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AMENDED IN SENATE JUNE 8, 2016

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AMENDED IN ASSEMBLY APRIL 30, 2015

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 587

Introduced by Assembly Member Chau

February 24, 2015

An act to amend Section 798.15 of the Civil Code, to amend Sections 18092.7, 18116.1, and 18550 of, and to add Section 18550.1 to, the Health and Safety Code, and to amend Section 5832 of the Revenue and Taxation Code, relating to mobilehomes.

LEGISLATIVE COUNSEL'S DIGEST

AB 587, as amended, Chau. Mobilehomes: payments: nonpayment or late payments.

(1) Existing law subjects manufactured homes or mobilehomes sold as new prior to July 1, 1980, to a vehicle license fee and requires annual payment of the fee. Existing law provides that nonpayment of certain fees and penalties, including the vehicle license fee, constitutes a lien on the manufactured home or mobilehome, and prohibits the Department of Housing and Community Development (department) from, among other things, issuing a duplicate or new certificate of title or registration card or amending the permanent title record of the manufactured home or mobilehome that is subject of that lien.

This bill, when a person who is not currently the registered owner of a manufactured home or mobilehome applies to the department for registration or transfer of registration of the manufactured home or mobilehome prior to December 31, 2019, and meets other specified requirements, would require the department to waive all outstanding charges assessed by the department prior to the transfer of title of the manufactured home or mobilehome, release any lien imposed with respect to those charges, issue a duplicate or new certificate of title or registration card, and amend the title record of the manufactured home or mobilehome. This bill would require a registered owner to apply to the department for a transfer clearance certificate, as specified, prior to transferring any ownership interest or transferring or creating any security interest in the manufactured home or mobilehome. This bill would require the department, upon notification of any transfer of any ownership interest or transferring or creating any security interest in a manufactured home or mobilehome, to notify the transferee of the obligation to title and register the home and the procedure for titling and registration, and would require the department to notify the park management if the transferee fails to comply with the titling and registration requirements.

(2) Existing law provides that mobilehomes and manufactured homes not subject to the vehicle license fee are subject to local property taxation, and requires the department to withhold the registration or transfer of registration of any manufactured home or mobilehome subject to local property taxation until the applicant for registration presents a tax clearance certificate or conditional tax clearance certificate issued by the tax collector of the county where the manufactured home or mobilehome is located. Existing law requires the county tax collector to issue a tax clearance certificate or conditional tax clearance certificate if specified requirements are met.

The California Constitution authorizes the Legislature to exempt personal property from taxation by means of a statute approved by a $\frac{2}{3}$ vote of the membership of each house.

This bill, when a person who is not currently the registered owner of a manufactured home or mobilehome subject to local property taxation applies to the department for registration or transfer of registration of the manufactured home or mobilehome prior to December 31, 2018, and meets other specified requirements, would require the department to issue a conditional transfer of title. The bill would require a county tax collector to issue a tax liability certificate to a person with a

conditional transfer of title who applies for the certificate prior to January 1, 2020. Pursuant to the constitutional authorization described above, this bill would require the payment of only a portion of the taxes, as specified, reasonably owed from the date of sale of the manufactured home or mobilehome. By increasing the duties of county tax collectors, this bill would impose a state-mandated local program.

(3) The Mobilehome Residency Law governs the terms and conditions of residency in mobilehome parks and ~~prescribes the content of~~ *requires* a rental agreement for a ~~tenancy~~: *tenancy to include, among other things, a specified notice.*

~~This bill would require a rental agreement to contain provisions informing the homeowner of title transfer requirements and the obligation to pay property tax in order to sell a mobilehome in place. revise the contents of the notice.~~

(4) Existing law prohibits the use or occupancy of a manufactured home, mobilehome, or recreational vehicle that fails to conform to the regulations of the department, regarding, among other things, water, electricity, and sewer connections.

