

CHAPTER 526 — H.F.No. 1668

An act relating to manufactured homes; requiring manufacturers and dealers of manufactured homes to be licensed and regulated by the commissioner of administration; providing for the rights and duties of owners and residents of manufactured home parks; making certain changes in the procedure for titling manufactured homes; requiring park owners to adopt storm safety plans for the protection of residents; empowering municipalities to enforce certain ordinances within manufactured home parks and recreational camping areas; clarifying the procedures to be used in the repossession of a manufactured home; clarifying certain language; prohibiting certain practices; imposing fees and penalties; providing remedies; defining terms; proposing new law coded in Minnesota Statutes, Chapter 168A; proposing new law coded as Minnesota Statutes, Chapters 327B and 327C; amending Minnesota Statutes 1980, Sections 168A.02, Subdivision 3; 327.14; 327.16, Subdivision 2; 327.20, Subdivision 1; 327.24, by adding a subdivision; 327.26; 327.27, Subdivision 2, and by adding a subdivision; 327.62, Subdivision 2; 327.63; 327.65; 327.66; 363.02, by adding a subdivision; and 566.18, Subdivisions 2, 7, and 8; repealing Minnesota Statutes 1980, Sections 327.41; 327.42; 327.43; 327.45; 327.451; 327.452; 327.46; 327.47; 327.51; 327.52; 327.53; 327.54; 327.55; 327.551; 327.552; 327.553, Subdivisions 2, 3 and 4; 327.554; 327.56; and Minnesota Statutes 1981 Supplement, Sections 327.44; 327.441; 327.55, Subdivision 1a; and 327.553, Subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

**ARTICLE I
MANUFACTURED HOME SALES**

Section 1. [327B.01] DEFINITIONS.

Subdivision 1. TERMS. As used in sections 1 to 12 the terms defined in this section have the meanings given them.

Subd. 2. AFFILIATE. "Affiliate" of another person means any person directly or indirectly controlling, controlled by, or under common control with the other person.

Subd. 3. BROKER. "Broker" means any person who:

(a) For another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly lists, sells, exchanges, buys or rents, manages, or offers or attempts to negotiate a sale, option, exchange, purchase or rental of an interest in a manufactured home or advertises or holds himself or itself out as engaged in such activities;

(b) For another and for commission, fee or other valuable consideration or with the intention or expectation of receiving the same directly or indirectly negotiates or offers or attempts to negotiate a loan, secured or to be secured by a security interest in or other encumbrance on a manufactured home; or

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(c) Engages in the business of charging an advance fee or contracting for collection of a fee in connection with any contract whereby he undertakes to promote the sale of a manufactured home through its listing in a publication issued primarily for the purpose of promoting the sale of manufactured homes or real estate.

Subd. 4. COMMISSIONER. "Commissioner" means the commissioner of administration.

Subd. 5. CONSUMER CUSTOMER. "Consumer customer" means any natural person who, primarily for personal, household or family purposes, buys, sells, or seeks to buy or sell, a manufactured home from, to or through a dealer or manufacturer.

Subd. 6. CONTROLLING SHAREHOLDER. "Controlling shareholder" means a shareholder whose legal, equitable and beneficial holdings in a dealership, and those of his family, amount to more than ten percent of the outstanding shares.

Subd. 7. DEALER. "Dealer" means any person who engages in the business, either exclusively or in addition to any other occupation, of selling or brokering manufactured homes, new or used, or who offers to sell, solicit, broker or advertise the sale of manufactured homes, new or used.

Subd. 8. EXPRESS WARRANTY. "Express warranty" means a warranty as defined by section 336.2-313.

Subd. 9. IMPLIED WARRANTY OF FITNESS FOR PARTICULAR PURPOSE. "Implied warranty of fitness for particular purpose" means a warranty as defined by section 336.2-315.

Subd. 10. IMPLIED WARRANTY OF MERCHANTABILITY. "Implied warranty of merchantability" means a warranty as defined by section 336.2-314.

Subd. 11. IN PARK SALE. "In park sale" has the meaning specified in article II, section 1, subdivision 3.

Subd. 12. MANUFACTURER. "Manufacturer" means any person who manufactures, assembles or produces manufactured homes.

Subd. 13. MANUFACTURED HOME. "Manufactured home" means a structure, not affixed to or part of real estate, transportable in one or more sections, which in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained in it.

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Subd. 14. MANUFACTURED HOME PARK. "Manufactured home park" has the meaning specified in article II, section 1, subdivision 6.

Subd. 15. NET LISTING AGREEMENT. "Net listing agreement" means any agreement by any dealer to sell, offer for sale, solicit, broker or advertise the sale of a manufactured home on behalf of any person which provides for the dealer to receive any consideration from any person other than a commission based on a single percentage of the price at which the home is actually sold.

Subd. 16. NEW MANUFACTURED HOME. "New manufactured home" means a manufactured home which is purchased for the first time other than for purposes of resale.

Subd. 17. PERSON. "Person" means any individual, corporation, firm, partnership, incorporated and unincorporated association, or any other legal or commercial entity.

Subd. 18. SALE. "Sale" means:

- (a) The passing of title from one person to another for consideration; or
- (b) Any agreement to sell under which possession is delivered to the buyer but title is retained in the seller; or
- (c) Any agreement in the form of a bailment or lease of goods if the bailee or lessee agrees to pay as compensation for use a sum substantially equivalent to or in excess of the aggregate value of the goods involved and it is agreed that the bailee or lessee will become, or for no other than a nominal consideration has the option to become, the owner of the goods upon full compliance with his obligations under the agreement; or
- (d) Any legally binding executory agreement to make a sale.

Subd. 19. SALESPERSON. "Salesperson" means a person who acts on behalf of a dealer in performing any act which sections 1 to 12 authorize or require to be performed by a dealer.

Subd. 20. TRUST ACCOUNT. "Trust account" means a demand deposit, share draft or checking account maintained for the purpose of segregating trust funds from other funds.

Subd. 21. TRUST FUNDS. "Trust funds" means funds received by a broker in a fiduciary capacity as a part of a manufactured home sale transaction, pending the consummation or termination of a transaction, and includes all down payments, earnest money deposits, rents for clients, tax and insurance escrow payments, damage deposits, and any funds received on behalf of any person.

Sec. 2. [327B.02] WARRANTIES.

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Subdivision 1. IMPLIED WARRANTIES. Every sale of a new manufactured home in this state is made with an implied warranty that the manufactured home conforms in all material aspects to applicable federal or state laws and regulations establishing standards of safety or quality, and with implied warranties of merchantability and fitness for particular purpose as permanent housing in the climate of this state.

Subd. 2. EXPRESS WARRANTIES PERMITTED. This section does not prohibit a manufacturer or dealer from making express warranties with respect to a manufactured home, but a manufacturer or dealer may not limit, modify or disclaim the warranties implied by subdivision 1.

Subd. 3. LIMITATIONS VOID. Any attempt to exclude, limit or modify any rights or remedies created by the warranties implied by this section is void.

Sec. 3. [327B.03] WARRANTIES; DURATION, HONORING.

Subdivision 1. DURATION. The warranties implied by section 2 shall run for a period of one year from the date of delivery of the manufactured home to the consumer customer.

Subd. 2. NOTICE AND COOPERATION BY BUYER. To invoke either a warranty implied by section 2 or an express warranty made by the manufacturer the buyer must notify the dealer and the manufacturer within a reasonable time after discovering the breach and not later than 90 days after the expiration of the warranty. To invoke an express warranty made by the dealer, the buyer must notify the dealer within a reasonable time after discovering the breach and not later than 90 days after the expiration of the warranty. After giving the notice the buyer must allow reasonable opportunity for the service or repair.

Subd. 3. RESPONSIBILITY TO HONOR. The manufacturer and dealer, jointly and severally, shall service or repair a manufactured home at its site within a reasonable time after receiving written notice of breach of either a warranty implied by section 2 or an express warranty made by the manufacturer. The dealer shall service or repair a manufactured home at its site within a reasonable time after receiving written notice of breach of an express warranty made by the dealer.

Sec. 4. [327B.04] MANUFACTURERS AND DEALERS; LICENSES; BONDS.

Subdivision 1. LICENSE AND BOND REQUIRED. No person shall act as a dealer in manufactured homes, new or used, without a license and a surety bond as provided in this section. No person shall manufacture manufactured homes without a license and a surety bond as provided in this section. The licensing and bonding requirements of this section do not apply to any bank,

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savings bank, savings and loan association or credit union, chartered by either this state or the federal government, which acts as a dealer only by repossessing manufactured homes and then offering the homes for resale through the brokering services of a licensed dealer or real estate broker or salesperson.

Subd. 2. SUBAGENCY LICENSES. Any dealer who has a place of business at more than one location shall designate one location as its principal place of business, one name as its principal name, and all other established places of business as subagencies. A subagency license shall be required for each subagency. No dealer shall do business as a dealer under any other name than the name on its license.

