

MEMBERS PRESENT: Chairman Stewart  
Vice Chairman Sader  
Mr. Banner  
Mr. Beyer  
Mrs. Cafferata  
Mr. Chaney (late)  
Ms. Foley  
Mrs. Ham  
Mr. Malone  
Mr. Price (late)  
Mr. Thompson

MEMBERS ABSENT: None

GUESTS PRESENT: Harvey Whittemore  
Ed Horner, Nevada Park Owners Association  
Shannon Zivic, Mobile Home Owners League  
Vickie Demas, Mobile Home Owners League  
Ernie Godden, Mobile Home Owners League  
Margaret Purdue, Clark County  
Ross Culbertson, Nevada Home Builders

Chairman Stewart called the meeting to order at 8:05 a.m. and asked for approval of a committee introduction of BDR 16-1734\* which makes various administrative changes concerning commission of crimes, delinquency and corrections. He explained that this was an agency bill relating to the administration of the prison system. Mr. Malone moved for a committee introduction of this bill, seconded by Mrs. Cafferata and carried by the members present with Mr. Price, Mr. Chaney and Mr. Thompson absent at the time.

SB 224: Limits deficiency judgments against guarantors and and sureties.

Mr. Harvey Whittemore, Attorney with Lionel, Sawyer & Collins, said that he was appearing on behalf of Weyerhaeuser Mortgage Company in opposition to SB 224. He indicated that when this bill was heard in the Senate there was no one who testified either for or against it.

Mr. Whittemore explained that this bill would include guarantors in that portion of NRS which applies to deficiency judgments. He said that as the law now exists guarantors enter into an independent contract of guaranteeing an obligation to a lender in case of default. He indicated that under SB 224 lenders will be required to sue all parties at the same time.

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Mr. Whittemore noted that the law at present is crystal clear without any inconsistencies and all lending documents are based on the law as it now reads. He testified that there are real dangers to small, corporate borrowers because under this bill the lender has no ability to obligate the guarantor and other securities would be tied up in bankruptcy court. Under existing law he said that if bankruptcy occurred the lender would go to the guarantor to make sure payments were made.

He predicted that if SB 224 passes, interest rates will increase to the small borrower by one to one and a half points and funds will dry up. He read from a statement by Judge Thompson indicating the concerns for the small borrower: "...Further, the practical effect of defendants arguments would be to transpose all the protections afforded a principal debtor into the guarantor contract simply on the basis of a fear those protections will otherwise be evaded in some cases. Such is not the law, and such an approach may well prove to be socially undesirable. As plaintiffs pointed out in oral argument, a small corporate borrower may find it impossible to secure loan funds if corporate lenders cannot require and look to a guarantor that remain liable in the face of a defense such as bankruptcy available to the principal debtor."

Mr. Malone questioned the origin of this bill and Mr. Stewart indicated that according to the notes from the Senate it originated from the Nevada Trial Lawyer's Association commercial law section and the intent was to extend the protection against a deficiency judgment to the guarantor to the extent that he is entitled to the same notices and formalities that are required on a sale as the maker of the obligation.

Mr. Whittemore noted that under existing law since 1930 the contract of guarantee has been outside the relationship between the principal debtor and the lender and the Statute of Limitations is six years against the guarantor and against the principal debtor under the anti-deficiency judgment action will have to be renewed within three months after the sale.

Mr. Stewart observed that if this language passes one could not go against a guarantor until after foreclosure whereas at present one can look to the guarantor before foreclosure. He noted that the apparent interest was that, if you go through foreclosure, the same notice will be given to the guarantor as to the original buyer so that he could be aware of the sale and protect his interest.

Mr. Whittemore responded by saying that the reason lenders want guarantees is so that they do not have to go through litigation. He exemplified a small corporation whose principal in the corporation has one million dollars outside of the corporation; a loan is made in the corporation's name but guaranteed by the personal signature of the principal; if in this situation the corporation is under funded and the property

is not worth the amount of the loan, then the capability of going against the guarantor is necessary. He added that this bill does not address many of the problems, such as the impact on existing contracts.

