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No. 86/52

TO COUNTY ASSESSORS:

TRANSFERS OF OWNERSHIP
INTERESTS IN A TENANT-OWNED MOBILEHOME PARK

Section 62.1 of the Revenue and Taxation Code provides for a specific exclusion from change in ownership of any transfer, on or after January 1, 1985, of a mobilehome park to a nonprofit corporation, stock cooperative, or other entity as described in Section 50561 of the Health and Safety Code, that is formed by the tenants of a mobilehome park for the purpose of purchasing the mobilehome park. The question has been raised as to the proper treatment of subsequent transfers of ownership interest in the mobilehome park; to wit: Should the individual lots be reappraised when an individual member's interst is transferred, or should the entire park be reappraised when ownership interests representing cumulatively more than 50 percent of the park is transferred?

Health and Safety Code Section 50561 provides:

> "The owners of mobilehomes who are tenants in mobilehome parks may form a nonprofit corporation, stock cooperative corporation, or other entity for purposes of converting a mobilehome park to condominium or stock cooperative ownership interest and for purchasing the mobilehome park from the management of the mobilehome park." (Emphasis added.)

To be excluded under Section 62.1, the form of ownership of a park must be either a condominum or stock cooperative. If the form of ownership is a condominium, then the ownership of a unit or lot is in fee and a transfer of any unit or lot is a change in ownership and should be reappraised at the time of transfer.

Revenue and Taxation Code Section 61(h) provides that a change in ownership includes:

> "The transfer of stock of a cooperative housing corporation, as defined in Section 17265, vested with legal title to real property which conveys to the transferee the exclusive right to occupancy and possession of such property, or a portion thereof."

Since the stock cooperative ownership in a mobilehome park entitles the stockholder to possess a unit or lot in the park, then a transfer of stock is a change in ownership under Section 61(h). Therefore, when there are subsequent transfers of ownership interests in the mobilehome park, a change in ownership occurs when each individual member's interest transfers.

An additional question has arisen: What portion of the mobilehome park should be reappraised? Revenue and Taxation Code Section 65.1 states in pertinent parts that:

> "If a unit or lot within a cooperative housing ... condominium ... is purchased or changes ownership, then only the unit or lot transferred and the share in the common area reserved as an appurtenance of such unit or lot shall be reappraised."

Thus, only the unit or lot with its share of the common area is revalued. The cumulative sales of units to a point where more than 50 percent of the interests have transferred has no effect upon the cooperative's ownership status and does not constitute a change in ownership of the mobilehome park.

Sincerely,

Verne Walton

Verne Walton, Chief
Assessment Standards Division

Vw:wpc
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