



Agenda

MEETING OF THE MOBILE HOME RENT REVIEW COMMISSION

SPECIAL MOBILE HOME RENT REVIEW COMMISSION MEETING
TUESDAY, APRIL 5, 2022, 10:00 AM
City Council Chambers
1 Civic Center Drive
San Marcos, CA 92069

Meeting Link: To join the meeting from your computer, tablet or smartphone click here- <https://meet.goto.com/879834565> or call 866-899-4679 and enter access code 879-834-565. Audience members are required to keep your microphone on mute or off and camera off during the meeting.

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Americans with Disabilities Act: If you need special assistance to participate in this meeting, please contact the City Clerk at (760) 744-1050, ext. 3100.

Public Comment: Public Comments for this meeting are limited items NOT listed on the Agenda. The City Council is prohibited by state law from taking action on any item not on the agenda.

Agendas: Agenda materials are available for public inspection at the time materials or documents are distributed to the Rent Review Commission. Agenda related documents can be obtained at the City Clerk Department located on the second floor of City Hall, 1 Civic Center Drive, San Marcos, during normal business hours or visit the City's website at www.san-marcos.net as time permits.

CALL TO ORDER

ROLL CALL

PUBLIC COMMENT (Items not on the agenda.)

RENT REVIEW HEARING

1. SAN MARCOS MOBILE ESTATES MOBILEHOME PARK RENT REVIEW PETITION FOR PROPOSED RENT INCREASE

Recommendation: Conduct Hearing

ADJOURNMENT

AFFIDAVIT OF POSTING

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) ss.
CITY OF SAN MARCOS)

I, Phillip Scollick, City Clerk of the City of San Marcos, hereby certify that I caused the posting of this agenda in the glass display case at the north entrance of City Hall and on the City's website on Thursday, March 31, 2022, at 5:30 pm.



Phillip Scollick, City Clerk



**MOBILEHOME RENT REVIEW COMMISSION
MEETING AGENDA PACKET**

TUESDAY, APRIL 5, 2022

10:00 A.M.

CITY COUNCIL CHAMBERS

SAN MARCOS MOBILE ESTATES

(Date of proposed increase: January 25, 2022)

San Marcos Mobile Estates
Rent Review Hearing – April 5, 2022

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MEETING DATE:

April 5, 2022

SUBJECT:

SAN MARCOS MOBILE ESTATES – PROPOSED JANUARY 25, 2022 SPACE RENT INCREASE

Recommendation

CONDUCT the hearing, as petitioned by the affected tenants of San Marcos Mobile Estates, a Mobilehome Park, pursuant to the hearing format outlined in the City's Mobilehome Rent Review Procedures (Resolution No. 2009-7274).

Board or Commission Action

Not applicable.

Relevant Council Strategic Theme

Not applicable

Relevant Department Goal

Not applicable

Executive Summary


The San Marcos Mobilehome Rent Review Commission is the reviewing authority for proposed mobilehome space rent increases, pursuant to San Marcos Municipal Code ("SMMC") Chapter 16.16. The owners of San Marcos Mobile Estates ("SMME") recently notified the park tenants of a proposed 8.21% space rent increase. In response, a majority of the affected tenants signed a petition, which was filed with the City, requesting review of the proposed increase. Tonight's hearing was scheduled pursuant to Chapter 16.16 to allow the Commission to consider the proposed increase.

Discussion

Background

The San Marcos City Council established the Mobilehome Rent Review Commission in 1978. The Commission was established to provide a process for mobilehome park tenants to request a review of proposed space rent increases from mobilehome park owners. The Commission also provides a process for mobilehome park owners to receive a fair return on their investments.

On October 19, 2021, the City received a petition from the SMME tenants in response to a rent increase notice distributed to them on September 29, 2021, proposing an increase of 8.21% (the



“Petition”). SMMC section 16.16.055 requires that a park owner file any rent increase notice with the City at the same time that it is distributed to the tenants and specifically provides that a hearing will not be scheduled until the requisite notice of increase is received by the City Clerk. After receiving the Petition, the City notified the park owner that it had received the compliant Petition, that the rent increase was stayed, and that it had not received the requisite written notice of increase. After subsequent communications with the park owner, it was determined that the noticing requirements were substantively met as of October 27, 2021. As a result, although the original notice of rent increase proposed January 1, 2022 as the effective date of the increase, because the notice was not received by the City until October 27, 2021, the earliest the rent increase could go into effect would be January 25, 2022.

