

### Current Trends Big money invested

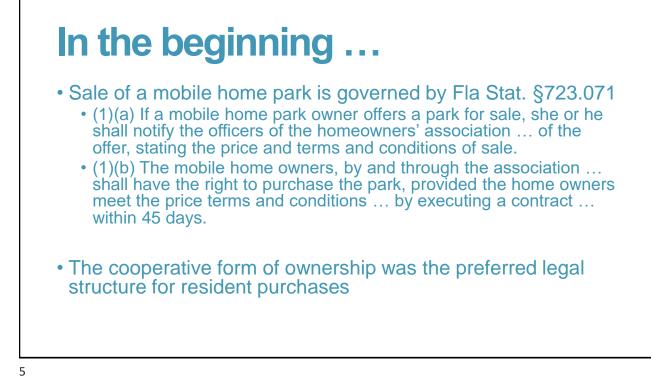
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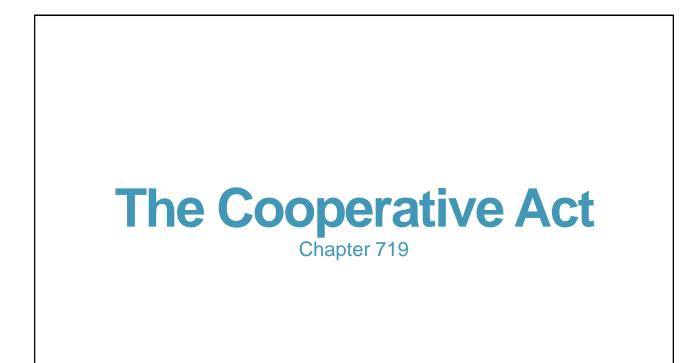
### **Current Trends...**

- Attractive investment for reliable passive income
- Ownership consolidation by private operators, REITS, private equity, insurance and pension funds
- Significant increase in value as a result

### **Current Trends...**

- Demand for acquisitions outpaces supply
- Mobile Home Cooperatives are the last untapped market for acquisitions





### **The Cooperative Act**

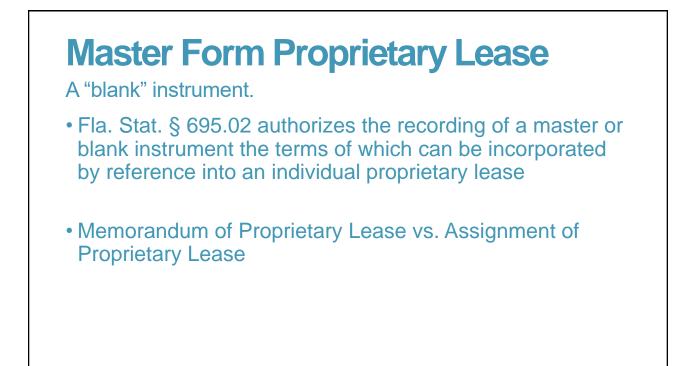
Fla. Stat. § 719.103(12) defines "cooperative"

• "...that form of ownership of real property wherein legal title is vested in a corporation or other legal entity and the beneficial use is evidenced by an ownership interest in the association and a lease or other muniment of title or possession granted by the association as the owner of all the cooperative property."

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### **The Cooperative Documents**

- Articles of Incorporation
- Bylaws
- Master Form Proprietary Lease



### The Unit

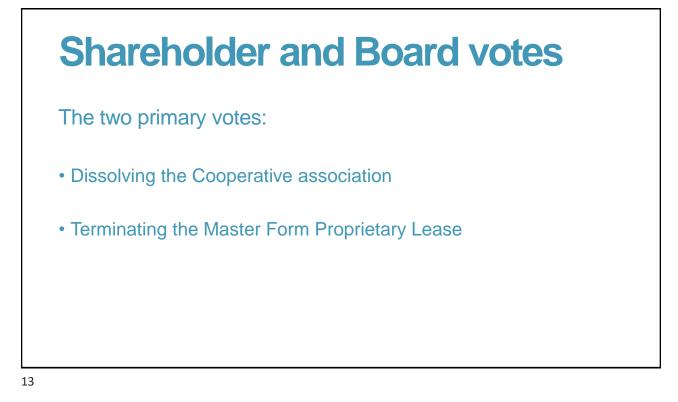
The unit is an "interest in real property"

- Can be conveyed via assignment
- Can be mortgaged via a leasehold mortgage
- Can be devised by will or trust or descend via intestacy
- Can be homestead
- Is subject to ad valorem tax and non ad valorem assessments

# The Termination Process

### **The Letter of Intent**

- Price per share!
- Payoff of Mortgage?
- Association's attorney's fees and costs?
- Terms of post-closing occupancy?
- A restrictive covenant?
- · Social funds and capital improvements?



## **Dissolution and Wind Up**

- The Cooperative Act provides no guidance
- Look to the Florida Not For Profit Corporation Act, Fla. Stat. §617.1402

#### **Dissolution and Wind Up**

Fla. Stat. § 617.1402(1)

- If the corporation has members entitled to vote on a resolution to dissolve ... the board of directors must adopt a resolution recommending that the corporation be dissolved and directing that the question ... be submitted to a vote at a meeting of the members.
- A resolution to dissolve shall be adopted upon receiving a majority of the votes of the members present or voting by proxy.

