

## BILLS IMPACTING MHC LANDLORDS

[House File 2351](#) and [Senate File 2238](#) would negatively impact landlords of manufactured housing communities. Below is a brief summary landlords can use to familiarize themselves with the proposed provisions.

### Division I - Grounds for Termination

Eliminates a landlord's right to choose whether to renew a tenancy. Instead, a landlord could terminate (i.e., not renew) a tenancy **for good cause only**. Thus, the 60-day "no-cause" non-renewal right previously provided under Chapter 562B would be extinguished by this proposal.

### Division II - Retaliation

Amends the law by providing a 1-year, not a 6-month, time period during which landlord actions are presumed retaliatory. With this proposal, section 562B.32(2) would mirror Chapter 562A.

### Division III - Consumer Fraud

Any instance of a landlord's violation of Chapter 562B would be considered consumer fraud under Iowa Code section 714.16.

### Division IV(a) - Rent Increase Notice

Increases the required notice period for rent increases from 60 days to 180 days, and permits only one rental increase per year.

### Division IV(b) - Rent Control Provision

This rent control section of the bill imposes restrictions and requirements as to when and how landlords can increase rent.

In sum, each time a landlord desires to increase rent within a community in an amount higher than the "average annual increase of the CPI for all urban consumers in the Midwest region for the most recently available preceding 36 month period," which is **1.76% as of January 2020**, the landlord would be required to notify all residents (and presumably must be ready to prove) that the rent increase is statutorily allowed because the increase is "directly related to operating, maintaining, or improving" the community and "justified by one or more of the following [statutory] factors."

- The completion and costs of capital improvements, **not** including "ordinary repair, replacement, and maintenance"
- Increase in property taxes
- Increase in utility expenses
- Increase in insurance or financing costs
- Increase in "reasonable operating and maintenance expenses relating to the community"
- Increase in market rent, defined as "rent which would result from market forces absent an unequal bargaining position between the landlord and tenants. In determining market rent, relevant considerations include rents charged to recent new tenants of the manufactured home community, or rents charged by comparable manufactured home communities," meaning "within the same competitive area and offering similar facilities, services, amenities, and management."

The landlord's notice to residents must set forth the basis for the rent increase.

### Division V - Landlord Remedies

This section contains many of the Iowa Manufactured Housing Association's proposed amendments to Chapter 562B from last year.



JODIE CLARK MCDUGAL

JODIEMCDUGAL@DAVISBROWNLAW.COM

### CONTACT INFORMATION

PH: 515-246-7951  
FAX: 515-243-0654

### IOWA CODE

#### CHAPTER 562A

IOWA'S UNIFORM RESIDENTIAL  
LANDLORD-TENANT LAW

#### CHAPTER 562B

IOWA'S MANUFACTURING HOUSING  
COMMUNITY LAW

## **Division VI - Manufactured Housing Program Fund**

Amends the program fund to remove the mandate that the program fund is designed exclusively for manufactured homes located on leased land.

## **Division VII - Tenant Counterclaims for Landlord Noncompliance**

Amends the law by adding a new section allowing tenant counterclaims. With this proposal, Chapter 562B would mirror Chapter 562A (section 562A.24).

## **Division VIII - Utility Charges**

Adds the following restrictions regarding a landlord's right to impose utility charges:

1. Landlords cannot charge tenants for a utility in an amount in excess of the "actual cost" of the utility provided or the amount specified in the Utility Disclosure Statement. Provided however that landlords may charge a total monthly administration fee (for the administration of all utilities) of up to \$5 per month. "Actual cost" is **not** defined.
2. Failure of a tenant to pay utility charges that exceed the actual cost shall not be deemed a breach/non-compliance.

## **Division IX - Unlawful Ouster**

Expands resident remedies for a landlord's unlawful ouster, exclusion, or diminution of services regarding a resident. With this proposal, Chapter 562B would mirror Chapter 562A (section 562A.26).

## **Division X - Wrongful Failure to Provide Essential Services**

Expands resident remedies for a landlord's failure to provide essential services. With this proposal, Chapter 562B would mirror Chapter 562A (section 562A.23).

## **Division XI - Tenant Correcting Deficiencies**

Changes the law to permit a tenant to correct alleged deficiencies him or herself, after prior notice to the landlord, and then to deduct the amount spent to do so from his or her unpaid/owed rent. With this proposal, Chapter 562B would mirror Chapter 562A (section 562A.27).

## **Division XII - Denial of Rental or Refusal of Sale**

Imposes the following new requirements upon a landlord's right to deny an applicant:

1. A landlord's denial of an applicant must "conform to recognized principles, rules, and standards generally accepted by the professional manufactured home community or park industry to ensure the commercially reasonable safety and financial security of comparable manufactured home communities or parks." The landlord must notify the applicant in writing of the basis for any denial.
2. A landlord's decision to not approve a prospective purchaser of an existing home owned by a resident in the community must be based on a "legitimate business reason" as articulated in the prior section, and the landlord must notify the applicant in writing of the basis for denial.

## **Division XIII - Prohibited Rental Agreement Provision-Home Equipment**

Provides that a landlord must not require tenants, in a lease or otherwise, to "modify the physical characteristic or equipment of [the home] if the modification impairs the ability [to] move the home from the [lot] unless otherwise required by federal or state law or local ordinance."

## **Division XIV(a) - Prohibited Rental Agreement Terms**

Adds the following new categories of prohibited lease provisions:

1. "Imposition of fines, penalties, or fees solely as a punishment or in amounts in excess of actual damages or costs incurred."
2. Confessions of judgment by a resident.
3. Any provision that "authorizes prohibitions, limitations, additional deposits, or other restrictive policies that are not based on ordinary wear and tear [or] community safety standards."

## **Division XIV(b) - Remedies for Prohibited Rental Agreement Terms**

Expands resident remedies for a landlord's use of prohibited lease provisions. With this proposal, Chapter 562B would mirror Chapter 562A.

## **Division XV - Rental Deposits**

Changes the definition of "rental deposit" and amends the law by providing that a landlord may only retain interest earned on a rental deposit during the first five years of tenancy. With this proposal, Chapter 562B would mirror Chapter 562A.

## **Division XVI - Landlord Sales of Mobile Homes**

Imposes additional requirements upon landlords when a landlord sells a manufactured or mobile home:

1. A written purchase agreement must be used.
2. The written purchase agreement must state the basic terms of the sale, including purchase price, finance charges, APR, and each installment payment.
3. A current certificate of title must be presented and signed over to the resident-buyer.

This section also provides that if a landlord violates the foregoing requirements, the sale may be voided by the buyer and the buyer may recover damages incurred, amounts paid as a rental deposit in excess of two months' rent, and reasonable attorney fees.

## **Division XVII - Nonjudicial Foreclosures of Homes Prohibited**

Eliminates the ability of lenders to utilize nonjudicial foreclosure regarding manufactured/mobile homes under Section 654.18 ("Alternative Nonjudicial Voluntary Foreclosure Procedure") or Chapter 655A ("Nonjudicial foreclosure of Nonagricultural Mortgages").