

SUPREME COURT OF WASHINGTON

Little Mountain Estates Tenants Ass'n v. Little Mountain Estates MHC, LLC

169 Wash. 2d 265 (2010) · Decided July 22, 2010

SUMMARY

The Washington Supreme Court held that the Manufactured/Mobile Home Landlord-Tenant Act permits a landlord and tenant to agree to a rental term that changes upon assignment. A provision granting the original tenant a 25-year lease but limiting an assignee to a one- or two-year term did not violate the Act because the parties had agreed to those terms and the tenant's right to assign was not eliminated. The court reversed the Court of Appeals in part and remanded the tenants' Consumer Protection Act and attorney-fee claims.

CASE DETAILS

COURT	Supreme Court of Washington
WRITING FOR THE COURT	Sanders, J.; Alexander, C.J.; Chambers, J.; Fairhurst, J.; Johnson, J.; Madsen, J.; Owens, J.; Stephens, J.
JURISDICTION	Washington
DECIDED	July 22, 2010
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The tenants association sought review of a Court of Appeals decision reversing the trial court's determination that the lease assignment provision complied with the Manufactured/Mobile Home Landlord-Tenant Act. The Washington Supreme Court reversed the Court of Appeals to the extent of the MHLTA ruling and remanded the unresolved Consumer Protection Act and attorney-fee claims.
STANDARD OF REVIEW	Statutory interpretation is reviewed de novo. When statutory language is unambiguous, the court enforces the statute's plain meaning.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Little Mountain Estates Tenants Ass'n v. Little Mountain Estates MHC, LLC

TOPICS

landlord tenant

real estate

contracts

statutory interpretation

consumer protection

PRACTICE AREAS

landlord-tenant law

real estate

contracts

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statutory interpretation

QUESTIONS PRESENTED

1. Whether the MHLTA permits a landlord and tenant to agree to a 25-year rental term for the original tenant that becomes a one- or two-year term upon assignment.
2. Whether the assignment provision unlawfully waives or limits the tenant's statutory right to assign the rental agreement.
3. Whether the Consumer Protection Act claim was properly before the Supreme Court on review.

HOLDINGS

1. The MHLTA permits a landlord and tenant to negotiate and agree to the term of a rental agreement, including a term that is determined by a formula or linked to the tenant's decision to assign the lease. The agreed provision giving the original tenant a 25-year term and an assignee a one- or two-year term therefore does not violate the MHLTA.
2. The assignment provision did not waive or eliminate the tenants' right to assign their rental agreements. It merely defined the term that would apply to an assignment, and the tenants never possessed an assignable 25-year term under their agreements.
3. Legislative-intent statements do not justify invalidating the assignment provision because the operative statutory language is unambiguous. In any event, the stated purposes of the MHLTA were consistent with allowing the provision because the arrangement promoted stable, affordable housing and the economic feasibility of the manufactured-home community.

KEY QUOTATIONS

“Because the MHLTA expressly preserves the right of a landlord and tenant to negotiate and agree to the term of a rental agreement, this agreed-to provision does not violate the MHLTA.” (at 268)

“However, the tenants’ position mischaracterizes the rental agreement.” (at 269)

“The MHLTA does not prevent landlords from offering special terms to the tenants who first move into a new mobile or manufactured home park.” (at 271)

FACTUAL BACKGROUND

Little Mountain Estates MHC operated a manufactured-home community intended for elderly residents and offered new residents 25-year leases with rent increases tied to the Consumer Price Index. The leases provided that the 25-year term applied only to the original tenant and that an assignment would result in a one- or two-year term. Tenants had an opportunity to read and signed the agreements without objecting to the assignment provision, but later sued, arguing that the provision violated the MHLTA and the Consumer Protection Act.

PROCEDURAL HISTORY

The trial court held that the lease did not violate the MHLTA or the Consumer Protection Act and that the tenants were bound by the leases they voluntarily signed. The Court of Appeals reversed the MHLTA ruling and remanded the CPA claim for further factual findings. The Supreme Court granted review and held that the assignment provision did not violate the MHLTA.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The Court of Appeals decision was reversed to the extent inconsistent with the holding that the assignment provision did not violate the MHLTA. The remaining Consumer Protection Act claim and the claim for reasonable attorney fees under RCW 59.20.110 were remanded to the trial court.

CASES CITED

- Little Mountain Estates Tenants Ass'n v. Little Mountain Estates MHC, LLC, 146 Wn. App. 546, 561, 192 P.3d 378 (2008)
- State v. Williams, 158 Wn.2d 904, 908, 148 P.3d 993 (2006)
- Am. Cont'l Ins. Co. v. Steen, 151 Wn.2d 512, 518, 91 P.3d 864 (2004)
- State v. Armendariz, 160 Wn.2d 106, 110, 156 P.3d 201 (2007)
- State v. J.P., 149 Wn.2d 444, 450, 69 P.3d 318 (2003)
- Vance v. Villa Park Mobilehome Estates, 36 Cal. App. 4th 698, 708, 42 Cal. Rptr. 2d 723 (1995)
- Puget Sound National Bank v. Department of Revenue, 123 Wn.2d 284, 287, 868 P.2d 127 (1994)
- Estate of Jordan v. Hartford Accident & Indem. Co., 120 Wn.2d 490, 495, 844 P.2d 403 (1993)
- Clements v. Olsen, 46 Wn.2d 445, 448, 282 P.2d 266 (1955)
- Torgerson v. One Lincoln Tower, LLC, 166 Wn.2d 510, 517, 210 P.3d 318 (2009)
- Adler v. Fred Lind Manor, 153 Wn.2d 331, 344, 103 P.3d 773 (2004)

OPINION

Little Mountain Estates Tenants Ass'n v. Little Mountain Estates MHC, LLC
169 Wash. 2d 265

SANDERS, J.