Subd. 3. LICENSE APPLICATION. Application for a license and its renewal shall be made to the commissioner, shall be in writing, and duly verified by oath. The applicant shall submit any information required by the commissioner, upon forms provided by the commissioner for that purpose, including:

(a) proof of identity;

(b) the name under which the applicant will be licensed and do business in this state;

(c) the applicant's type and place of business;

(d) The name, home and business address of the applicant's directors, officers, limited and general partners, controlling shareholders and affiliates;

(e) whether the applicant, or any of its directors, officers, limited or general partners, controlling shareholders or affiliates, has been convicted of a crime within the previous ten years that either related directly to the business for which the license is sought or involved fraud, misrepresentation or misuse of funds, or has suffered a judgment in a civil action involving fraud, misrepresentation, or conversion within the previous five years or has had any government license or permit suspended or revoked as a result of an action brought by a federal or state governmental agency in this or any other state within the last five years; and

(f) the applicant's qualifications and business history, including whether the applicant, or any of its directors, officers, limited or general partners, controlling shareholders or affiliates has ever been adjudged bankrupt or insolvent, or has any unsatisfied court judgments outstanding against it or them.

Subd. 4. LICENSE PREREQUISITES. No application shall be granted nor license issued until the applicant proves to the commissioner that:

(a) the applicant has a permanent, established place of business at each licensed location. An "established place of business" means a permanent enclosed building other than a residence, or a commercial office space, either owned by the applicant or leased by the applicant for a term of at least one year,

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located in an area where zoning regulations allow commercial activity, and where the books, records and files necessary to conduct the business are kept and maintained. The owner of a licensed manufactured home park who resides in or adjacent to the park may use his residence as the established place of business required by this subdivision, unless prohibited by local zoning ordinance.

If a license is granted, the licensee may use unimproved lots and premises for sale, storage, and display of manufactured homes, if the licensee first notifies the commissioner in writing:

(b) if the applicant desires to sell, solicit or advertise the sale of new manufactured homes, it has a bona fide contract or franchise in effect with a manufacturer or distributor of the new manufactured home it proposes to deal in;

(c) the applicant has secured a surety bond in the amount of \$20,000 for the protection of consumer customers, executed by the applicant as principal and issued by a surety company admitted to do business in this state. The bond shall be exclusively for the purpose of reimbursing consumer customers and shall be conditioned upon the faithful compliance by the applicant with all of the laws and rules of this state pertaining to the applicant's business as a dealer or manufacturer, including sections 325D.44, 325F.67 and 325F.69, and upon the applicant's faithful performance of all its legal obligations to consumer customers; and

(d) the applicant has established a trust account as required by section 9, subdivision 3, unless the applicant states in writing its intention to limit its business to selling, offering for sale, soliciting or advertising the sale of new manufactured homes.

Subd. 5. EXEMPTION FOR REAL ESTATE BROKERS AND SALESPERSONS. Any person licensed as a real estate broker or salesperson under chapter 82 who brokers the sale of used manufactured homes is not required to obtain a license or a bond as required by this section, but is subject to all other provisions of sections 1 to 12. Any real estate broker or salesperson who violates a provision of sections 6 to 9 in selling or offering for sale a used manufactured home shall be deemed to have violated a provision of chapter 82.

Subd. 6. CERTIFICATE OF LICENSE. For each license granted the commissioner shall issue a certificate which includes the name of the licensee, the name of the surety company and the amount of the surety bond, the names and addresses of any related principal or subagencies, and a license number.

Subd. 7. FEES; LICENSES; WHEN GRANTED. Each application for a license or license renewal must be accompanied by a fee in an amount established by the commissioner by rule pursuant to section 10, which shall be paid into the state treasury and credited to the general fund. The fees shall be set in an amount which over the fiscal biennium will produce revenues approximately equal to the expenses which the commissioner expects to incur during that

fiscal biennium while administering and enforcing sections 1 to 12. The commissioner shall grant or deny a license application or a renewal application within 60 days of its filing. If the license is granted, the commissioner shall license the applicant as a dealer or manufacturer for the remainder of the calendar year. Upon application by the licensee, the commissioner shall renew the license for a two year period, if:

(a) the renewal application satisfies the requirements of subdivisions 3 and 4;

(b) the renewal applicant has made all listings, registrations, notices and reports required by the commissioner during the preceding year; and

(c) the renewal applicant has paid all fees owed pursuant to sections 1 to 12 and all taxes, arrearages, and penalties owed to the state.

Sec. 5. [327B.05] DENIAL, SUSPENSION AND REVOCATION OF LICENSES.

Subdivision 1. GROUNDS. The commissioner may by order deny, suspend or revoke any license if he finds (1) that the order is in the public interest and (2) that the applicant or licensee or any of its directors, officers, limited or general partners, controlling shareholders or affiliates:

(a) has filed an application for a license or a license renewal which fails to disclose any material information or contains any statement which is false or misleading with respect to any material fact;

(b) has violated any of the provisions of sections 1 to 12 or any rule or order issued by the commissioner or any prior law providing for the licensing of manufactured home dealers or manufacturers;

(c) has had a previous manufacturer or dealer license revoked in this or any other state;

(d) has engaged in acts or omissions which have been adjudicated or amount to a violation of any of the provisions of section 325D.44, 325F.67 or 325F.69;

(e) has sold or brokered the sale of a home containing a material violation of sections 327.31 to 327.35 about which the dealer knew or which should have been obvious to a reasonably prudent dealer;

(f) has failed to make or provide to the commissioner all listings, notices and reports required by him;

(g) has failed to pay a civil penalty assessed under subdivision 6 of this section within ten days after the assessment becomes final;

(h) has failed to pay to the commissioner or other responsible government agency all taxes, fees and arrearages due;

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- (i) has failed to duly apply for license renewal;
- (j) has violated any applicable manufactured home building or safety code;
- (k) has failed or refused to honor any express or implied warranty as provided in section 3;
- (l) has failed to continuously occupy a permanent, established place of business licensed under section 4;
- (m) has, without first notifying the commissioner, sold a new and unused manufactured home other than the make of manufactured home described in a franchise or contract filed with the application for license or license renewal;
- (n) has wrongfully failed to deliver a certificate of title to a person entitled to it;
- (o) is insolvent or bankrupt;
- (p) holds an impaired or canceled bond;
- (q) has failed to notify the commissioner of bankruptcy proceedings within ten days after a petition in bankruptcy has been filed by or against the dealer or manufacturer;
- (r) has, within the previous ten years, been convicted of a crime that either related directly to the business of the dealer or manufacturer or involved fraud, misrepresentation or misuse of funds;
- (s) has suffered a judgment within the previous five years in a civil action involving fraud, misrepresentation or misuse of funds; or
- (t) has failed to reasonably supervise any employee or agent of the dealer or manufacturer, resulting in injury or harm to the public.

The commissioner may establish rules pursuant to section 10 further specifying, defining or establishing standards of conduct for manufactured home dealers and manufacturers.

Subd. 2. DENIAL; RECONSIDERATION. If the commissioner denies an application for a license, he shall inform the applicant and summarize in writing the reasons for the denial. Within 15 days of receiving the commissioner's notice, the applicant may request in writing that the commissioner reconsider. The request for reconsideration shall explain why the commissioner's previous decision was wrong and shall specifically address each reason given by the commissioner for the denial. Within 20 days of receiving the request for reconsideration, the commissioner shall decide whether to withdraw the denial and grant a license. If the commissioner reaffirms the denial, the applicant may appeal in the manner provided in subdivision 7. An applicant whose application is denied may also cure the defects in the application cited by the commissioner and resubmit the application at no extra charge.

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Subd. 3. LICENSE SUSPENSION OR REVOCATION; HEARING. The commissioner, upon his own motion or upon the complaint of another, may prepare and serve upon a licensee a written notice or complaint summarizing the violations charged, and requiring the licensee to appear at a specified time and place to show cause why the license should not be revoked. The hearing on the suspension or revocation shall be conducted pursuant to the contested case provisions of the administrative procedure act. Upon the completion of the hearing, if the commissioner finds the existence of any of the causes for suspension or revocation set forth in subdivision 1 and determines that the license should be revoked or suspended, he shall make a written order of revocation or suspension. A copy of the order shall be served upon the licensee in the manner provided by law for the service of summons in a civil action.

If the commissioner revokes or suspends the license of any person holding more than one license under the provisions of section 4, subdivision 2, he shall revoke or suspend all of the licenses of that person and of the affiliates of that person.

Subd. 4. SUMMARY LICENSE SUSPENSION. The commissioner may by order summarily suspend a license pending final determination of any order to show cause if necessary to prevent immediate and substantial public harm. If a license is suspended pending final determination of an order to show cause, a hearing on the merits shall be held within 30 days of the issuance of the order of suspension.

Subd. 5. PENALTIES. After having conducted the hearing provided for in subdivision 3, the commissioner may, in addition to or in lieu of revoking or suspending a license, order restitution to an injured consumer customer, or assess a penalty or penalties of not more than \$10,000 against any person who commits any act that is grounds for the suspension or revocation of a license under subdivision 1.

Sec. 6. [327B.06] DEALER'S RECORDS.

Subdivision 1. RETENTION. A dealer shall retain for three years copies of all listings, deposit receipts, credit applications, contracts, disclosure forms, cancelled checks, trust account records and other documents reasonably related to carrying on the business of a dealer. The retention period shall run from the date of the closing of the transaction or from the date of the listing if the transaction is not consummated.

