Patrie:North County Coop Development Fund: It is a lender to small cooperatives in the upper Midwest. One of the cooperatives we lend to is a mobile home park cooperate. We are extremely interested in helping tenants who live in a park organize and buy the property. This bill helps us to that by simply letting us know what properties might in play. There is nothing that keeps and existing mobile home park owner from selling to the tenants now. If that park is going to be for sale and we would like to know that and this notice helps in that process.

Rep. Lee Kaldor: The term in this bill that gives me a problem is the term pending sale. I am wondering if there is another way to stipulate when that notice should occur. Should it occur when the owner offers the property for sale. When I think about pending sale, I am thinking about a willing buyer and seller. If the day the owner decides I am advertising this for sale or offering it; maybe even in a closed market, at least then they might have a chance.

Bill Patrie: In very good point. The first intent of the right of first refusal was for a change of use. So there was no right of first refusal if the trailer home park was being transferred to another owner who would maintain it as a trailer home park. I do not know from a legal definition what pending means. The intent here is to get the two parties here together to determine whether there is an interest by the tenants to buy the park.

Rep. Louis Pinkerton Are there laws in other states that are more applicable?

Bill Patrie: There are 12 states that have some combination of either right of first refusal or prior notice. Minnesota has the right of first refusal law. Our organization gets called in when there is an interest to form an association and buying it. The Senate committee that amended this wanted to have the tenants have some right to buy this park. First of all tenants don't know how to get organized and how to go about buying it.

Rep. Nancy Johnson: First do tenants know they can do this?

Bill Patrie: No there is not allot of information out there and we would like to get this information out to them. Most folks that live in a mobile home park do not ever think of owning it themselves.

Rep. Lawrence Klemin This pending sale, it does not say private sale. The notice under Mortgage Foreclosure Law is 180 days now. Would this apply to a mortgage foreclosure sale and have the affect of lengthening that statuary law?

Bill Patrie: I do not know.

Rep. Louis Pinkerton Did they use one of the other states bill to go by?

Sen. Taylor: Used Minnesota as a guide with a 45 day notice with right of first refusal.

Opposition: None

Hearing closed.

Chairman Herbel reopened the hearing for discussion. What is the definition of pending? Do we need to do an amendment that would be satisfactory with everyone here?

Rep. Klemin: I have got a couple problems with this. The way the bill is right now it doesn't serve any particular purpose. I can see situations where the 180 day notice would interfere with the sale and would unreasonable extend the sale.

Rep. Chris Griffin: I would be willing to work on an amendment to elevate some of the concerns. I do think it is important if you are living in the trailer park all of a sudden it is suddenly going to be sold. If it is a sheriff's sale they do publish it in the paper, but how many people are looking through the legal notices.

Chairman Herbel: Keep in mind it came out of the Senate this way and whatever we come up with is going to have to be something that we can work with them as well. They already amended the original bill down to this. I am not sure we are going to get any where with this bill?

Rep. Donald Dietrich: I do not know of any mobile home parks, but I do know of manufactured home parks.

Rep. Kari Conrad: I want to hold the bill and look at it.

Hearing closed.

2007 HOUSE STANDING COMMITTEE MINUTES

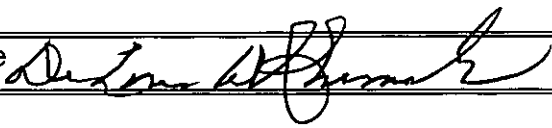
Bill No. SB 2264

House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: March 1, 2007

Recorder Job Number: 4218

Committee Clerk Signature 

Minutes:

Chairman Herbel reopened the hearing on SB 2264. .

Rep. Kari Conrad: I have an amendment being prepared and was suppose to be done by 9AM. They said we would have them for sure by tomorrow morning. It would take about 20 minutes to go through it and I can not give it to you off the top of my head.

Chairman Herbel: OK we will hold this one.

Hearing closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill No. SB 2264

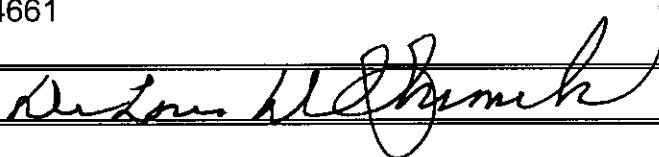
House Political Subdivisions Committee

Check here for Conference Committee

Hearing Date: March 8, 2007

Recorder Job Number: 4661

Committee Clerk Signature



Minutes:

Chairman Herbel reopened the hearing on SB 2264. That is the one where the trailer park sale may take place and there are regulations that go with it.

