

MEMBERS PRESENT: Mr. Bennett (Late--excused)
Mr. Brady (Late--excused)
Mr. Chaney (Late--excused)
Mr. DuBois
Mr. Jeffrey
Mr. Kovacs
Mr. Prengaman
Mr. Rusk
Mr. Robinson

MEMBERS ABSENT: Mr. Bremner
Mr. Dini

GUESTS PRESENT: See attached attendance roster

Chairman Robinson called the meeting to order at 3:02 p.m. in room 131, which had to be used instead of the regular committee room because of the larger than normal attendance.

As the first order of business, Chairman Robinson had three bills to be introduced by the committee:

BDR 682: Memorializes Congress to remove distinctions
(AJR 19) relative to eligibility for loans for certain
types of housing.

BDR 25-681: Adds mobile home parks and mobile homes to
(AB 150) types of residential housing financed under
Nevada Housing Finance Law.

BDR: 40-665: An act relating to county hospitals removing
(AB 151) the provisions that authorize general obliga-
tions bonds be issued without being authorized
by an election and providing unmatched proper-
ties relating thereto.

The Chairman indicated that the first two bills would be referred back to Committee and the third bill would go to Government Affairs. The motion to introduce all three bills was made by Mr. Jeffrey; seconded by Mr. Rusk, and carried with a unanimous vote of the members present.

Dr. Robinson said that all of the committee members should have received bulletin number 81-9, which is the result of the interim study on the problems of renters and owners of mobile homes. He indicated that any member who did not have a copy should contact the secretary and obtain a copy.

The first bill to be heard in Committee was A.B. 21.

A.B. 21: Requires escrow for certain sales of mobile
homes.

Mrs. Hays, one of the co-sponsors of A.B. 21 gave the committee a brief overview of the bill. She indicated that the bill resulted from the subcommittee's study of the problems of mobile homes. She referred to a series of newspaper articles that had been published by the Las Vegas Sun what related to some of the violations perpetuated upon people buying mobile homes, (EXHIBIT A). Mrs. Hays indicated that in addition to the violations mentioned in the articles, there had been other violations which contributed to the need for mobile home escrows. She said that the subcommittee had looked at the escrow laws of several other states and had finally decided on the California law to use as an example.

Don Rhodes, Chief Deputy Research Director, then read from an analysis that his office had prepared of A.B. 21, (EXHIBIT B).

Assemblyman Hays then pleaded with the Committee to keep an open mind while holding hearings on this bill and several of the other bills pertaining to the regulation of the mobile home industry because the owners and renters of mobile homes "really do need help."

A question was posed by Mr. DuBois asking why the period for the proposed escrow had been set at 120 days. Don Rhodes responded to the question by saying that the 120 days had been patterned after the California law.

Mr. Wayne Tetrault, Administrator of the Manufactured Housing Division, then came forward to give testimony. Mr. Tetrault then made several recommendations to the Committee of some proposed amendments to A.B. 21. These suggested amendments are outlined in EXHIBIT C, which is attached to these minutes. Mr. Tetrault further indicated that this bill would amend Chapter 598 of NRS. He suggested that instead the Committee should put the bill into Chapter 489, which is the mobile home law. Mr. Tetrault also indicated that the definition for a mobile home that appeared in A.B. 21 was obsolete and that perhaps a better one to use would be the one found in NRS 118.

Mr. Rhodes then addressed the committee again. He responded to Mr. Tetrault's suggestion of using the definition of a mobile home that is found in NRS 118 by saying that the A.B. 22 had a "pretty good definition," and that perhaps the committee would like to use that one for A.B. 21 also.

Mr. Dini then asked Mr. Tetrault what was covered by NRS 489. He gave a brief explanation of the areas covered by 489. Mr. Tetrault also informed Mr. Dini that escrow companies were now regulated by the Nevada Real Estate Division.

There being no further questions of Mr. Tetrault, Mr. Dick Hoy, representing the Nevada Manufactured Housing Association, came

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forward. He stated that his association had no problem with the concept of having an escrow; however, he said that it appeared that the term "escrow" seemed to be synonymous with the term "title insurance," and that to his knowledge, there was no title insurance covering personal property or a chattel. He did say that there was title insurance covering aircraft, which insured the purchaser that title is clear. Mr. Hoy also questioned whether title insurance insured the purchaser "anything." He used examples of loans on personal property or "seconds" and said that most escrow companies just are not familiar with personal property transactions. Mr. Hoy said that he was familiar with the California Law that the sponsors of A.B. 21 had referred to, and that he was not sure that requiring escrows of mobile home sales would prevent the types of fraud that the bill was hoping to prevent. He also said that in real estate transactions, escrows were not required by law. Mr. Hoy said that there was some language in A.B. 25 which would help through requirements of bonding and recourse, and that that bill should be reviewed closely before an escrow law such as A.B. 21 is considered.

Next to speak was Mr. Bill Cozart, representing the Nevada Association of Realtors. He stated that his association was in complete sympathy with the bill and its purpose; however, he had a number of suggestions for the purpose of clarification. The first change that he felt should be considered involves page 2, lines 34 through 39, which is called subsection 4 and involves the time of the escrow. Mr. Cozart indicated that he felt 120 days would not be long enough for some transactions involving real property along with the mobile home and that the time of escrow should be set by the parties themselves.

Dr. Robinson questioned Mr. Cozart if he felt that the entire section (lines 34 through 39) should be deleted. Mr. Cozart indicated that he thought it should and that the length of escrow be determined by the escrow process itself.

Mr. Cozart then said that he felt lines 40, 41, and 42 restrict an individuals investment desires. He suggested that instead, the Committee add the phrase "without full disclosure to all parties involved." He also questioned whether the Nevada Real Estate Division should have sole responsibility of regulating escrow companies.

Mr. Peter Smith, Vice-chairman of the Carson City Mobile Home Park Advisory Board, stated that A.B. 21 would result in increased costs to the purchaser that would override any risks that they were facing in the possibility of fraud by the dealers.

Following Mr. Smith, was Shannon Zivic, of the Mobile Home Owners League of the Silver State. Mrs. Zivic opened her statements by saying that the League was very much in favor of A.B. 21, but that she agreed that it should be under Chapter 489 of NRS rather than 598. She indicated that lines 11 through 39 on page 1 of the bill

failed to cover a number of essential areas; however, she felt that the law should stipulate the items to be included in the escrow. Mrs. Zivic also said that she would not like to see the 5 percent figure in Section 4 deleted. She then stated that Clark County had a number of cases involving mobile home fraud pending on which no action whatsoever had been taken. She presented a list of some of the cases to the Committee, (EXHIBIT D).

There being no questions, Dr. Robinson concluded the testimony on A.B. 21 and opened the testimony on A.B. 22.

A.B. 22: Makes provisions governing rental of mobile home lots applicable to certain recreational vehicles.

Mr. Don Rhodes referred to EXHIBIT E, the California escrow law then read through his analysis of A.B. 22, (EXHIBIT F).

Mr. Brady asked Don whether there would be problems with the seemingly ambiguous treatment of recreational vehicles under the different laws. After some discussion of the treatment of mobile homes in A.B. 20, Mr. Rhodes indicated that there could be some legal problems. Mr. Brady then stated that owners of recreational vehicles were treated one way under one law and another way under other laws, and that some kind of consistent treatment was needed.

Shannon Zivic, Mobile Home Owners League of the Silver State, gave some background on the treatment of recreational vehicles in trailer courts/mobile home parks in Clark County. She indicated that A.B. 22 made no provisions for evictions. In response to this statement, Chairman Robinson asked Mr. Rhodes to clarify whether or not any existing eviciton procedures apply.

