

Comparison of MCAI Membership BEFORE versus AFTER Conversion

Date: April 16, 2010

The table below describes the advantages to an existing resident to purchase their lot share and become a member of the cooperative *before* (or at time of) the conversion to resident ownership versus *after* the conversion. There are two sections to the table:

- ALL RESIDENTS - applies to all existing residents of the park, regardless of income.
- LOW INCOME RESIDENTS - applies to existing low income residents who may receive financial assistance.

In this document “rent” also refers to “assessment”. Household expenses include loan payments, HOA dues, taxes, insurance, registration, maintenance and utilities.

TOPIC	BEFORE (or AT TIME OF) CONVERSION	AFTER CONVERSION
ALL RESIDENTS		
Membership Requirement	Existing homeowners are not required to purchase a membership.	New homeowners, including inheritors, <i>will be required</i> to purchase a membership. For example: a) a new home buyer must purchase a membership even if home seller was not a member; b) a child who inherits a home must purchase membership even if the parent from whom they inherited was not a member.
Buy In Amount	The membership <i>buy in</i> amount for existing homeowners will be as low as possible to encourage participation.	The membership <i>buy in</i> amount will be higher for those who join later and will increase over time.
Share Price	The <i>price</i> to purchase a membership will be as low as possible to encourage participation.	The <i>price</i> of the membership will go up annually – typically by 10% as that is the statutory max

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Home Value	A member who decides to sell can bundle the value of the home and membership (i.e. lot) together to set a price.	A nonmember who decides to sell can set price on value of the home <i>only</i> . A new buyer will be required to purchase the membership from the association, MCAI, at a price determined by the association.
Monthly Rent Increases	The loan payment portion (about 66%) of the monthly rent will not increase. The operating expenses portion (a.k.a. "HOA dues") will increase if approved by membership.	The space rent may be increased annually based on CPI (consumer price index).
Board Elections	Members can vote and be a candidate in MCAI Board of Directors' Elections	Non-members cannot vote or be a candidate in MCAI Board of Directors' Elections
Owner vs. Renter control of park	<p>MCAI Members are the <i>owners</i> of the park. As owners, members will control the park and have all the rights, privileges, and protection of ownership as set forth in the governing documents.</p> <p>A co-operative is a type of common interest development. The State of CA Law pertaining to common interest developments is The Davis-Sterling Act (Civil Code 1350, et seq.)</p>	<p>Non-members are renters, not owners; they pay space rent to MCAI. A renter's rights and privileges are set forth by rent/lease agreement each renter has with the park.</p> <p>The State of CA Law pertaining to renters is the Mobilehome Residency Law ("MRL") which is basically the landlord-tenant law for mobilehome parks.</p>

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Home installation, Home & Lot improvements	Installations & Improvements require approval by the MCAI Architectural and Landscape Committee and compliance with State of CA TITLE 25 HCD Mobilehome Parks and Installations Regulations ("Title 25").	Installations & Improvements require approval by the MCAI Architectural and Landscape Committee and compliance with State of CA TITLE 25 HCD Mobilehome Parks and Installations Regulations ("Title 25").
LOW INCOME RESIDENTS		
MPROP Financial Assistance	MPROP low interest (3%) loan financial assistance available.	MPROP financial assistance <i>not</i> available. The funds will have already been allocated.
City of Hermosa Beach Financial Assistance	City of HB Financial Assistance available	City of HB financial assistance <i>not</i> available. The funds will have already been allocated.
Monthly rent cap	The payment on your MPROP loan is capped – your household expenses cannot exceed 40% of your income.	Monthly rent is not capped and your total monthly household expenses may exceed 40%.

For questions or comments, contact:

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