

AMENDED IN ASSEMBLY MAY 23, 2014

AMENDED IN ASSEMBLY MAY 5, 2014

AMENDED IN ASSEMBLY APRIL 21, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2026**

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**Introduced by Assembly Member Stone**

February 20, 2014

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An act to amend Section 798.74 of the Civil Code, relating to mobilehome parks.

LEGISLATIVE COUNSEL'S DIGEST

AB 2026, as amended, Stone. Mobilehome parks: sales.

Existing law authorizes the management of a mobilehome park to require prior approval of a purchaser of a mobilehome that will remain in the park. Existing law also prohibits management from withholding approval if the purchaser has the ability to pay the rent and charges of the park, except as specified. Existing law authorizes management to require the purchaser to document the amount and source of his or her gross monthly income or other means of support but prohibits management from requiring personal income tax returns as evidence. Existing law requires management, upon request of any prospective homeowner who proposes to purchase a mobilehome that will remain in the park, to inform that person of the information that management will require to determine if the person will be acceptable as a homeowner in the park. Existing law permits the management or owner to be held liable for all damages if the approval of a prospective homeowner is withheld for any unauthorized reason.

This bill would require the purchaser to be presumed to have the financial ability to pay the rent and charges of the park if he or she has been approved for a loan to purchase the mobilehome that the purchaser intends to occupy, or if the purchaser has not been approved for a loan, based upon consideration of all information provided by the purchaser regarding his or her assets and ability to generate income demonstrating sufficient monthly income that meets or exceeds the income standard disclosed by management. The bill would prohibit that income standard from exceeding a multiplier of 3 times the purchaser’s income over the projected housing-related expenses to be paid by the purchaser in connection with the proposed mobilehome tenancy. ~~The bill would prohibit management from withholding approval on the basis that the prospective purchaser will not comply with the rules and regulations of the park unless the prospective purchaser has been evicted from the same park where he or she is applying for residency or the determination is reasonably based upon the prospective purchaser’s prior tenancies within the 3 years preceding the purchaser’s application.~~ The bill would also prohibit management from withholding approval solely because the purchaser owns another mobilehome or real property residence and from requiring that the mobilehome being purchased be the sole residence of the purchaser. The bill would require management, upon request, to provide a prospective purchaser with a list of information that management will require in order to determine if the person will be acceptable as a homeowner in the park and a copy of the current written procedures, standards, or requirements that will be used by management to evaluate the purchaser’s application. The bill would require the management, if a prospective homeowner is denied approval and if requested, to meet with the purchaser or homeowner at which time the management would be required to reconsider the denial, including any additional information relevant to the application provided by the prospective homeowner.

Vote: majority. Appropriation: no. Fiscal committee: no.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 798.74 of the Civil Code is amended to
- 2 read:
- 3 798.74. (a) The management may require the right of prior
- 4 approval of a purchaser of a mobilehome that will remain in the

1 park and that the selling homeowner or his or her agent give notice  
2 of the sale to the management before the close of the sale. Approval  
3 shall not be withheld if the purchaser has the financial ability to  
4 pay the rent and charges of the park unless the management  
5 reasonably determines that, based on the purchaser's prior  
6 tenancies, he or she will not comply with the rules and regulations  
7 of the park. In determining whether the purchaser has the financial  
8 ability to pay the rent and charges of the park, the management  
9 shall not require the purchaser to submit copies of any personal  
10 income tax returns in order to obtain approval for residency in the  
11 park. However, management may require the purchaser to  
12 document the amount and source of his or her gross monthly  
13 income or means of financial support, but in no event shall the  
14 income standard exceed a multiplier of three times the purchaser's  
15 income over the projected housing-related expenses to be paid by  
16 the purchaser in connection with the proposed mobile home  
17 tenancy.

18 (b) For purposes of determining the prior approval of a purchaser  
19 pursuant to this section, all of the following shall apply:

20 (1) A purchaser shall be presumed to have the financial ability  
21 to pay the rent and charges of the park if the purchaser has been  
22 approved by a state or federally chartered financial institution for  
23 a loan to purchase the mobilehome that the purchaser intends to  
24 occupy and written documentation confirming this fact has been  
25 provided to management.