Don said he believed so, but that he would check with the legal division and if it was left out, it was merely an oversight as it was not the intention of the drafters to leave it out.

Mr. Albert Fischer, owner of Cottonwood Mobile Home Park in Carson City, took the podium and indicated that he saw no problem with the bill as long as the language was changed to reflect a three month period for recreational vehicles as opposed to a one month period. He said that this would allow a beneficial treatment of "snowbirds," temporary winter month residents.

Mr. Fischer's comments closed the hearing on A.B. 22, and Dr. Robinson opened the hearing on A.B. 23.

A.B. 23: Revises reporting requirements for housing division of department of commerce.

Mr. Paul Prengaman, Assemblyman from District 26, opened the hearing with several remarks concerning the activities of the housing division. He stated that the division was primarily

focusing on conventional housing and not doing too much in the area of helping to develop mobile home lots, and that the bill, A.B. 23, was a result of that fact. Mr. Prengaman then enumerated the things that this bill would provide in the way of reporting by the division as well as support for the development of mobile home parks.

Don Rhodes then read through an analysis of A.B. 23 prepared by the Research Department, (EXHIBIT G).

Mr. Alan McNitt, Administrator for the Nevada Housing Division, made the following comments with regard to A.B. 23. First, Mr. McNitt indicated that he was neither speaking on behalf of nor against the bill. He also said that the Nevada Housing Division did have the statutory authority to finance mobile home real estate loans; however, it does not have authority to finance mobile home personal property loans. Mr. McNitt indicated that the division was prepared to proceed with future bond issues for financing mobile home real estate loans. He then added that Governor List had announced the temporary suspension of future single-family bond programs because of the Mortgage Subsidy Tax Bond Act of 1980 passed by Congress.

Mr. McNitt said that a statute or an amendment to a statute was not needed to obtain reports. He also said that some of the language in the bill which refers to "mobile homes" could be defined as personal property loans, and his division does not have the statutory authority to accomplish this type of loan. Mr. McNitt referred to line 3, page 2 of the bill and stated that his agency did not collect data and did not propose to collect data with regard to real estate loans that would define or discriminate statistically whether or not it was a mobile home versus a stick built home. He added that to do so would indirectly discriminate a mobile home real estate loan versus a subdivision loan. The same holds true for line 7.

Mr. McNitt said that the Nevada Housing Division was a financing agency, not an entity for developing property. He added that the division was a secondary market source of funding--a lender.

Mr. Prengaman questioned Mr. McNitt's statements concerning the difficulty of gathering the information required on page 2, line 7. Mr. McNitt responded that it was "not difficult" but that the division had not proposed to discriminate in the collection of such information in order to encourage that mobile home real estate loans would be made.

Mr. Prengaman stated that he did not understand "discriminate," to which Mr. McNitt answered that at this time the division did not have the capability to gather income information on the loans. He added that the division tried "not to be noseey."

Dr. Robinson interceded by saying that the question was "mute" at the present time because of the freeze on Housing Division's

ability to sell any further bonds to raise the capital to make any further loans.

Mr. Prengaman then made the comment that although the data was not now being gathered, the committee felt that it would be very useful for future deliberations.

Mr. McNitt responded that he had no problem with that once the legislature set the policy.

After some discussion between Mr. Prengaman and Mr. Bennett, Mr. Rusk asked if the committee felt that the division was not being fully informative when asked for information with respect to what they were willing to do regarding development of mobile home parks. He also said that he was somewhat confused as to the intent of A.B. 23.

Mr. Prengaman responded that the committee had difficulty getting Mr. McNitt to testify and that the primary purpose of this particular bill was to insure that when money was available, mobile home parks ought to be considered as much as possible instead of all of the emphasis being put on single-family, stick-built homes.

Mr. Rusk asked Mr. McNitt what he would do in the area of mobile home parks if money again became available. Mr. McNitt said that as he understood A.B. 23, it did not really apply to the building of mobile home parks. That it did, however, apply to the financing of mobile homes permanently attached to real property and that the division had no problems with that. He added that the Nevada Housing Division was prepared to proceed along those lines but that legislation pending and enacted in December, 1980 suspended any such financing along with other single-family financing. He said that no mobile home loans had been made even though there had been discussion about it because it was not until 1979 that the law was clarified to permit these types of loans.

Next to speak was Dick Hoy representing Nevada Manufactured Housing. He stated that since the 1979 legislation allowed some additional bonds for funding, Mr. McNitt has been very helpful and willing to comply with the manufactured housing industry in trying to provide low interest loans for the low income families.

Don Rhodes stated that he would like to clarify the intent of the subcommittee. He said that what they had been looking for was for the Housing Division to make available funds to expand the number of spaces available for mobile homes--specifically to nonprofit agencies or co-op groups, which appears to be the vogue in other states. He also gave more background information on the ideas behind the committee's intent.

Chairman Robinson also gave some of the rationale for the subcommittee's recommendations.

Taking the stand to give further testimony on A.B. 23 was Mr. Don

Brodine with Nevada Mortgage Bankers and Southern Nevada Home Builders. He said that they had no quarrel with the intent of the bill; however there was concern with page 2, lines 11 through 14. He felt that private industry should be performing these functions and not the state. Mr. Brodine also said that providing the statistics on the buyers as specified in A.B. 23 would be an invasion of privacy because they were too specific.

Mr. Prengaman stated that lines 11 through 14 as mentioned by Mr. Brodine related only to the reporting of the mentioned activities. The bill did not mandate that the Housing Division itself should undertake the activities.

Elma Lawlor then took the stand to ask the Committee for assistance in passing A.B. 23 so that young couples and senior citizens would be able to finance the purchases of mobile homes. She specifically requested that the Committee pass the bill during this legislative session so that the citizens would not have to wait another two or more years for action.

Following Mrs. Lawlor's comments, Chairman Robinson closed the hearing on A.B. 23 and opened discussion on the three resolutions, A.C.R. 3, A.C.R. 4, and A.J.R. 9.

A.C.R. 3: Urges housing division of department of commerce to procure lands for development of mobile home parks for persons of low and moderate income.

A.C.R. 4: Urges local housing authorities to pursue federal aid for certain owners of mobile homes.

A.J.R. 9: Urges Congress to provide more rental assistance to families of low income who rent property on which to place their mobile homes.

Assemblyman Karen Hays spoke on behalf of A.C.R. 3. She stated that most of the reasons behind this resolution had been mentioned in conjunction with A.B. 23; however, that in addition, there had been a great deal of thought given to the impact of the MX system. Mrs. Hays gave an example of the mobile home park which had been proposed for Clark County using BLM land which could not be built because legislation allowing it was not then available.

There were no questions concerning A.C.R. 3, so Mrs. Hays continued with an explanation of A.C.R. 4. She said that this resolution tied in with A.C.R. 4. Mrs. Hays informed the Committee that there was Section 8 money available and that this resolution was to empower the Housing Division to go after it and use it for mobile homes. She also said that A.J.R. 9 would go "hand-in-hand" with the two previous resolutions.

Mr. Bennett inquired whether there was any Section 8 money available for mobile homes. Mrs. Hays indicated that she did not think there

was at this time.

Don Rhodes, Chief Deputy Research Director, then read some excerpts from the analysis on A.C.R. 3, (EXHIBIT H) and the analysis of A.C.R. 4 and A.J.R. 9, (EXHIBIT I).

Shannon Zivic then read a letter from the Housing Authority of Clark County, (EXHIBIT J) pertaining to utilization of Section 8 Rental Assistance Program funds. She added that, "It is a rare occasion that they are ever able to allow any Section 8 funds to be used for mobile home owners."

Mr. Dick Wells, representing the Mobile Home Owners League of the Silver State, began relating some of the problems of excessive rents charged by mobile home landlords. Dr. Robinson reminded him that only testimony relating to the three resolutions would be heard at this time.