Sanders, J. ¶1 — We are asked to decide under the Manufactured/Mobile Home Landlord-Tenant Act (MHLTA), chapter 59.20 RCW, whether a landlord and tenant can lawfully agree to a 25-year lease that will convert to a 1-year lease if the tenant assigns it. Because the MHLTA expressly preserves the right of a landlord and tenant to negotiate and agree to the term of a rental agreement, this agreed-to provision does not violate the MHLTA.

FACTS

¶2 Petitioner Little Mountain Estates MHC LLC operates a manufactured home community intended for the elderly. To entice new residents the owner offered individuals a 25-year lease with rent increases tied to the Consumer Price Index. According to the rental agreement this 25-year term was available only to the original tenant; if the tenant assigned the lease to another party, the assigned lease would be for 1 or 2 years.¹ When formulating the offer, the owner determined that a 25-year lease with a fixed rent increase would not be profitable when a resident stayed for the entire length of the lease, but that loss would be offset by those who assigned their leases before the 25-year term expired. This trade-off balanced financial security for the tenants by having fixed rent for 25 years and profit for the park owners because the financial security attracted more tenants and the full 25-year term would not be exercised in its entirety in most cases. ¶3 Every tenant had the opportunity to read the rental agreement prior to signing; every tenant signed it; and no tenant objected to the assignment provision at that time. *268 Later, some tenants assigned their leases and Little Mountain Estates Tenants Association brought suit claiming the assignment provision violated the MHLTA and the Consumer Protection Act (CPA), chapter 19.86 RCW. ¶4 The trial court held the lease did not violate the MHLTA or the CPA and the tenants were bound by the terms of the leases they voluntarily signed. The Court of Appeals reversed the trial court's determination that the MHTLA was not violated. *Little Mountain Estates Tenants Ass'n v. Little Mountain Estates MHC, LLC*, 146 Wn. App. 546, 561, 192 P.3d 378 (2008).

STANDARD OP REVIEW

¶5 The court reviews statutory interpretation *de novo*. *State v. Williams*, 158 Wn.2d 904, 908, 148 P.3d 993 (2006) (citing *Am. Cont'l Ins. Co. v. Steen*, 151 Wn.2d 512, 518, 91 P.3d 864 (2004)). Where the plain language of the statute is unambiguous, the statute's plain meaning should be enforced. *State v. Armendariz*, 160 Wn.2d 106, 110, 156 P.3d 201 (2007) (citing *State v. J.P.*, 149 Wn.2d 444, 450, 69 P.3d 318 (2003)).

ANALYSIS

¶6 The issue is whether under the MHLTA a landlord and tenant can agree to a 25-year rental term with fixed rent increases that becomes a 1- or 2-year term if the tenant assigns the rental agreement. The MHLTA expressly permits a landlord and a tenant to negotiate the term of their rental agreement. RCW 59.20.090(1) provides, "Unless otherwise agreed rental agreements shall be for a term of one year." (Emphasis added.) Here, the landlord and tenants agreed to a varying term based upon whether the rental agreement was assigned. Nothing in the MHLTA precludes the term of the rental agreement from being determined by a formula or linked to the tenant's decision to assign the lease. Cf. *Vance v. Villa Park Mobilehome* *269 *Estates*, 36 Cal. App. 4th 698, 708, 42 Cal. Rptr. 2d 723 (1995) (The California Court of Appeal held that because the Mobilehome Residency Law, Cal. Civ. Code § 798, allowed the landlord and tenant to determine the rental rate, the parties were permitted to determine the rent by any formula to which they agreed, including a formula increasing rent upon assignment.). ¶7 The tenants argue the assignment provision requires tenants to waive their right to assign their 25-year leases and thus is unenforceable. The MHLTA

protects a tenant's right to assign his or her rental agreement and renders unenforceable any contract provision that waives that right. See RCW 59.20.060(2)(d), .073(1). However, the tenants' position mischaracterizes the rental agreement. The MHLTA permits parties to agree to the term of the rental agreement, RCW 59.20.090(1), and the parties here did agree to a term of 25 years for the original tenant and 1 or 2 years if assigned. Tenants are precluded from assigning a 25-year term because their rental agreements never provided an assignable 25-year term.² However, they are not prevented from assigning, nor did they waive their right to assign, the rental agreement.³

*270¶8 Respondents also argue that upholding the assignment provision contradicts the legislative intent statements of the MHLTA. However, statements of legislative intent are irrelevant to a court's analysis when the statutory language is unambiguous. See *Armendariz*, 160 Wn.2d at 110 (citing *J.P.*, 149 Wn.2d at 450). Unambiguous statutory language is enforced as written. *Id.* RCW 59.20.090(1) unambiguously preserves the right of a landlord and a tenant to negotiate and agree to the term of the rental agreement.