Subd. 2. EXAMINATION OF RECORDS. The commissioner may make examinations within or without this state of each dealer's records at such reasonable time and in such scope as is necessary to enforce the provisions of sections 1 to 12.

Sec. 7. [327B.07] RESPONSIBILITY OF DEALERS.

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Subdivision 1. LIABILITY. Each dealer is responsible for the activities of any person employed by or acting on behalf of that dealer when the activities occur in connection with the sale or attempted sale of a manufactured home. Each officer of a corporation licensed as a dealer is responsible for the activities of any person employed by or acting on behalf of the corporation when such activities occur in connection with the sale or attempted sale of a manufactured home.

Subd. 2. SALESPEOPLE. Every dealer shall report in writing to the commissioner the full name, date of birth, business and home address of every salesperson employed by the dealer. Within ten days of hiring, firing or otherwise changing the employment status of a salesperson, the dealer shall notify the commissioner in writing. No salesperson shall work for more than one dealer during the same time period.

Sec. 8. [327B.08] DUTIES.

Subdivision 1. DISCLOSURE REQUIRED. Prior to the consummation of the sale of any manufactured home where a dealer acts as a broker, the dealer shall disclose in writing to all parties to the transaction all charges, payments, commissions and other fees paid or payable in connection with the transaction. Any commission charged by the dealer shall be expressed both as a dollar amount and as a percentage of the sales price. If the home being sold is located in a manufactured home park, prior to the buyer's signing of the purchase agreement the dealer shall disclose in writing to the buyer the state law concerning the in park sale of manufactured homes. This subdivision does not require any dealer to disclose any consideration received (1) for having acted as an insurance agent, as defined in section 60A.02, subdivision 7, in connection with the transaction, or (2) in return for the dealer having agreed to any contingent liability in connection with the financing of the sale. The commissioner may prescribe a form to be used to comply with this subdivision and may require all dealers to use that form.

Subd. 2. PRESENCE OF PARTIES AT CLOSING. A dealer shall not prohibit, prevent or restrain any party to the brokered sale of a manufactured home from being present at the closing. If a dealer at a closing purports to have authority to act for one of the parties who is not present, the dealer shall exhibit the document granting that authority and shall give a copy of that document to the other parties.

Subd. 3. TRUST ACCOUNT REQUIRED. Each dealer who acts as a broker shall maintain a trust account. A trust account shall not be an interest bearing account except by agreement of the parties and subject to rules of the commissioner.

Subd. 4. SEGREGATION OF FUNDS. A dealer shall deposit all trust funds received in a trust account. A dealer shall not commingle personal funds

or other funds with the funds in a trust account, except that a dealer may deposit and maintain a sum from his personal funds not to exceed \$100 in a trust account, which sum shall be specifically identified and used to pay service charges relating to the trust account.

Subd. 5. TRUST INFORMATION REQUIRED. At the time of application for a license or renewal of license, each dealer who acts or intends to act as a broker shall tell the commissioner the name of the financial institutions and the trust account identification numbers used to comply with the provisions of this section. A dealer shall immediately report to the commissioner any change of trust account status including changes in financial institutions, account identification numbers, or additional accounts in the same or another financial institution. No dealer may close an existing trust account without giving ten days written notice to the commissioner.

Sec. 9. [327B.09] PROHIBITIONS.

Subdivision 1. LICENSE REQUIRED. No person shall engage in the business, either exclusively or in addition to any other occupation of manufacturing, selling, offering to sell, soliciting or advertising the sale of manufactured homes, or act as a broker without being licensed as a manufacturer or a dealer as provided in section 5. Any person who manufactures, sells, offers to sell, solicits or advertises the sale of manufactured homes, or acts as a broker in violation of this subdivision shall nevertheless be subject to the duties, prohibitions and penalties imposed by sections 1 to 12. This subdivision does not prohibit an individual from reselling, without a license, a manufactured home which is or has been his or her residence.

Subd. 2. ADVERTISING. No person shall advertise as a manufactured home dealer, or as a lister, broker or agent for the sale of manufactured homes, without being licensed as a dealer as provided in section 4.

Subd. 3. DISPLAY OF LICENSE. No person shall act as a dealer or manufacturer unless the certificate authorizing that activity is prominently displayed on the business premises covered by the license. Before moving to a new location from the established place of business occupied when the license is granted, the licensee must first secure the commissioner's written permission. To obtain that permission, the licensee must prove that the proposed new premises conform to the requirements of section 4, subdivision 4.

Subd. 4. NET LISTING PROHIBITED. Except as otherwise provided in this subdivision, no dealer shall use or offer to use a net listing agreement.

A dealer who is acting as a broker for the sale of a manufactured home and who can arrange financing for the sale may charge a separate fee for that service, if:

(a) the listing agreement does not require that the seller or buyer use the dealer's services to arrange financing;

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(b) in arranging the financing, the dealer will pay a fee or will guarantee all or part of the buyer's performance to a third person; and

(c) the listing agreement clearly and conspicuously discloses the amount of the fee, the fact that the fee is in addition to the dealer's commission and the fact that the seller and buyer are not required to use the dealer's services to arrange financing.

Sec. 10. [327B.10] RULEMAKING AUTHORITY.

The commissioner may promulgate rules and issue orders reasonably necessary to implement and administer the provisions of sections 1 to 12.

Sec. 11. [327B.11] RECOURSE TO THE BOND.

Subdivision 1. CONSUMER CLAIMANTS. Any consumer customer sustaining injuries within the terms of a surety bond issued pursuant to section 4 may proceed against the principal and surety without making the state a party to the proceedings. Provided, however, that the aggregate liability of the surety to all persons for all losses or damages shall in no event exceed the amount of the bond.

Subd. 2. PAYMENT OF CLAIMS; NOTICE TO COMMISSIONER. Before paying any claim against a surety bond, the surety company must first notify the commissioner in writing of the amount of the claim, the basis of the claim and the surety company's intention to pay the claim. Unless the commissioner objects in writing within ten days of receiving the notice, the surety company may proceed upon its intention. The commissioner's failure to object is not evidence of the validity of the claim or of the propriety of paying the claim. The commissioner shall object only if he has reasonable grounds to believe that paying the claim will reduce the obligation of the bond to an amount less than the total amount of other outstanding and valid claims against the bond.

Subd. 3. APPLICATION FOR A REFEREE. Within 15 days of objecting to the payment of a claim, the commissioner shall apply to the district court for an order:

(a) directing the surety company to pay the full obligation of the bond into court; and

(b) appointing a referee to hear claims against the bond and to propose to the court the proper distribution of the bond proceeds.

The surety company and the principals on the bond shall be parties to the proceedings.

Sec. 12. [327B.12] ADDITIONAL REMEDIES AND ENFORCEMENT.

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Subdivision 1. PRIVATE REMEDIES. Any person injured or threatened with injury by a dealer or manufacturer's violation of sections 1 to 12 may bring a private action in any court of competent jurisdiction.

Subd. 2. FRAUD REMEDIES. In addition to the remedies provided in sections 1 to 12, any violation of section 8 or 9 is a violation of section 325F.69, subdivision 1 and the provisions of section 8.31 shall apply.

Sec. 13. TEMPORARY SURCHARGE.

For purposes of defraying costs of administering the provisions of sections 1 to 12, a \$30 surcharge is imposed on each application for a license or license renewal submitted during calendar year 1983. This surcharge shall expire December 31, 1983. All surcharge income is appropriated to the department of administration, building code division, for costs directly attributed to the requirements of sections 1 to 12; any additional income shall cancel on December 31, 1983, to the general fund.

Sec. 14. REPEALER.

Minnesota Statutes 1980, Sections 327.51, 327.52, 327.53, 327.54, 327.55, 327.551, 327.552, 327.553, Subdivisions 2, 3 and 4, 327.554, 327.56; and Minnesota Statutes 1981 Supplement, Sections 327.55, Subdivision 1a and 327.553, Subdivision 1 are repealed.

Sec. 15. EFFECTIVE DATE.

Sections 1 to 14 of this article are effective August 1, 1982, except that a manufacturer or dealer may continue to operate under its old license until January 1, 1983, subject to the provisions of sections 1 to 3 and 5 to 12.

ARTICLE II MANUFACTURED HOME PARK LOT RENTALS

Section 1. [327C.01] DEFINITIONS.

Subdivision 1. TERMS. When used in sections 1 to 16, the terms defined in this section have the meanings given them.

Subd. 2. IN PARK SALE. "In park sale" means the sale of a manufactured home owned by a park resident and located in a manufactured home park, after which sale the home remains in the park.

Subd. 3. LOT. "Lot" means an area within a manufactured home park, designed or used for the accommodation of a manufactured home.

Subd. 4. MANUFACTURED HOME. "Manufactured home" and "home" have the meaning specified in article I, section 1, subdivision 13.

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Subd. 5. MANUFACTURED HOME PARK. "Manufactured home park" and "park" have the meaning specified in section 327.14, subdivision 3, but do not include facilities which are open only during three or fewer seasons of the year.

Subd. 6. PARK OWNER. "Park owner" means the owner of a manufactured home park and any person acting on behalf of the owner in the operation or management of a park.

Subd. 7. PERSON. "Person" means any individual, corporation, firm, partnership, incorporated and unincorporated association, or any other legal or commercial entity.