Assemblyman Chaney stated that he believed that what the legislature was trying to do in some of these bills was to address those concerns that were mentioned by Mr. Wells.

Mr. Al McNitt then returned to the stand to address A.J.R. 9 as an individual. He said that it is a pity that there has not been a maximizing of the use of Section 8 funds.

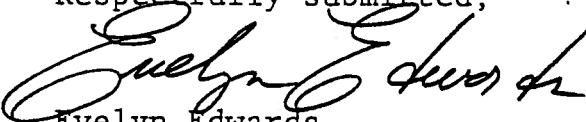
Peter Smith, Carson City Mediation Board, informed the committee that the Board was opposed to the establishment of any form of rent control and it was supporting A.C.R. 3, 4 and A.J.R. 9 as a way of getting around that immediate problem.

At this point, Mr. Kovacs reminded the Committee and the audience that there would be subcommittee hearings on A.B. 30 and A.B. 31 in both Carson City and Las Vegas.

Dr. Robinson closed the hearing on A.J.R. 9 and informed the committee that because it was anticipated that there would be a great deal of testimony on A.B. 25 and relatively little on A.B. 98, he was reversing the order of the agenda for the February 12th Committee meeting.

There being no further business, Chairman Robinson adjourned the meeting at 4:50 p.m.

Respectfully submitted,


Evelyn Edwards
Committee Secretary

ASSEMBLY MERCER COMMITTEE

GUEST LIST

DATE: 2/11/61

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK		
		FOR	AGAINST	BILL NO.
ARTHUR J. OLSEN	U.M.T.A. 55			
Joe Johnson	" " " " "			
VI. OLSEN	" " " " "			
H.L. Dawson	" " " " "			
Mary Dawson	" " " " "			
Theresa Threlkeld	" " " " "			
Oliver Threlkeld	" " " " "			
Ophelia Doerner	" " " " "			
Robert Green	MHOLSS	✓		
Dick Wells	MHOLSS			
Shirley Smith	MHOLSS	✓		
ERNEST MILLER	" " " " "	✓		
MARGARET COSTA	"			
Harold Corbett	U.M.T.A.			
Al Corbett	U.M.T.A.			
Anne Young (Wholung)	U.M.T.A.			
Beulah Reinert	U.M.T.A.			
Kare Smith	U.M.T.A.			

GUEST LIST

DATE: 2/11/81

PLEASE PRINT YOUR NAME	PLEASE PRINT WHO YOU REPRESENT	I WISH TO SPEAK		
		FOR	AGAINST	BILL NO.
Robert [unclear]	U M T A			
Robert [unclear]	U M T A			
[unclear]	U. M. T. A.			
Elmer Lawlor	U. M. T. A.			
Emely Maxwell	[unclear]			
Edwin Haggen	Reno U M T A			
[unclear]	[unclear]			
Bill Knapp	Reno U M T A			
Max Wilson	Reno U M T A			
Jessie Wilson	Reno U M T A			

EXHIBIT A

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Last Of A Three-Part Series

Reforms Needed To End Mobile Home Sales Fraud

The SUN reported earlier this week that a Las Vegas mobile dealer allegedly bilked would-be buyers out of thousands of dollars by promoting rental-purchase options as sales contracts. In



In this final article, experts comment on legislative reform that could minimize fraud potential in mobile home sales.

(c) 1980, Las Vegas SUN

Legislative reform is needed to sew up loopholes in Nevada laws that now leave mobile home sale dealings open for fraudulent business practices.

This is the opinion of state and county officials as well as private bankers in the wake of disclosures this week by the SUN of business practice complaints against one Las Vegas mobile home dealer.

Jim Jones, owner of Nevada Home Investment, with a business address of 2700 State St., is currently under state investigation for allegedly representing rental-purchase option agreements as sales contracts.

Four of Jones' customers have filed complaints with the state Manufactured Housing Division.

An independent investigation by two SUN reporters posing as potential mobile home buyers revealed that Jones' sales tactics may be in violation of state deceptive trade practice laws and the federal Truth in Lending Act, according to officials in the Clark County district attorney's office and the state Consumer Affairs Division.

Violations cited by officials included posing as title-holding owner of mobile homes contrary to records and misleading customers verbally with false figures and purported down payments when their written contracts indicate otherwise.

Needed legislative reform, officials said, includes:

- Passage of an escrow law so that all mobile home sale transactions be certified through an escrow account, much in the same way as realty sale transactions.
- Increasing the amount of the insurance bond licensed dealers now are required to carry to more than \$10,000.
- Toughening up standards for licensing mobile home dealers.
- Increasing the MHD staff to include an investigation department to probe mobile home buyer complaints.

Two local dealers conceded fraudulent business practices do
(Please See REFORMS, Page 4)

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Reforms Could Curb Fraud

(Continued From Page 1)

exist in local mobile home sales, and those practices hurt reputable dealers.

One dealer of used coaches in mobile home parks, who wished to remain unidentified, said he believes 75 percent of his in-park sales competitors employ practices "that are unethical but may not be against the law."

"They just don't tell the complete truth," he said. "They give the rest of us a black eye."

Tom Terry, president of the Nevada Manufactured Housing Association, a statewide group of dealers, and owner of Sun City Mobile Home Sales, agreed that illegitimate and unethical practices affect the entire mobile home industry.

"I just wish they (fraudulent dealers) were more heavily prosecuted when caught," said Terry.

The in-park business is ripe for shady dealings, according to Terry. The dealers don't have to have a business interest at stake because they're not paying overhead for a display lot filled with new mobile homes.

Often, Terry said, the dealer acts as an agent for someone else and doesn't own the homes he sells.

Vince Laubach, Clark County deputy district attorney in charge of the Consumer Fraud Division, said buyers would be better protected if the law required that mobile home sales go through an escrow account.

"Mobile homes are sold like cars," Laubach said. "You give the dealer \$2,000 and he gives you a title."

Standard real-estate transactions are handled through an escrow-title company, which researches the property's ownership history and then insures the buyer that the title is free and clear of any hidden owners.

Any money paid by the buyers is deposited in an escrow account and is not released to the seller until the title is cleared.

Although Nevada Savings and Loan Association does not go through formal escrow when financing mobile homes, vice president Lee Bagdasarian said it simulates these services through an escrow-type account. He agreed that an escrow law for mobile homes might protect a lot of innocent purchasers from putting money into something they might not actually be buying.

"Perhaps the law doesn't have enough teeth in it to prevent this kind of thing," he said.

One dealer said he already utilizes an escrow-type bank account for his sales. He said it was not only for the customer's protection but also his firm's.

California law requires all mobile home sales be handled through escrow, although a loophole exists which gives exception to in-park sale transactions made within a 48-hour period, according to lawyer Dennis Kavanaugh of San Francisco, who wrote the 1975 law.

Assemblyman Karen Hayes, D-Las Vegas, head of a legislative subcommittee currently studying mobile home problems, said she intended to examine the possibility of an escrow law. "This is something we should perhaps bring up at our next meeting," she said.

With the cost of new mobile homes averaging between \$30,000 and \$50,000, a \$10,000 bond is insufficient dealer insurance against potential fraud or theft, said several officials.

Joshua Landish, Nevada deputy attorney general for the Consumer Affairs Division, said: "We're lax. A \$100,000 bond would protect a lot of future mobile home buyers."

"A \$300,000 bond for mobile home dealers is not too much to ask the legislature to consider. Some kind of corrective legislation is needed," Laubach added.

Laubach said he believes present Nevada laws are not tough enough when it comes to licensing mobile home dealers.

Wayne Tetrault, MHD administrator, said a thorough background check is made before a dealer is licensed by his division.

