



# SAVE OUR MH COMMUNITIES

Clear information. Better questions. Stronger communities.

## What Is a ROINO?

### Resident Ownership in Name Only

*Ownership promised. Not delivered.*

"Resident ownership" can sound like an obvious win. Residents are told they will control their community, protect their homes and share in the benefits of community ownership.

But not every resident-purchase arrangement delivers true ownership. Some arrangements leave residents responsible for debt, infrastructure, repairs and day-to-day governance while providing little or no meaningful equity, limited control and few protections if the arrangement fails.

#### THE DEFINITION

**A ROINO is an arrangement that offers Resident Ownership in Name Only: residents assume the burdens of ownership without receiving meaningful equity, control or protection.**

#### REAL OWNERSHIP SHOULD ANSWER FOUR BASIC QUESTIONS

- Who owns the land and improvements?
- Who controls the community and its finances?
- Who carries the debt and long-term financial risk?
- What tangible equity or financial value does each resident receive?

## Look Beyond the Label

A community should not be called "resident-owned" simply because residents belong to an association, even if it is called a collective, co-op or ownership group.

**Real ownership should answer four basic questions:**

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- Who controls the community and its finances?
- Who carries the debt and long-term financial risk?
- What tangible equity or financial value does each resident receive?

### THE CENTRAL QUESTION

**When residents assume the obligations of ownership without receiving its benefits, is it fair to call it ownership at all?**

## One-Way Risk. One-Way Reward.

**Under a ROINO arrangement, residents may be asked to take responsibility for:**

- Large acquisition loans
- Aging roads, utilities and infrastructure
- Unexpected capital repairs
- Insurance and operating-cost increases
- Volunteer governance and financial oversight
- Assessments needed to cover budget shortfalls
- The consequences if residents move, default or cannot afford rising costs

Yet individual residents may receive little or no direct equity in the land beneath their homes, even though they are responsible for helping to manage, maintain and operate the community.

In many cases, residents may be unable to recover their investment when they leave and may have limited influence over lenders, nonprofit sponsors, management companies or other outside parties.

### ONE-WAY RISK

**The residents carry the risk. Someone else may retain control and reap the benefits.**

## When a ROINO Arrangement Fails, Residents Pay

Manufactured housing communities require professional management, long-term capital planning and significant financial capacity.

**Roads wear out. Water and sewer systems fail. Storms cause damage. Insurance costs rise. Homesites become vacant. Regulations change.**

### In a professionally managed land-lease community

The community owner is responsible for shared obligations and major capital risks. Residents own their homes and pay rent for the homesite and community services.

### In a poorly structured resident-purchase arrangement

Those risks can shift directly to residents, many of whom chose community living precisely because they did not want responsibility for managing complex infrastructure or financing major capital projects.

#### REMEMBER

A change in ownership structure does not eliminate the costs of roads, utilities, insurance, repairs or professional management.

## Warning Signs of a ROINO

**Residents should look carefully at any proposal that:**

- Uses the term "resident owned" without clearly explaining what each resident will actually own
- Requires substantial debt or taxpayer subsidy but provides little individual equity
- Depends on future rent or assessment increases to remain financially viable
- Underestimates or neglects infrastructure repairs, insurance or operating expenses
- Gives an outside organization significant control over major decisions
- Limits residents' ability to hire their own property manager, attorney or other adviser
- Relies heavily on volunteer residents to manage complex financial and operational responsibilities
- Makes it difficult or impossible for residents to leave the organization or recover their initial investment
- Presents conversion as risk-free or guarantees that costs will remain low
- Pressures residents to approve a transaction before receiving complete financial information
- Avoids specific terms and conditions or is otherwise vague or unclear
- Prevents residents from accessing critical documents in the run-up to the conversion

#### TRANSPARENCY MATTERS

Residents should never be asked to vote before receiving complete financial information, legal documents and enough time for independent review.

# Questions Every Resident Should Ask

Before supporting a resident-purchase proposal, residents should be able to answer all of the following questions:

- |                                                                                             |                                                                                                                                              |
|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| 1. What exactly will I own?                                                                 | 8. What compensation will outside organizations receive?                                                                                     |
| 2. Will I receive individual equity that I can recover when I leave or pass on to my heirs? | 9. What happens if the financial projections are wrong?                                                                                      |
| 3. How much debt will the community carry?                                                  | 10. What happens if residents cannot afford future increases, move out or stop paying rent?                                                  |
| 4. How much taxpayer subsidy is being provided?                                             | 11. Has an independent professional reviewed the proposal on behalf of residents?                                                            |
| 5. Could my rent, dues or assessments increase? Under what conditions?                      | 12. Has an independent professional appraisal been completed to establish the community's purchase price?                                    |
| 6. Who pays for roads, utilities, storm damage and major repairs?                           | 13. What are the loan terms? If there is a balloon payment, when is it due and what happens if the loan cannot be refinanced?                |
| 7. Who controls the board, budget and management contract?                                  | 14. If the loan must be refinanced later, what happens if a new appraisal does not support a loan large enough to pay the remaining balance? |

## PAY PARTICULAR ATTENTION TO REFINANCING RISK

A loan can mature before it is fully paid off. This can leave a large balloon balance that must be refinanced later, often at an unknown future interest rate and with no guarantee that a new appraisal will support the amount needed.



## Not Every Resident-Owned Community Is a ROINO

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Some resident-owned communities are financially sound, transparent and professionally managed. Under the right rules and circumstances, they can help preserve a quality community.

The concern is not resident ownership itself. It is whether the promises match the legal structure, financial reality and long-term risks.

### A BASIC STANDARD

If an arrangement is marketed as "resident-owned," it should provide residents with actual ownership equity, meaningful control and clear legal rights.

## Look Past the Pitch

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A change in ownership structure does not automatically make housing more affordable, stable or secure.

Residents deserve more than slogans. They deserve clear answers, complete financial disclosure and an honest accounting of who controls the community, who receives the benefits and who bears the cost when something goes wrong.

### MAKE SURE IT IS REAL OWNERSHIP

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# NOT A ROINO.

[SaveOurMHCommunities.org](https://SaveOurMHCommunities.org)