

Lease Purchase Proposal Letter

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Letter sent to residents to propose buying the land our houses were on and prevent further lease payments beyond 2037.

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February 15, 1985

Dear Fellow Ginger Cove Lot Lessees:

You are all aware that our leases expire on January 1, 2037. Lessees' Land Company, Inc., has been formed by your fellow Ginger Cove lessees, listed below, to attempt to solve the present and future problems arising from the lease termination. Lessees' Land Company, Inc., is trying to purchase the underlying ownership of the land for resale to the present lessees. Lots will be offered for resale at cost plus expenses (which include not only current expenses but items such as insurance for the next 52 years) and the shareholders are not trying to make a big profit.

While some of you may not be around on January 1, 2037 and thus don't worry about the lease termination, some of us believe that the lease termination will affect Ginger Cove home values long before the termination, because of difficulties in obtaining mortgages and the ever-shortening time over which to spread the cost of purchase. After January 1, 2037, lessees can remove the houses, but that does little to preserve value. We also understand that some prospective purchasers have refused to purchase at Ginger Cove because the lots are leased, so eliminating the lease termination should increase current values somewhat or at least improve the saleability of Ginger Cove homes.

The land at Ginger Cove is owned by Smith and Johnson Land Co., Ltd., a limited partnership, which has leased it to Ray's Valley Lakes, which leased to Ginger Cove, Inc. (now Ginger Limited Partnership), which leased the individual lots under the lot leases on which we all pay yearly rent. The present proposal is to purchase the residual interest of Smith and Johnson Land Company, Ltd., but leaving the other leases in existence, so that lot lessees would still continue to pay annual rent to Ginger Limited Partnership (the Lamp interests) until expiration of the leases on January 1, 2037, when all of the leases will terminate, and each lessee who has purchased title to his or her lot under this plan, will then own title to the lot, free and clear of all of the present leases.

Lessees' Land Company, Inc., has been negotiating with Smith and Johnson Land Company, Ltd., and we can purchase the residual interests for a price of \$600,000, which is \$3,750 per lot, to which Lessee's Land Company, Inc., has added \$400 to cover expenses. However, Smith and Johnson would like all or most of the \$600,000 to be paid immediately or within three years, with any unpaid balance to be paid within ten years. In order to accomplish this, it will be necessary that a majority of the Ginger Cove lessees agree to purchase their individual lots for cash or upon a short payment schedule, as Lessees' Land Company, Inc., will not be able to borrow the purchase price from other sources.

Lessees' Land Company, Inc., proposes, subject to being able to negotiate an acceptable purchase from Smith and Johnson

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