However, he said his agency is lacking an effective investigations staff.

"There are things I'm taking up to the next budget session, like the need for an auditor-investigator," he said.

The Jones investigation is being conducted by Tetrault and a state deputy attorney general from the Nevada Department of Commerce.

Tetrault said he needs at least two full-time investigators to probe mobile home complaints, but does not have the funds for them.

He added that if the legislative budget committee agrees to his request for full-time investigators he would assign one in Las Vegas and the other in the Reno/Carson City area.

A SUN Exclusive

State Probes Vegas Mobile Home Dealer



EDITOR'S NOTE: A two-week SUN probe found business practices of one Las Vegas mobile home dealer to be in possible violation of state and federal laws. In the first of a three-part series, reporter Laura Hinton Lyon details how Jim Jones, the man behind Nevada Home Investment, rents mobile homes to would-be buyers.

By LAURA HINTON LYON

SUN Staff Writer

(c) 1980, Las Vegas SUN

State investigators are probing complaints that a Las Vegas mobile home dealer is allegedly bilking would-be buyers out of thousands of dollars by palming off rental-purchase options as actual sales contracts.

An independent investigation by two SUN reporters discovered that Jim Jones, operator of Nevada Home Investment, with a business office at 2700 State St., is using sales tactics that may be in violation of state deceptive trade practice laws as well as the federal Truth in Lending Act.

At least four of Jones' customers have registered complaints with the state Manufactured Housing Division, according to Wayne Tetrault, MHD administrator.

The SUN team uncovered questionable sales tactics employed by Jones that officials of both the state attorney general's office and the Clark County district attorney's office said were in violation of state and federal laws.

The officials said the questionable tactics included:

- Posing as title-holding owner of a mobile home when insurance and mobile home park records showed he was not.
- Telling clients verbally a \$1,500 "down payment" would reduce the purchase price and amount of total interest paid on a mobile home, when in fact the written contract states the money only buys an option on the home, not applying to the sale at all.
- Telling clients they can resell the mobile home at any time and get back their total investment, which is contrary to what the option-to-buy written agreement states.
- Misleading clients by using false figures and convoluted calculations presented to them as their "investment."

- Conducting sales business at his home on Monroe Street instead of the state-registered business address, and not listing his firm in advertisements.

The SUN team posed as prospective mobile home buyers after learning of the complaints against Jones.

On Thursday, Tetrault and Deputy Attorney General James Barnes met with four Carefree Country Mobile Home Park tenants who, until January, believed they were buying homes from Jones; when in fact they were merely renting the homes.

When queried by the SUN, Jones emphatically denied any improper practices.

However, Tetrault said, "If we can prove misrepresentation, we will hold an administrative hearing calling for revocation of his license."

Deputy District Attorney Vince Laubach of the Clark County Fraud Division, said his department would consider filing criminal charges against any mobile home dealer engaging in deceptive practices.

Jones, in denying any wrongdoing, said tenants who signed "rental" agreements with him understood they were renting with an option to purchase.

"How would anybody think they were buying something if it says rental agreement?" he asked.

When asked about his "sale" to Robert Jacobs, one of those who filed a complaint, Jones replied: "Robert Jacobs? I have nothing to do with that man."

He later changed his statement when the SUN referred to recent payment checks from Jacobs to Nevada Home Investment, endorsed by an employee of Jones.

Jones said he was merely helping the actual owner, Bill Smith of Gardnerville, "tie up the ends to the deal." Jones conceded Jacobs had made out a check to him but he, in turn, sent the money to Smith, he said.

Jones claimed he could show a receipt of a cashier's check sent to Smith.

On Friday, however, he refused to produce the receipt, based on his attorney's advice, he said.

Smith, reached in Gardnerville, said he had contracted with Jones to sell his home and that Jones did — three different times.

"He sold it once, but it didn't work out. Then he resold it. He said the copies of the contracts were always coming, but I never received them," Smith said. He also said he has never

received any of the down payments from Jones, nor full payments from Jacobs.

"Jones kept telling me the people didn't have any phones and I could not reach them."

Smith said he had instructed Jones on the last sale to go through Green Tree Acceptance Corp. (the title holder), and refinance the loan.

"I thought the home was sold, but found out from Green Treethy had repossessed the home for non-payment," Smith said.

Other Jones customers complained to MHD they had paid state property taxes, insurance, lot rents and maintenance costs thinking they were the actual mobile home owners.

At Carefree Park, strict regulations forbid mobile home renters and require that individuals own their homes.

John and Karen Johnson, two of Jones' customers who filed complaints with the MHD, said they "felt kind of funny" when they signed a contract that read "rental agreement" at the top of the page.

They said when they asked Jones about it last October at the time of the signing, "he told us it only looked like a rental agreement so that we could sell it. He persuaded us it wasn't a rental agreement. He's a talker."

Carolyn Overman, another Jones client, said she signed a "proposal" document in 1977 that finance experts told the SUN wasn't even a contract.

The document is worthless, in fact, because it was not signed by a representative of Nevada Home Investment or Nationwide Mobile Home, as Jones' firm was called then.

Overman said the "contract" was the only document she had ever received from Jones. She is still planning to sell the home in April, she said, under the belief her document is "clear enough" and that she indeed bought the home.

The Johnsons told the SUN they made it clear to Jones their "purchase" was an investment, and that he knew they planned

to sell their home in a few months for a larger model.

The Johnsons said they first suspected something was wrong when a neighbor couple, who had signed a nearly identical contract with Jones in September, took the document to a lawyer, who told them their "contract" was merely a rental agreement.

The couple said that Jones later released them from the contract, and refunded their initial investment when they told him they would bring suit.

The couple, who did not want to be identified, said Jones warned them to stop any SUN story on his practices.

Jones denied he tried to buy their silence.

"I said I would appreciate it if they would stop their complaints," he said.

Both the Johnsons and the other couple were new in Las Vegas, in need of housing, and contacted Jones after an ad appeared in a local shopper that read: "Mobile home. . . owner will carry contract, no credit necessary."

The ad listed Jones' home telephone number. The name of his firm is not mentioned. Both practices are contrary to state licensing laws, official sources said.

Mrs. Johnson said Jones claimed he owned the home, had repossessed it and could put them in it for \$1,500.

The Johnsons' neighbors told a similar story. Both couples said they were told by Jones they were buying — not renting.

"He told us we could even sell it and get a return on our equity," one woman said.

Insurance records, however, reveal that Jones was neither the registered owner nor lien holder of either mobile home.

Records showed that the home the Johnsons live in is registered to Jerome and Agnes Gogil of Solon, Iowa, with monthly payments being made to Security Thrift and Acceptance Corp. of Iowa, the title holder.

The other home is owned by Joseph Satrapa, a U.S. Navy fighter pilot stationed in San Diego. Financing on that home is done through the Navy Federal Credit Union in Washington, D.C.

Both owners are military personnel formerly of Nellis Air Force Base, who signed agreements with Jones permitting him to make their home payments.

Satrapa, when told of possible misrepresentation in the rental-option contract, said he would cancel his contract with Jones, but legally couldn't do anything as long as Jones kept up the payments.

Mrs. Gogil said Jones is continuing to make payments to her, which she sends to the title holder.

A Security Thrift official did not question the practice.

However, Lauback said it is against Nevada law to hide legal ownership in commercial trade transactions.

"The evil there is immense," said Laubach. He noted that without proper ownership transfer, the rights of the "buyer" are nil.

State Deputy Attorney General for Consumer Affairs Joshua Landish emphasized that under Nevada law, the title holder must be "appraised of any action" regarding ownership transfer.

Rod Leavitt of Summerfield-Leavitt Insurance Agency, which has covered the Gogil home for three years, said it has apparently changed hands several times with other "owners" listed on back policies.

