

## Senate Bill 56 with Senate Substitute #2:

This is an edited version of the adopted Bill from the 153<sup>rd</sup> General Assembly in late 2025.

<https://legis.delaware.gov/SessionLaws/Chapter?id=42368>

Our Editing: **we have removed strikethroughs and insertions as noted in Section 1 below** and **added appropriate paragraph indentations**. We have also applied **yellow highlights** to specific text about **buying or selling a manufactured home on leased land, or the death of a homeowner**.

Please remember that this document shows only the changes made by this Bill. We highly recommend that you read the entire Chapter 70 of Title 25 which is found online at:

<https://delcode.delaware.gov/title25/c070/index.html>

At the end of this document, DMHOA provides a recap of **“Important Issues to Consider When Selling Your Home”** for your convenience.

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### **AN ACT TO AMEND TITLE 25 OF THE DELAWARE CODE RELATING TO MANUFACTURED HOME TITLE TRANSFERS.**

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Title 25 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows and by redesignating accordingly:

#### **§ 7003. Definitions.**

For purposes of this chapter:

( ) “Heir” means someone who obtains an interest in a manufactured home as the result of the death of another person. This includes obtaining an interest through a will, intestate succession, or transfer on death designation.

#### **§ 7007. Manufactured home standards**

(c) Standards for manufactured homes for resale or transfer of title and retention in the manufactured home community.

(1) A landlord shall adopt reasonable written standards regarding the resale or transfer of title of a manufactured home intended for retention in the landlord’s manufactured home community. The standards must relate only to appearance, maintenance, safety, and compliance with state and local housing, building, or health codes, and the 1976 HUD Code. A landlord may not issue standards in which the age of a manufactured home is the exclusive or dominant criterion prohibiting the home from being sold and retained in the community after the sale is consummated.

(2) **If a homeowner notifies the community owner of the intent to sell the home** under § 7013(c)(1)a. of this title, the community owner may conduct an exterior inspection of the home to determine if the home qualifies for retention in the manufactured home community according to written standards promulgated under this section.

(3) **If the community owner chooses to conduct an inspection under this subsection, it must do so within 10 days of the date the homeowner sent the notice of intent to sell to the community owner.**

(4) Within 7 days of the inspection under this subsection, the community owner must provide a written list, with references to the applicable rules, of any conditions in violation of the standards.

(5) A buyer or transferee who becomes a tenant in a manufactured home community has 90 days from the date of the resale or transfer, or if the transfer took place between November 1<sup>st</sup> and March 1<sup>st</sup>, then until June 1<sup>st</sup>, to complete changes to the buyer or transferee's manufactured home required under the written standards of the manufactured home community unless the parties agree in writing to a longer period. If work to be completed cannot reasonably be completed within the time frame described in this paragraph, the homeowner must submit an explanation to the community owner of the efforts taken to complete the work and submit a plan for the completion of the work, and the community owner must allow a reasonable amount of time under the circumstances to complete the work. Once the work begins on the manufactured home on a specific item from the list, the necessary changes for that item must be completed within a reasonable time.

(6) A buyer or transferee who does not complete required changes under paragraph (5) of this subsection is subject to a summary possession proceeding pursuant to Chapter 57 of this title.

### **§ 7008. Provisions of a rental agreement.**

(b) A rental agreement for a lot in a manufactured home community may not contain any of the following:

(22) A provision that terminates a lease due to the death of any tenant, including one that terminates due to the death of the last remaining tenant.

### **§ 7009. Term of rental agreement; renewal of rental agreement**

[For application of this section, see 79 Del. Laws, c. 304, § 7].

(b) The rental agreement automatically renews unless the following occurs:

(1) The tenant notifies the landlord in writing, a minimum of 60 days prior to the expiration of the rental agreement, that the tenant is moving the manufactured home off of the lot, or a shorter or longer period of time as is mutually agreed upon by the parties. Notice under this section does not apply to a tenant who intends to sell the manufactured home, and no requirements may be added beyond those procedures for the transfer of a home under § 7013 of this section.

(2) The landlord notifies the tenant in writing, a minimum of 90 days prior to the expiration of the rental agreement, that the agreement will not be renewed for due cause under § 7016 or § 7024 of this title.

### **§ 7013. Manufactured home transfer; rented lot transfer.**

(a) This section governs the sale, conveyance, or transfer of title of a manufactured home which is already located in a manufactured home community.