Subd. 8. REASONABLE RULE. "Reasonable rule" means a park rule:

(a) which is designed to promote the convenience, safety, or welfare of the residents, promote the good appearance and facilitate the efficient operation of the park, protect and preserve the park premises, or make a fair distribution of services and facilities;

(b) which is reasonably related to the purpose for which it is adopted;

(c) which is not retaliatory or unjustifiably discriminatory in nature; and

(d) which is sufficiently explicit in prohibition, direction, or limitation of the resident's conduct to fairly inform him of what he must or must not do to comply.

Subd. 9. RESIDENT. "Resident" means an owner of a manufactured home who rents a lot in a manufactured home park and includes the members of his household.

Subd. 10. RULE. "Rule" means any rental agreement provision, regulation, rule or policy through which a park owner controls, affects or seeks to control or affect the behavior of residents.

Subd. 11. SUBSTANTIAL MODIFICATION. "Substantial modification" means any change in a rule which: (a) significantly diminishes or eliminates any material obligation of the park owner; (b) significantly diminishes or eliminates any material right, privilege or freedom of action of a resident; or (c) involves a significant new expense for a resident.

Subd. 12. UTILITY SERVICE. "Utility service" means any electric, fuel oil, natural or propane gas, sewer, waste disposal and water service by whatever means furnished.

Sec. 2. [327C.02] RENTAL AGREEMENTS.

Subdivision 1. CONTENTS; WRITING REQUIRED. Every agreement to rent a lot must be a written agreement signed by the park owner and the resident. A copy of the rental agreement shall be given to the applicant for the

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purpose of reviewing the agreement prior to signing it. The agreement must specify the terms and conditions in connection with the rental of the lot and must include:

- (a) the location of the lot and its address or site number;
- (b) the amount of rent per month and a statement of all personal property, services and facilities which the park owner agrees to provide to the resident;
- (c) the rights, duties and obligations of the parties, and all rules applicable to the resident;
- (d) the amount of any security deposit or other financial obligation imposed on the resident by the park owner; and
- (e) the name of any person holding a security interest in the resident's home.

Subd. 2. MODIFICATION OF RULES. The park owner must give the resident at least 60 days notice in writing of any rule change. A rule adopted or amended after the resident initially enters into a rental agreement may be enforced against that resident only if the new or amended rule is reasonable and is not a substantial modification of the original agreement. A reasonable rent increase made in compliance with section 6 is not a substantial modification of the rental agreement and is not considered to be a rule for purposes of section 1, subdivision 8. A rule change necessitated by government action is not a substantial modification of the rental agreement. A rule change requiring all residents to maintain their homes, sheds and other appurtenances in good repair and safe condition shall not be deemed a substantial modification of a rental agreement. If a part of a resident's home, shed or other appurtenance becomes so dilapidated that repair is impractical and total replacement is necessary, the park owner may require the resident to make the replacement in conformity with a generally applicable rule adopted after the resident initially entered into a rental agreement with the park owner.

In any action in which a rule change is alleged to be a substantial modification of the rental agreement, a court may consider the following factors in limitation of the criteria set forth in section 1, subdivision 11:

- (a) any significant changes in circumstances which have occurred since the original rule was adopted and which necessitate the rule change; and
- (b) any compensating benefits which the rule change will produce for the residents.

Subd. 3. SERVICE OF NOTICES. A park owner may give notice as required by this section or sections 3 and 8: (a) personally, (b) by mailing the notice to the last known mailing address of the resident, or (c) by delivering the notice to the home of the resident. Notice by certified mail is effective even if the

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resident refuses to accept delivery. Service by delivery to the resident's home is effective if the notice is left at the home with someone of suitable age and discretion or is placed in a secure and conspicuous location at the home.

Subd. 4. WAIVER VOID. Any attempt to waive or circumscribe any privilege or right guaranteed by law to a resident or a park owner is void.

Subd. 5. WRITTEN NOTICE REQUIRED. The following notice printed verbatim in boldface type of a minimum size of ten points must be given to a prospective resident before he or she is asked to sign a rental agreement and must be posted in a conspicuous and public location in the park:

"IMPORTANT NOTICE

State law provides special rules for the owners and residents of manufactured home parks.

You may keep your home in the park as long as the park is in operation and you meet your financial obligations, obey state and local laws which apply to the park, obey reasonable park rules, do not substantially annoy or endanger the other residents or substantially endanger park personnel and do not substantially damage the park premises. You may not be evicted or have your rent increased or your services cut for complaining to the park owner or to a governmental official.

If you receive an eviction notice and do not leave the park, the park owner may take you to court. If you lose in court, a sheriff may remove you and your home from the park within seven days. Or, the court may require you to leave the park within seven days but give you 60 days to sell the home within the park.

All park rules and policies must be reasonable. Your rent may not be increased more than twice a year. Changes made in park rules after you become a park resident will not apply to you if they substantially change your original agreement.

The park may not charge you an entrance fee. The park may require a security deposit, but the deposit must not amount to more than two months rent.

Unless your home was built before June 15, 1976 and is more than 15 years old at the time of the sale, you have a right to sell the home in the park. But the sale is not final until the park owner approves the buyer as a new resident, and you must advise in writing anyone who wants to buy your home that the sale is subject to final approval by the park owner.

Your rental agreement and the park rules contain important information about your rights and duties. Read them carefully and keep a copy.

For further information concerning your rights, consult a private attorney. The state law governing the rental of lots in manufactured home parks may also be enforced by the Minnesota Attorney General."

Changes or additions are indicated by underline, deletions by strikeout.

Sec. 3. [327C.03] FEES.

Subdivision 1. SPECIAL FEES PROHIBITED. Except as provided in this section and section 4, no fee other than the periodic rental payment shall be charged to a park resident or prospective resident or any agent of a resident or prospective resident for the right to obtain or retain a lot.

Subd. 2. INSTALLATION AND REMOVAL CHARGES. A park owner may contract with a resident to install the resident's home on a lot or to remove the resident's home from the park. The contract must be in writing and the park owner may charge for the service. A park owner may not require a resident to use the park owner's service to install or remove a home unless the owner provides the service without charge.

Subd. 3. RENT. All periodic rental payments charged to residents by the park owner shall be uniform throughout the park, except that a higher rent may be charged to a particular resident due to the larger size or location of the lot, or the special services or facilities furnished to him by the park. A park owner may charge a reasonable fee for delinquent rent where the fee is provided for in the rental agreement. The fee shall be enforceable as part of the rent owed by the resident. No park owner shall charge to a resident any fee, whether as part of or in addition to the periodic rental payment, which is based on the number of persons residing or staying in the resident's home, the number or age of children residing or staying in the home, the number of guests staying in the home, the size of the home, the fact that the home is temporarily vacant or the type of personal property used or located in the home. The park owner may charge an additional fee for pets owned by the resident, but the fee may not exceed \$4 per pet per month. This subdivision does not prohibit a park owner from abating all or a portion of the rent of a particular resident with special needs.

Subd. 4. SECURITY DEPOSIT. A park owner may require a resident to deposit with the park owner a fee, not to exceed the amount of two months' rent, to secure the resident's performance of the rental agreement and to protect the park owner against damage by the resident to park property, including any damage done by the resident in the installation or removal of the resident's home. The provisions of section 504.20 shall apply to any security deposit required by a park owner under this subdivision.

Subd. 5. MAINTENANCE CHARGES. If park rules or state or local law provide for lot maintenance or impose conditions on the use of common areas and a resident fails to do the required maintenance or meet the conditions, the park owner may do the maintenance or satisfy the conditions and charge the resident the reasonable cost, plus a fee of up to \$10, if:

(a) before doing the work the park owner gives the resident a written notice specifying the work that has to be done, stating which rule or law requires

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the work to be done, advising the tenant that if the work is not done promptly the park will do the work and bill the resident, and stating a reasonable deadline by which the resident must do the work;

(b) after receiving the notice, the resident fails to do the work by the stated deadline; and

(c) after the work is done by the park owner, the park owner serves the resident with a written notice of the charge.

If a resident's failure to do required maintenance or meet a condition imposed on the use of common areas causes an immediate danger to park facilities or to the health or safety of other residents, the park owner may give the resident a written notice requiring immediate compliance. If immediate compliance is essential and delivery of a notice is impractical or useless, the park owner may do the work without giving notice and may charge the tenant the reasonable cost. A notice given pursuant to this subdivision neither precludes nor suffices as the notice required by section 9, subdivisions 3 to 7.

Charges made pursuant to this subdivision shall be enforceable as part of the rent owed by the resident. The notice required by clause (c) shall specify the work performed, the date of its performance, the total cost of performing the work, the method used in computing the cost and a deadline for payment by the resident. The deadline shall not be less than 30 days after the service of the notice.

Sec. 4. [327C.04] UTILITY CHARGES.

Subdivision 1. BILLING PERMITTED. A park owner who provides utility service to residents may charge the residents for that service, only if the charges comply with this section.

Subd. 2. METERING REQUIRED. A park owner who charges residents for a utility service must charge each household the same amount, unless the park owner has installed measuring devices which accurately meter each household's use of the utility.

