

**“THE LEGAL RIGHTS OF MOBILEHOME OWNERS DURING THE
SUBDIVISION CONVERSION OF A RENTAL MOBILEHOME PARK”**

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The Subdividing Process

Government Code § 66427.5

1. Park owner decides to subdivide a rental mobilehome park. Park owner must avoid the economic displacement of all nonpurchasing residents.
2. Park owner shall offer each existing homeowner an option to either purchase the condo or subdivided unit, or to continue residency renting the space.
3. Park owner must file a report on the impact of the conversion upon residents of the mobilehome park to be converted to resident owned subdivided interest.
4. Park owner must make a copy of the report available to each resident of the mobilehome park at least 15 days prior to the hearing on the map by the City or County.
5. Park owner must obtain a survey of support of residents of the mobilehome park for the proposed conversion.
6. The survey of support must be conducted pursuant to an agreement between the park owner and a resident homeowners' association, if any, that is independent from the park owner. Survey by written ballot, one vote per occupied space.
7. Survey must be given to the local agency upon the filing of the tentative or parcel map, to be considered as part of the subdivision map hearing.
8. Park owner must attend a hearing with the City or County which is authorized to approve, conditionally approve, or disapprove the map. The scope of the hearing shall be limited to the issue of compliance with Gov't Code 66427.5.

To avoid economic displacement of nonpurchasing residents, park owners must comply with the following:

A. If a household is **NOT LOWER INCOME**, space rent may be increased in equal annual increases over a 4 year period, to market levels as determined by an appraisal conducted pursuant to nationally recognized professional appraisal standards.

B. If a household is **LOWER INCOME**, space rent may be increased by an amount equal to the average monthly increase in rent in the 4 years immediately preceding the conversion, except that in no event shall the monthly rent be increased by an amount greater than the average monthly percentage increase in the CPI for the most recently reported period.

State Income Limits 2011
Number of Persons in Household

County	Income Category	1	2	3	4
Orange County	Extremely Low	19,400	22,200	24,950	27,700
4 –Person	Very Low	32,350	36,950	41,550	46,150
Area Median Income:	Lower	51,700	59,100	66,500	73,850
\$84,200	Median	58,950	67,350	75,800	84,200
	Moderate	70,750	80,850	90,950	101,050

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9. After the park owner has obtained City or County approval, the park owner must disclose in writing to homeowners and residents of the park the tentative price of the subdivided interest proposed to be sold. The disclosure must state that the tentative price is not binding and can be changed as a result of conditions imposed by state or local government, increased financing costs or other factors. In the absence of bad faith, the park owner can't be held liable for providing the information. The disclosure notice does not authorize the park owner to offer to sell or lease, or to accept money for a subdivided interest in the park, prior to an issuance of a public report. [Business and Professions Code 11010.9]
10. Park owner must apply to the California Department of Real Estate (DRE) for a public report and approval of the subdivision conversion of the park.
11. A detailed condo plan must be prepared by a project engineer which details the specific dimensions and boundaries for each individual lot as well as common areas. The condo plan is the primary documentation under which the condo units are offered for sale. This plan must be submitted to DRE for its review and approval. Following DRE approval the plan will be recorded in the County where the mobilehome park is located.
12. After DRE issues a public report, the mobilehome park becomes an approved condo project, and sales may begin. The condo project must comply with the Davis-Sterling Act which regulates the operation and fiduciary requirements of a condo project. Residents that purchase a unit receive the protections provided under both the Davis-Sterling Act and Civil Code Section 799, et seq., that governs subdivisions, cooperatives, condominiums, and resident owned parks. Nonpurchasing residents continue to receive the rights and protections provided by the Mobilehome Residency Law, Civil Code Section 798, et seq.
13. After DRE approval and issuance of the public report, each park resident has an opportunity to purchase an undivided interest in the park and all common areas along with the lot on which their home is situated.

Benefits

Financing for lower income residents may be available from the Department of Housing and Community Development (HCD) Mobilehome Park Resident Ownership Program (MPROP). [Health & Safety Code 50780-50786.5] MPROP offers Long-term loans at 3% simple annual interest. The loan does not cover the entire purchase price but can supplement a conventional loan and establish a sliding scale payment.

Financing for residents who are NOT lower income is available from banks, credit unions and other lenders who consider the mobilehome on a subdivided lot to be real property which can be financed with a conventional home loan. Some residents may qualify for First Time Home Buyer loans administered by their City or County housing authority, or Cal Vet loans.

Financing from conventional home loans is more affordable than Chattel and personal property loans that are traditionally the only form of financing when you buy or sell a mobilehome on a rental space. This means that if you own a subdivided lot and your mobilehome as shown on a recorded deed, when you sell your home and lot your prospective buyer will also have greater access to available financing for the purchase.

Negatives

Local mobilehome rent control will no longer apply to any space in the park after the first lot is sold.

The final price of the lots may exceed the ability of some park residents to purchase.

Nonpurchasing residents who are not lower income will be paying "market rate" rents after 4 years.

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