(b) (1) A rental agreement for a lot in a manufactured home community transfers automatically under the following circumstances:

a. To the buyer or transferee of a manufactured home from a previous homeowner or heir or estate of a deceased homeowner, unless the homeowner fails to materially comply with § 7013(c) of this title or the right to transfer has been terminated under § 7013(f) of this title.

b. To the heirs of a deceased homeowner when there is an heir that is an occupant of the home at the time of a homeowner's death.

c. To the heirs of a deceased homeowner for a period of 1 year when no heir is an occupant of the home at the time of the homeowner's death.

d. To the estate of a deceased homeowner for a period of 1 year.

(2) A community owner may not terminate a lease due to the death of a tenant, if the estate or heirs transfer the lease to any non-tenant occupants already living in the home at the time of a tenant's death. The community owner may require the heir to complete the community's criminal background portion of the tenancy application process, if this was never completed prior to the tenant's death.

(3) An heir who obtains an interest in a manufactured home may not be required to complete a tenant application unless the heir intends to reside in the home.

a. An heir who intends to reside in the home may be required to complete only the community's criminal background portion of the tenancy application process, if this was never completed prior to the tenant's death.

b. A community owner may not prohibit an heir with only a partial ownership interest in the manufactured home from residing in the community. If there is more than one heir and fewer than all of the heirs reside in the home, it is not a violation of any lease provision that may prohibit such an arrangement, including any provisions against subletting.

(4) It is not a violation of any lease provision for some or all of the heirs not to reside or occupy a home during the initial 1-year period, or for any period of time if an occupant that was residing in the home at the time of the tenant's death or at least 1 heir resides in the home. Such heir or occupant may be required to complete the community's criminal background portion of the tenancy application process if this was never completed prior to the tenant's death. The heirs or the estate of the deceased homeowner must still comply with lease provisions that do not conflict with this section.

(5) It is a defense to a summary possession action for nonpayment of rent that circumstances surrounding the administration of the estate prevented payment of the rent for a period up to 90 days. The estate or the heirs may still be held responsible for late fees and court costs, and a community owner may take appropriate legal action to protect the community owner's rights for any unpaid rent.

(6) Upon the death of the last remaining tenant in a manufactured home, the community owner may not start a summary possession action under Chapter 57 of this title for at least 90 days after the death of the tenant. The community owner may change locks for safety reasons.

(7) The personal representative of the estate, if one is opened, or the heirs to whom the home transfers if there is no estate, shall provide notice to the community owner within 90 days of the death of the tenant, notifying the community owner of the following:

a. All new owners of the manufactured home.

b. The address of each homeowner.

c. A phone number for each homeowner, if known.

d. A list of any new intended residents in the home when such information is known.

### (c) Right of first refusal.

(1) a. An owner of a manufactured home who plans to sell, convey, or transfer title of the home to a buyer or transferee must do the following:

1. Prior to listing the home for sale, the homeowner must notify the community owner of the intent to sell. The community owner may then conduct an inspection, following the procedures under § 7007(c) of this title.

2. Once an agreement is reached to sell, convey, or transfer title to the home, the homeowner must notify the community owner in writing no less than 3 weeks prior to the scheduled, rescheduled, or final sale, conveyance, or transfer of title of the manufactured home, giving the name and address of the prospective buyer or transferee, along with a written statement or a proposed bill of sale clearly indicating the agreed sale price and terms. If the homeowner failed to give timely notice under this paragraph, the sale, conveyance, or transfer date previously contained in any agreement may be modified to comply with the provisions of this subsection.

b. If the homeowner provides the written notice under paragraph (1)a.2. of this subsection without having provided notice under paragraph (1)a.1. of this subsection, then the community owner may conduct an inspection, following the procedures and time requirements under § 7007(c) of this title.

1. If the inspection under § 7007(c) of this title requires a new date for the sale, transfer, or conveyance to be changed, the homeowner only needs to provide the community owner of the new date under paragraph (1)a.2. of this subsection.

2. If the inspection under § 7007(c) of this title results in new terms of the sale, then the homeowner must provide these terms under paragraph (1)a.2. of this subsection.

3. If the community owner chooses to conduct an inspection under § 7007(c) of this title, this does not allow any delays in the process under subsection (e) of this section. The application for tenancy for the prospective transferee may be conducted at the same time as the inspection.

c. The written notice under paragraph (1)a.2. of this subsection may be sent to the community owner at its address registered with DEMHRA or at any address it uses to regularly conduct business with residents, or may be sent via email to the community owner's designated email address. Good faith efforts on behalf of the manufactured homeowner to comply with this subsection may satisfy the requirements of this subsection.

d. The community owner may purchase the home at a price that is 10% higher than the contract price contained in a written purchase agreement.