In response to a question by Mr. Sader, Mr. Whittemore explained that under traditional Nevada law it is the obligation of the principal debtor to the lender; the guarantors have always been outside of this statute.

Mr. Stewart requested that Mr. Whittemore prepare a small brief explaining his concerns and that he contact the Trial Lawyers Association to ascertain their problems and intent. He asked that he report back to the committee.

AB 432: Makes various revision to law governing mobile home parks.

Shannon Zivic, representing the Mobile Home Owners League, said that she had reviewed most of her proposed amendments with the committee previously but not the last one concerning the Mediation Mobile Home Board on page 3. These proposed amendments are attached herewith as EXHIBIT A pages 1 through 3.

Ms. Zivic indicated that the Mediation Board has been highly controversial since its inception in 1979 to mediate problems arising between landlords and tenants. She added that the board only has the authority to suggest, recommend or to advise; that most of complaints are against landlords and there is no requirement that landlords attend these meetings. She emphasized that this board serves no purpose to the public; that she could not see where this board had accomplished anything in two years. She said that if this board is continued, both parties should be required to attend and any decision made should have a place to go.

Ms. Zivic recommended that possibly the Mediation Board could be used in evictions by permitting a tenant to request a hearing and the eviction would be held until the board rendered an opinion which could be forwarded to the court unless the Board could settle the problem between the landlord and tenant.

Ms. Zivic concluded by saying give this board something to do, give it the authority to do it, or get rid of it. She added that she heard that the Carson City Board has given incorrect legal advice and that there are no tenants who sit on their board.

Mr. Ed Horner, representing the Park Owner's Association, a member of the City of Las Vegas Mediation Board, said that the Mediation Board proposed changes to two ordinances that were passed in the last year which minimize the standards for mobile home parks to allow builders to build a lesser cost space in order to keep the rents down. He added that during the last meeting of the Mediation Board he made a motion that the city attorney's office draft an ordinance that would allow the City

of Las Vegas to accept BLM land for senior citizen parks. He said he felt the board served a real purpose in easing problems between tenants and landlords and in upgrading ordinances.

Mr. Stewart indicated that he had spoken with the manager of a park where they were removing families, and the manager said that the owner had told him not to appear at the mediation board meeting. Mr. Stewart asked Mr. Horner if he had any suggestions of how to overcome this problem.

Mr. Horner suggested that the tenants and landlords should be educated more in realizing that this is for their own benefit. He indicated that the Mediation Board has only heard two or three cases, but because the board did not have anything to send on to the courts, people stopped using the board. He felt that if the board could send a recommendation to the court, it might help the tenants in their fight.

When Mr. Stewart asked if tenants sat on this Mediation Board and if they were in agreement with the changes in the ordinances recommended by the Board, Mr. Horner responded affirmatively.

When Mr. Malone asked for the names of the tenants who sit on the Board, Mr. Horner replied that Julian Wallace and Ed Striker are tenants who sit on the board.

Mr. Horner then reviewed his proposed amendments to AB 432 as listed on EXHIBIT B pages 1 and 2 attached to these minutes. During this review discussion occurred on the following:

Section 4, Page 2, line 32: Mr. Horner suggested adding "unless mobile home and lot are not being maintained in accordance with park rules and regulations" because he felt that sometimes it was necessary for a mobile home to be left unoccupied for more than 90 days and this could be unfair to tenants. Discussion pointed out that this is also protection for other tenants and that this section merited further discussion in subcommittee.

Section 5, pages 2 and 3, lines 50 and 1 and 2: Mr. Horner felt that the composition of a park should be allowed to change either through attrition or by paying for the tenant's move. Discussion pointed out the problem of false advertising and that notice of change should be given to tenants.

