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April 15, 2014

CITY OF FLAGSTAFF
Planning & Zoning Commission
211 West Aspen
Flagstaff, AZ 86001

CITY OF FLAGSTAFF
City Council
211 West Aspen
Flagstaff, AZ 86001

Re: Westglen Land Condominiums Narrative Letter

Ladies and Gentlemen:

My office represents Westglen MHP, LLC, which is the owner of the 207-space mobile home park known as Westglen Mobile Home Park located at 1450 W. Kaibab Lane in Flagstaff. Since it was established in the late 1980s, Westglen has served to provide quality affordable rental housing and space rentals to the Flagstaff community. Since purchasing the Westglen Mobile Home Park, my client has been proud to own and operate what has been touted as the best mobile home park in Flagstaff and tenants have been proud to reside there as well.

After being approached by a number of Westglen tenants who have expressed an interest in purchasing their rental space, my client has been working with this office and City Staff in an effort to subdivide Westglen into salable units. In the earlier planning stages, we explored with City Staff the idea of simply subdividing the 207 units within Westglen as subdivided land lots. However, since the development infrastructure (roads, water, sewer, etc.) is already in place and cannot be feasibly reconfigured to conform to the City's requirements for a traditional subdivision, my client has spent the last few years working with City Staff on an alternative approach which involves subdividing the Westglen mobile home spaces into land condominium units (i.e., converting Westglen Mobile Home Park to a condominium).

To ensure its plans to convert Westglen to a condominium meet applicable City Codes and State law, my client retained leading Arizona condominium specialist Don Dyekman of the Dickinson Wright/Mariscal Weeks law firm in Phoenix. Over the

course of the last few years, Mr. Dyekman has worked with my office, City Staff, and Westglen project surveyor Jim Folkers (Woodson Engineering) to plan Westglen as a condominium subdivision that will meet all applicable state laws and municipal regulations governing condominiums. The enclosed letter from Mr. Dyekman dated February 5, 2014 to the City's Mark Sawyers and Vince Knaggs sets forth the applicable Arizona law and other legal aspects concerning my client's plans to convert Westglen to a condominium.

With Mr. Dyekman's assistance, the project team has recently submitted a preliminary condominium plat, Condominium Declaration, and other materials to City of Flagstaff Community Development, which will soon be going before the City of Flagstaff Planning and Zoning Commission and City Council for approval to convert the 207 existing Westglen mobile home spaces to condominium units. In addition to my client's project conforming to applicable state and municipal regulations for condominiums and subdivisions, you should know that we have also reviewed the project with the following entities to ensure the project will be feasible and practical:

Coconino County Assessor: The Assessor has confirmed that, upon recordation of the final Westglen condominium plat, individual taxable parcel numbers will be issued for each of the 207 units and the Assessor will allow owners to affix their mobile home to an individual condo unit parcel using a standard County Assessor Affidavit of Affixture form. This is the same method by which mobile homes are affixed to a land parcel under a non-condominium scenario.

Pioneer Title Agency: My client has met with Pioneer Title Agency President, Andy Fox, and Chief Pioneer Title Officer, Jody Rypkema, who have confirmed that Pioneer Title can issue title insurance to buyers of condominium units within Westglen

Wells Fargo and other lenders: Lending institutions have confirmed there is practical and ordinary financing available to purchasers who are interested in purchasing units within Westglen. See attached letter dated 3/24/2014 from Wells Fargo Vice President and National Condominium Program Manager.

Essentially, the conversion of Westglen to a condominium subdivision would allow buyers to purchase the land condominium parcel within which their mobile home is situated, thereby providing unique and affordable home ownership/pride of

ownership opportunities in our Flagstaff Community. In practical reality, the land condominium legal description confers all of the benefits of any subdivision – control over their parcel, attractive financing, and above all, the ability to lock in the cost of ownership like any other homeowner.

Ownership of the land opens up several positive opportunities for the residents of Westglen. Financing of new homes on leased land is very challenging; residents that own their land can access much better financing to buy new homes. This will lead to sooner and more frequent replacement of current homes with new units, enhancing the neighborhood. Higher commitment to their property increases the "stakeholder" attitude of residents, and the City should expect visible positive effects on the park.

On behalf of my client and our project team, we are excited that we will soon be presenting this project to you at upcoming Planning and Zoning and City Council meetings. Please contact my office directly if you have any questions.

Thank you.