1. The community owner must notify the homeowner in writing of its intent to purchase or not purchase the homeowner's home, delivered to the primary mailing address of the homeowner and via email, if that method was used to notify the community owner of the sale, within 7 days of the date the homeowner sent the notice of sale to the community owner. The 7 days may not be extended due to any requests by the community owner, including requests for additional information. If the community owner does not notify the homeowner in writing within 7 days, the right to purchase the home expires.

A. If paragraph (1)b. of this subsection applies, and the homeowner provided notice under paragraph (1)a.2. without having provide the notice under paragraph (1)a.1 of this subsection with enough time for the community owner to conduct an inspection under § 7007(c) before receiving the notice of sale, then the 7 days to respond under paragraph (1)d.1. of this subsection do not start until after the inspection results are provided under § 7007(c) of this title.

B. If the terms of the sale change as a result of the inspection results, then the community owner has 7 days from the date of the notice under paragraph (1)b.2. of this subsection to respond under paragraph (1)d.1. of this subsection.

2. If the community owner exercises its option to purchase, it must provide the seller with a 5% nonrefundable deposit at the time it notifies the seller of its intent to exercise this option.

3. If the community owner exercises its option to purchase the home, the homeowner must sell the home to the community owner, and the homeowner must formally transfer the title to the community owner.

4. The community owner must agree to the same settlement date as provided in the notice to sell unless both parties otherwise agree in writing.

(2) The community owner does not have the right to purchase the home under the following circumstances:

a. A bank, mortgage company, or any other mortgagee has foreclosed on the home.

b. If the sale, transfer, or conveyance of the home is to a family member of the homeowner or to a trust, the beneficiaries of which are family members of the homeowner on the modified Table of Consanguinity; or the sale, transfer, or conveyance is to a family member of the homeowner on the modified Table of Consanguinity, under § 7014 of this title, who is included within the line of intestate succession if the homeowner dies intestate.

c. The sale, transfer, or conveyance of the home is between joint tenants or tenants-in-common.

d. The transfer or conveyance is by gift, devise, or operation of law.

(d) Exterior inspection of home.

If the community owner does exercise its right to purchase the home, it may conduct an inspection under § 7007(c) of this title.

(e) Application for tenancy for prospective transferee.

(1) A community owner may require a prospective transferee to complete an application for tenancy in the community and may charge a fee under § 7020(d) of this title. The application may be requested and submitted prior to the submission of the notice of sale under this subsection, and a contract for sale is not required for a prospective buyer to submit an application and have it considered.

(2) Acceptance or rejection of a proposed rental agreement transferee under this subsection must be on the same basis by which the landlord accepts or rejects any prospective tenant, unless subsection (b) of this section provides otherwise.

(3) A landlord must give the rejected proposed rental agreement transferee a written statement that explains the specific eligibility requirement not satisfied and the grounds for the rejection.

(4) Within 10 days of the receipt of a completed application package of the prospective tenant, including the applicable fee, a landlord must provide written notice, to the tenant under the lot rental agreement when a sale or transfer is pending and to the proposed rental agreement transferee, that states whether the proposed rental agreement transferee is accepted or rejected. If the application is rejected, the notice must comply with paragraph (e)(3) of this section.

(f) Right to purchase the transfer of the lease.

(1) At the time the written inspection results are given to the homeowner under § 7007(c)(4) of this title or at any time prior thereto, a community owner may terminate the right to transfer the lease by entering into an agreement as a lease addendum to pay the homeowner the greater of the following:

a. \$1,500.

b. An amount calculated by multiplying the difference between the current monthly lot rent and the then-current market monthly lot rent multiplied by 36 months.

(2) At the time a community owner makes an offer for the transaction under paragraph (1) of this subsection, it must inform the homeowner, in writing, that the ability to transfer a lease with its current rental amount is likely to increase the value of the home when it is sold.

(3) A homeowner is not required to accept any offer made under paragraph (1) of this subsection.

(4) A homeowner must disclose to a potential buyer or transferee if the lease is being transferred with below market rental rates, if known, or whether the home will be subject to a new lease and that such information may have an impact on the value of the home.

(5) If a potential buyer or transferee inquires to the community owner as to the terms of the lease, including the amount of rent, the community owner must disclose the amount of rent that would be paid by the potential buyer or transferee.