Leavitt said Nevada Home Investment was listed as the only title holder until 1978, when he received notice from Security Thrift that they were the title holders.

"Looking at it," Leavitt noted, "it seems fishy Security Thrift wasn't brought into the picture until later." If the home had been destroyed, he said, the Iowa firm would have not received any insurance money.

The Johnsons' contract, like the other couple's, distinctly calls them "tenants" and Nevada Home Investment the "lessor."

Leavitt said that the insurance policy clearly lists the Johnsons as buyers — not renters with an option to buy.

In Part 2 tomorrow, Jim Jones makes an offer to two SUN reporters posing as mobile home buyers

EXHIBIT A

Part 2 Of An Exclusive SUN Investigation

FEB 25 1980
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State Probes Mobile Home Dealer For Possible Violations

In Monday's Part 1, SUN staff writer Laura Hinton Lyon detailed how Las Vegas mobile home dealer Jim Jones allegedly bilked would-be buyers out of thousands of dollars by passing off rental-purchase options as actual sales contracts. The second article in this three-part series describes how two SUN reporters posed as potential Jones customers, and witnessed



first-hand the business practices that may violate state and federal laws.

(c) 1980, Las Vegas SUN

The young couple waited nervously as a white sedan pulled into Carefree Country Mobile Home Park, 3325 N. Nellis Blvd., and drew up alongside their red Volkswagon.

In the sedan was a man in his mid-40s with a graying mustache, who grinned pleasantly from the driver's window and introduced himself as the person they had been expecting — mobile home dealer Jim Jones.

He operates Nevada Home Investment, with a business

address at 2700 State St. Jones is currently under investigation by state licensing officials for allegedly misrepresenting rental-purchase option agreements as sales contracts to several Carefree Country Park residents, and engaging in other questionable sales practices that officials say may violate state and federal laws.

The couple, in their own investigation into the dealer's practices, were SUN reporters posing as unwitting Las Vegas newcomers in need of a home, who had responded to Jones' ad in a local shopper.

Jones motioned them to follow his car, and it wound in and out the rows of shiny metal trailers until it reached Space 174.

a two-bedroom model Jones told them he owned, which is what his ad had also inferred.

"We own our own mobile homes. We own about 50," he said.

The SUN team tapped walls and examined draperies, and agreed that the home would suit their needs comfortably.

Jones told them the total price was \$13,900, and that they would need to make a \$1,500 down payment, with 144 monthly payments running \$229 each. The dealer added that the couple would rent the space separately through the mobile home park.

One reporter asked, "I just rent the space, right?"

(Please See DEALER, Page 3)

SUN Team Poses As Home Buyers

Dealer Says 'Rental' Same As 'Purchase'

(Continued From Page 1)

Jones answered, "Right."

"But I buy the home?"

"Yeah, yeah," was Jones' response.

He suggested they finish up business at his home, where he kept all his paper work. The reporters followed Jones to his plush mobile home at 5450 Monroe St.

A SUN reporter queried the dealer further when presented with a copy of the contract that read "rental agreement" on the top of the page, and identified the signing parties as "tenant" and "lessor."

The contract was identical in form to the one signed by two Carefree Park residents, who registered complaints with MHD officials that they thought they were buying, not renting, when they signed.

"It does say 'rental agreement' on there," Jones was asked. "Why doesn't it say 'sales agreement?'"

"Because it's not," said Jones.

"Well, I thought I was buying the coach," the reporter continued.

"You are," Jones replied. "That's the hardest thing for people to understand."

"If we were to put this under a conditional sales contract," Jones went on, "it would read almost exactly like this except it would be called 'buyer' and 'seller'...It's the same thing as a conditional sales contract, except because of the credit situation and things we have to do, we work it that way. You'd pay the same payments if it were a conditional sales contract versus the option."

Jones explained that he sold his mobile homes on an option, and that the two would receive title to the coach after they made the 144 payments to Jones' Nevada Home Investment firm.

The newsman asked: "Twelve years — now that's a long

time. What do we do if we want to get out of the contract?"

Jones said the couple would have three choices: They could resell the home and he would transfer ownership for a \$100 fee; they could hire him to sell it for them for a commission; or they could walk away and leave on 30-day notice.

If they were to sell the coach before the end of their 12-year contract expired, Jones said he would give them a payoff price.

Jones explained: "Let's say you came in here four years from now and said, 'Look, Jim, I want to pay this off.'"

"You (would) have \$4,000 equity interest, just using round figures. You (had) put down \$1,500 (on \$13,900), so you would take \$1,500 away from that, so that would leave you \$12,400. Your payoff to me would be \$8,400 — that's how much you would still owe."

He later quoted them a "payoff" price of \$7,400, using the same tabulations and figures.

The reporters promised to think about the offer, shook hands and left.

• • •

Jones did not tell the reporters that the total cost of the coach would actually be \$32,976, including the 17 percent interest specified by the written contract, when they finished making the payments.

Their payoff price at the four-year mark would have been \$13,141, exceeding the "round" figure quoted by Jones by more than \$4,000.

In addition, the purported down payment would actually only buy an option, and would not apply to the cost of the home's purchase at all.

According to Joshua Landish, state deputy attorney general for consumer affairs, the above misrepresentations apparently violate disclosure laws under the federal Truth in Lending Act.

He also said that the contract was a rental agreement, not

a sales contract. The contract signer, he pointed out, would have no owner rights by law, and would not be able to sell the mobile home.

"You can't sell rented property," Landish remarked. "Legally, there's no recognized investment for you to sell."

In addition, the \$229 monthly payment, he said, is not a purchase payment but arental payment, which does not build "equity" or interest in the mobile home as Jones told the reporters it would.

The home Jones showed the reporters, claiming to be his own, is registered to Joseph and Sheila Dewees of Las Vegas, according to county tax records. The couple confirmed they own the home.

The loan is in their name, they said, and Jones makes monthly payments for them to the Utah bank that holds the title.

Vince Laubach, Clark County deputy district attorney in charge of the Consumer Fraud Division, said hiding legal ownership in commerical trade practice is a violation of state deceptive trade practice laws.

Misrepresenting a rental-purchase option agreement for a sale contract may also violate deceptive trade practice laws, he added.

In addition, Wayne Tetrault, administrator of the MHD, said that Jones possibly is breaching other Nevada laws under the state Manufactured Housing Act.

Legally, Jones is required to conduct business at his state-registered business address, he said, and cannot make deals in his home. Jones, he said, was cited for this once before, and had agreed to do business at his State Street office.

Wednesday: Legal aspects and reforms are discussed by lawyers, legislators and finance experts.

EXHIBIT B

ANALYSIS OF A.B. 21

Background

Assembly Bill 21 emanates from a recommendation made by the legislative commission's subcommittee which studied the problems of owners and renters of mobile homes during the 1979-80 legislative interim.

During the course of the subcommittee's study, a series of newspaper articles were published in the Las Vegas Sun which illustrated to the subcommittee the need for a mobile home escrow law. In these articles incidents of fraudulent practices by a mobile home dealer were discussed. These practices included the dealer allegedly representing rental-purchase option agreements as sales contracts. Other examples of fraudulent practices, or in some cases "misunderstandings," between dealers and mobile home purchasers were identified to the subcommittee which also addressed the need for a mobile home escrow law covering the sale of mobile homes.

The subcommittee understood that there are certain remedies under existing state and federal law for mobile home purchasers who are financially injured because of misrepresentations or other fraudulent practices by unscrupulous mobile home dealers or salesmen. It believed, however, that a workable mobile home escrow law would obviate the necessity for these remedies, which usually occur after a person is injured. Existing remedies punish offenders. A workable escrow law would help to prevent the offense from occurring, the subcommittee thought.