Sincerely,

Tony S. Cullum

TC:ge:tw

cc: Westglen MHP, LLC

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February 5, 2014

City Council
Planning and Zoning Commission
City of Flagstaff
211 West Aspen Avenue
Flagstaff, AZ 86001

Re: Westglen Mobile Home Park

Dear Members of the City Council and Planning and Zoning Commission:

I am representing Westglen MHP, LLC ("Owner") in connection with the proposed conversion of the Westglen Mobile Home Park to a condominium. My client has asked me to provide you information concerning some of the legal aspects of the conversion of the project to a condominium.

The creation of a condominium is authorized and governed by the Arizona Condominium Act which is found at A.R.S. §33-1201 et. seq. A.R.S. §33-1202 (10) defines a "condominium" as follows:

> "condominium" means real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of the separate portions. Real estate is not a condominium unless the undivided interests in the common elements are vested in the unit owners.

In order to convert the Westglen Mobile Home Park to a condominium, the Owner will have to record with the Coconino County Recorder a condominium plat approved by the City which shows the information required by A.R.S. §33-1219 and record a Condominium Declaration which complies with the requirements of A.R.S. §33-1215.

A.R.S. §33-1202(22) defines a "unit" as a portion of the condominium designated for separate ownership or occupancy. One of the primary purposes of the condominium plat and the Condominium Declaration is to describe the units which will be designated for separate ownership or occupancy. A.R.S. §33-1215 provides that the Condominium Declaration must include a description of the vertical boundaries and horizontal boundaries, if any, of the individual units being created. A.R.S. §33-1219 requires that the location and dimensions of the vertical and horizontal boundaries, if any, of the units be shown on the plat. The Arizona Condominium Act (A.R.S. §33-1201 et. seq.) was derived from the Uniform Condominium Act

drafted by the National Conference of Commissioners on Uniform State Laws. The Comments to the Uniform Condominium Act make it clear that a "unit" can be any portion of the condominium that is designated for independent ownership or occupancy. The Comments further state that the units in a condominium might consist of unimproved lots, and the airspace above them. Such condominiums are typically called "land condominiums", "subdivision condominiums" or "site condominiums". The units do not have to be airspace within a building.

The vertical boundaries of the units in Westglen Mobile Home Park Condominium will be vertical planes extending upward and downward from the vertical boundaries of the units as shown on the plat. The units will not have any horizontal (upper and lower) boundaries. All portions of the condominium other than the units will be common elements to be owned in common by the owners of the individual units.

Once the condominium plat and the Condominium Declaration are recorded, the conversion of the property to a condominium will be complete. As provided in the Arizona Condominium Act, prior to the conveyance of the first unit in the condominium to a purchaser, an association comprised of all of the unit owners will have to be formed to manage, maintain and operate the common elements of the condominium and to enforce the provisions of the Condominium Declaration.

The taxation of units and common elements in a condominium is governed by A.R.S. §33-1204. Subsection D of A.R.S. §33-1204 provides that if there is no owner other than a declarant, the real estate comprising the condominium shall be taxed and assessed as a single parcel. Subsection B provides that if there is a unit owner other than a declarant, each unit shall be separately taxed and assessed, and no separate tax or assessment may rendered against any common elements.

If you have any questions, please contact me.

Very truly yours,

Donald E. Dyekman

PHOENIX 54423-1 119277v1

WELLS FARGO HOME MORTGAGE

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March 24, 2014

Chris Welsh
Westglen MHP, LLC c/o Tony Cullum
Law Office of Tony S. Cullum
14 E. Dale Avenue
Flagstaff, AZ 86001

Dear Mr. Welsh,

Please accept this letter as confirmation that manufactured (mobile) home parks being converted to condominiums can be eligible for residential consumer mortgage loans through Fannie Mae. In order to determine eligibility, projects need to be reviewed and approved by Fannie Mae's Project Eligibility Review Service (PERS). An overview of this process is attached. If a project is approved, the approval type and expiration date are publically available on www.fanniemae.com.

At this time, Wells Fargo Home Lending has preliminarily reviewed the condominium plans (proposed plat, declaration, budget, etc) for the Westglen Land Condominium and will be submitting to Fannie Mae in the near future. Once the project is approved, Wells Fargo will be interested in offering financing to Westglen buyers.

As one of the Nation's leading mortgage lenders, Wells Fargo Home Lending has extensive experience working with Fannie Mae to evaluate condo projects for eligibility. Escondido Views in Escondido CA and Huntington Harbour Village in Huntington Beach CA are a couple recent examples of manufactured home conversions for whom we were able to secure Fannie Mae approval.

Please let me know if you need any additional information.

Sincerely,

Jason Will
VP, National Condominium Program Manager

Together we'll go far

Wells Fargo Home Mortgage is a division of Wells Fargo Bank, N.A. NMLSR ID 399801