Subd. 3. PERMISSIBLE RATES. Except as provided in subdivision 4, no park owner shall, directly or indirectly, charge or otherwise receive payment from a resident for a utility service, or require a resident to purchase a utility service from the park owner or any other person, at a rate which is greater than either of the following:

(a) a rate which the resident could pay directly for the same utility service from some other comparable source in the same market area; or

(b) a rate which is charged to single family dwellings with comparable service within the same market area.

Changes or additions are indicated by underline, deletions by strikeout.

Subd. 4. ELECTRICITY. If a park owner provides electricity to residents by reselling electricity purchased from a public or municipal utility or electrical cooperative, and compliance with subdivision 3 would cause the park owner to lose money on the sale of electricity, the park owner may bill residents at a rate calculated to allow the park owner to avoid losing money on the sale of electricity. In calculating the cost of providing electricity, the park owner may consider only the actual amount billed by the public utility or electrical cooperative to the park owner for electricity furnished to residents. The park owner may not consider administrative, capital or other expenses.

Sec. 5. [327C.05] RULES.

- Subdivision 1. UNREASONABLE RULES PROHIBITED. No park owner shall adopt or enforce unreasonable rules. No park owner may engage in a course of conduct which is unreasonable in light of the criteria set forth in section 1, subdivision 8.

Subd. 2. PRESUMPTIVELY UNREASONABLE RULES. In any action in which the reasonableness of a rule is challenged, any rule which violates any provision of this article or of any other law shall be deemed unreasonable, and the following rules shall be presumed unreasonable unless the park owner proves their reasonableness by clear and convincing evidence:

(a) any rule which prohibits a resident from placing a "for sale" sign on his home;

(b) any rule which requires a resident or prospective resident to purchase any particular goods or services from a particular vendor or vendors, including the park owner;

(c) any rule which requires a resident to use the services of a particular dealer or broker in an in park sale; and

(d) any rule requiring that more than one occupant of a home have an ownership interest in that home.

Subd. 3. OTHER UNREASONABLE RULES. In addition to the rules listed in subdivision 2, a court may declare unreasonable any park rule if the court finds that the rule fails to meet the standard of section 1, subdivision 8. The absence of a rule from the list contained in subdivision 2 is not evidence or proof of the rule's reasonableness.

Subd. 4. DENSITY RESTRICTIONS. Subject to section 2, subdivision 2, a park owner may adopt and enforce a reasonable rule that places limits on the maximum number of persons permitted to reside in a manufactured home if the limitation is reasonably related to the size of the home and the number of rooms it contains.

Sec. 6. [327C.06] RENT INCREASES.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. NOTICE OF RENT INCREASES REQUIRED. No increase in the amount of the periodic rental payment due from a resident shall be valid unless the park owner gives the resident 60 days' written notice of the increase.

Subd. 2. PROHIBITION. No rent increase shall be valid if its purpose is to pay, in whole or in part, any civil or criminal penalty imposed on the park owner by a court or a government agency.

Subd. 3. RENT INCREASES LIMITED. A park owner may impose only two rent increases on a resident in any 12 month period.

Sec. 7. [327C.07] IN PARK SALES.

Subdivision 1. RESIDENT'S RIGHTS. Except as otherwise provided in this section, a resident has the right to sell his home through an in park sale, unless the home was manufactured prior to June 15, 1976 and is more than 15 years old at the time of the sale. The park owner may not charge a fee for allowing the resident to exercise this right, except to charge a fee of up to \$25 for processing a prospective buyer's tenancy application. If the park owner is licensed as a dealer, the park owner may agree in writing to broker the in park sale of a resident's home. The park owner may not require a resident to use the park owner's services as a broker. The park owner may not give preferential treatment to applications for tenancy from people seeking to buy homes whose in park sale is being brokered by the park owner.

Subd. 2. PARK OWNER'S RIGHTS. Any in park sale is subject to the park owner's approval of the buyer as a resident. A park owner may not deny a prospective buyer approval as a resident unless:

(a) the park owner has specified in writing the procedures and criteria used to evaluate the creditworthiness and suitability as a resident of individuals seeking to buy homes offered for in park sale;

(b) the written disclosure required by clause (a) is made available on request at no charge to residents, prospective buyers, and their agents;

(c) the park owner is available to the prospective buyer at reasonable times if the park owner requires the prospective buyer to apply or be interviewed in person;

(d) all the specified procedures and criteria are reasonable and applied uniformly;

(e) in evaluating a prospective buyer, the park owner does not use any stricter standards than it uses for evaluating other prospective residents;

(f) the park owner does not deny tenancy to a prospective buyer for any reason prohibited by federal, state or local law;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(g) within 14 days of receiving a completed application form, the park owner makes a decision or gives the prospective buyer and the seller a written explanation of the specific reasons for the delay and makes a decision as soon as practicable;

(h) if the park owner denies tenancy to a prospective buyer, the park owner gives the prospective buyer a written explanation of the denial within three days of receiving a written request for an explanation; and

(i) the decision to deny tenancy is reasonable in light of the criteria set forth in section 1, subdivision 8.

Subd. 3. APPLICATION INFORMATION. When the prospective buyer of an in park sale seeks approval as a resident, the park owner may require the prospective buyer to submit information reasonably necessary to determine whether the prospective buyer satisfies the park's criteria as stated by the park in its rules. The required information may include the purchase price of the home and the amount of monthly payments on the home, together with any documents reasonably necessary to verify the information. The park owner may inquire into the creditworthiness of the prospective buyer but may not require the submission of any information concerning the business relationship between the seller and a dealer acting for the seller.

Subd. 4. INSPECTIONS OF THE HOME. Before approving an in park sale, the park owner may inspect the resident's lot and the exterior of the resident's manufactured home to see whether they comply with reasonable and pre-existing rules applicable to the resident and relating to maintenance. The park owner may not charge any fee for this inspection. As a condition to approving an in park sale, the park owner may require that the resident or the prospective buyer take whatever action is necessary to bring the lot or the home exterior into compliance with pre-existing maintenance rules applicable to the resident, and may require that any lot rent and other charges due to the park be paid. The park owner may require the prospective buyer to agree to rules different from those applicable to the resident, but the park owner may not require the prospective buyer or the resident to comply with any rule adopted or amended after the resident entered into the rental agreement which would:

(a) significantly increase the difficulty or time involved in selling the resident's home;

(b) significantly decrease the price at which the resident's home can be sold; or

(c) involve any other significant cost for either the resident or the buyer, except for costs involved in doing any work necessary to bring the home or lot into compliance with pre-existing maintenance rules applicable to the resident.

Changes or additions are indicated by underline, deletions by strikeout.

Provided that if a part of the resident's home, shed, or other appurtenance has become so dilapidated that repair is impractical and total replacement is necessary, the park owner may require the resident or prospective buyer to make the replacement in conformity with a generally applicable rule adopted after the resident initially entered into a rental agreement with the park owner.

Subd. 5. TEMPORARY VACANCY OF HOME. If a home is being offered for in park sale, the home may remain vacant for 90 days, or longer if not prohibited by park rules. The park owner may not impose any additional fees or requirements on the owner of a vacant home being offered for in park sale, but the rent must be paid on time and the home and the lot must be maintained as required by the rules.

Subd. 6. SALES CONTINGENT. Any contract for an in park sale which is not expressly made contingent on the park owner's approval of the buyer as a resident is voidable at the instance of the buyer if the park owner's approval is denied. Any person who sells, or signs a contract purporting to sell, a home located in a park while representing, either directly or indirectly, that the buyer can maintain the home in the park, and who does not inform the buyer in writing that the sale is contingent on the park owner's approval of the buyer as a resident has violated section 325F.69, subdivision 1.

Subd. 7. REPOSSESSING FINANCE PARTIES. Any holder of a security interest who repossesses a manufactured home located in a park has the same rights as a resident to sell the home through an in park sale if:

(a) as soon as the secured party either accepts voluntary repossession or takes any action pursuant to sections 327.61 to 327.67, the secured party notifies the park owner that the home has been or is being repossessed;

(b) at the time the park owner receives the notice, the park owner has not already recovered possession of the lot through an unlawful detainer proceeding;

(c) the secured party pays any past due lot rent not to exceed three months rent;

(d) the secured party makes monthly lot rent payments until a buyer of the repossessed home has been approved by the park owner as a resident. A secured party's liability for past due rent under this subdivision does not include late fees or other charges; and

(e) the secured party complies with all park rules relating to lot and home maintenance.

A secured party who is offering a home for in park sale under this subdivision is subject to eviction on the same grounds as a resident.

Sec. 8. [327C.08] REMOVAL AFTER REPOSSESSION.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

A secured party who repossesses a manufactured home located in a park and then removes the home from the lot owes the park owner rent for the period beginning when the secured party accepts voluntary repossession or takes an action pursuant to sections 327.61 to 327.67 and ending on the last day of the calendar month in which the home is removed. The secured party does not owe the park owner any lot rent or other charges which accrued prior to the time the secured party accepted voluntary repossession or took action pursuant to sections 327.61 to 327.67, if:

(a) Within seven days after accepting voluntary repossession or taking action pursuant to sections 327.61 to 327.67, the secured party notifies the park owner in writing that the home is being repossessed;

(b) During a proceeding for repossession pursuant to sections 327.61 to 327.67 or chapter 565, the secured party pays each month's lot rent as the rent becomes due; and

(c) Within seven days of accepting voluntary repossession or obtaining a court order for repossession, the secured party removes the home from the park.