This bill, beginning January 1, 2020, would prohibit the use or occupancy of a manufactured home and mobilehome that does not conform to the registration requirements of the department, if the department provides notice to the occupant of the registration requirements and any registration fees due.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(6) Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. Section 798.15 of the Civil Code is amended to
2 read:

3 798.15. The rental agreement shall be in writing and shall
4 contain, in addition to the provisions otherwise required by law to
5 be included, all of the following:

6 (a) The term of the tenancy and the rent therefor.

7 (b) The rules and regulations of the park.

8 (c) A copy of the text of this chapter shall be provided as an
9 exhibit and shall be incorporated into the rental agreement by
10 reference. Management shall do one of the following prior to
11 February 1 of each year, if a significant change was made in this
12 chapter by legislation enacted in the prior year:

13 (1) Provide all homeowners with a copy of this chapter.

14 (2) Provide written notice to all homeowners that there has been
15 a change to this chapter and that they may obtain one copy of this
16 chapter from management at no charge. Management shall provide
17 a copy within a reasonable time, not to exceed seven days, upon
18 request.

19 (d) A provision specifying that (1) it is the responsibility of the
20 management to provide and maintain physical improvements in
21 the common facilities in good working order and condition and
22 (2) with respect to a sudden or unforeseeable breakdown or
23 deterioration of these improvements, the management shall have
24 a reasonable period of time to repair the sudden or unforeseeable
25 breakdown or deterioration and bring the improvements into good
26 working order and condition after management knows or should
27 have known of the breakdown or deterioration. For purposes of
28 this subdivision, a reasonable period of time to repair a sudden or
29 unforeseeable breakdown or deterioration shall be as soon as
30 possible in situations affecting a health or safety condition, and
31 shall not exceed 30 days in any other case except where exigent
32 circumstances justify a delay.

33 (e) A description of the physical improvements to be provided
34 the homeowner during his or her tenancy.

35 (f) A provision listing those services which will be provided at
36 the time the rental agreement is executed and will continue to be
37 offered for the term of tenancy and the fees, if any, to be charged
38 for those services.

1 (g) A provision stating that management may charge a
2 reasonable fee for services relating to the maintenance of the land
3 and premises upon which a mobilehome is situated in the event
4 the homeowner fails to maintain the land or premises in accordance
5 with the rules and regulations of the park after written notification
6 to the homeowner and the failure of the homeowner to comply
7 within 14 days. The written notice shall state the specific condition
8 to be corrected and an estimate of the charges to be imposed by
9 management if the services are performed by management or its
10 agent.

11 (h) All other provisions governing the tenancy.

12 (i) A copy of the following notice. Management shall also, prior
13 to February 1 of each year, provide a copy of the following notice
14 to all homeowners:

15

16 IMPORTANT NOTICE TO ALL MANUFACTURED
17 HOME/MOBILEHOME OWNERS: CALIFORNIA LAW REQUIRES THAT
18 YOU BE MADE AWARE OF THE FOLLOWING:

19

20 The Mobilehome Residency Law (MRL), found in Section 798 et seq. of the
21 Civil Code, establishes the rights and responsibilities of homeowners and park
22 management. The MRL is deemed a part of the terms of any park rental
23 agreement or lease. This notice is intended to provide you with a general
24 awareness of selected parts of the ~~MRL~~. *MRL and other important laws*. It
25 does not serve as a legal explanation or interpretation. For authoritative
26 information, you must read and understand the laws. These laws change from
27 time to time. In any year in which the law has changed, you may obtain one
28 copy of the full text of the law from management at no charge. This notice is
29 required by Civil Code Section 798.15(i) and the information provided may
30 not be current.