The Park and Proposed Increase

San Marcos Mobile Estates is a 167 age-restricted mobile home park, located at 1145 E Barham Drive. As of March 24, 2022, there were 164 spaces affected by the rent increase with the remainder of the spaces on either long-term leases or occupied by a park employee. The majority of the tenants affected by the rent increase submitted the Petition requesting a hearing before the Mobilehome Rent Review Commission for a proposed January 25, 2022 rent increase.

The general information regarding the proposed increase is as follows:

Park Owner:


Centinela Investments, Ltd.
9401 Wilshire Blvd STE 1125
Beverly Hill, CA 90212

Park Owner Representatives:

Thomas W. Casparian, Esq., Cozen O’Conner
Susy Forbath, Cozen O’Conner
401 Wilshire Blvd, STE 850
Santa Monica, CA 90401

Tenant Representative:

John Mosher
1145 E Barham, SPC 131
San Marcos, CA 92069



Petition Certified by City Clerk: October 28, 2022
Petition Presented to City Council: January 11, 2022
Number of Spaces Affected: 164
Effective Date of Increase: January 25, 2022
Proposed Increase: 8.2%


Commission Review

The Commission is charged with conducting the hearing and reviewing the proposed increase pursuant to SMMC Chapter 16 and the Mobilehome Rent Review Procedures (the “Procedures”). The non-exclusive factors to be considered by the Commission are set forth in SMMC Section 16.16.070(g):

“The mobilehome park owner shall bear the burden of proving by a preponderance of the evidence that a proposed space rent increase is reasonable and is necessary to enable the mobilehome park owner to receive a just and reasonable return on his investment. In evaluating a proposed space rent increase the Commission shall consider the following non-exclusive factors in addition to such other factors as the Commission deems relevant:

- (1) Changes in the mobilehome park owner's gross income from the operation of the mobilehome park;
- (2) Changes in the reasonable operating expenses relating to the operation of the mobilehome park;
- (3) Whether the proposed rent increase will result in an increase in net income to the park owner from the operation of the park;
- (4) Changes in the Consumer Price Index for the time period from the last rent increase;
- (5) Changes in the services, amenities, maintenance and condition of the mobilehome park and the extent to which the rent increase is necessary to provide the services or amenities or to insure maintenance and good operating condition of the park;
- (6) The extent to which the rent increase is necessary to pay for capital improvements and the amount of money allocated by the owner to a capital improvement or maintenance fund, along with the park owner's budget for maintenance, care and capital improvements for the park; and
- (7) The extent to which the landlord receives net income from fees or charges for utilities, or incidental fees or charges for services billed separately from rent.”

In accordance with the Procedures, the parties have submitted written briefings and rebuttals for the Commission's consideration. In addition, the Commission's consultant, Dr. Kenneth Baar has prepared



a report for the Commission, and City staff conducted a site inspection, which was documented in a separate report. These reports, the parties' written submissions, the increase notice, and the Petition certification, as well as copies of SMMC Chapter 16.16 and the Procedures have been provided to the Commission for its reference and consideration in conducting the hearing.

Upon conclusion of the hearing and Commission deliberations, the Commission will need to make specific findings to support a decision for either approval, modification, or denial of the proposed space rent increase. Those findings and the Commission's decision will be incorporated into a written resolution which will be prepared by staff and presented to the Commission at a subsequent meeting. Pursuant to SMMC Section 16.16.070(d), the Commission's final decision must be issued "not later than the next regularly scheduled City Council meeting occurring at least seven (7) days from and after the date of the close of the Commission's hearing." Thus, assuming the Commission concludes its hearing on April 5th, the Commission can reconvene jointly with the City Council at its April 12, 2022 meeting, or hold a special Commission meeting prior to that, in order to consider the resolution. If the April hearing is continued, that would push out the date for consideration of the resolution.