If the secured party fails to meet any of these conditions, the secured party shall also be liable to the park owner for all overdue rent, not to exceed three months and not including late fees or other charges, owed to the park owner on account of the home.

This section does not affect any liability or obligation which a secured party may have to a park owner who pursuant to a writ of restitution has removed a home from a lot and stored the home.

Sec. 9. [327C.09] TERMINATION.

Subdivision 1. CAUSE REQUIRED. A park owner may recover possession of land upon which a manufactured home is situated only for a reason specified in this section.

Subd. 2. NONPAYMENT OF RENT OR UTILITIES. The park owner gives ten days written notice to the resident and to any party holding a security interest in the resident's home known to the park owner that a periodic rental or utilities payment owed to the park owner is overdue, and neither the resident nor the secured party cures the default within ten days of receiving the notice.

Subd. 3. VIOLATIONS OF LAW. The resident fails to comply with a local ordinance, state law or state rule relating to manufactured homes within the time the ordinance, state law or state rule provides or, if no time is provided, within a reasonable time after the resident has received written notice of noncompliance.

Subd. 4. RULE VIOLATIONS. The resident fails to comply with a rule within 30 days after receiving written notice of the alleged noncompliance, except the 30 day notice requirement does not apply to nonpayment of rent.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 5. SUBSTANTIAL ANNOYANCE. The resident acts in the park in a manner which endangers other residents or park personnel, causes substantial damage to the park premises or substantially annoys other residents, and has received 30 days written notice to vacate, except the park owner may require the resident to vacate immediately if the resident violates this subdivision a second or subsequent time after receipt of the notice. A park owner seeking to evict pursuant to this subdivision need not produce evidence of a criminal conviction, even if the alleged misconduct constitutes a criminal offense.

Subd. 6. REPEATED SERIOUS VIOLATIONS. The resident has repeatedly committed serious violations of the rental agreement or provisions of a local ordinance or state law or state rule relating to manufactured homes, and the park owner has given the resident written notice of the violations and has given the resident a written warning that any future serious violation will be treated as cause for eviction as provided in this subdivision, and within six months of receiving the warning the resident commits a serious violation of any park rule or any provision of a local ordinance or state law or state rule relating to manufactured homes.

Subd. 7. MATERIAL MISSTATEMENT IN APPLICATION. The resident's application for tenancy contained a material misstatement which induced the park owner to approve the applicant as a resident, and the park owner discovers and acts upon the misstatement within one year of the time the resident began paying rent.

Subd. 8. IMPROVEMENTS. The park owner has specific plans to make improvements to the park premises which will substantially benefit the health and safety of the residents or have been ordered by a government agency, and which necessitate removal of the resident's manufactured home from the park. The park owner must give the resident 90 days written notice. If another lot is available in the park, the park owner must allow the resident to relocate the home to that lot unless the home, because of its size or local ordinance, is not compatible with that lot.

Subd. 9. PARK CLOSINGS. The park owner voluntarily ceases to operate as a park the part of the manufactured home park occupied by the resident, and gives the resident nine months written notice of the planned cessation of operation. If another lot is available in a section of the park, still being operated as a park, the park owner must allow the resident to relocate the home to that lot unless the home, because of its size or local ordinance, is not compatible with that lot.

If the planned cessation of operation is for the purpose of converting the part of the park occupied by the resident to a condominium pursuant to chapter 515A, the provisions of section 515A.4-110, except clause (a), shall apply. The nine month notice required by this subdivision shall state that the cessation is for the purpose of conversion and shall set forth the rights conferred by this

subdivision and section 515A.4-110, clause (b). Not less than 120 days before the end of the nine month notice, the park owner shall serve upon the resident a form of purchase agreement setting forth the terms of sale contemplated by section 515A.4-110, clause (b). Service of that form shall operate as the notice described by section 515A.4-110, clause (a).

Sec. 10. [327C.10] DEFENSES TO EVICTION.

Subdivision 1. NONPAYMENT OF RENT. In any action to recover possession for failure to pay rent, it shall be a defense that the sum allegedly due contains a charge which violates section 3, or that the park owner has injured the defendant by failing to comply with section 504.18.

Subd. 2. NONPAYMENT OF RENT INCREASE. In any action to recover possession for failure to pay a rent increase, it shall be a defense that the park owner:

- (a) failed to comply with the provisions of section 6, subdivision 1 or 3;
- (b) increased the rent in violation of section 6, subdivision 2.

Subd. 3. RULE VIOLATIONS. In any action to recover possession for the violation of a park rule, it shall be a defense that the rule allegedly violated is unreasonable.

Subd. 4. RETALIATORY CONDUCT. In any action to recover possession it shall be a defense that the park owner has violated section 12.

Sec. 11. [327C.11] EVICTION PROCEEDINGS.

Subdivision 1. RIGHT OF REDEMPTION. The right of redemption, as expressed in section 504.02 and the common law, is available to a resident from whom a park owner seeks to recover possession for nonpayment of rent, but no resident may exercise that right more than twice in any 12 month period; provided, that a resident may exercise the right of redemption more than twice in any 12 month period if he pays the park owner's actual reasonable attorney's fees as part of each additional exercise of that right during the 12 month period.

Subd. 2. WAIVER BY ACCEPTING RENT. A park owner who gives a resident a notice as provided in section 9, subdivisions 3, 4, 6, 8 or 9, does not waive the notice by afterwards accepting rent. Acceptance of rent for a period after the expiration of a final notice to quit waives that notice unless the parties agree in writing after service of the notice that the notice continues in effect.

Subd. 3. WRIT OF RESTITUTION STAYED. The issuance of a writ of restitution, other than a conditional writ, shall be stayed for a reasonable period not to exceed seven days to allow the resident to arrange to remove his home from the lot.

Subd. 4. CONDITIONAL WRIT. Where the interests of justice require the court may issue a conditional writ of restitution, which orders the resident and all those in the resident's household to stop residing in the park within a reasonable period not to exceed seven days, but which allows the resident's home to remain on the lot for 60 days for the purpose of an in park sale, as provided in section 7. The writ shall also direct the park owner to notify any party holding a security interest in the resident's home and known to the park owner, of the provisions of the writ. If the court issues a conditional writ, the resident may keep the home on the lot for 60 days for an in park sale if:

(a) neither the resident nor members of the resident's household reside in the park;

(b) the resident complies with all rules relating to home and lot maintenance; and

(c) the resident pays on time all rent and utility charges owed to the park owner. If the resident fails to meet any of these conditions, the park owner may, on three days written notice to the resident, move the court for an order making the writ of restitution unconditional. Sixty-one days after the issuance of a conditional writ, the writ shall become absolute without further court action.

Sec. 12. [327C.12] RETALIATORY CONDUCT PROHIBITED.

A park owner may not increase rent, decrease services, alter an existing rental agreement or seek to recover possession or threaten such action in whole or in part as a penalty for a resident's:

(a) good faith complaint to the park owner or to a government agency or official; or

(b) good faith attempt to exercise his rights or remedies pursuant to state or federal law. In any proceeding in which retaliatory conduct is alleged, the burden of proving otherwise shall be on the park owner if the owner's challenged action began within 90 days after the resident engaged in any of the activities protected by this section. If the challenged action began more than 90 days after the resident engaged in the protected activity, the party claiming retaliation must make a prima facie case. The park owner must then prove otherwise.

Sec. 13. [327C.13] FREEDOM OF EXPRESSION.

No park owner shall prohibit or adopt any rule prohibiting residents or other persons from peacefully organizing, assembling, canvassing, leafletting or otherwise exercising within the park their right of free expression for noncommercial purposes. A park owner may adopt and enforce rules that set reasonable limits as to time, place and manner.

Sec. 14. [327C.14] RIGHT OF ACCESS.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. TO THE HOME. A park owner has no right of access to a manufactured home located within the park unless access is necessary to prevent damage to the park premises or to respond to an emergency.

Subd. 2. TO THE LOT. A park owner may come onto a manufactured home lot in order to inspect the lot, make necessary or agreed upon repairs or improvements, supply necessary or agreed upon goods or services or exhibit the lot to prospective or actual purchasers, mortgagees, residents, workers or contractors. The park owner may come onto the resident's lot whenever necessary to respond to or prevent an emergency, but otherwise may not come onto the lot at unreasonable times or in a way that unreasonably disrupts the resident's use and enjoyment of the lot.

Sec. 15. [327C.15] REMEDIES; PENALTIES; ENFORCEMENT.

Any violation of sections 1 to 14 is a violation of a law referred to in section 8.31, subdivision 1.

Sec. 16. Minnesota Statutes 1980, Section 363.02, is amended by adding a subdivision to read:

Subd. 2a. MANUFACTURED HOME PARKS. The provisions of section 363.03, subdivision 2, prohibiting discrimination because of familial status:

(1) do not apply to a manufactured home park the majority of whose lots are reserved by park rule to households containing at least one elderly person; and

(2) do not apply to a section or sections of a manufactured home park which are identified by park rule and do not comprise more than one-third of the lots in the park. This subdivision does not allow a park owner to avoid complying with section 2, subdivision 2, section 5 or section 7, subdivision 4 when adopting or amending a rule concerning the permitted familial status of residents or of buyers of homes offered for in park sale.