The subcommittee therefore recommended that a mobile home escrow law be added to NRS.

It chose California West's Annotated Vehicle Code, Section 11950 as an example for its recommendation. Under that provision, a mobile home dealer is required, upon the buyer signing a purchase order, conditional sales contract, or security agreement for a new or used mobile home, to establish an escrow account for the deposit of any cash or cash equivalent received from the buyer at any time prior to delivery as whole or partial payment for the mobile home, unless a simultaneous transaction occurs in which the buyer receives delivery of a used mobile home on the site of occupancy within two calendar days. No deposits may be distributed from the escrow account to the dealer until either

(1) the buyer receives delivery of the mobile home on the site and it has passed inspection, if required, or (2) the mobile home has been delivered to the location specified in the escrow instructions and the installation is to be performed by the buyer. California Senate Bill 1992 (Chapter 236, Statutes of 1980) amended the law to specifically include accessories to the mobile home within the provisions relating to the establishment of an escrow account for the deposit of any cash or cash equivalent received from the buyer.

Assembly Bill 21

Assembly Bill 21:

1. Defines the terms dealer and mobile home.
2. Requires every dealer to establish an escrow account with an escrow agent licensed to do business in Nevada when a purchaser signs a purchase order, conditional sales contract or security agreement for a new or used mobile home and to immediately deposit into such account any cash or equivalent of cash received from the purchaser at any time before delivery as whole or partial payment for the mobile home.
3. Specifies that no deposits may be disbursed from the escrow account to the dealer until the purchaser receives delivery of the mobile home on the site intended for occupancy and a certificate of installation has been issued by the manufactured housing division or the mobile home has been delivered to the location specified in the escrow instructions and the installation is to be performed by the purchaser.
4. Provides that before the close of escrow the dealer is required to furnish the escrow agent with the name and address of the legal owner of the mobile home and a release signed and acknowledged, of all rights, title or interest in the mobile home held by the legal owner or lien holder, as the case may be.
5. Requires that the escrow must terminate and a full refund must be made to the purchaser 120 days from the date of the purchase order, sales contract or security agreement, whichever is earlier, unless delivery is made within that period. The purchaser and seller may agree in writing to extend the time for periods of 30 days with written notice to the escrow agent.

Page 3

6. Specifies that no dealer may establish an escrow account in an escrow company in which he owns an interest of more than 5 percent and that no agreement may contain any provision by which the purchaser agrees to waive any of his rights under the provisions of this bill.

7. Requires the real estate division to adopt regulations concerning the escrow accounts and provides that the prevailing party, in addition to other damages, may recover exemplary damages not to exceed \$2,000, for any violation of the bill.

Research Division
February 9, 1981

DAR:jlc



ROBERT LIST
GOVERNOR

EXHIBIT C
NEVADA DEPARTMENT OF COMMERCE
MANUFACTURED HOUSING DIVISION
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710
(702) 885-4298

JAMES WADHAMS
DIRECTOR
A. WAYNE TETRAULT
ADMINISTRATOR

Suggested Amendments to AB21

Amend Section 1 on page 1 line 1 to read as follows:

Section 1. Chapter [589]489 is hereby amended by adding....

Amend the definition of a dealer in Section 2 on page 1
line 5 by adding:

(c) Dealer includes real estate brokers who sell
mobile homes incidental to the sale of an interest
in real property.

Amend Section 2 subsection 2 by deleting lines 14 thru 22 on
page 1 and lines 1 thru 2 on page 2 and add in place thereof
the following:

2. "Mobile home" means a vehicular structure without
independent motive power, built on a chassis or frame
which is:

1. Designed to be used with or without a permanent
foundation;
2. Capable of being drawn by a motor vehicle; and
3. Used as and suitable for year-round occupancy
as a residence when connected to utilities, by one
person who maintains a household or by two or more
persons who maintain a common household.

Amend Section 3 on page 2 by deleting lines 11 through 39.

Amend Section 5 on page 2 by deleting lines 47 through 49.

A. Wayne Tetrault
Administrator, Manufactured Housing Division
1-10-81

MEMO

From M. Norris -
VW

TO: ROBERT BEJARANO, Inspector
Division of Manufactured Housing

RE: Investigation of Complaints against Mobile Home Dealers

Pursuant to our recent discussions, the following cases are being assigned to you for investigation. We will notify the complaints that you are investigating the complaints for possible prosecution or settlement with the various victims. If I can be of any assistance, please let me know. I am concerned about the statute of limitations precluding prosecution. That is, for Deceptive Trade Practices, there is a one (1) year statute of limitations.

1. FREEDOM DEVELOPMENT-80-0062-This case involves possible Deceptive Trade Practices. C.
2. CAPRICE MOBILE HOME SALES-80-0021/70-0022-This case involves possible Forgery, Obtaining Money by False Pretenses, Embezzlement, and Deceptive Trade Practices. This is a priority.
3. MANUFACTURED HOUSING-80-0064/79-0004-This case involves possible Obtaining Money by False Pretenses, Deceptive Trade Practices, Forgery, and Obtaining Credit by False Representations.
4. INSTANT HOUSING-(We do not have written complaints at this time) This case involves the possible Obtaining of Money Under False Pretenses.
5. MAX MORGAN/GULF MOBILE HOME SALES-79-0186/79-0305-This case involves possible Deceptive Trade Practices.
6. YOUNG AMERICAN MOBILE HOME SALES-79-0148/80-0050-This case involves the possible Obtaining Credit by False Pretenses, Deceptive Trade Practices, Unfair Trade Practices under 598 (a) and consumer complaints regarding warranty and service on newly purchased mobile homes.
7. VILLA MOBILE HOMES/GREENTREE FINANCE-80-0076-This case involves possible Deceptive Trade Practices and consumer complaints regarding repairs and service.
8. JIM JONES, dba NEVADA HOME INVESTMENT-79-0289--This case involves possible Deceptive Trade Practices.
9. VIP MOBILE HOME FINDERS-79-0205-This case involves possible Forgery and Deceptive Trade Practices.
10. PROFESSIONAL MOBILE HOME LOCATORS-79-0065/80-0070/80-0003-This case involves possible obtaining money Under False Pretenses, Forgery and Deceptive Trade Practices.

9-

1 million

EXHIBIT E



WEST'S CALIFORNIA LEGISLATIVE SERVICE 1980

1979-1980 REGULAR SESSION

In this issue-

1980 Laws — Chapters 112 to 320
Laws Approved and Filed to
July 3, 1980

Court Rule Amendments

Proposed Constitutional Amendments

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AUG 25 1980

MOBILEHOMES—SALES—ESCROW ACCOUNTS

CHAPTER 236

SENATE BILL NO. 1992

An act to amend Section 11950 of the Vehicle Code, relating to mobilehomes.

LEGISLATIVE COUNSEL'S DIGEST

Under existing law, a mobilehome dealer is required, upon the buyer signing a purchase order, conditional sales contract, or security agreement for a new or used mobilehome, to establish an escrow account for the deposit of any cash or cash equivalent received from the buyer at any time prior to delivery as whole or partial payment for the mobilehome, unless a simultaneous transaction occurs in which the buyer receives delivery of a used mobilehome on the site of occupancy within 2 calendar days. No deposits may be distributed from the escrow account to the dealer until either (1) the buyer receives delivery of the mobilehome on the site and it has passed inspection, if required, or (2) the mobilehome has been delivered to the location specified in the escrow instructions and the installation is to be performed by the buyer. If a portion of the amount in the escrow account is for accessory structures, then that amount cannot be released until the accessory structures are actually installed.

