

Good morning Chairman Barta and members of the Senate Industry and Business Committee. For the record, my name is Senator Bob Paulson from District 3 in Minot. I'm here to introduce SB 2385.

SB 2385 is a continuation of an effort from the two previous sessions to bring accountability to out of state investment groups who buy mobile home parks in North Dakota and then proceed to mistreat North Dakotans. This problem is certainly not limited to our state, but this bill is brought to protect North Dakota citizens.

Mr. Chairman and members of the committee, I worked really hard to limit my comments this morning, thinking that it would be good for the tenants to speak for themselves. However, some of them are unwilling to do so, as evidenced by the following note I received from a constituent:

*"These companies buying the parks are raising the lot rent so high that it is forcing people out that have nowhere else to go and cannot afford to have their homes moved. This means that the corporation will more than likely gain possession of the home. I have personally seen this happen and lost my job as a park manager when I tried standing up for my residents. When you try and talk to the corporations, they have no care in the world. You try talking to them about the elderly, disabled, etc and they tell you "then they can move" I am honestly scared of my husband and I being evicted if I speak up, they (the owners) are ruthless. If there is anything I can do without jeopardizing my home, please let me know."*

So Mr. Chairman and committee members, I'm not sure who all will testify this morning or submit written testimony, as a lot of them feel intimidated.

I first became aware of this issue in 2021, but an email I received during the 2023 session really detailed what was going on. To quote from that email:

*"On February 1<sup>st</sup> I received an email from their site manager that contained a link to the new 41-page lease. At the bottom of that email was a statement that once we click on the link, we have 1 day access to the lease. The email also stated that we were to sign and finalize the document. I received a reminder email on February 2 to which I replied to clarify that they were indeed requiring tenants to read and sign the document in a day. The manager confirmed that yes that was the case. I requested additional time. She did not respond to my request. I then*

*received another reminder email on February 3. I again replied to that email asking for additional time and a paper copy. She told me to click the link and sign the document, and that she would then provide me a paper copy to sign. ??? I then asked her what date I had to sign by, and she told me I had 5 days and had to sign by February 7 or would be considered not in compliance (her words) and will be subject to eviction. At this point I felt very pressured and threatened"*

And I'll just point out, committee, that the law requires 30 days to review a lease.

The email went on to say:

*" Additionally, there are several highly restrictive and punitive statements in the lease. The lease states "no temporary guest may stay at the home overnight and must be approved, in writing, by the Community Manager. Additionally, any guests intending to stay overnight are subject to Community Manager's criminal background check." It further states "Your houseguest should bring a valid Government photo ID and fill out the necessary paperwork."*

When a representative from the North Dakota Manufactured Homes Association (NDMHA) was finally able to locate and contact the out of state owner, he informed them that they were in violation of ND law, and the response he received was, "We know, we have the law right here". Since the law did not have adequate "teeth" so to speak, they were unconcerned.

It seems fairly typical that the new owners will present a new lease with significant rent increases, new utility charges when utilities haven't been charged in the previous 15-20 years, along with the threat of "sign the lease or get evicted". If tenants are unable to pay the increases in rent, it is unlikely they can afford the thousands of dollars it costs to relocate a mobile home. They are truly between a rock and a hard spot, and are ripe for extortion. And the park owners know that.

The case I was personally involved with was a 76 year old disabled lady who had lived in her home for 14 years. Never late on her rent in 14 years, she signed a new lease under duress while disputing the utility bills, since there were no individual water meters on the lots and water had always been included in the lot rent. She continued to pay her rent, but unbeknownst to her, the manager re-characterized a portion of her payment as a utility payment, and then submitted

eviction paperwork for non-payment of rent. I sat in her home as she cried and showed me canceled rent checks that the manager had cashed, with the word "rent" written in the memo portion of the check. I called attorneys on her behalf, but none were willing to take her case. She was evicted, and because mobile homes are characterized as personal property and not real estate, after a period of time they revert to the park owner as their property, so she lost her home. She could not find a place to rent because she had an eviction on her record. It was one of the most frustrating experiences of my life to not be able to find a way to help her.

If you live in an apartment and you get evicted, you can often find another place to rent and simply move your items to your new residence. When you get evicted from a mobile home, it is nearly impossible to find a business who moves mobile homes who will respond within the required timeframe, assuming you can find a location to move it to. I think it's important to keep in mind that these tenants are often not people of means.

Chairman Barta, I have an amendment prepared by Ms. Allyson Hicks of the Attorney General's office, that would move Section 8 of the bill under the Commerce department, since that section has to do with landlord/tenant relationships and not licensure. Ms Hicks is here and is willing to speak to that amendment along with taking questions on the bill, as she developed a significant portion of the bill. The other portion was developed by Health and Human Services, and I believe Ms. Wagendorf will be providing neutral testimony on that portion of the bill.

I will very briefly go through the bill, as the experts will testify behind me. Section 1 of the bill has to do with what to do if an owner's license is revoked. The park would be placed in a receivership, and I believe this section is modeled after states that are already doing this. Section 2 has to do with licensing, providing contact information for the manager, and a penalty for failure to follow the licensure process. Sections 3-7 have to do with the licensing process and the penalty for operating a park without a license. Section 8 has to do with landlord tenant relationships as previously mentioned, includes a provision that utilities cannot be charged unless they are individually metered, and discusses rules that the Commerce Department will develop and the penalty for violating those rules.

Section 9 has to do with a change of ownership, and gives tenants of the mobile home park right of first refusal to purchase the park if they choose to do so. Section 10 of the bill is a sunset clause for Section 8, since it is unique to mobile home parks it would give an opportunity to evaluate the benefits next session. And frankly, Mr. Chairman, if the committee felt it prudent to do so, it wouldn't bother me if Section 10 was removed from the bill.

Mr. Chairman, that concludes my testimony and I would be happy to stand for any questions.