

A bill for an act

relating to housing; establishing a resident right of refusal when a manufactured home park is being sold; amending Minnesota Statutes 2006, sections 327C.095, subdivisions 6, 7, 9; 327C.096; repealing Minnesota Statutes 2006, section 327C.095, subdivision 8.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2006, section 327C.095, subdivision 6, is amended to read:

Subd. 6. **Intent to convert use of park at time of purchase; resident right of first refusal.** (a) Before the execution of an agreement to purchase a manufactured home park, the purchaser must notify the park owner, in writing, if the purchaser intends to close the manufactured home park or convert it to another use ~~within one year of the execution of the agreement.~~ The park owner shall provide a resident of each manufactured home with a ~~45-day~~ 90-day written notice of the purchaser's intent to close the park or convert it to another use, and offer the park for sale to the residents. The notice must state that the park owner will provide information on the cash price and the terms and conditions of the purchaser's offer to residents requesting the information. The notice must be sent by first class mail to a resident of each manufactured home in the park. The notice period begins on the postmark date affixed to the notice and ends ~~45~~ 90 days after it begins.

(b) During the notice period required in this subdivision, the following shall have the right to purchase the park by meeting the cash price and executing an agreement to purchase the park for the purpose of keeping the park as a manufactured housing community:

(1) the owners of at least 51 percent of the manufactured homes in the park ~~or;~~

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(2) a nonprofit organization which has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them in the acquisition of the park ~~shall have the right to meet the cash price and execute an agreement to purchase the park for the purposes of keeping the park as a manufactured housing community; or~~

(3) a resident-owned cooperative formed under either chapter 308A or 308B, unless a majority of the residents object, in writing, to a conversion under either chapter 308A or 308B within 30 days after receipt of notice of an attempt to convert to a cooperative.

(c) The park owner must accept the offer if it meets the cash price and the same terms and conditions set forth in the purchaser's offer except that the seller is not obligated to provide owner financing. For purposes of this section, cash price means the cash price offer or equivalent cash offer as defined in section 500.245, subdivision 1, paragraph (d).

(d) Proceeds from the sale of a manufactured home park to the owners, a nonprofit, or a cooperative under this subdivision are exempt from state taxes on capital gains as imposed by chapter 290. A nonprofit or cooperative is exempt from state taxes or capital gains only if it covenants to maintain the property as a manufactured home community for a period of at least 15 years. If a property purchased under this subdivision ceases operation as a manufactured home community prior to the end of the 15-year restricted use period, the nonprofit or cooperative who purchased the property shall be responsible for paying the state taxes on capital gains as imposed by chapter 290 that would have been paid by the park owner, but for this section, together with a penalty to be determined by the commissioner of revenue.

Sec. 2. Minnesota Statutes 2006, section 327C.095, subdivision 7, is amended to read:

Subd. 7. **Intent to close or convert use of park after purchase.** (a) If the purchaser of a manufactured home park decides to close or convert the park to another use ~~within one year~~ at any time after the purchase of the park, the purchaser must offer the park for purchase by the residents of the park at a cash price equal to the tax assessed or market appraised value of the property as determined by an appraisal conducted by an independent appraisal agreed upon by both parties. For purposes of this subdivision, the date of purchase is the date of the transfer of the title to the purchaser.

(b) The purchaser must provide a resident of each manufactured home with a written notice of the intent to close the park ~~and all of the owners of at least 51 percent of the manufactured homes in the park or a nonprofit organization which has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them in the acquisition of the park.~~ The following shall have 45 90 days to execute an agreement for the purchase of the park at a cash price equal to the original

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purchase price paid by the purchaser plus any documented expenses relating to the acquisition and improvement of the park property, together with any increase in value due to appreciation of the park;

(1) all of the owners of at least 51 percent of the manufactured homes in the park;

(2) a nonprofit organization which has the written permission of the owners of at least 51 percent of the manufactured home in the park to represent them in the acquisition of the park; or

(3) a resident-owned cooperative formed under either chapter 308A or 308B, unless a majority of the residents object, in writing, to a conversion under either chapter 308A or 308B within 30 days after receipt of notice of an attempt to convert to a cooperative.

(c) The purchaser must execute the purchase agreement at the price specified in this subdivision and pay the cash price within 90 days of the date of the purchase agreement. The notice must be sent by first class mail to a resident of each manufactured home in the park. The notice period begins on the postmark date affixed to the notice and ends ~~45~~ 90 days after it begins.