Rep. Kari Conrad: Handed out the proposed amendment and explained it. Caused a lot of discussion in our area because the trailer court owners are from out of state. I would like to have the option of notifying the mobile home park owners of a potential sale.

Made a Motion to Move the amendment; Seconded By Rep. Chris Griffin

Discussion:

Rep. Kari Conrad: All our entities are owned by people out of state. If you are going to sell them just notify the tenants that you are going to sell them before you hire and agent even and then go on with business. That gives people who might be interested a chance to put in an offer or indicate an interest. At least they would have to notify them.

Rep. Lawrence Klemin: What would prevent those people from contacting the owners now and saying in the event you want to sell this we would like to have the opportunity to discuss the opportunity of buying it?

Rep. Kari Conrad: What I found when working with these folks there is very poor communications with the park owners so at least they need to inform them.

Rep. Lawrence Klemin: What is the affect for failure to give this notice?

Rep. Kari Conrad: None

Chairman Herbel: What form of notice does this have to be?

Rep. Kari Conrad: Just a notice.

Rep. Lawrence Klemin: Does it have to be formal through a lawyer?

Rep. Kari Conrad: No. It is simply to say that tell your tenant before you start to sell, that is all it says and there is no penalty. This is just a courtesy we expect this kind of relationship.

Chairman Herbel: The amendment has been moved and seconded; do we have further discussion?

Voice vote carried.

Chairman Herbel: We now have the amended bill.

Rep. Kim Koppelman: It looks like it is requiring the owner of these facilities to give written notice before hiring a person to sell it. This would be that they would have to notify before they decide to sell.

Rep. Kari Conrad: Trailer courts aren't what they use to be when I was growing up. People have large investments in these homes there and they are not getting the communications often times when they are going to be sold.

Rep. Donald Dietrich: Someone intends to sell the property and you would have to let the whole world know that you plan to sell it. Once you get that word out everyone in that mobile home the word is to the public I am selling it. They want to keep their sale confidential, but now you say they have to tell everyone. I think that could have an impact possible on the sale of their property; good bad or indifferent.

Do Not Pass As Amended Motion Made By Rep. Lawrence Klemin Seconded By Rep. Donald Dietrich

Discussion:

Rep. Lawrence Klemin: I do not think this adds any thing more than another hoop that some body has to go through if they want to sell their property. There is nothing that prevents the residence of the mobile home park now from making contact with the owner and saying if you want to sell it we would like to be considered. There is nothing in here that says there is any penalty if the notice is not given. There is no form of notice required or mortgage foreclosure; I don't think this bill does anything but imposes a paperwork requirement on the owners of this kind of property so I guess I think it should fail.

Rep. Kari Conrad: I think it is a respect for those people in these situations and they deserve it.

Rep. Louis Pinkerton: People in these courts put of fences and garages and what to them are fairly major improvement and then three months later the courts have sold their lots and their investments are lost. I think they are looking for some sense of notification or intent that there may be a change in ownership. I agree with all the statements.

Chairman Herbel: Unfortunately we don't have any teeth in it if they don't do it.

Vote: 7 Yes 6 No 1 Absent Carrier: Rep.Dwight Wrangham

Hearing closed.

VR
3/8/07

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2264

Page 1, line 15, replace "a pending sale at least one hundred eighty days before the sale" with "the intent to sell the mobile home park before the earlier of negotiating an offer to sell, advertising for sale, or hiring an agent to sell the mobile home park"

Page 1, line 16, remove "is to be completed"

Renumber accordingly

Date: 3-8
Roll Call Vote #:

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB2264

House Political Subdivisions Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Moved Amend

Motion Made By Conrad Seconded By Griffin

Representatives	Yes	No	Representatives	Yes	No
Rep. Gil Herbel-Chairman			Rep. Kari Conrad		
Rep. Dwight Wrangham-V. Chair			Rep. Chris Griffin		
Rep. Donald Dietrich			Rep. Lee Kaldor		
Rep. Patrick Hatlestad			Rep. Louis Pinkerton		
Rep. Nancy Johnson			Rep. Steve Zaiser		
Rep. Lawrence Klemin					
Rep. Kim Koppelman					
Rep. William Kretschmar					
Rep. Vonnie Pietsch					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2264**