31

32 Homeowners and park management have certain rights and responsibilities
33 under the MRL. These include, but are not limited to:

34

- 35 1. Management must give a homeowner written notice of any increase in his
36 or her rent at least 90 days before the date of the increase. (Civil Code
37 Section 798.30)
- 38 2. No rental or sales agreement may contain a provision by which a purchaser
39 or a homeowner waives any of his or her rights under the MRL. (Civil
40 Code Sections 798.19, 798.77)

- 1 3. Management may not terminate or refuse to renew a homeowner’s tenancy
- 2 except for one or more of the authorized reasons set forth in the MRL.
- 3 (Civil Code Sections 798.55, 798.56) *Homeowners must pay rent, utility*
- 4 *charges, and reasonable incidental service charges in a timely manner.*
- 5 *Failure to comply could be grounds for eviction from the park. (Civil Code*
- 6 *Section 798.56)*
- 7 ~~4. A homeowner must give written notice to the management of not less than~~
- 8 ~~60 days before vacating his or her tenancy. (Civil Code Section 798.59)~~
- 9 5. Homeowners, residents, and their guests must comply with the rental
- 10 4. agreement or lease, including the reasonable rules and regulations of the
- 11 park and all applicable local ordinances and state laws and regulations
- 12 relating to mobilehomes. Failure to comply could be grounds for eviction
- 13 from the park. (Civil Code Section 798.56)
- 14 ~~6. Homeowners must pay rent, utility charges, and reasonable incidental~~
- 15 ~~service charges in a timely manner. Failure to comply could be grounds~~
- 16 ~~for eviction from the park. (Civil Code Section 798.56)~~
- 17 7. Homeowners have a right to peacefully assemble and freely communicate
- 18 5. with respect to mobilehome living and for social or educational purposes.
- 19 Homeowners have a right to meet in the park, at reasonable hours and in
- 20 a reasonable manner, for any lawful purpose. Homeowners may not be
- 21 charged a cleaning deposit in order to use the park clubhouse for meetings
- 22 of resident organizations or for other lawful purposes, such as to hear from
- 23 political candidates, so long as a homeowner of the park is hosting the
- 24 meeting and all park residents are allowed to attend. Homeowners may
- 25 not be required to obtain liability insurance in order to use common
- 26 facilities unless alcohol is served. (Civil Code Sections 798.50, 798.51)
- 27 8. If a home complies with certain standards, the homeowner is entitled to
- 28 6. sell it in place in the park. *If you sell your home, you are required to*
- 29 *provide a manufactured home and mobilehome transfer disclosure*
- 30 *statement to the buyer prior to sale. (Civil Code Section 1102.6d) When*
- 31 *a home is sold, the owner is required to transfer the title to the buyer. The*
- 32 *sale of the home is not complete until you receive the title from the seller.*
- 33 *The buyer must also file paperwork with the Department of Housing and*
- 34 *Community Development to register the home in his or her name. (Civil*
- 35 *Code Sections 798.70-798.74)*
- 36 7. *Management has the right to enter the space upon which a mobilehome*
- 37 *is situated for maintenance of utilities, trees, and driveways; for inspection*
- 38 *and maintenance of the space in accordance with the rules and regulations*
- 39 *of the park when the homeowner or resident fails to maintain the space;*
- 40 *and for protection and maintenance of the mobilehome park at any*

- 1 *reasonable time, but not in a manner or at a time that would interfere with*
- 2 *the resident’s quiet enjoyment of his or her home. (Civil Code Section*
- 3 *798.26)*
- 4 8. *A homeowner may not make any improvements or alterations to his or*
- 5 *her space or home without following the rules and regulations of the park*
- 6 *and all applicable local ordinances and state laws and regulations, which*
- 7 *may include obtaining a permit to construct, and, if required by park rules*
- 8 *or the rental agreement, without prior written approval of management.*
- 9 *Failure to comply could be grounds for eviction from the park. (Civil Code*
- 10 *Section 798.56)*
- 11 9. In California, mobilehome owners must pay annual property tax to the
- 12 county tax collector or an annual fee in lieu of taxes to the Department of
- 13 Housing and Community Development (HCD). If you are unsure which
- 14 to pay, contact HCD. Failure to pay taxes or in lieu fees can have serious
- 15 consequences, including losing your home at a tax sale.
- 16 10. For more information on registration, titling, and taxes, contact: the
- 17 Department of Housing and Community Development www.hcd.ca.gov
- 18 (800) 952-8356; County Tax Collector, www.cacttc.org (for listing); or
- 19 call your local county government.