¶9 Even if this court were to look to statements of legislative intent as the Court of Appeals erroneously did, see *Little Mountain*, 146 Wn. App. at 560, those statements do not support voiding the assignment provision here. RCW 59.22.010(2) sets forth the multiple legislative purposes of the MHLTA. The first is to maintain low-cost housing to benefit the elderly. Here, an initial 25-year term with fixed increases in rent provides secured housing and financial stability to the elderly who live there, and the assignment provision makes that 25-year term economically feasible for the manufactured home park. The legislature also sought "to obtain a high level of private financing for mobile home park conversions" and "to help establish acceptance for resident-owned mobile home parks in the private market." RCW 59.22.010(2). Permitting a park owner to offer contractual terms that provide attractive yet profitable features to prospective residents encourages additional private financing and market growth. ¶10 Respondents ask this court to deem unenforceable any provision that alters the contract upon assignment. However, this contract does not alter an assignment; it provides in the original contract what would happen in that *271eventuality. Nothing in the MHLTA imposes a wholesale prohibition on such assignment provisions. The MHLTA does not prevent landlords from offering special terms to the tenants who first move into a new mobile or manufactured home park.⁴ Such a practice is not uncommon when a landlord is attempting to populate a new rental community. ¶11 Ultimately, the core of respondents' argument is that the rental agreement here was misleading, that labeling the contract as a "25 Year Lease Agreement" but including a provision that converted the term to 1 or 2 years upon assignment was deceptive or unfair. That claim is one under the CPA, not the MHLTA. Respondents' CPA claim is not before this court on review; the Court of Appeals remanded the CPA claim for further factual findings to determine whether the tenants could prove a CPA violation. See *Little Mountain*, 146 Wn. App. at 563.

CONCLUSION

¶12 We hold the assignment provision does not violate the MHLTA and the MHLTA does not render it unenforceable. The Court of Appeals decision is reversed to the extent it is inconsistent with this holding. Respondents' remaining claim under the CPA is remanded to the trial court as is the claim for an award of reasonable attorney fees under RCW 59.20.110. Owens, Fairhurst, J.M. Johnson, and Stephens, JJ., concur. Some of the leases provided an assignee a one-year term; other leases provided a two-year term. The distinction is immaterial to the ultimate legal issue here. This does not open the gates for a landlord to surreptitiously circumvent a tenant's right under the MHLTA to assign his or her rental agreement by adding an assignment provision that essentially extinguishes the lease. Here we address an assignment provision that affects the term of the rental agreement; the MHLTA specifically provides that the parties can agree upon the term of the lease. Furthermore, the assignment provision provides for, at minimum, a one-year term. A one-year term is the default term set forth in the MHLTA. See RCW 59.20.090(1); see also RCW 59.20.050(1). We have no occasion here to determine whether a shorter term might, run afoul of the MHLTA or raise issues of unconscionability. The Court of Appeals reasoned that any limitation imposed on the scope of an assignment violated the MHLTA because the court defined an "assignment" as the transfer of the identical contractual rights from the assignor to the assignee. See *Little Mountain*, 146 Wn. App. at 560. But this overstates the common law and the cases relied upon by the Court of Appeals. *Puget Sound National Bank v. Department of Revenue*, 123 Wn.2d 284, 287, 868 P.2d 127 (1994), addressed whether a sales tax refund for worthless debt passed upon assignment to a bank. *Estate of Jordan v. Hartford Accident & Indem. Co.*, 120 Wn.2d 490, 495, 844 P.2d 403 (1993), addressed whether the assignee of a bond had standing to sue. Neither of those cases addressed contract provisions that altered the terms of the contracts upon assignment. *270Conversely, the common law preserves citizens' freedom to contract. See, e.g., *Clements v. Olsen*, 46 Wn.2d 445, 448, 282 P.2d 266 (1955) ("Courts do not have the power, under the guise of interpretation, to rewrite contracts which the parties have deliberately made for themselves."); *Torgerson v. One Lincoln Tower, LLC*, 166 Wn.2d 510, 517, 210 P.3d 318 (2009) (" 'It is black letter law of contracts that the parties to a contract shall be bound by its terms.' " (quoting *Adler v. Fred Lind Manor*, 153 Wn.2d 331, 344, 103 P.3d 773 (2004))). Here, common law supports, and RCW 59.20.090(1) expressly preserves, the parties' freedom to negotiate the term of the rental agreement. Respondents characterize the operation of the rental agreement as taking the 25-year term from the tenants upon assignment, while petitioners view it as giving the first tenants a 25-year term. Burden or benefit, artful rhetoric does not change the operation of the assignment provision nor does it affect the application of the MHLTA. RCW 59.20.090(1) permits parties to agree to their own rental term, which the parties did here.