

# **Resident-Owned Mobile Home Cooperative**

## **Frequently Asked Questions**

### **What is a Resident-Owned Cooperative?**

A cooperative is a type of non-profit corporation, which is owned solely by the residents, for the benefit of residents. It is a legal entity that is registered with the Vermont Secretary of State. In a cooperative, the members (park residents) elect a handful of neighbors to serve as their board of directors. The role of the Board is to review policies, sign contracts, and review park budgets. The structure of the corporation and governing procedures are spelled out in the cooperative's primary governing document, called the bylaws. A cooperative offers residents democratic control of their park, and decision making related to rents, management, and contracts.

### **Where do we come up with the money to buy the park?**

The cooperative (not individuals) borrows the money required to purchase the park. There would be a single mortgage for the park, which does not affect anyone's individual credit. No individuals borrow money for the park purchase. No down payment is required. Any costs related to due diligence, for example, appraisal, engineering or environmental assessments are rolled into the mortgage. To become a member of the cooperative, the only personal investment is the share price. The cost of a membership share is determined by your community.

### **If we became a cooperative, where does our rent money go?**

Lot rent payments are collected by the cooperative, just as they are collected on a monthly basis from your current park owner. The membership determines what the rent will be based on the park's monthly expenses. Lot rents will go towards paying the park mortgage, property taxes, utilities, insurance, and other services that might be included in your rent. The cost of lot rent will depend on several factors, the annual cost of maintaining the park and the mortgage.

### **What steps do we need to go through before we are ready to purchase as a co-op?**

- 1) Decide to incorporate. (File with the Secretary of State, \$75)
- 2) Develop and approve a set of bylaws (Document that guides cooperative decision making).
- 3) Due diligence: Hire engineers to inspect infrastructure, water, electrical, etc. Environmental engineer, appraisal, land survey, legal.
- 4) Develop a budget, based on costs to operate park.

### **We don't know how the legal, budgeting and purchase process works, will we have help?**

The Cooperative Development Institute, works throughout the northeast assisting manufactured home communities that wish to purchase their communities cooperatively. What can they offer? They train groups to own and operate their parks, provide financing options, education and technical support both through the process of acquisition and after a park purchase.

**If we become a cooperative, will I own my own lot?**

No, you will not own your own lot, but you will be able to hold a share in the cooperative corporation that owns the park. At least 51% of households in the park must sign on as members in order to become a cooperative. Becoming a member is voluntary. It is not mandatory for all current residents to become cooperative members. However, if a non-member household leaves the park in the future and sells or moves their home, the new occupant of the lot must purchase a share to become a member. If ever you decide to sell your home or move from the cooperative the value of your share will be returned to you.

**What are the pro's and con's of mobile home park cooperatives?**

**Mobile Home Park Cooperatives**

<b>Pro's</b>	<b>Con's</b>
Ability to control rent	Requires members to contribute time and energy
Democratically governed by members	You get to vote, but sometimes you may be in the minority, and your personal priorities may not be addressed
Park is kept as a park, no potential change in land use	You will have technical support, but members have the responsibility for addressing problems as they arise
Ability to choose vendors and decide on maintenance standards	Not everyone's expectations will be met at all times
Develop sense of community spirit and pride	Some members will contribute a lot, others will invest little time.
Can set own priorities for maintenance issues	
Lot rent is based on operation costs, and long-term repair needs.	