



HOUSE OF  
REPRESENTATIVES  
STATE OF DELAWARE  
411 LEGISLATIVE AVENUE  
DOVER, DELAWARE 19901

COMMITTEES  
House Manufactured Housing,  
Chair  
Economic Development/Banking/  
Insurance/Commerce  
Housing & Community Affairs  
Revenue & Finance

**Manufactured Housing Committee Meeting Minutes**  
5.3.17

Chair Baumbach called the meeting to order at 3:52 p.m. Members present included Reps. Carson, Kowalko, Matthews and Yearick. For a list of guests present, please see the attendance list below.

Chair Baumbach introduced **HB 131, AN ACT TO AMEND TITLE 25 OF THE DELAWARE CODE RELATING TO MANUFACTURED HOUSING.**

Rep. Carson, the sponsor of the bill, said that HB 131 requires community owners to keep all payments of the disputed rent increase amount in an escrow account.

Chair Baumbach opened the floor for public comment.

William Kinnick stated that the Delaware Manufactured Home Owners Association (DMHOA) supports the bill, and wants to ensure that home owners get all of their money back at the end of an arbitration process.

Jerome Heisler said he opposes the bill, and that it would pose an expensive administrative burden on community owners. He asked the committee to consider alternative options that would fair to both parties.

Fred Neil of Wild Meadows Communities said he opposes the bill. He said that HB 131 would not protect the seniors and low-income individuals affected by rent increases during the arbitration process. He then suggested that the bill be amended to begin the escrow process when an arbitrator has been appointed.

Robert Tunnell III of Pot-Nets Communities stated that he has several concerns with the bill; it proposes an escrow process that is more burdensome than ones used in other states, and it is in conflict with the current language in Section 7008f, Title 25 of the Delaware Code, in regards to the issuance of late payment penalties.

Richard Reuben said the bill requires a burden of proof by the community owner, and he does not think it is applicable to do so.

Scott Kidner spoke on behalf of the First State Manufactured Housing Association (FSMHA). He said that the bill's language is ambiguous, and that it opens up the opportunity for bank fraud to occur. He then added that the bill does not allow any opportunity for redress, even when the arbitration votes in favor of the community owner.

Bobby Hemrich stated that she is in favor of the concept of the bill, but its current language is confusing. She questioned how the community owner would allocate funds to its designated accounts if paid out in a single check.

Christian Wright said the Consumer Protection Unit and Attorney General Matt Denn support the concept of the bill. He then explained that the financial records of an escrow account would need to be made public in order to be audited.

Rep. Carson asked Mr. Wright to answer Ms. Hemrich's question.

Mr. Wright explained that it would be the community owner's responsibility to separate the funds into its respective accounts.

Jill Fuchs stated that the League of Women Voters supports the bill.

Kevin Carroll said the bill poses an administrative burden on the Relocation Trust Authority to monitor and maintain the escrow accounts.

Rep. Kowalko asked Mr. Carroll if removing line 21, which gives the Authority ownership, would address their concern.

Mr. Carroll responded yes, as well as the subsequent lines of the bill that includes the Trust.

John Walsh stated that AARP supports the concept of the bill as long as it is equitable to both sides.

Chair Baumbach asked Ms. Natalie Woloshin to comment on the best practice for the forfeiture referenced on line 34.

House Attorney Natalie Woloshin said that line 34 of the bill ensures that the community owner places the money into a federally-insured financial institution prior to the arbitration.

Chair Baumbach then asked what entity determines that the homeowner is entitled to double the funds, and what action would the community owner take to receive the funds if the rent increase is approved.

Ms. Woloshin responded that the bill does not give the community owner the authority to dispute the forfeiture.

Rep. Yearick asked Ms. Woloshin to clarify the forfeiture process.

Ms. Woloshin explained that the framework outlined in the bill ensures that the money is deposited in a federally insured bank account while the arbitration is pending.

Rep. Yearick asked what party determines when the disputed amount should be doubled.

Ms. Woloshin said the bill designates the Delaware Manufactured Home Relocation Authority and the Consumer Protection Unit as the responsible parties.

Chair Yearick stated that the DMHRA indicated that it does not want that responsibility.

Ms. Woloshin said that the Consumer Protection Unit would still be a responsible party.

Chair Baumbach asked Rep. Carson, the sponsor of the bill, if he wanted to make any additional comments.

Rep. Carson said that he stands by the bill as it is written, but would consider an amendment that would strengthen it.

Chair Baumbach proposed that the bill be amended to remove the requirement of separate escrow accounts for each community. He stated that there is no need for separate accounts since escrow accounts cannot be used for operations.

Rep. Carson asked if this method of accounting was normally done in the financial world.

Rep. Baumbach asked Mr. Heisler if it was customary to his business to have multiple things going through a single financial account.

Mr. Heisler responded that he could, but HB 131 mandates that a separate escrow accounts be established.

Rep. Carson stated that he was fine with the amendment proposed by Chair Baumbach.

Rep. Kowalko suggested that the bill be amended to add the clause “in the event of such a failure” to clarify the language used in lines 30-34.

Ms. Woloshin agreed to work with Reps. Carson and Kowalko to clarify the bill’s language.

Chair Baumbach then suggested that the bill be amended to require community owners to maintain financial records, solely regarding the collection of disputed rent increase amounts.

Rep. Carson asked if the Attorney General’s office had any concerns with the way the bill is written.

Mr. Wright said the Attorney General’s office is comfortable with the language, and does not have any objections to amending the bill to clarify the language.

Rep. Carson agreed to clarify the language, as long as the intent of the bill remains the same.

Rep. Yearick suggested that the bill be amended to remove the requirement of the account number.

Rep. Carson stated the intent was to to assure that the money is being deposited into a separate escrow account, and then agreed to remove the provision regarding the account number.

A motion was made by Rep. Carson and seconded by Rep. Kowalko to release HB 131 from committee.

The bill was later reported out of committee with an F = 0, M = 4, U = 0 vote.

Chair Baumbach adjourned the meeting at 4:29 p.m.

Respectfully submitted by:

Ashley Lewis

**Speaker List:**

Leonard B. Sears, DMHOA  
William Kinnick, DMHOA  
Fred Neil, Wild Meadows  
Richard Reuben, Land Leased Homeowners Coalition (LLHC)  
Bobbie Hemmerich, LLHC  
Jill Fuchs, League of Women Voters PRBS  
John Walsh, AARP  
Jerome Heisler  
Richard Baynard  
Robert Tunnell III, Pot-Nets  
C. Scott Kidner, FSMHA  
William H. Dunn, DMHRA  
Christian Wright, Department of Justice  
Kevin M. Carroll, DMHRA