26 (2) If the purchaser has not been approved for a loan to purchase  
27 the mobilehome pursuant to paragraph (1), the management shall  
28 determine the purchaser's financial ability to pay the rent and  
29 charges of the park based upon consideration of all information  
30 provided by the purchaser regarding his or her assets and ability  
31 to generate income, including, but not limited to, savings accounts,  
32 certificates of deposit, stock portfolios, trust interests of which the  
33 purchaser is the beneficiary, real property, and similar financial  
34 assets that can be liquidated or sold. A purchaser who demonstrates  
35 sufficient monthly income from all sources that meets or exceeds  
36 the income standard established pursuant to subdivision (a) shall  
37 be presumed to have the financial ability to pay the rent and charges  
38 of the park.

1     ~~(3) Management shall not withhold approval on the basis that~~  
 2 ~~the purchaser will not comply with the rules and regulations of the~~  
 3 ~~park unless either of the following apply:~~

4     ~~(A) The prospective purchaser has been evicted from the same~~  
 5 ~~park where he or she is applying for residency at any time~~  
 6 ~~preceding the purchaser's application for tenancy.~~

7     ~~(B) Management reasonably determines, based upon the~~  
 8 ~~prospective purchaser's prior tenancies within the three years~~  
 9 ~~preceding the purchaser's application, that the prospective~~  
 10 ~~purchaser will not comply with the rules and regulations of the~~  
 11 ~~park. If management withholds approval on this basis, it shall~~  
 12 ~~provide the prospective purchaser with documentary evidence~~  
 13 ~~supporting this determination in the written rejection of the~~  
 14 ~~purchaser's application pursuant to subdivision (c).~~

15     (c) Management shall not withhold approval solely because the  
 16 purchaser owns another mobilehome or real property residence.  
 17 Management shall not require that the mobilehome that is the  
 18 subject of the purchase be the sole residence of the purchaser as a  
 19 condition of granting approval.

20     (d) Upon request of any prospective homeowner who proposes  
 21 to purchase a mobilehome that will remain in the park, management  
 22 shall provide that person with a list of the information management  
 23 will require in order to determine if the person will be acceptable  
 24 as a homeowner in the park, and a copy of the current written  
 25 procedures, standards, or requirements that will be used by  
 26 management to evaluate the purchaser's application, including,  
 27 but not limited to, minimum income standards that will be used  
 28 to determine the purchaser's financial ability to pay the rent and  
 29 charges of the park pursuant to paragraph (2) of subdivision (b).

30     (e) Within 15 business days of receiving all of the information  
 31 requested from the prospective homeowner, the management shall  
 32 notify the seller and the prospective homeowner, in writing, of  
 33 either acceptance or rejection of the ~~application, and application.~~  
 34 *If the application is rejected, the management shall provide the*  
 35 *prospective homeowner, in writing, the specific reason or reasons,*  
 36 *if rejected. reasons for rejection with reference to the applicable*  
 37 *standard or requirement disclosed pursuant to subdivision (d)*  
 38 *upon which the rejection was based.* During this 15-day period  
 39 the prospective homeowner shall comply with the management's  
 40 request, if any, for a personal interview. If a prospective

1 homeowner is denied approval, within five business days of  
2 receiving the denial, the selling homeowner and the prospective  
3 homeowner may request ~~an in-person~~ a meeting with management.  
4 If requested, the meeting shall take place within 10 business days,  
5 at which time the management shall reconsider its denial, including  
6 the consideration of any additional information relevant to the  
7 application provided by the prospective homeowner. If the approval  
8 of a prospective homeowner is withheld for any reason other than  
9 those stated in this article, the management or owner may be held  
10 liable for all damages proximately resulting therefrom.

11 (f) If the management collects a fee or charge from a prospective  
12 purchaser of a mobilehome in order to obtain a financial report or  
13 credit rating, the full amount of the fee or charge shall be credited  
14 toward payment of the first month's rent for that mobilehome  
15 purchaser. If, for whatever reason, the prospective purchaser is  
16 rejected by the management, the management shall refund to the  
17 prospective purchaser the full amount of that fee or charge within  
18 30 days from the date of rejection. If the prospective purchaser is  
19 approved by the management, but, for whatever reason, the  
20 prospective purchaser elects not to purchase the mobilehome, the  
21 management may retain the fee, or a portion thereof, to defray its  
22 administrative costs under this section.