(d) Proceeds from the sale of a manufactured home park to the owners, a nonprofit, or a cooperative under this subdivision are exempt from state taxes on capital gains as imposed by chapter 290. A nonprofit or cooperative is exempt from state taxes on capital gains only if it covenants to maintain the property as a manufactured home community for a period of at least 15 years. If a property purchased under this subdivision ceases operation as a manufactured home community prior to the end of the 15-year restricted use period, the nonprofit or cooperative who purchased the property shall be responsible for paying the state taxes on capital gains as imposed by chapter 290 that would have otherwise been paid by the park owner, together with a penalty to be determined by the commissioner of revenue.

Sec. 3. Minnesota Statutes 2006, section 327C.095, subdivision 9, is amended to read:

Subd. 9. **Effect of noncompliance.** ~~If a manufactured home park is finally sold or converted to another use in violation of subdivision 6 or 7, the residents do not have any continuing right to purchase the park as a result of that sale or conversion.~~ A violation of subdivision 6 or 7 is subject to section 8.31, except that relief shall be limited so that questions of marketability of title shall not be affected.

Sec. 4. Minnesota Statutes 2006, section 327C.096, is amended to read:

327C.096 NOTICE OF SALE AND RIGHT OF FIRST REFUSAL.

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4.1 Subdivision 1. **Notice of offer of sale.** When a park owner offers to sell a
4.2 manufactured home park to the public through advertising in a newspaper or by listing
4.3 the park with a realtor licensed by the Department of Commerce, the owner must provide
4.4 concurrent written notice to a resident of each manufactured home in the park that the
4.5 park is being offered for sale. Written notice provided once within a one-year period
4.6 satisfies the requirement under this section. ~~The notice provided by the park owner to a~~
4.7 ~~resident of each manufactured home does not grant any property rights in the park and is~~
4.8 ~~for informational purposes only. This section does not apply in the case of a taking by~~
4.9 ~~eminent domain, a transfer by a corporation to an affiliate, a transfer by a partnership to~~
4.10 ~~one or more of its partners, or a sale or transfer to a person who would be an heir of~~
4.11 ~~the owner if the owner were to die intestate. If at any time a manufactured home park~~
4.12 ~~owner receives an unsolicited bona fide offer to purchase the park that the owner intends~~
4.13 ~~to consider or make a counter offer to, the owner is under no obligation to notify the~~
4.14 ~~residents as required under this section.~~

4.15 Subd. 2. **Notice required before sale.** No manufactured home park owner
4.16 shall make a final unconditional acceptance of any offer for the sale or transfer of a
4.17 manufactured home park without first giving to each park resident 90-days' notice:

4.18 (1) that the owner intends to sell the manufactured home park; and

4.19 (2) of the price, terms, and conditions of an acceptable offer the park owner has
4.20 received to sell the park or the price, terms, and conditions for which the park owner
4.21 intends to sell the park.

4.22 The notice must include a copy of the signed written offer which sets forth a
4.23 description of the property to be purchased and the price, terms, and conditions of the
4.24 acceptable offer.

4.25 Subd. 3. **Right of first refusal.** During the notice period provided in subdivision 2,
4.26 the manufactured home park owner must offer the park for purchase by the residents of
4.27 the park as a cooperative under chapter 308A or 308B or a nonprofit organization with
4.28 the written permission of the owners of at least 51 percent of the manufactured home
4.29 in the park to represent them in the acquisition of the park. During the notice period,
4.30 the cooperative or nonprofit shall have the right to meet the cash price and execute an
4.31 agreement to purchase the park for the purposes of keeping the park as a manufactured
4.32 housing community. Proceeds from the sale of a manufactured home park to a cooperative
4.33 or nonprofit under this subdivision are exempt from state taxes on capital gains as imposed
4.34 by chapter 290, provided the purchasing entity agrees to maintain the property as a
4.35 manufactured home community for a period of at least 15 years. If a property purchased
4.36 under this subdivision ceases operation as a manufactured home community prior to the

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5.1 end of the 15-year restricted use period, the cooperative or nonprofit entity who purchased
5.2 the property shall be responsible for paying the state taxes on capital gains as imposed by
5.3 chapter 290 that would have otherwise been paid by the park owner.

5.4 Subd. 4. **Exceptions.** This section does not apply in the case of a taking by eminent
5.5 domain, a transfer by a corporation to an affiliate, a transfer by a partnership to one or
5.6 more of its partners, or a sale or transfer to a person who would be an heir of the owner if
5.7 the owner were to die intestate.

5.8 Sec. 5. **REPEALER.**

5.9 Minnesota Statutes 2006, section 327C.095, subdivision 8, is repealed.