Prepared by: Sean Harris, Management Analyst

Submitted by: Sean Harris, Management Analyst

Reviewed by: Helen Holmes Peak, City Attorney

Approved by: Jack Griffin, City Manager

MOBILE HOME RENT REVIEW COMMISSION

HEARING FORMAT

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE (if desired)

CITY ATTORNEY – SWEAR IN WITNESSES

(The order and maximum time permitted outlined below is pursuant to Resolution No. 2009-7274)

<u>HEARING SEGMENT FORMAT:</u>	<u>MINUTES</u>
1) Park Owner Representative's Presentation of Evidence	30
2) Tenant Representative's Cross-Examination of Park Owner's Representative	15
3) Tenant Representative's Presentation of Evidence	30
4) Park Owner's Cross Examination of Tenant Representative	15
5) Commission Staff/Consultants' Presentation of Analysis a) Baar Report	30
6) Park Owner's Cross Examination of MHRRC Consultants	15
7) Tenant Representative's Cross Examination of MHRRC Consultants	15
<u>LUNCH BREAK</u>	60
8) Testimony At Large – 2 Minutes Per Speaker	?
9) Commission's Examination of Witnesses At Large, Including Commission Consultant (as desired)	30
10) Commission Staff/Consultant Closing Comments, if any	10
11) Tenant Representative Closing Argument	10
12) Park Owner Closing Argument	10

MHRRC DELIBERATIONS/DECISIONS

ADJOURNMENT

CHAPTER 16.16MOBILE HOME RENT REVIEW COMMISSIONSECTIONS:

16.16.010	Findings
16.16.020	Definitions
16.16.030	Applicability
16.16.040	Commission Established; Compensation of Members
16.16.050	Powers of the Commission
16.16.055	Notice of Rent Increase
16.16.060	Initiation of Proceedings
16.16.070	Commission Review
16.16.080	Annual Adjustment
16.16.085	Exceptions to Annual Adjustment Restriction
16.16.090	Adjustments to Fees and Charges
16.16.100	Repeal and Amendment
16.16.110	Required Notices
16.16.120	Discrimination Prohibited

16.16.010 Findings. Since the mid 1970's there has existed within the City of San Marcos and surrounding communities, a shortage of rental space for the location of mobilehomes. Due to the continuing shortage of available mobilehome rental spaces, there continues to be very low vacancy rates within mobilehome parks creating an inequitable market situation between mobilehome park owners and the tenants thereof. Prior to the enactment of regulations controlling space rent increase, space rents had been rising for several years and were being increased in amounts and at frequencies that caused serious concern, anguish, and stress among a substantial number of San Marcos residents living in mobilehome parks.

Finding alternative rental sites for the relocation of mobilehomes have been and continue to be difficult due to the shortage of vacant rental spaces, the restrictions on the age, size, or style of mobilehomes permitted in many mobilehome parks, and the requirements relating to the installation of mobilehomes, including permits, landscaping and site preparation. Additionally, the cost for moving a mobilehome is substantial and the risk of damage in moving is significant. The result of these conditions has been and continues to be the creation of the great imbalance in the bargaining position of the mobilehome park owners and mobilehome owners in favor of the mobilehome park owners pertaining to the establishment of space rents.

This Council finds and declares it necessary to facilitate and encourage fair bargaining between mobilehome owners and mobilehome park owners in order to achieve mutually satisfactory agreements regarding space rental rates in mobilehome parks. Absent such agreements, this Council further finds and declares it necessary to protect the mobilehome owner and resident from unreasonable space rental increases while at the same time recognizing the need of mobilehome park owners to receive a just and reasonable return on their investments.

16.16.020 Definitions.

(a) ***Space Rent.*** The consideration, including any bonus, benefits or gratuity demanded or received in connection with the use and occupancy of a mobile home space in a

mobile home park, or for the transfer of a lease for park space, services and amenities, subletting and security deposits, but exclusive of any amounts paid for the use of the mobile home dwelling unit.

(b) **Mobile Home Park Owner or Owner.** The owner, lessor, operator or manager of a mobile home park within the purview of this chapter.

(c) **Mobile Home Tenant or Tenant.** Any person entitled to occupy a mobile home dwelling unit pursuant to ownership thereof or a rental or lease arrangement with the owner thereof. **"Tenant"** shall represent one mobile home park space without regard to the number of residents residing within the coach.

16.16.030 Applicability.

(a) This Chapter shall apply to mobilehome parks containing 10 or more spaces.