#### **Dissolution and Wind Up**

- Fla. Stat. § 617.1402
- (2) If ... its members are not entitled to vote on a resolution to dissolve, the dissolution ... may be authorized at a meeting of the board of directors by a majority vote of the directors....
- Practice Pointer have the members vote!

#### Terminating the Master Form Proprietary Lease

• A sample clause:

If at any time the Corporation shall determine to terminate all proprietary leases upon: (i) the affirmative vote of twothirds (2/3) of its then Board of Directors at a meeting such Directors duly called for the purpose, and (ii) the affirmative vote of the record holders of at least eighty percent (80%) of its then Membership Certificates at a meeting duly called for that purpose;

### **The Purchase and Sale Agreement**

- A Representation and Warranty that all Board and Shareholder votes have been obtained
- · Deadlines to agree to the form of the
  - Prospectus and Lot Rental Agreement
  - Post-closing Capital Improvements Agreement
  - Restrictive Covenant
- Deadline to address all of Seller's title requirements

## **Title Requirements**

- They may be voluminous!
  - Fee simple level
  - Park level
  - Unit level

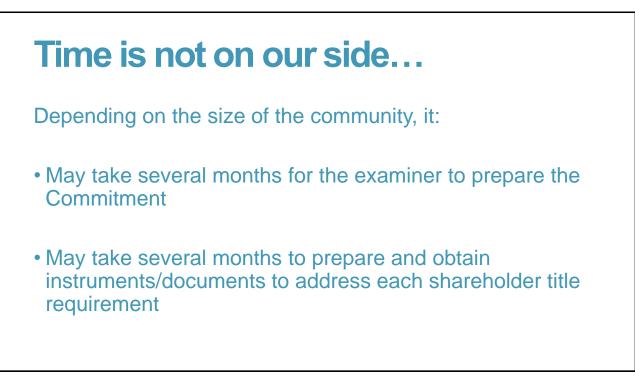
### At the park level...

In addition to "standard" requirements:

- A Resolution evidencing approval of the sale, approval of the termination, and approval of the dissolution of the corporate entity
- Termination of the Master Form Proprietary Lease
- Proof that each unit owner signed a new lot rental agreement to address post-closing occupancy

### At the unit level...

- Termination of Proprietary Lease for <u>EACH</u> Unit
- Satisfaction of any Leasehold mortgages
- Satisfaction of any shareholder judgments
- Probate and estate requirements
- Notices of Commencement and Construction Liens
- Etc.



### **Recording Practice Pointers**

Pre-closing recordings to ease the burden:

- Death Certificates and supporting affidavits
- Notices of Termination of Notices of Commencement
- Any other "irreversible" title documents

### **Recording Practice Pointers**

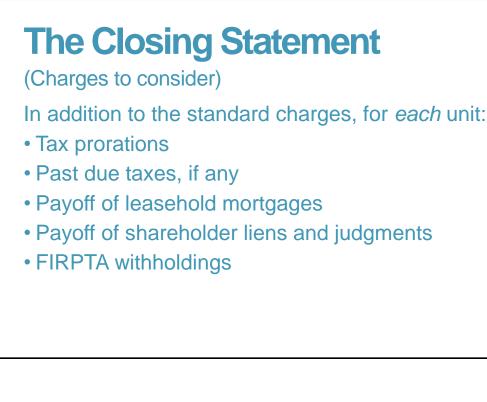
- Termination of Master Form Proprietary Lease and individual Terminations as a single instrument
- But first confirm the Clerk's capacity for recording (page count and file size)

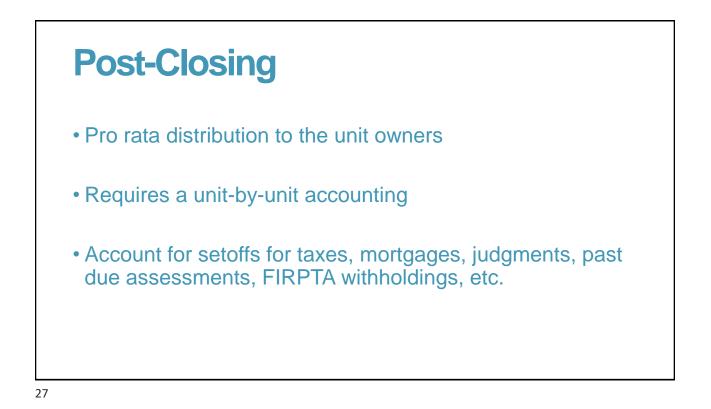


(Not your standard Closing Statement)

- Use a spreadsheet
- Start ahead of time
- Use a recording cost escrow







#### **Practice Pointers – Use Spreadsheets**

- To track progress working through the title commitment
- To track required mortgage and judgment payoffs
- To calculate the closing statement charges and prorations
- To calculate shareholder disbursements

#### **Post-Closing Housekeeping**

Fla. Stat. § 719.104(12)

• When the board of directors intends to dissolve or merge the cooperative association, the board shall so notify the [DBPR] before taking any action to dissolve or merge the cooperative association.

Fla. Stat. § 617.1403

• At any time after dissolution is authorized, the corporation may dissolve by delivering to the Department of State for filing articles of dissolution ...

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