Section 6, Page 3, lines 7 through 14: Mr. Horner indicated that tenants must be given a 12 month notice after a zoning change or change of land use has been obtained and that notice before this change has been accepted could cause vacating of the park even though the change was turned down. He added that if this section becomes law it would cause an owner to apply for an extention for zone change or change of land use. Discussion showed sympathy for the tenant knowing that this change was contemplated.

Section 6, Page 3, line 20: Mr. Sader pointed out that this would mean that an owner would not have to move a tenant as long as six months written notice were given. Mr. Horner contended that since an owner has only one year to act on a zone change, if a year's notice must be given, he cannot file for a permit for a year; thus, an automatic extension must be obtained and in some cases the zoning change can be lost. He said that somewhere there must be an escape valve for the landlord especially if he is experiencing a negative cash flow. Mr. Stewart indicated that there must be some type of protection for the tenant.

Section 7, page 3, line 44 and 46: Mr. Horner questioned whether this would mean that all RV parks were mobile home parks. When Mr. Sader indicated that this was probably the intent, Mr. Horner pointed out that this would mean they must have minimum size lots of 4,500 square feet which would conflict with county and city ordinances. Discussion showed that this section should be researched and some change made.

Section 10, Page 4, line 39: Mr. Horner felt that only the section of the contract that was not filled in should be void, not the whole contract.

Section 13, page 6, line 17: Mr. Horner felt that 60 days was adequate notice for a change in regulation. Mr. Sader pointed out that there was no provision as to how notice should be given.

Section 14, page 6, line 30: Mr. Horner agreed that this change should be omitted.

Section 14, page 6, line 40: Mr. Horner suggested adding rental agreement, and Mr. Sader noted that lease and rental agreement are used interchangeably throughout the bill.

Section 14, page 6, line 42: Discussion pointed out that this proposed change would require all parks to have facilities for pets, but Mr. Horner felt that some change in language should be made. Mr. Stewart said that the subcommittee will work on this section.

Section 14, page 7, line 37: Mr. Horner felt that this should read the maximum allowable under state law. The committee discussed late penalties charged for mortgages and felt that some research should be done before setting this fee. They also felt there should be some exclusion for people on fixed incomes or for senior citizens.

Since he had not had time to review the proposed changes submitted by the Mobile Home Owners League, Mr. Horner suggested that he submit a written response to these changes.

Margaret Purdue, representing Clark County, said that since Clark County is responsible for the Mediation Board and the Manufactured Housing Division is not, they would like Section 20, 3 (a), line 29 on Page 3 to read "operate in accordance with applicable regulations adopted by the county." She indicated that the county is extremely concerned for senior citizens and low income families in mobile home parks, but they are also concerned for the cost of the types of mediation suggested in AB 432. She added that she had not had time to review the suggested amendments but would do so and send written comments. She noted that with the probable drastic cut in taxes, the legislature will have to look at what they mandate counties to do.

Ross Culbertson, representing Nevada Home Builders Association and the Nevada Park Watch Association, indicated that most of the issues addressed in AB 432 have been dealt with by the Assembly Commerce Committee. He said that AB 412 now in the Commerce Committee is partly in conflict with AB 432 and could cause legislative problems.

Mr. Culbertson observed that this type of legislation belonged in ordinances rather than law; that local problems should be met on a local basis. He indicated that on Page 1, Section 2, line 15, the 120 days requirement would increase the cost of borrowing money which in turn would be passed on by an increase in rents. He also said that with the restrictions on park owners concerning what they can do with their property is apt to make a park less marketable which can in turn increase interest rates. He pointed out that Nevada is a capital poor state; that most of the lenders and some of the borrowers are from out of state; that there is an existing problem of not enough money to maintain the kind of market here with the growth patterns of the state.

Mr. Culbertson said he felt this legislation could cause the mobile park industry to come to a standstill and that there are many more issues than are readily apparent in this bill. He indicated that if there were enough spaces available, the marketplace would solve most of the problems and that barriers should not be created for the building of more mobile home parks in this time of need.

