



GOLDEN STATE MANUFACTURED-HOME OWNERS LEAGUE, INC.

\*A Homeowners Association\*

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*Resident Ownership of Manufactured Home Parks*

Dear Homeowner:

GSMOL is a nonprofit homeowner advocacy organization, dedicated to protecting the rights and quality of life of manufactured home owners. GSMOL educates homeowners on their rights, solves problems for MH communities throughout California, and supports legislative efforts for the benefit of MH owners.

Regarding the resident ownership of MH parks, **GSMOL Believes:**

**(1) Resident ownership of MH parks is a very positive goal**, for many reasons. Properly done, converting the park where you live to resident ownership

- Stabilizes your monthly housing expenses over the long term;
- Secures the value of your homes;
- Avoids the consequences if local rent control is ever lost or compromised;
- Makes your homes easier to sell;
- Builds your park into a real community and improves its quality of life;
- Protects your park from ever being closed or changed to another use.

**(2) The best approach** is to convert your park into a “resident owned cooperative.” That means your HOA becomes a nonprofit corporation that owns the park. Residents are issued membership shares by the corporation. A board of directors (elected by the home owners) decides park policies. The HOA hires a professional property management company to manage park operations day-to-day.

**(3) The best way to start** toward resident ownership is to send a letter to your park owner, asking him to consider your resident group as a potential buyer. If you contact me, I'll send you a copy of that letter, and you can adapt it to your purposes.

As always, IF you have any questions regarding resident-owned MH communities, feel free to contact me directly. My e-mail address is [deloop1@sbcglobal.net](mailto:deloop1@sbcglobal.net). Or, give me a call on (831) 688-1293.

Sincerely,

David Loop  
GSMOL VP – Resident-Owned MH Communities

## Q&A: Converting Your Park to Resident Ownership

**Q: Why should our homeowner group try to buy the MH park where we live?**

**A:** There are many reasons:

- To stabilize your monthly housing expenses over the long term.
- To secure the value of your homes.
- To avoid the consequences if local rent control is ever lost or compromised.
- To make your homes more valuable and easier to sell.
- To build your park into a community and improve its quality of life.
- To make certain that your park will never be closed or changed to another use.

**Q: How would we buy the park where we live, if given the opportunity?**

**A:** Here are the steps followed by most successful homeowner groups when making their park a resident-owned cooperative:

**Communicate** with the current park owner. Let him know your homeowner group is interested in buying the park, and capable of doing it;

If you receive a positive response from the owner, **choose a qualified park purchase consultant** for your HOA. He or she will analyze and structure the deal, arrange mortgage financing for your HOA, and represent your best interests in negotiations with the park owner;

**Incorporate** your HOA as a California Mutual Benefit, Nonprofit Corporation (when the purchase is complete, your HOA will own the park);

**Issue HOA membership shares**, and (after thoroughly informing all homeowners on the financial aspects of the purchase), sell these shares to the homeowners to raise equity;

**Perform property due diligence** to determine the condition of the park infrastructure (Electric, water, gas, sewer, road systems, etc.);

**Complete the transaction.** Elect the HOA Board of Directors. Hire a property management company to handle day-to-day operations. Begin operating your park as a resident-owned cooperative community.

**Q: How would we get started?**

A: Your park owner probably thinks you don't have the ability to buy the park. The homeowners are probably not on the owner's "radar" as potential buyers. However, the homeowner group might well be the *best and most capable* buyer in today's market. Start by getting the park owner's attention and interest in a positive way. Here's how:

At least once a year (preferably every six months) your HOA sends a letter to the park owner. The letter tells the owner that if the park is put on the market, your HOA would like to be considered as a potential buyer. The letter's first page also says:

- 1) The HOA will pay a fair price for the park;
- 2) The HOA believes it can get financing to buy the park; and,
- 3) Selling to the HOA can give the owner tax benefits available from no other buyer.

All of these things are true.