22 SEC. 2. Section 18092.7 of the Health and Safety Code is
 23 amended to read:

24 18092.7. (a) Except as provided in subdivision (b) and Section
 25 18116.1, the department shall withhold the registration or transfer
 26 of registration of any manufactured home, mobilehome, or floating
 27 home which is subject to local property taxation, other than a new
 28 manufactured home, mobilehome, or floating home for which
 29 application is being made for an original registration, until the
 30 applicant presents a tax clearance certificate or a conditional tax
 31 clearance certificate issued pursuant to Section 2189.8 or 5832 of
 32 the Revenue and Taxation Code by the tax collector of the county
 33 where the manufactured home, mobilehome, or floating home is
 34 located. Any conditional tax clearance certificate presented shall
 35 indicate that the tax liability has been satisfied pursuant to
 36 paragraph (3) of subdivision (m) of Section 18035.

37 (b) In lieu of the tax clearance certificate or conditional tax
 38 clearance certificate required by subdivision (a), the department
 39 may accept a certification signed by the escrow officer under
 40 penalty of perjury that the tax collector of the county where the

1 manufactured home is located has failed to respond to the written
2 demand for a conditional tax clearance certificate as prescribed
3 by subdivision (m) of Section 18035.

4 SEC. 3. Section 18116.1 of the Health and Safety Code is
5 amended to read:

6 18116.1. (a) Nonpayment of the fees and penalties provided
7 for in Sections 18114, 18114.1, and 18115, and in subdivisions
8 (a), (b), (c), and (d) of Section 18116 that are due on a mobilehome,
9 manufactured home, commercial coach, truck camper, or floating
10 home shall constitute a lien in favor of the State of California in
11 the amount owing.

12 (b) Notwithstanding any other provision of law, the lien provided
13 for in subdivision (a) shall include all fees and penalties due and
14 unpaid beginning with the fees for original registration that became
15 delinquent for 120 days or more and continue to accrue to include
16 all fees and penalties that subsequently become due and remain
17 unpaid.

18 (c) Until the amount of a lien provided for in subdivision (a) or
19 (b) is paid to the department, the department shall not do either of
20 the following:

21 (1) Amend the permanent title record of the manufactured home,
22 mobilehome, commercial coach, truck camper, or floating home
23 which is the subject of the lien for the purpose of transferring any
24 ownership interest or transferring or creating any security interest
25 in the manufactured home, mobilehome, commercial coach, truck
26 camper, or floating home.

27 (2) Issue any duplicate, substitute, or new certificate of title,
28 registration card, or copy of a registration card with respect to the
29 manufactured home, mobilehome, commercial coach, truck camper,
30 or floating home which is the subject of the lien.

31 (d) (1) When application is made to the department for
32 registration or transfer of registration of a manufactured home or
33 mobilehome, and the applicant is not currently the registered
34 owner, with respect to all charges assessed by the department prior
35 to the date the title or interest in the manufactured home or
36 mobilehome was transferred to the applicant, the department shall
37 release any lien imposed pursuant to this chapter and waive all
38 outstanding charges assessed by the department, if all of the
39 following requirements are met:

1 (A) The applicant provides documentation demonstrating to the
2 satisfaction of the department ownership and the date of acquisition
3 of ownership interest pursuant to Section 18100.5 or 18102.5.

4 (B) The application is made prior to December 31, 2019.

5 (C) The applicant pays any charges assessed by the department
6 during the period between the time the applicant took ownership
7 interest or December 31, 2015, whichever is later, and the time
8 the applicant applies for relief pursuant to this subdivision.

9 (D) The applicant has not previously filed for relief pursuant to
10 this subdivision.

11 (E) Any lien pursuant to Section 16182 of the Government Code
12 has been satisfied.