Mr. Stewart appointed a subcommittee consisting of himself, Mr. Sader and Mrs. Ham to study all the proposed amendments.

There being no further business, the meeting adjourned at 10:25 a.m.

Respectfully submitted,

*Patricia Hatch*

Patricia Hatch  
Secretary

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<u>Page</u>	<u>Line</u>	
1	2	Fee applies in (a) <u>an equal</u> and uniform manner i.e.
1	5	Similarly (situated) <u>located</u> and by the size of the mobile home.
<del>2</del>	<del>10</del>	<del>change from 60 to 120 days i.e.</del>
1	14	Prohibit meetings or charge (any deposits) for any meetings i.e.
2	5	Prohibit a tenant from having guests but he may require the tenant to register the guest (if the guest uses the <u>recreational facilities in the park</u> ) <u>within 48 hours following the arrival of the guest, excluding close of the business hours.</u> <u>The guest shall be subject to all park rules and regulations .</u>
2	28	and charge the tenant (a) <u>an agreed amount for the service fee i.e.</u>
2	30	Delete from this section and add to Page 8, Line 9.
2	36	does not meet those restriction (agree to move) <u>who may either choose to remain in the park, or the tenant chooses to move, the landlord shall pay the costs of relocating the tenant to a park of comparable rent rates and standards within 10 miles .</u>
2	39	Delete (6) completely.
2	45	Delete 2. completely.
3	2	ADD - <u>If the mobile home park has segregated adult and family sections within the park, the adult area shall be posted as adult areas.</u>
5	44	<u>Such rules or regulations adopted or changed after the tenant enters into a rental agreement is enforceable only if it does not modify the rental agreement</u>

Page Line

6 38 (other than as provided in the lease.)

7 36 Any fee for a late monthly rental payment within 4 days if the date the rental payment is due, (or which exceeds 5 percent of the monthly rental rate) Late charges may not exceed \$1.00 for each date delinquent following the due date of the monthly rent. (Any fee for the late payment of charges for utilities must be in accordance with the requirements prescribed by the Public Service Commission of Nevada.)

7 41 (Except for the use of the recreational facilities of the park, any) Any additional fee for a guest. (The guest may be required to register with the landlord until the guest has lived with the tenant for at least 4 consecutive weeks) The tenant's guest may be required to register as an occupant if the guest's stay exceeds one month subject to the approval of the management.

8 9 (unoccupied for more than 90 consecutive days before the sale) May require that the mobile home be removed from the park if it is unoccupied for more than 90 consecutive days and the tenant is not making in good faith a diligent effort to sell it.

8 32 Delete Lines 32 thru 31 - ADD - A rental agreement or lease is valid for the length of the tenant's occupancy. The tenant's continued occupancy is on the same terms and conditions as were contained in the rental agreement unless specifically agreed other wise in writing between the landlord and tenant. The rental agreement may be ~~determined~~ <sup>terminated</sup> if the landlord or tenant is in violation of



Page Line

the rental agreement and in accordance with the rental agreement's  
provision for the termination of the tenant's vacating the mobile  
home lot.

9 2 Receiving written notification i.e.

9 18 a tenancy, willfully harass a tenant,

9 31 If (a mobile home is made unfit for occupancy) the gas, electricity  
water in a mobile home are terminated for any period in excess  
of 48 hours by any cause for which the landlord is responsible or  
over which i.e.

10 8 Mediation Mobile Home Board.

The mediation board as it is so structured in the present  
legislation, has offered nothing to the mobile home owners in  
rental parks. We have found in some instances they have actual  
harmed the mobile home owners. We believe that unless a form  
of authority can be legislated such as requiring that both  
the landlord and tenant must attend the hearing this statute  
should be rescinded.