This bill would specifically include accessories to the mobilehome within the provisions relating to the establishment of an escrow account for the deposit of any cash or cash equivalent received from the buyer.

The bill would also make conforming changes.

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

SECTION 1. Section 11950 of the Vehicle Code is amended to read:
11950.

(a) Every new or used mobilehome dealer shall, upon the buyer's signing of a purchase order or conditional sales contract or security agreement for a new or used mobilehome, establish with an escrow agency an escrow account into which shall be deposited any cash or cash equivalent received from the buyer at any time prior to delivery as whole or partial payment for the mobilehome or accessory thereto, except when a simultaneous transaction occurs in which the buyer receives delivery of a used mobilehome on the site intended for occupancy within two calendar days, one of which shall be the date of sale.

(b) No deposits shall be disbursed from the escrow account to the dealer until either (1) the buyer receives delivery of the mobilehome on the site and the mobilehome has passed inspection pursuant to Section 18613 of the Health and Safety Code or (2) the mobilehome has been delivered to the location specified in the escrow instructions and the installation is to be performed by the purchaser. The public agency performing the inspection shall give either a copy of the inspection report or a copy of a statement of installation acceptance to the buyer. If a portion of the amount in the escrow account is for accessories * * * to the mobilehome installed by a dealer at the time of sale, that portion of the amount shall not be released until * * * such accessories * * * to the mobilehome are actually installed. If no inspection under Section 18613 is required, * * * the deposits

650

Changes or additions in text are indicated by underline

may be disbursed from the escrow account upon delivery of the mobilehome to the buyer.

(c) The escrow shall terminate and a full refund shall be made to the buyer 120 days from the date of the sales contract unless delivery is made within this period; provided, however, that the parties may extend the time in writing for 30-day periods with notice to the escrow agent.

(d) The provisions of this section shall apply to all sales by a mobilehome dealer of mobilehomes required to be moved under permit.

(e) Except for those persons or corporations described in subdivision (a) or (c) of Section 17006 of the Financial Code, the Department of Housing and Community Development shall adopt and amend as necessary rules and regulations for the establishment and maintenance of the escrow accounts with escrow agents or escrow companies licensed and regulated by the State of California.

(f) No mobilehome dealer shall establish with an escrow agent an escrow account in an escrow company in which the mobilehome dealer has more than a 5-percent ownership interest.

(g) Prior to the close of escrow, the dealer shall furnish the escrow agent with (1) the name and address of the legal owner of, or lienholder on, the mobilehome, as shown by the certificate of ownership or the manufacturer's certificate of origin, and (2) the signed and acknowledged release of all rights, title, or interest in the mobilehome held by either the legal owner or lienholder, whichever is applicable. Any such release shall be conditioned upon the receipt of payment from the escrow account of the amount set forth in such release which is necessary to terminate the interest in the mobilehome.

(h) This section creates a civil cause of action against a person who violates the provisions of this section, and upon prevailing, the plaintiff in such action shall be awarded actual damages plus an amount not in excess of two thousand dollars (\$2,000). In addition, attorneys' fees and court costs shall also be awarded a plaintiff who prevails in such action.

(i) No agreement shall contain any provision by which the buyer waives his rights under this section, and any such waiver shall be deemed contrary to the public policy and shall be void and unenforceable.

Approved and filed June 25, 1980.

EXHIBIT F

ANALYSIS OF A.B. 22

Background

Assembly Bill 22 reflects recommendation 18 contained in the final report of the legislative commission's subcommittee which studied the problems of owners and renters of mobile homes during the 1979-80 interim.

It was pointed out to the subcommittee on several occasions that many persons live in travel trailers or recreational vehicles because they cannot afford the cost of purchasing a mobile home. The opinion was expressed that persons who live in travel trailers or recreational vehicles which are located in mobile home parks should be covered under the provisions of the mobile home park landlord tenant law if they reside in the park for more than 1 month.

Existing Law

The subcommittee reviewed the definition section of the mobile home park landlord tenant law (see NRS 118.230) and felt that travel trailers are not covered under its provisions. Subsections 3 and 4 of NRS 118.230 define "mobile home lots" and "mobile home parks." They say:

3. 'Mobile home lot' means a portion of land within a mobile home park which is rented or held out for rent to accommodate a mobile home.

4. 'Mobile home park' or 'park' means an area or tract of land where two or more mobile homes or mobile home lots are rented or held out for rent. 'Mobile home park' does not include an area or tract of land where more than half of the lots are rented overnight or for less than 1 month.

Subcommittee's Recommendation

The subcommittee found merit in the suggestion that persons residing in travel trailers which are located for over 1 month in a mobile home park should come under the provisions of the mobile home park landlord tenant law. The subcommittee felt that a person living in a mobile home park for an extended period of time should not be excluded from the protections of the law just because his vehicle is classified as a residential vehicle or travel trailer. The subcommittee therefore recommended:

The statutes be amended to make the provisions governing the rental of mobile home lots applicable to recreational vehicles located in mobile home parks for 1 month or more.

A.B. 22 defines "recreational vehicle" and applies the provisions of NRS 118.230 to 118.340 inclusive to recreational vehicles which are kept in a mobile home park for 1 month or more. It also specifies that the provisions of NRS 118.230 to 118.340 inclusive do not apply to any lot in a mobile home park which is rented or held out for rent overnight or for less than 1 month and makes reference to recreational vehicles and other provisions of the law relating to landlord and tenant relations in mobile home parks.

Research Division
February 9, 1981

DAR:jlc

EXHIBIT G

ANALYSIS OF A.B. 23

Background

Assembly Bill 23 results from a recommendation made by the legislative commission's subcommittee which studied the problems of owners and renters of mobile homes during the 1979-80 legislative interim.

LOANS AND TECHNICAL ASSISTANCE BY THE HOUSING DIVISION

Chapter 319 of NRS gives the housing division broad authority to provide advice, technical information and assistance for the development of housing (See NRS 319.160); to make loans to finance the construction or rehabilitation of multi-family residential housing (See NRS 319.190); and to make loans to lending institutions under terms and conditions requiring the proceeds of the loans to be used by the lending institutions for the making of new mortgage loans for residential housing (See paragraph (a) of subsection 1 of NRS 319.230).

Concerning information, research and promotion, NRS 319.160 says:

The division may provide advice, technical information, training and educational services, conduct research and promote the development of housing, building technology and related fields.

The subcommittee found that the housing division has focused its efforts on conventional housing. The subcommittee believed those efforts could be expanded to include mobile homes. It therefore recommended:

The housing division of the department of commerce use its authority under NRS Chapter 319 to provide assistance to low and moderate income persons who wish to purchase mobile homes and to assist in the development of new mobile home developments including mobile home parks.

The subcommittee specifically recommended:

(a) The housing division provide loans to non-profit corporations and local agencies attempting to develop new mobile home developments.

(b) The housing division provide advice and technical information as specified in NRS 319.160 to those wishing to develop mobile home parks affordable to low and moderate income households.

(c) The housing division make loans for the following reasons:

(1) To finance the development of mobile home parks which will be cooperatively owned or rented by households of low and moderate income.

(2) To finance the development of mobile home subdivisions, provided that the mobile homes will be purchased by lower and moderate income households.

HOUSING DIVISION TO REPORT BACK ON ASSISTANCE
TO MOBILE HOMEOWNERS AND CHANGES NEEDED
IN CHAPTER 319 OF NRS

During the subcommittee's meeting the administrator of the housing division reported on problems he envisioned with the bond market and federal regulations if the division attempted to carry out the preceding recommendation. The subcommittee felt the division should carry out its recommendations to the fullest extent possible. If, however, the division had problems in doing so, it felt the legislature should be advised.