13 (2) If the applicant meets the requirements of paragraph (1) and
14 the other requirements of this chapter not related to nonpayment
15 or late payment of the department's charges, fees, and penalties
16 related to registration and titling, the department shall waive the
17 outstanding charges, fees, or penalties identified in paragraph (1),
18 amend the title record, and issue a duplicate, substitute, or new
19 certificate of title, registration card, or copy of a registration card
20 with respect to the manufactured home or mobilehome, in
21 conformance with this chapter.

22 (3) For purposes of any amounts owing pursuant to this
23 subdivision, the department may establish a long term payment
24 program of up to five years. The department may provide that any
25 amounts owing under the payment program shall constitute a lien
26 in favor of the State of California in the amount owing and shall
27 be paid in full if the manufactured home or mobilehome is
28 subsequently transferred. Failure to make the payments required
29 by the plan is a violation of this chapter for which the department
30 may suspend, revoke, or cancel the certificate of title pursuant to
31 Section 18122.

32 (4) (A) If the manufactured home or mobilehome for which an
33 application has been submitted and approved pursuant to this
34 subdivision and the other requirements of this chapter not related
35 to nonpayment or late payment of the department's charges, fees,
36 and penalties related to registration and titling, is subject to local
37 property taxation, the department shall issue a conditional transfer
38 of title.

39 (B) Upon presentation of a completed tax liability certificate as
40 provided in subdivision (f) of Section 5832 of the Revenue and

1 Taxation Code, if the applicant meets all of the requirements of
2 this section and the other requirements of this chapter not related
3 to nonpayment or late payment of the department's charges, fees,
4 and penalties related to registration and titling, and the requirements
5 of paragraph (2) are met, the department shall amend the title
6 record and issue a duplicate, substitute, or new certificate of title.

7 SEC. 4. Section 18550 of the Health and Safety Code is
8 amended to read:

9 18550. It is unlawful for any person to use or cause, or permit
10 to be used for occupancy, any of the following manufactured homes
11 or mobilehomes wherever the manufactured homes or mobilehomes
12 are located, or recreational vehicles located in mobilehome parks:

13 (a) Any manufactured home, mobilehome, or recreational
14 vehicle supplied with fuel, gas, water, electricity, or sewage
15 connections, unless the connections and installations conform to
16 regulations of the department.

17 (b) Any manufactured home, mobilehome, or recreational
18 vehicle that is permanently attached with underpinning or
19 foundation to the ground, except for a manufactured home or
20 mobilehome bearing a department insignia or federal label, that is
21 installed in accordance with this part.

22 (c) Any manufactured home, mobilehome, or recreational
23 vehicle in an unsafe or unsanitary condition.

24 (d) Any manufactured home, mobilehome, or recreational
25 vehicle that is structurally unsound and does not protect its
26 occupants against the elements.

27 SEC. 5. Section 18550.1 is added to the Health and Safety
28 Code, to read:

29 18550.1. On and after January 1, 2020, it is unlawful for any
30 person to ~~use, cause, permit to be used~~ *use* for ~~occupancy,~~
31 *occupancy* any manufactured home or mobilehome, wherever the
32 manufactured home or mobilehome is located, that does not
33 conform to the registration requirements of the department,
34 provided that the department has provided notice to the occupant
35 of the registration requirements and any registration fees due.

36 SEC. 6. Section 5832 of the Revenue and Taxation Code is
37 amended to read:

38 5832. (a) (1) Upon application, the county tax collector shall
39 issue a tax clearance certificate or a conditional tax clearance
40 certificate.

1 (2) Any tax clearance certificate issued shall be used to permit
2 registration of used manufactured homes and for any other purposes
3 that may be prescribed by the Controller. The certificate may
4 indicate that the county tax collector finds that no local property
5 tax is due or is likely to become due, or that any applicable local
6 property taxes have been paid or are to be paid in a manner not
7 requiring the withholding of registration or the transfer of
8 registration.

9 (3) Any conditional tax clearance certificate issued shall indicate
10 that the county tax collector finds that a tax liability exists, the
11 amount due, and the final date that amount may be paid before a
12 further tax liability is incurred. The certificate shall be in any form
13 that the Controller may prescribe, and shall be executed, issued,
14 and accepted for clearance of registration or permit issuance on
15 the conditions which the Controller may prescribe.

