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**AB-587 Mobilehomes: payments: nonpayment or late payments.** (2015-2016)

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**Assembly Bill No. 587**

**CHAPTER 396**

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.

[ Approved by Governor September 21, 2016. Filed with Secretary of State September 21, 2016. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 587, 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 the 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.

(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, 2019, 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 requires a rental agreement for a tenancy to include, among other things, a specified notice.

This bill would 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 make it unlawful for any person to use for occupancy any manufactured home or 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: 2/3 Appropriation: no Fiscal Committee: yes Local Program: yes

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

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

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

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

(b) The rules and regulations of the park.

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

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

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

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

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

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

(g) A provision stating that management may charge a reasonable fee for services relating to the maintenance of the land and premises upon which a mobilehome is situated in the event the homeowner fails to maintain the land or premises in accordance

with the rules and regulations of the park after written notification to the homeowner and the failure of the homeowner to comply within 14 days. The written notice shall state the specific condition to be corrected and an estimate of the charges to be imposed by management if the services are performed by management or its agent.

(h) All other provisions governing the tenancy.

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

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

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

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

1. Management must give a homeowner written notice of any increase in his or her rent at least 90 days before the date of the increase. (Civil Code Section 798.30)
2. No rental or sales agreement may contain a provision by which a purchaser or a homeowner waives any of his or her rights under the MRL. (Civil Code Sections 798.19, 798.77)
3. Management may not terminate or refuse to renew a homeowner's tenancy except for one or more of the authorized reasons set forth in the MRL. (Civil Code Sections 798.55, 798.56) Homeowners must pay rent, utility charges, and reasonable incidental service charges in a timely manner. Failure to comply could be grounds for eviction from the park. (Civil Code Section 798.56)
4. Homeowners, residents, and their guests must comply with the rental agreement or lease, including the reasonable rules and regulations of the park and all applicable local ordinances and state laws and regulations relating to mobilehomes. Failure to comply could be grounds for eviction from the park. (Civil Code Section 798.56)
5. Homeowners have a right to peacefully assemble and freely communicate with respect to mobilehome living and for social or educational purposes. Homeowners have a right to meet in the park, at reasonable hours and in a reasonable manner, for any lawful purpose. Homeowners may not be charged a cleaning deposit in order to use the park clubhouse for meetings of resident organizations or for other lawful purposes, such as to hear from political candidates, so long as a homeowner of the park is hosting the meeting and all park residents are allowed to attend. Homeowners may not be required to obtain liability insurance in order to use common facilities unless alcohol is served. (Civil Code Sections 798.50, 798.51)
6. If a home complies with certain standards, the homeowner is entitled to sell it in place in the park. If you sell your home, you are required to provide a manufactured home and mobilehome transfer disclosure statement to the buyer prior to sale. (Civil Code Section 1102.6d) When a home is sold, the owner is required to transfer the title to the buyer. The sale of the home is not complete until you receive the title from the seller. It is the responsibility of the buyer to also file paperwork with the Department of Housing and Community Development to register the home in his or her name. (Civil Code Sections 798.70–798.74)
7. Management has the right to enter the space upon which a mobilehome is situated for maintenance of utilities, trees, and driveways; for inspection and maintenance of the space in accordance with the rules and regulations of the park when the homeowner or resident fails to maintain the space; and for protection and maintenance of the mobilehome park at any reasonable time, but not in a manner or at a time that would interfere with the resident's quiet enjoyment of his or her home. (Civil Code Section 798.26)
8. A homeowner may not make any improvements or alterations to his or her space or home without following the rules and regulations of the park and all applicable local ordinances and state laws and regulations, which may include obtaining a permit to construct, and, if required by park rules or the rental agreement, without prior written approval of management. Failure to comply could be grounds for eviction from the park. (Civil Code Section 798.56)
9. In California, mobilehome owners must pay annual property tax to the county tax collector or an annual fee in lieu of taxes to the Department of Housing and Community Development (HCD). If you are unsure which to pay, contact HCD. Failure to pay taxes or in lieu fees can have serious consequences, including losing your home at a tax sale.
10. For more information on registration, titling, and taxes, contact: the Department of Housing and Community Development [www.hcd.ca.gov](http://www.hcd.ca.gov) (800) 952-8356; your County Tax Collector; or call your local county government.

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

**18092.7.** (a) Except as provided in subdivision (b) and Section 18116.1, the department shall withhold the registration or transfer of registration of any manufactured home, mobilehome, or floating home which is subject to local property taxation, other than a

new manufactured home, mobilehome, or floating home for which application is being made for an original registration, until the applicant presents a tax clearance certificate or a conditional tax clearance certificate issued pursuant to Section 2189.8 or 5832 of the Revenue and Taxation Code by the tax collector of the county where the manufactured home, mobilehome, or floating home is located. Any conditional tax clearance certificate presented shall indicate that the tax liability has been satisfied pursuant to paragraph (3) of subdivision (m) of Section 18035.

(b) In lieu of the tax clearance certificate or conditional tax clearance certificate required by subdivision (a), the department may accept a certification signed by the escrow officer under penalty of perjury that the tax collector of the county where the manufactured home is located has failed to respond to the written demand for a conditional tax clearance certificate as prescribed by subdivision (m) of Section 18035.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) (A) If the manufactured home or mobilehome for which an application has been submitted and approved pursuant to this subdivision and the other requirements of this chapter not related to nonpayment or late payment of the department's charges,

fees, and penalties related to registration and titling, is subject to local property taxation, the department shall issue a conditional transfer of title.

(B) Upon presentation of a completed tax liability certificate as provided in subdivision (f) of Section 5832 of the Revenue and Taxation Code, if the applicant meets all of the requirements of this section and the other requirements of this chapter not related to nonpayment or late payment of the department's charges, fees, and penalties related to registration and titling, and the requirements of paragraph (2) are met, the department shall amend the title record and issue a duplicate, substitute, or new certificate of title.

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

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

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

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

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

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

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

**18550.1.** On and after January 1, 2020, it is unlawful for any person to use for occupancy any manufactured home or mobilehome, wherever the manufactured home or mobilehome is located, that does not conform to the registration requirements of the department, provided that the department has provided notice to the occupant of the registration requirements and any registration fees due.

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

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

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

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

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

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

(d) Notwithstanding any provisions of law requiring the tax collector to issue a tax clearance certificate or conditional tax clearance certificate within a specified period of time, when an escrow information demand is made pursuant to Section 18035 of

the Health and Safety Code for a manufactured home that has not been enrolled in the county, the tax collector shall be afforded the number of working days necessary for the assessor to determine the value of the manufactured home and for the auditor to extend tax liability.

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

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

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

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

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

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

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