November 2009 V.2

PARK WATCH
A Legal Developments E-Bulletin

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A COURTESY FOR FRIENDS AND CLIENTS

Park Owner Does Not Violate MRL by Refusing Installation of Mobile-home and Imposing New Rules on Heir.

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● *Quick Snapshot:*

In Hoffman v. Smithwoods RV Park, the court allows a park owner to require an heir to meet new requirements for new replacement home installations, treating the "heir" different from the "homeowner" for MRL and Parks Act purposes. New requirements for replacement mobilehome represent a lawful "end-run" around amending the rules and regulations under Civil Code §798.25. This end-run does not apply to existing homeowners.

● *Relevant Facts:*

David Hoffman inherited a mobilehome in Smithwoods RV Park. Heir Hoffman sold the home to a dealer on condition that management accept the proposed replacement mobilehome.[1] But the park owner refused to permit the new mobilehome and set forth new rules that were more stringent than Title 25. Heir Hoffman, obviously incensed that he was losing the sale for a very old home (basically, selling the space), obtained legal advice and then sued. The essential claim was that the park owner had illegally amended the rules and regulations.

● *The Lawsuit:*

The lawsuit alleged 6 causes of action:

(1) "Breach of Statute (MRL)";

(2) injunctive and declaratory relief that defendant cannot usurp HCD's authority;

(3) injunctive and declaratory relief that defendant cannot enforce setback or size regulations that conflict with (i.e. were more restrictive than) HCD's Title 25 regulations;

(4) "Intentional Interference With Economic Relationship";

(5) "Negligent Interference With Economic Relationship"; and

(6) "Breach of Contract (Breach of Duty of Good Faith and Fair Dealing)."

● *The Lawsuit Fails!:*

The lawsuit failed on all counts. *Under Civil Code* §798.78, a "replacement mobilehome" to be installed by Heir Hoffman must "meet current standards of the park as contained in the park's most recent written requirements issued to prospective homeowners."

Separate rules apply to "homeowners." In the case of the "homeowner," park owner must

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[1] *This is a typical scenario:*

The heir inherits an old, dilapidated mobilehome. But the space has value and so the heir is offered a deal to buy the old home so the dealer can control the space and install a new mobilehome.

This allows the dealer to pay well more than the old home is worth, because the retail sale of a new home is so profitable it covers the excessive price for the pull-out "junker."

This is a common practice in rent control jurisdictions which protect incumbent residents to the extreme detriment of the rest of the housing market. Unscrupulous managers sometimes refer dealers to heirs in return for finder's fees in such cases.

consult concerning proposed amendments to rules and regulations. But Heir Hoffman *"inherited the mobilehome, so Hoffman was an heir, rather than a homeowner. So, the procedure for rule amendments do not apply to Hoffman and he needed to comply with the parks' current standards."*

● *Analysis:*

Heir Hoffman relied on *Civil Code* § 798.25, which sets forth procedural requirements for amendments to park rules and regulations. Heir Hoffman claimed that the owner failed to follow those procedures in demanding new siting and setback requirements for new mobilehomes.

The management relied on *Civil Code* §798.78. That provision recognizes that an "heir" who inherits a mobile home from a "homeowner" has "the right to sell the mobilehome" under conditions set forth in the MRL. (§ 798.78, subd. (a).) But the provision further states:

> "In the event the mobilehome is to be replaced, the replacement mobilehome shall also meet current standards of the park as contained in the park's most recent written requirements issued to prospective homeowners."

(*Civil Code* § 798.78, subd. (c).)

This statute as applied to Heir Hoffman, because he was never a "homeowner" but instead just an "heir" and thus subject to the park's current standards.

● *Appeal:*

Heir Hoffman appealed. He had also suggested that the park owner was working with a competitor, seeking to obtain control of the mobilehome space. But ulterior motives did not seem to affect the thinking of the court and the rights of the management to implement new incoming home standards at any time.

This ruling does suggest that a park owner may promulgate new standards for incoming homes at any time, without notice, and still enforce them against the heir or successor of the heir. For owners who have not visited the issue of incoming homes and needed protections from tolerating inferior product from entering their communities, attention to setting new standards will not require the usual rule amendment process as specified in *Civil Code* §798.25,

Of course, the park owner would have been forced to honor the pre-existing standards if Hoffman's mother had survived; she would have been a homeowner and new regulations would have required compliance with rule amendment procedure.

Heir Hoffman was different. As an heir, he lacked the rights of the homeowner. He speciously argued that management was required to satisfy the procedural requirements of *Civil Code* §798.25 in considering whether to accept a replacement mobile home under *Civil Code* §798.78. The court saw no basis for importing the requirements of that first provision into the second for two reasons.

■ First, as explained above, the two provisions appear in two different articles of the MRL, with each article apparently directed at a different aspect of mobile home park tenancies. That structure is suggestive of legislative intent to differentiate the two articles' requirements.

■ Second, in addition to the difference in their function, the language of "the two provisions" is manifestly different." The Legislature's use of the words "standards" and "written requirements" in *Civil Code* §798.78 contrasts with its use of the phrase "rules and regulations" in *Civil Code* §798.25. "Of course, when different words are used in contemporaneously enacted, adjoining subdivisions of a statute, the inference is compelling that a difference in meaning was intended."

Here, the two provisions appear in separate sections, enacted a year apart. But they were amended together in 1982, to substitute the term "homeowner" for "tenant." The Legislature nevertheless employed distinct terms in each provision.

> "We further infer a legislative intent to treat "heirs" and "homeowners" differently with respect to the standards and rules implemented by park management. Given the distinctions between the two provisions, there is no basis for grafting the procedural requirements of section 798.25 onto section 798.78."

As to more restrictive requirements than the law specifies, not a problem. Nothing in the regulation prohibits park operators from requiring greater setbacks or more stringent siting requirements.

Heir Hoffman also asserted that the park owner had breached a duty of good faith. Conduct that is "expressly permitted" by the agreement and "clearly within the parties' reasonable expectations . . . can never violate the good faith and fair dealing covenant."

Since the rental agreement expressly provides for prior approval, plaintiff cannot state a cause of action for breach of the implied covenant based on defendant's insistence on compliance with that provision.

● *Conclusion:*

Demanding new standards for replacement homes from heirs is controlled by *Civil Code* § 798.78.

Civil Code §798.25 addresses rules and regulations as to homeowner, who have a right to

adjust to new changes and amendments over time. Not so with Heir Hoffman. Just about any practitioner with emphasis in the MRL and the Parks Act, or who reads the MRL carefully, would see the common sense in this analysis and not even try to urge such a claim.

In essence, an heir who sells an old home for pullout is seeking to profit on sale of a new home at retail value. In essence, the heir is selling the pad.

The park owner gets one and only one opportunity to address the standards for new homes coming into the park: homes which will remain for decades to come. The ability to regulate such standards for incoming homes cannot be diluted by urging compliance with procedures applicable only to homeowners.

However, if it is the homeowner who seeks to replace the mobilehome, this case may well have been decided in a different way.

Still, a new case is great news: this case may avoid future invalid claims from residents and their attorneys respecting matters that are already, clearly, the law.

Happy Thanksgiving!!

Please feel free to contact Dowdall Law Offices, A.P.C. for any questions or comments. 714 532-2222, 916-444-0777, trd@dowdalllaw.net.