



Attorneys at Law

MEMORANDUM

TO: Residents of Marineland Mobilehome Park
FROM: Ariel R. Bedell
RE: Meeting and Update/Clarification
DATE: December 19, 2011

UPDATE:

With the ever changing financing world, we are working with Marineland Community Association, Inc. (“MCAI”) to obtain a combination of conventional financing and MPROP financing to fund the purchase of the park from Millennium Housing.

The meeting on January 25, 2012 will be to answer questions relating to the financing issues and specifically on MPROP as well as the overall proposed structure of the deal. The below summary provides basic answers to some common questions and misinformation relating to the proposed conversion.

PROPOSED STRUCTURE OF PURCHASE:

1. MCAI will exercise the “option” with Millennium Housing Corporation to buy the park. MCAI will purchase the park and acquire “fee simple title” to the land. This means that MCAI will become the owner of the park and Millennium will no longer have any ownership interest in the land.
2. Each resident household who decides to participate in the ownership, will have the *choice* to purchase a membership share in MCAI or to continue renting the space on which their mobilehome is located. The membership share is the resident’s ownership interest in MCAI.
3. Each resident household who purchases a share will also be enter into an “Occupancy Agreement” which is essentially a long term lease between the homeowner and MCAI. The homeowner will be granted the exclusive right to use the space upon which their home is located for 99 years (with automatic extensions thereafter) and provided the homeowner continues to comply by the community’s rules and regulations, including making timely payments of assessments. *The long term lease is an agreement between the homeowners and MCAI* and provides added protections to those who decide to become an owner.
4. Any resident household that decides *not* to purchase a membership share, will have the right to continue to reside in the park as a tenant and their occupancy will continue to be governed by the

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Mobilehome Residency Law (just as it is today). *No resident will be required to move from the park because they decide not to purchase a membership share.*

PROPOSED FINANCING OF THE PURCHASE:

5. MCAI will finance the purchase of the Park through four sources of funds (i) funds from the City of Hermosa Beach, (ii) a conventional loan, (iii) an MPROP loan and (iv) the residents' paying the "buy-in" for their membership shares.
6. The conventional loan and MPROP loan will be repaid based on the terms provided by the lender. The terms for the conventional loan are being negotiated; however, the MPROP loan will be a 30 year loan with fixed 3% simple interest rate.
7. For residents that are low-income, a portion of the funds obtained from MPROP will be used to provide loans to those needing assistance to purchase their membership shares. Details on the "share loans" will be available as we have more clarity on how many residents will need assistance, the total funds available to provide assistance and the total assistance needed.
8. The residents of the park voted to allocate the "buy-in" and the monthly assessments associated with repayment of the overall financing to be allocated between the spaces based on lot size. The portion of the association dues that are for the purpose of paying the park operating expenses will be paid equally by all owners.
9. Residents who become owners will ONLY pay monthly assessments (and for those that need assistance with their "buy-in", a monthly payment on the share loan). Resident who do not become owners will ONLY pay rent.

PROPOSED HOMEOWNERS ASSOCIATION STRUCTURE:

10. Each resident/homeowner that purchases a membership share in MCAI, and thus becomes an owner, will have membership rights in MCAI, including the right to run for and serve on the Board of Directors, elect the Board of Directors, and vote and participate in decisions relating to the operation and management of the Park.
11. MCAI will be governed by operating documents such as Bylaws, CC&Rs, Rules and Regulations and various policies and procedures relating to the operation of the Park. Resident will receive copies of the documents when the shares are offered for sale.

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