The second page of your letter secures your right to notice if the park is to be sold. Your HOA has this right under MRL Section 798.80. However, **you need to request this notice each year** from the owner, in writing.

A template of this letter is attached, with instructions on how to complete and mail it.

**Q: Will the owner respond to our HOA's letter?**

A: There is no guarantee that the park owner will respond. In some cases, years may pass before the owner decides to sell. But most parks in California are sold, sooner or later. Your job is to send this letter to the owner (preferably every six months), and to generally communicate with the owner in a positive way about your interest. When the time comes for the owner to sell, you want him to consider the homeowner group as a potential buyer.

**Q: How do we make sure the letter gets to the actual owner?**

A: The letter needs to be sent to the park owner, *not* the resident manager. The park operating permit should be posted in the park office or clubhouse. It will show the name and address of the park owner. Send the letter to that address by U.S. Certified Mail. If you can't find the permit, contact GSMOL VP David Loop (his contact information is below). He will give you the park owner's address.

**Q: What if we have further questions right now, or get a positive response from our park owner?**

A: Contact GSMOL's VP of Resident Owned Parks: David Loop / 831-688-1293 / [deloop1@sbcglobal.net](mailto:deloop1@sbcglobal.net). He will answer your questions and help with next steps.

HOA Name  
Street Address of MH Park  
Park City – State - ZIP  
(HOA President's Phone # & E-Mail)

*Sample*  
*Page 1*

Date

Park Owner Name  
Address  
City State ZIP

Dear PARK OWNER NAME:

By this letter, we would like to state our Association's interest in buying NAME OF PARK.

Our Association is comprised entirely of homeowners at NAME OF PARK. A sale to our Homeowner Association could benefit you in several ways:

- 1) Our Association would pay an appropriate price for the property.
- 2) We believe that we have identified mortgage financing that would allow the resident purchase of the park to be completed reasonably quickly.
- 3) By selling to a resident-owned nonprofit corporation, you could receive substantial income tax advantages (involving extended deferral of capital gains).

Please contact our Association President directly if you have any interest in selling NAME OF PARK at this time.

Thank you for your courtesy and consideration.

Sincerely,

*Pres Signature*

PRESIDENT

Name  
St Address  
City ST ZIP

*Secy Signature*

SECRETARY

Name  
St Address  
City ST ZIP

*Treasurer Signature*

TREASURER

Name  
St Address  
City ST ZIP



To get this 2-page letter in Microsoft Word format, contact Dave Loop at [deloop1@sbcglobal.net](mailto:deloop1@sbcglobal.net)

HOA Name  
Street Address of MH Park  
Park City – State - ZIP  
(HOA President's Phone # & E-Mail)

*Sample*  
*Page 2*

Date

Park Owner Name  
Address  
City, State ZIP

*RE: Sale of Park – Notice By Management*

Dear PARK OWNER NAME:

This letter is to request notice from you, in the event that you offer NAME OF PARK for sale. The requirement for notice is found in the California Mobilehome Residency Law, MRL 798.80.

MRL 798.80 reads in part:

“Not less than 30 days nor more than one year prior to an owner of a mobilehome park entering into a written listing agreement with a licensed real estate broker... for the sale of the park, or offering to sell the park to any party, the owner shall provide written notice of his or her intention to sell the mobilehome park by first-class mail or by personal delivery to the president, secretary, and treasurer of any resident organization formed by homeowners in the mobilehome park... for purposes of converting the mobilehome park to (resident) ownership interests and for purchasing the mobilehome park from the management of the mobilehome park. An offer to sell a park shall not be construed as an offer under this subdivision unless it is initiated by the park owner or agent.”

Notice should be given in writing to our Association's President, Secretary and Treasurer, whose names and addresses are listed below.

Thank you for your courtesy,

*Pres Signature*

PRESIDENT

Name  
St Address  
City ST ZIP

*Secy Signature*

SECRETARY

Name  
St Address  
City ST ZIP

*Treasurer Signature*

TREASURER

Name  
St Address  
City ST ZIP