The subcommittee therefore recommended that the housing division report:

a. Annually on the number of mobile homeowners whom it assists under the provisions of chapter 319 of NRS.

b. Back to the legislature with changes it believes are necessary in chapter 319 of NRS for the division to provide financial assistance, technical information or to promote the development of mobile home parks or mobile home housing.

Assembly Bill 23

Assembly Bill 23 embodies the subcommittee's recommendations. It requires the housing division to report each year to the governor, state treasurer and legislature. The report is required to contain operating and financial information and specify:

1. The amount of land acquired from governmental agencies for the purpose of developing mobile home housing for low and moderate income persons;
2. The number and identity of sponsors which the division has approved for housing projects involving mobile homes;
3. The number and amounts of loans made to lending institutions for making new mortgage loans for mobile homes; and
4. The number and nature of mobile homes and mobile home parks financed under the housing division's statutory provisions.

A.B. 23 also requires the report to contain statistical data relating to the income of households occupying mobile homes assisted by the division and the monthly rentals charged to tenants of mobile home lots in mobile home parks assisted by the division.

The report is also required to contain a section describing the activities of the division in providing advice, technical information, training and educational services and in conducting research and promoting the development of housing as these activities pertain to mobile homes and mobile home parks and other similar developments.

Research Division
February 9, 1981

DAR:jlc

EXHIBIT H

ANALYSIS OF A.C.R. 3

Background

The 1979 legislature recognized the financial difficulty of certain low and moderate income persons in obtaining mobile home housing and enacted legislation to enable the state and local governments to provide assistance. The primary focus of these measures was the development of more mobile home spaces that could be rented at low cost to persons on fixed incomes.

Existing Law

One measure the 1979 legislature enacted to provide for the development of low cost housing, including mobile homes, was S.B. 127 (chapter 588, Statutes of Nevada, 1979). The law, among other things, permits the housing division of the department of commerce to acquire and sell land for the development of housing for persons of low or moderate income. Under the provisions of section 2 of the bill, which is codified as NRS 319.175:

* * * The division, with the approval of the state board of finance:

1. May acquire land from any government agency;
2. Shall sell the land for the purpose of development of housing for persons of low or moderate income pursuant to this chapter; and
3. Shall charge a price for the land which is equal to its cost of acquiring and transferring the land.

The Subcommittee's Recommendation

The subcommittee believed one of the best solutions to the problems faced by owners and renters of mobile homes is the development of more mobile home parks and the expansion of the number of locations where mobile homes can be located. Housing authorities and nonprofit corporations, the subcommittee was told, are beginning to assist in this endeavor. The subcommittee believed the housing division of the department of commerce should also be involved. It therefore recommended:

The 1981 legislature enact a concurrent resolution urging the housing division of the department of commerce to vigorously pursue its authority under

Page 2

NRS Chapter 319 to acquire land from any governmental agency and to sell such land at cost for the purpose of developing mobile home parks for persons of low and moderate income.

Assembly Concurrent Resolution 3

This resolution lists various problems related to mobile home ownership in Nevada and urges the housing division to pursue its authority under NRS 319.175 to help assuage those problems.

Research Division
February 9, 1981

DAR:jlc

EXHIBIT I

ANALYSIS OF A.C.R. 4 AND A.J.R. 9

Background

Both A.C.R. 4 and A.J.R. 9 emanate from recommendations made by the legislative commission's subcommittee which studied the problems of owners and renters of mobile homes during the preceding legislative interim.

Existing Law

The United States Housing Act provides for "lower-income housing assistance" under 42 USCA 1437F. Subsection (j) of that law speaks to "contributions contracts for rental assistance to mobile homeowners." The interim subcommittee was advised that the funding mechanism for the lower-income rental assistance program is administered through local housing authorities in Nevada.

According to testimony and correspondence from the administrator of the housing division, there are certain problems with the federal mobile home rental assistance program including insufficient funds available for space rents and lack of distinction between funding available for mobile home space rents and other forms of housing rental assistance.

Subcommittee Recommendations

The interim subcommittee believed the federal rental assistance program for mobile home space rents fills a great need for low income persons. It had two recommendations pertaining to the program. First, it believed housing authorities in Nevada should pursue and obtain funding for deserving Nevada residents who reside in mobile home parks. This can be accomplished, the subcommittee was advised, by the authorities giving preference in the "administrative plans" they submit to the Department of Housing and Urban Development (HUD) to mobile home owners. Without such preference, mobile home owners may be given very low priority for space rent assistance. The subcommittee therefore recommended:

The 1981 legislature enact a concurrent resolution urging each housing authority in Nevada to vigorously pursue and obtain funding for the contributions contracts for rental assistance to mobile home owners provided for in subsection (j) "contributions contracts for rental assistance to mobile home owners," of 42 USCA 1437F "Lower-income housing assistance."

Page Two

A.C.R. 4 contains this recommendation.

The subcommittee also believed that Congress should provide increased funding specifically for mobile home space rent assistance. It therefore recommended:

The 1981 legislature adopt a joint resolution memorializing congress to provide increased funding specifically for contributions contracts for rental assistance to mobile home owners who reside in mobile home parks and pay space rents.

A.J.R. 9 describes the problem and enunciates the subcommittee's recommendation.

Comments and Notes

Additional narrative and background relating to A.C.R. 4 and A.J.R. 9, the content of federal law cited in this analysis and correspondence related to the topics are contained on pages 21 to 24 of Legislative Counsel Bureau Bulletin 81-9, "Problems of Owners and Renters of Mobile Homes."

Research Division
February 9, 1981

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EXHIBIT J



November 7, 1980

ART ESPINOZA, Chairman
W. R. "BOB" HAMPTON, Vice Chairman
HERB KAUFMAN, Commissioner
J. K. BIEGGER, Commissioner
GERALD SCHAFFER, Commissioner
W. F. COTTRELL, Executive Director
JONES and HOLT, Attorneys

Ms. Shannon Zivic, President
Mobilehome Owners League of the Silver State
5900 West Tropicana, Space 204
Las Vegas, Nevada 89103

Dear Ms. Zivic:

We are happy to respond to your letter of October 31 concerning problems in utilization of the Section 8 Rental Assistance Program for mobile home owners.

The following are some of the problems associated with this problem in our area:

1. Fair Market Rents. The current (maximum) rents are \$142 for single-wide and \$157 for double-wide units. We feel these are at least \$10 to \$20 lower than the average charge in the average-to-better parks in Clark County. This does preclude us from helping owners who reside in these parks.
2. Method of Computing Assistance. In computing assistance we are required to take into account the amount of the mortgage payment on the mobile home. This means that a family with a mortgage payment will have a greater total expense than a family without such payment, and results in a larger assistance payment than to a family where there is no mortgage payment (which is quite often the case). The result is that we are unable to assist many such families at all.
3. Tie-Down Requirements. Some people do object to this requirement. It is true that some mobile homes are exempt under State law from the tie-down requirement. However, under the HUD regulations we have taken the position that tie-downs must be used due to our high winds and the danger to mobile homes from such winds. At the same time it is most often true that the assistance owners would receive under the program would far offset the extra expense of providing a tie-down. The same is even more true regarding installation of smoke alarms, another requirement under the program.

The Section 8 program was never originally intended to assist home owners, much less mobile-home owners. HUD has tried to adapt this vehicle to meet the needs of home owners and this has proven difficult. In addition, no extra

Ms. Shannon Zivic

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Section 8 allocations were made when mobile-home owners were made eligible; consequently we are dealing with the same total allocation of Section 8 units but now must spread that allocation over an additional category of participants.

I hope these comments are of some use to you. If you have additional questions please feel free to contact me or our Director of HAPP, Mr. Vince Hall.

Very truly yours,



W. F. COTTRELL
Executive Director

cc: Director of HAPP

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