Sec. 17. Minnesota Statutes 1980, Section 566.18, Subdivision 2, is amended to read:

Subd. 2. TENANT. "Tenant" means any person who is occupying a dwelling in a building as defined in subdivision 7, under any agreement, lease, or contract, whether oral or written, and for whatever period of time, which requires the payment of moneys as rent for the use of the dwelling unit, and all other regular occupants of such that dwelling unit, and any resident of a manufactured home park.

Sec. 18. Minnesota Statutes 1980, Section 566.18, Subdivision 7, is amended to read:

Subd. 7. BUILDING. "Building" means any building used in whole or in part as a dwelling, including single family homes, multiple family units such as

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apartments, and structures containing both dwelling units and units used for nondwelling purposes, and also includes a manufactured home park.

Sec. 19. Minnesota Statutes 1980, Section 566.18, Subdivision 8, is amended to read:

Subd. 8. **INSPECTOR.** "Inspector" means the person charged by the governing body of the political subdivision in which a building is situated, with the responsibility of enforcing provisions of local law, the breach of which could constitute a violation as defined in subdivision 6, clause (a), or if no such person, the county health officer or the chairman of the board of county commissioners, and in the case of a manufactured home park, the state department of health, or its designee.

Sec. 20. **REPEALER.**

Subdivision 1. Minnesota Statutes 1980, Sections 327.41, 327.42, 327.43, 327.45, 327.451, 327.452, 327.46, 327.47 are repealed.

Subd. 2. Minnesota Statutes 1981 Supplement, Sections 327.44 and 327.441 are repealed.

Sec. 21. **EFFECTIVE DATE.**

Sections 1 to 3, 4 to 8, 10 to 15, and 20, subdivision 1, of this article are effective August 1, 1982, and apply to all rental agreements commenced, renewed or extended on or after that date. Sections 9, 16 to 19, and 20, subdivision 2, of this article are effective the day following final enactment.

ARTICLE III

MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 1980, Section 168A.02, Subdivision 3, is amended to read:

Subd. 3. **TITLE CERTIFICATE.** A certificate of title is required for a mobile manufactured home, as defined in section 327.31, subdivision 6. In every certificate of title issued for a manufactured home, the department shall insert the following notice: THIS TITLE DESCRIBES A MANUFACTURED HOME NOT A MOTOR VEHICLE.

Sec. 2. [168A.141] **MANUFACTURED HOMES PERMANENTLY AFFIXED TO REAL ESTATE.**

Subdivision 1. PROCEDURE. The owner of a manufactured home which is affixed as an improvement to real estate may surrender the home's certificate of title to the department for cancellation. The owner shall give the department the address and location of the real estate. The department may require the filing of other information.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2. SECURITY INTERESTS. The department may not cancel a certificate of title if a security interest has been perfected on the manufactured home. If a security interest has been perfected, the department shall notify the owner and each secured party that the certificate of title and a description of the security interest have been surrendered to the department and that the department will not cancel the certificate of title until the security interest is satisfied. Permanent attachment to real estate does not extinguish an otherwise valid security interest in or tax lien on the home.

Sec. 3. Minnesota Statutes 1980, Section 327.14, is amended to read:

327.14 DEFINITIONS.

Subdivision 1. **TERMS.** For the purposes of sections 327.10, 327.11, 327.14 to 327.28 the terms defined in this section shall have the meanings ascribed to given them.

Subd. 2. **MOBILE MANUFACTURED HOME.** The words "mobile "Manufactured home" when used in sections 327.10, 327.11, 327.14 to 327.28 shall mean a transportable, single-family dwelling unit suitable for year round occupancy and containing the same water supply, waste disposal and electrical conveniences as immobile housing and subject to tax or registration, as such, under the provisions of chapters 168 or 273 and having no foundation other than wheels, jacks or skirting has the meaning specified in section 327.31, subdivision 6.

Subd. 3. **MOBILE MANUFACTURED HOME PARK.** The words "mobile "Manufactured home park" as used in sections 327.10, 327.11, 327.14 to 327.28 shall mean means any site, lot, field or tract of land upon which two or more occupied mobile manufactured homes are harbored located, either free of charge or for revenue purposes compensation, and shall include includes any building, structure, tent, vehicle or enclosure used or intended for use as part of the equipment of such mobile the manufactured home park.

Subd. 4. **MUNICIPALITY.** The word "Municipality" as used in sections 327.10, 327.11, 327.14 to 327.28 shall mean means any city, town or township in this state, however organized.

Subd. 5. **PRIMARY LICENSE.** The words "Primary license" shall mean means the initial license issued to the first person, firm or corporation to establish and maintain, conduct or operate a mobile manufactured home park or recreational camping area at any one location.

Subd. 6. **ANNUAL LICENSE.** The words "Annual license" shall mean means a renewal license issued to the person, firm or corporation operating a previously licensed mobile home park or recreational park or recreational camping area.

Changes or additions are indicated by underline, deletions by strikeout.

Subd. 7. **RECREATIONAL CAMPING VEHICLE.** The words "Recreational camping vehicle" as when used in sections 327.14 to 327.28 shall mean any of includes the following:

(a) Travel trailer means a any vehicular, portable structure built on a chassis, designed to be used as a temporary dwelling for travel, recreational, and vacation uses, permanently identified "Travel Trailer" by the manufacturer of the trailer;

(b) Pick-up coach means a any structure designed to be mounted on a truck chassis for use as a temporary dwelling for travel, recreation, and vacation;

(c) Motor home means a any portable, temporary dwelling to be used for travel, recreation, and vacation, constructed as an integral part of a self-propelled vehicle; and

(d) Camping trailer means a any folding structure, mounted on wheels and designed for travel, recreation, and vacation use.

Subd. 8. **RECREATIONAL CAMPING AREA.** The words "Recreational camping area" as used in sections 327.10, 327.11, 327.14 to 327.28 shall mean means any area, whether privately or publicly owned, used on a daily, nightly, weekly, or longer basis for the accommodation of five or more units, consisting of tents, travel trailers, pick-up coaches, motor-homes, or camping trailers and whether use of such accommodation is granted or recreational camping vehicles free of charge or for compensation. Provided, that nothing in this definition shall be constructed to include "Recreational camping area" excludes children's camps, industrial camps, migrant labor camps, as defined in Minnesota Statutes and state commissioner of health regulations rules, and also shall not include United States forest service camps, state forest service camps, state wildlife management areas or state owned public access areas which are restricted in use to picnicking and boat landing.

Sec. 4. Minnesota Statutes 1980, Section 327.16, Subdivision 2, is amended to read:

Subd. 2. **CONTENTS.** The applicant for such a primary license or annual license shall make application in writing upon such form as a form provided by the state department of health may provide, and shall set setting forth:

(1) The full name and address of the applicant or applicants, or names and addresses of the partners if the applicant is a partnership, or the names and addresses of the officers if the applicant is a corporation.

(2) A legal description of the site, lot, field, or tract of land upon which it is proposed the applicant proposes to operate and maintain a mobile manufactured home park or recreational camping area.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(3) The proposed and existing facilities on and about ~~said~~ the site, lot, field, or tract of land for the proposed construction or alteration and maintaining of a sanitary community building for toilets, urinals, sinks, wash basins, slop-sinks, ~~and~~ showers, drains, laundry facilities, source of water supply; ~~sewage, garbage and waste disposal;~~ except that no toilet facilities shall be required to be constructed in any mobile manufactured home park which permits thereon only mobile manufactured homes equipped with toilet facilities discharging to water carried sewage disposal systems; and method of fire and storm protection.

(4) The proposed method of lighting the structures and site, lot, field, or tract of land upon which ~~said mobile~~ the manufactured home park or recreational camping area is to be located.

(5) ~~Designate~~ The calendar months of the year which the applicant will operate ~~said mobile~~ the manufactured home park or recreational camping area.

(6) Plans and drawings for new construction or alteration, including buildings, wells, plumbing and sewage disposal systems.