16 (b) Within five working days of receipt of the written demand
17 for a conditional tax clearance certificate or tax clearance
18 certificate, the county tax collector shall forward the conditional
19 tax clearance certificate or tax clearance certificate, showing no
20 tax liability exists, to the requesting escrow officer. In the event
21 the final due date of the tax clearance certificate or conditional tax
22 clearance certificate expires within 30 days of the date of its
23 issuance, an additional conditional tax clearance certificate or tax
24 clearance certificate shall be completed, which has a final due date
25 of at least 30 days beyond the date of issuance. The tax collector
26 shall not charge a fee for the issuance of a certificate unless a
27 previously issued tax clearance certificate or conditional tax
28 clearance certificate expires prior to the date upon which title
29 transfers. The fee for the issuance of a subsequent certificate with
30 respect to that manufactured home shall be an amount equal to the
31 actual costs of preparing and processing that certificate.

32 (c) If the tax collector fails to comply with the demand within
33 30 days from the date the demand is mailed, the escrow officer
34 may close the escrow in accordance with the provisions of
35 subdivision (m) of Section 18035 of the Health and Safety Code.

36 (d) Notwithstanding any provisions of law requiring the tax
37 collector to issue a tax clearance certificate or conditional tax
38 clearance certificate within a specified period of time, when an
39 escrow information demand is made pursuant to Section 18035 of
40 the Health and Safety Code for a manufactured home that has not

1 been enrolled in the county, the tax collector shall be afforded the
2 number of working days necessary for the assessor to determine
3 the value of the manufactured home and for the auditor to extend
4 tax liability.

5 (e) The issuance, alteration, forgery, or use of any tax clearance
6 certificate or conditional certificate in a manner contrary to the
7 requirements of the Controller constitutes a misdemeanor.

8 (f) (1) Prior to January 1, 2020, a person with a conditional
9 transfer of title as described in subparagraph (A) of paragraph (4)
10 of subdivision (d) of Section 18116.1 of the Health and Safety
11 Code may apply to the tax collector to issue either a tax liability
12 or tax clearance certificate. The county tax collector shall issue a
13 tax liability certificate if the person pays the taxes reasonably owed
14 from the date of sale as shown on the conditional transfer of title,
15 without penalties or interest, and not to exceed the amounts
16 attributable one year prior to January 1, 2017.

17 (2) Upon issuance of a tax clearance or liability certificate, the
18 applicant shall be listed as the owner of record for all local property
19 tax purposes and the home shall not be subject to lien or seizure
20 based on any taxes, penalties, or interest as noted on the certificate
21 issued pursuant to paragraph (1). The tax collector shall notify the
22 assessor and other county agencies of the change.

23 (3) This subdivision does not relieve any owner other than the
24 applicant from tax liability, including penalties and interest, arising
25 from nonpayment prior to the date of sale, or prohibit a county tax
26 collector from collecting delinquent taxes, penalties, or interest
27 due prior to the date of sale, from any owner other than the
28 applicant.

29 SEC. 7. The Legislature finds and declares that the abatement
30 of taxes, penalties, and interest incurred prior to the date of sale
31 of a mobilehome or manufactured home to an applicant, as
32 described in this act, serves a public purpose and does not constitute
33 a gift of public funds within the meaning of Section 6 of Article
34 XVI of the California Constitution.

35 SEC. 8. If the Commission on State Mandates determines that
36 this act contains costs mandated by the state, reimbursement to
37 local agencies and school districts for those costs shall be made
38 pursuant to Part 7 (commencing with Section 17500) of Division
39 4 of Title 2 of the Government Code.

1 SEC. 9. Notwithstanding Section 2229 of the Revenue and
2 Taxation Code, no appropriation is made by this act and the state
3 shall not reimburse any local agency for any property tax revenues
4 lost by it pursuant to this act.

O