We feel that with the proper application the board could help  
with evictions in the mobile home parks by permitting the tenant  
to request a hearing by the board, wherein, the eviction would  
be held until the board has rendered an opinion which would be  
forwarded to the court in the event the board was unable to  
settle the eviction between the landlord and the tenant.

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SEC 2, Line 10 - CHANGE TO 60 DAYS

SEC 2, Line 14 - ADD CLEANING DEPOSIT only  
and REFUNDABLE IN LEFT CLEAN.

SEC 2, Pg 2, LINE 5 - OR STAY IN EXCESS OF 48 HOUR.

SEC 3, Pg 2, LINE 21, 22, 23 - REMOVE, UNLESS PROVIDED FOR  
IN RENTAL AGREEMENT

SEC 4, Pg 2, LINE 22 - ADD: UNLESS MOBILE HOME AND  
LOT ARE NOT BEING MAINTAINED  
IN ACCORDANCE WITH PARK R+R;

SEC 5, Pg 2, LINE 37 - UNLESS LANDLORD AGREES TO  
RELOCATE TENANTS TO A UNRESTRICTED  
AREA OF THE PARK, OR TO A COMPLEAS  
MOBILE HOME-PARK WITHIN A 10 MILE  
RADIUS.

SEC 5, Pg 2+3 LINE 50/42 - REMOVE, SHOULD BRACK T:  
CHANGE PARK THRU ATTENTION

SEC 6, Pg. 3, LINE 7 - REMOVE LINE 7 THRU 14.

SEC 6, Pg. 3 Line 20 - ADD: UNLESS 6 MONTH WRITTEN  
NOTICE IS GIVEN TENANT OF INTENT  
OF CHANGE OF LAND USE.

SEC 7, Pg 3, Line 44 + 46 - DO NOT REMOVE [ . ]

SEC 10, Pg 4, Line 39 - ONLY THAT PORTION IS VOID IF NOT  
FILED IN.

SEC 13, Pg 6, Line 17 - LEAVE AT 60 DAYS

SEC 14, Pg 6, Line 30 - ADD: THE LANDLORD SHALL NOT  
PAY A TENANT MOVING, OR OFFER  
FREE SPACE RENT OR OTHER COMPENSATION  
AS AN INCENTIVE FOR OCCUPANCY IN  
A MOBILE HOME PARK. PROSPECTIVE  
TENANTS MAY NOT ACCEPT SUCH  
INDUCEMENT AS A CONDITION OF  
THEIR ENTRANCE TO A M.H.P.

SEC. 14, Pg. 6, Line 10 - ADD; LEASE OR RENTAL AGREEMENT.

SEC. 14, Pg. 6, Line 42 - CHANGE: UNLESS SPECIAL FACILITIES OR SERVICES ARE PROVIDED, PETS WILL NOT BE ALLOWED IN A. M.H.P. UNLESS OTHERWISE PROVIDED FOR IN THE RENTAL AGREEMENT.

SEC. 14, Pg 7, Line 31 - CHANGE TO 60 days  
@ line 37 amount of late fee

SEC. 15, Pg 8, Line 9, - REFER TO SEC 4, Pg 3, Line 32  
being properly maintained.

SEC. 16, Pg. 8, Line 18, - CHANGE TO 5 days

SEC. 16, Pg 8, Line 21 - CHANGE TO 6 MONTHS

23 - CHANGE TO 30 days

45 - CHANGE TO 5 days UNLAWFULL  
OBTAINMENT

SEC. 17, Pg 9, Line 3, - LEASE [OR A CHANGE IN LAND USE]

SEC 19, Pg 9, Line 36 - MUST define responsible + control

line 47 - Add: A Rental mobile Home -  
Also unless landlord has given  
TANANT 30 days notice of INTENT  
TO force out such mobile Home  
from his RENTAL INVENTORY.

SEC 20, Pg 10, line 13, - Remove Leasing

SEC 21, Pg 10, line 43: ADD: ANY landlord OR TENANT

47: Remove 47 THRU 49.