Sec. 5. Minnesota Statutes 1980, Section 327.20, Subdivision .1, is amended to read:

Subdivision 1. **REGULATIONS.** No domestic animals or house pets of occupants of ~~mobile~~ manufactured home parks or recreational camping areas shall be allowed to run at large, or commit any nuisances within the limits of a ~~mobile~~ manufactured home park or recreational camping area. Each ~~mobile~~ manufactured home park or recreational camping area licensed under the provisions of sections 327.10, 327.11, 327.14 to 327.28 shall, among other things, provide for the following, in the manner hereinafter specified:

(1) A responsible attendant or caretaker shall be in charge of every ~~mobile~~ manufactured home park or recreational camping area at all times, ~~and the duty of said attendant or caretaker who shall be to maintain the park, or area, and its facilities and equipment in a clean, orderly and sanitary condition. In any manufactured home park containing more than fifty lots, the attendant, caretaker, or other responsible park employee, shall be readily available at all times in case of emergency.~~

(2) ~~No mobile~~ All manufactured home ~~park~~ parks shall be well drained and be so located so that the drainage of the park area will not endanger any water supply. ~~All such parks shall be well drained.~~ No waste water from ~~mobile~~ manufactured homes or recreational camping vehicles shall be deposited on the surface of the ground. All sewage and other water carried wastes shall be discharged into a municipal sewage system whenever available. When such a municipal sewage system is not available, a sewage disposal system acceptable to the state commissioner of health shall be provided.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(3) No mobile manufactured home shall be parked located closer than three feet to the side lot lines of a mobile manufactured home park, if the abutting property is improved property, or closer than ten feet to a public street or alley. Each individual mobile home site shall abut or face on a driveway or clear unoccupied space of not less than 16 feet in width, which space shall have unobstructed access to a public highway or alley. There shall be an open space of at least ten feet between the sides of adjacent mobile manufactured homes including their attachments and at least three feet between mobile manufactured homes when parked end to end. The space between mobile manufactured homes may be used for the parking of motor vehicles and other property, provided such if the vehicle or other property be is parked at least ten feet from the nearest adjacent mobile manufactured home position. The requirements of this paragraph shall not apply to recreational camping areas and variances may be granted by the state commissioner of health in mobile manufactured home parks when the variance is applied for in writing and in the opinion of the commissioner such the variance will not endanger the health, safety and welfare of mobile manufactured home park occupants.

(4) An adequate supply of water of safe, sanitary quality shall be furnished at each mobile manufactured home park or recreational camping area. The source of such the water supply shall first be approved by the state department of health. At least one water supply outlet shall be provided at convenient locations throughout the mobile manufactured home park or recreational camping area.

(5) All plumbing shall be installed in accordance with the provisions of the regulations rules of the state commissioner of health and the provisions of the Minnesota plumbing code.

(6) In the case of a manufactured home park, a plan for the sheltering or the safe evacuation to a safe place of shelter of the residents of the park in times of severe weather conditions, such as tornadoes, high winds and floods. The shelter or evacuation plan shall be developed with the assistance and approval of the municipality where the park is located and shall be posted at conspicuous locations throughout the park. Nothing in this paragraph requires the department of health to review or approve any shelter or evacuation plan developed by a park. Failure of a municipality to approve a plan submitted by a park shall not be grounds for action against the park by the department of health if the park has made a good faith effort to develop the plan and obtain municipal approval.

Sec. 6. Minnesota Statutes 1980, Section 327.24, is amended by adding a subdivision to read:

Subd. 3. PRIVATE REMEDIES. Any person injured or threatened with injury by a violation of sections 327.14 to 327.28 or of the rules of the department of health applicable to manufactured home parks may bring a private action in any court of competent jurisdiction.

Sec. 7. Minnesota Statutes 1980, Section 327.26, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

327.26 NO LOCAL LICENSES LOCAL AUTHORITY OVER PARKS AND CAMPING AREAS.

Subdivision 1. LOCAL LICENSES PROHIBITED. No ~~city, town or political subdivision of this state~~ municipality may impose any license (1) upon any licensed ~~mobile~~ manufactured home park or recreational camping area complying with the provisions of sections 327.10, 327.11, 327.14 to 327.28, or (2) upon any occupant of any ~~such mobile~~ a licensed manufactured home park, ~~on or after January 1, 1952.~~

Subd. 2. LOCAL LAW ENFORCEMENT. Any municipality which enacts or has enacted laws or ordinances relating to the safety and protection of persons and property is empowered to enforce the laws or ordinances within any manufactured home park or recreational camping area located in the municipality, notwithstanding the fact that the park or area may constitute private property.

Sec. 8. Minnesota Statutes 1980, Section 327.27, Subdivision 2, is amended to read:

Subd. 2. STATE SPEED LIMIT. Except as provided in section 9, it shall be unlawful for any type vehicle to travel at a rate in excess of ten miles per hour while within the limits of a mobile manufactured home park or recreational camping area and such ten. The ten miles per hour limit shall be clearly posted throughout the mobile manufactured home park or recreational camping area, and may be enforced by the municipality in which the park or area is located.

Sec. 9. Minnesota Statutes 1980, Section 327.27, is amended by adding a subdivision to read:

Subd. 2a. LOCAL SPEED LIMIT. A municipality may, by ordinance, set and enforce in a manufactured home park a speed limit which is higher than ten miles per hour but which is not higher than 30 miles per hour. The local speed limit shall be clearly posted throughout the manufactured home park.

Sec. 10. Minnesota Statutes 1980, Section 327.62, Subdivision 2, is amended to read:

Subd. 2. "Mobile "Manufactured home" means a mobile manufactured home, as defined in section 327.31, subdivision 6, which is located in this state, which is subject to a security interest or other valid encumbrance, and which is the principal residence of the ~~mobile manufactured home's~~ occupant; provided, that when used in section 11, subdivision 2, the term also includes a manufactured home which is not the principal residence of the occupant:

Sec. 11. Minnesota Statutes 1980, Section 327.63, is amended to read:

327.63 APPLICABILITY.

Subdivision 1. U.C.C. AND CHAPTER 565. To the extent that the procedures established by sections 327.61 to 327.67 differ from the procedures

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established or authorized for repossession of a mobile home under the uniform commercial code of this state, the provisions of sections 327.61 to 327.67 shall supersede the code and shall govern the repossession of the mobile home. The procedures established by sections 327.61 to 327.64 and sections 327.66 to 327.67 must be satisfied before a secured party may take any action pursuant to chapter 565.

Subd. 2. IMPROVEMENTS TO REAL PROPERTY. Affixing a manufactured home to real estate does not extinguish an otherwise valid security interest in the home. A manufactured home which is affixed to real estate while not encumbered by a valid security interest shall be treated as an improvement to real estate and sections 327.61 to 327.67 shall not apply to it. If real estate to which an unencumbered manufactured home has been affixed as an improvement is subject to proceedings under section 559.21 or chapters 580 or 581, the presence of the home on the real estate does not necessitate any changed or additional procedures.

Sec. 12. Minnesota Statutes 1980, Section 327.65, is amended to read:
327.65 COURT ORDER.

Upon expiration of the 30 day period specified in the notices required by section 327.64, a secured party may apply to a competent court of any jurisdiction within this state for an order pursuant to chapter 565 directing the debtor to peacefully return full possession of the mobile home to the secured party seizure and delivery of the manufactured home. The application shall be accompanied by a copy of the security agreement entitling the secured party to repossession of the mobile manufactured home and by the affidavit required by section 327.64 if notice is mailed to the debtor. ~~The action shall proceed in the same manner as other actions for repossessing personal property, and~~ The notices required by section 327.64 shall not be considered as satisfying any of the notice requirements under those procedures. ~~If the occupant of a mobile home does not comply with a court's order of repossession within five days of its issuance, the sheriff of the county in which the mobile home is located or his deputy shall remove the occupant and his possessions from the mobile home~~ chapter 565.

Sec. 13. Minnesota Statutes 1980, Section 327.66, is amended to read:
327.66 CURE OF DEFAULT.

A debtor, or an occupant of a mobile manufactured home acting on behalf of a debtor, may within the 30 day period specified in the notices required by section 327.64, cure a default by tendering full payment of the sums then in arrears under the terms of the security agreement, or by otherwise remedying the default, and by paying the reasonable costs, not to exceed the sum of \$15, incurred by the secured party to enforce the security agreement. Cure of a default in accordance with the provisions of this section shall suspend the secured party's right to seek repossession of the mobile manufactured home under the

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provisions of sections 327.61 to 327.67. If default arises under the security agreement because of damage to or other waste of the collateral committed or allowed by the debtor, a court may order repossession of the mobile home notwithstanding cure of the default.

Sec. 14. EFFECTIVE DATE.

Sections 1 to 4 and 6 to 13 are effective August 1, 1982. Section 5 is effective January 1, 1983.

Approved March 22, 1982

CHAPTER 527 — S.F.No. 1702

An act relating to corrections; limiting certain inmate functions; authorizing the appointment of internal security investigators for adult correctional facilities in the unclassified civil service; clarifying the "good time" and solitary confinement provisions relating to county jails; amending Minnesota Statutes 1980, Sections 241.01, Subdivision 3a; 641.09; and 643.29, Subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1980, Section 241.01, Subdivision 3a, is amended to read:

Subd. 3a. **COMMISSIONER, POWERS AND DUTIES.** The commissioner of corrections shall have the following powers and duties:

(a) To accept persons committed to him by the courts of this state for care, custody, and rehabilitation.

(b) To determine the place of confinement of committed persons in a correctional facility or other facility of the department of corrections and to prescribe reasonable conditions, rules, and regulations for their employment, conduct, instruction, and discipline within or without the facility. Inmates shall not exercise custodial functions or have authority over other inmates or serve on the board of directors or hold any executive position in any corporation, private industry or educational program located on the grounds of or conducted within a state correctional facility.

(c) To administer the money and property of the department.

(d) To administer, maintain, and inspect all state correctional facilities.

(e) To transfer authorized positions and personnel between state correctional facilities as necessary to properly staff facilities and programs.

(f) To utilize state correctional facilities in the manner he determines to be most efficient and beneficial in the accomplishment of these purposes, but not to close the Minnesota correctional facility-Stillwater or the Minnesota correctional facility-St. Cloud without legislative approval.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.