(6) Annually, by January 31<sup>st</sup>, any community owner that has completed a lease transfer termination transaction under this subsection must send a written list to DEMHRA of any such transactions completed during preceding calendar year.

(g) (1) A landlord may not engage in any act or activity with the intention of placing undue influence or undue pressure on a tenant to sell the tenant's home to the landlord or enter into a transaction to terminate the right to transfer the lease.

a. A tenant may file an action in a court of competent jurisdiction for actual damages sustained when the tenant reasonably believes that the landlord willfully has done any of the following:

1. Exerted undue influence or undue pressure on the tenant to sell the tenant's home to the landlord or enter into a transaction to terminate the right to transfer the lease.

2. Exerted undue influence or undue pressure on a former tenant which resulted in the sale of the former tenant's home to the landlord.

3. Did not evaluate the home in a reasonable and fair manner when applying written standards for resale or transfer of the manufactured home in the community under § 7007(c) of this title.

4. Unreasonably denied a prospective tenant's application for residency in the community.

5. Engaged in any other actions that a reasonable person under the circumstances would find had the purpose of preventing the transfer of the home or the lease.

b. If a court finds that a landlord has willfully engaged in any of the acts enumerated in paragraph (c)(6)a. of this section, the landlord is liable to the tenant or former tenant for 3 times the actual damages sustained as a result of the landlord's acts and reasonable court costs or 3 times the monthly rent, whichever is higher.

(2) Violations by a community owner of this section is an unlawful practice under § 2513 of Title 6 and a violation of subchapter II of Chapter 25 of Title 6.

(3) Regardless of whether a violation of this section allegedly took place before or after a transfer occurred, the buyer or transferee or the seller or prior homeowner has the right to bring an action under this section and, in addition to other remedies available, may seek equitable remedies including adjustment of the rental amount or the required purchase of the home by the community owner under subsection (c) of this section.

## **§ 7016. Termination or nonrenewal of rental agreement by landlord; due cause: noncompliance.**

(a) A landlord may terminate a rental agreement with a tenant immediately upon written notice if the tenant does not comply with the terms of the rental agreement or the requirements of this subchapter and the noncompliance is the result of any of the following:

- (1) Clear and convincing evidence that conduct of the tenant or of a resident of the tenant's manufactured home caused, is causing, or threatens to cause, immediate and irreparable harm to any person or property in the manufactured home community.
- (2) Conviction of a crime or adjudication of delinquency committed by a tenant or by a resident of the tenant's manufactured home, the nature of which at the time of the crime or act of delinquency caused immediate and irreparable harm to any person or property in the manufactured home community.
- (3) Clear and convincing evidence of a material misrepresentation on the tenant's application to rent a lot in the manufactured home community which, if the truth were known, would have resulted in the denial of the application.
- (4) The failure of a tenant to bring such tenant's manufactured home into compliance with written standards under § 7007(b) or § 7013(e) of this title.

**Disclaimer:** The below information is an educational explanation, not legal advice. When in doubt refer to the State of Delaware Landlord – Tent Code or consult a lawyer

## **Important Issues to Consider When Selling Your Home**

### **Landlord's Option to Buy Out the Lease Transfer**

#### **What is it?**

If you want to sell your manufactured home and transfer your current (possibly lower) rent to the buyer, the landlord can offer you money to end that right. This is called a "lease transfer termination transaction."

#### **How Does It Work?**

The landlord can offer you the **greater of:**

- \$1,500, or
- An amount calculated as:  
(Current market lot rent – your current lot rent) × 36 months

#### **Example:**

If your rent is \$500/month and the market rent is \$600/month:

$$(\$600 - \$500) \times 36 = \$3,600$$

The landlord would have to offer you \$3,600 (since it's more than \$1,500).

- **You do not have to accept the offer.** It's your choice whether to take the payment and give up the right to transfer your lease at your current rent.
- If you accept, the landlord must tell you in writing that transferring a lease with below-market rent may increase your home's value.
- If you sell your home after accepting the offer, the new buyer will have to negotiate a new lease at the current market rent.

### **Why Would a Landlord Do This?**

This option allows the landlord to "reset" the rent to market rates for the next owner, instead of letting your lower rent carry over.

**Key Points:**

- The landlord can only use this option **before** the lease is transferred.
- You are **not required** to accept the offer.
- If you do accept, you must tell potential buyers if the lease will be at below-market rent or subject to a new lease.