House Political Subdivisions Committee _____

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass As Amended

Motion Made By Rep. Lawrence Klemin Seconded By Rep. Donald Dietrich

Representatives	Yes	No	Representatives	Yes	No
Rep. Gil Herbel-Chairman	X		Rep. Kari Conrad		X
Rep. Dwight Wrangham-V. Chair	X		Rep. Chris Griffin		X
Rep. Donald Dietrich	X		Rep. Lee Kaldor	X	
Rep. Patrick Hatlestad	X		Rep. Louis Pinkerton		X
Rep. Nancy Johnson		X	Rep. Steve Zaiser		X
Rep. Lawrence Klemin	X				
Rep. Kim Koppelman	x				
Rep. William Kretschmar		X			
Rep. Vonnie Pietsch	x				

Total (Yes) 7 No 6

Absent 1

Floor Assignment Rep. Dwight Wrangham

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2264, as engrossed: Political Subdivisions Committee (Rep. Herbel, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (7 YEAS, 6 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2264 was placed on the Sixth order on the calendar.

Page 1, line 15, replace "a pending sale at least one hundred eighty days before the sale" with "the intent to sell the mobile home park before the earlier of negotiating an offer to sell, advertising for sale, or hiring an agent to sell the mobile home park"

Page 1, line 16, remove "is to be completed"

Renumber accordingly

2007 TESTIMONY

SB 2264

Testimony of Bill Patrie
Director of Cooperative Business Strategies
Northcountry Cooperative Development Fund

In Support of Senate Bill 2264
Right of First Refusal for Residents in a Mobile Home Park

Mr. Chairman and members of the committee, my name is Bill Patrie and I am the director of cooperative business strategies for Northcountry Cooperative Development Fund. Northcountry is a cooperative lender with the main office located in Minneapolis. My office is in Mandan. In addition to copies of this testimony, I am providing you with the 2005 annual report of Northcountry. On the third panel of that annual report you will see a brief story about Paul Revere Manufactured Home Park Cooperative in Lexington Minnesota that our organization helped finance.

This bill, Senate Bill 2264, is important to our organization because it allows residents in a mobile home park notice that the owner intends to sell the park and that the future buyer will convert the land to another use. It then extends the right to the residents to meet that offer and therefore stay in the park. In Minnesota when that occasion occurs residents of mobile home parks know they can call our organization and we will provide technical assistance to them in analyzing whether or not it is feasible or desirable to organize a cooperative and purchase the park.

In the event that residents do wish to purchase the park and can arrange financing, our organization is paid at closing out of the loan proceeds. If the new cooperative borrows funds from Northcountry, they become a member of our cooperative. Northcountry currently has about 164 member borrowers. We can also provide this assistance to them if they borrow from another lender. They do not need to be a borrower to receive technical assistance.

The reason this first right of refusal is so important is it gives residents and Northcountry advance notice so if they wish to they can begin to organize and arrange financing. You will see from this bill draft that current law already provides 180 day notice of a proposed zoning change and a 5 day posted notice of zoning public input meetings. These are important information notices and the right to be heard is critically important since it may require the mobile home owner to make arrangements to move their home to a new location. This can sometimes be expensive and difficult. This bill provide an important new right and that is to meet the offer of the proposed new purchaser and therefore not only allow residents to stay in the park but to also own and govern the park.

The situation this bill addresses is not a common occurrence. Mobile Home Parks change hands and continue in use as a mobile home park on a somewhat common basis. This bill addresses only those change in use situations that will require the residents to find a new location.

It is also a rare occurrence in that not every park will have residents who want to undertake the burden of arranging financing and the responsibilities of park ownership and governance. This bill just provides the opportunity for those few cases.

As you will see in Northcountry's annual report, when residents buy the park, they have a significant pride of ownership. The cooperatively owned park residents I have talked with say that existing rule enforcement is usually increased, new park residents are more carefully screened for compatibility and the infrastructure of the park such as utilities, common parking, safety shelters, and the long term vision of the park is given much greater attention.

Under current law there is nothing to keep an existing park owner from selling to the residents. The willing buyer willing seller relationship is the best situation for our organization to be involved in and we preferred to get involved under those circumstances. However, with real estate increasing in value, mobile home park owners may receive unsolicited offers for an intended change of use that may coincide with retirement plans. In those cases, notifying the residents and giving them a chance to meet that offer is a courtesy to the folks who have been paying lot rent, in some cases for many years.

There are others who may wish to testify on this bill and I will be glad to answer questions the committee may have of me following their comments. Thank you for this opportunity. I support this bill and urge a due pass recommendation.