(b) Pursuant to California Civil Code Section 798.17, the provisions of this Chapter regulating the amount of rent which a mobilehome park owner may charge for a mobilehome space shall not apply to any tenancy created by a rental agreement which is in excess of 12 months in duration, provided that the rental agreement meets the criteria of Subsection (b) of Section 798.17. A rental agreement of more than 12 months in duration which meets the criteria of Section 798.17(b) is referred to herein as a "qualifying rental agreement." This exemption shall apply only during the term of the qualifying rental agreement or one or more uninterrupted, continuous extension of the agreement. If a rental agreement expires or is terminated, and no new qualifying rental agreement is entered into, then the last rent charged under the provisions of the previous rental agreement shall be the rent charged for the space; for the purpose of this provisions by the assumption of an existing qualifying rental agreement, a purchaser of a mobilehome shall be deemed to have entered into a qualifying rental agreement. If a space becomes subject to this Chapter by reason of the expiration or termination of a rental agreement, the rent may be adjusted only in accordance with the provisions of this Chapter and only at the time that the non-exempt spaces are adjusted for the park as authorized under the provisions of Section 16.16.080. If a notice of rent increase is given for a space which is exempt by the operation of this Section, but the rent increase will take effect after the expiration of the rental agreement, the tenant shall not be disqualified from executing a petition, unless a new qualifying rental agreement or an extension of the previous qualifying rental agreement is entered into by the tenant. (Ord. No. 89-812, 3-14-89)

16.16.040 Commission Established; Compensation of Members.

(a) There is hereby created within the City of San Marcos a Mobile Home Rent Review Commission, consisting of the City Council.

(b) The compensation of the members of said Mobile Home Rent Review Commission shall be as established from time to time by Resolution of the City Council. Any City department heads required to attend said meeting shall be compensated at their regular hourly rate and any other City staff members required to attend said meeting shall be compensated by overtime pay, or compensatory time off in accordance with City personnel rules and regulations. (Ord. No. 99-1078, 1/11/2000)

16.16.050 Powers of the Commission.

Within the limitations provided by law, the Commission shall have the following powers:

(a) To meet as requested by the majority of the City Council of the City of San Marcos or upon the filing of a petition for a review of mobile home park rent increases. All meetings shall be conducted at City Hall. The City Clerk or City Clerk's designate shall act as secretary to the Commission and receive compensation as determined by the City Manager.

(b) To receive, investigate, hold hearings on and pass upon the petitions of the mobile home tenants as set forth in this chapter.

(c) To make or conduct such independent hearings or investigations as may be appropriate to obtain such information as is necessary to carry out their duties.

(d) Upon completion of their hearings and investigations to either approve the existing or proposed rental change, or to adjust the maximum rental rate downward.

(e) To adopt, promulgate, amend and rescind administrative rules to effectuate the purposes and policies of this chapter.

(f) To maintain and keep at City Hall, rent review hearing files and dockets listing the time date and place of hearings, the parties involved, the addresses involved and the final disposition of the hearing.

(g) To issue subpoenas to compel attendance at hearings conducted pursuant to this Chapter. A subpoena issued by the Commission shall be issued in the same manner as provided by State law for the issuance of subpoenas by the City Council, and shall have the same force and effect as a subpoena issued by the City Council to attend hearings which the City Council is authorized by law to conduct. **(Ord. No. 89-812, 3-14-89)**

(h) To establish rules for the production of evidence, including but not limited to, rules requiring certification of evidence relating to costs, expenses and other economic aspects of park operation or maintenance, or rent by a qualified accountant. **(Ord. No. 89-812, 3-14-89)**

16.16.055 Notice of Rent Increase.

(a) A mobilehome park owner shall give written notice to the City of a proposed rent increase. The notice shall be given at the same time that the notice of rent increase is given to the tenants. The notice shall be filed with the City Clerk and shall contain the following information: the amount of the current space rents and the amount of separately billed fees or charges, if any; the amount of the proposed increase; the spaces to which the increase applies and the names of the tenants of those spaces; and the date of the last rent increase for the park.

(b) A mobilehome park owner shall provide written notice and verification of the space(s) subject to the space rent increase as set forth in Subsection (a). A hearing to review the space rent increase will not be scheduled until said written notice and verification is received by the City Clerk. **(Ord. No. 96-994, 6/11/96)**

16.16.060 Initiation of Proceedings.

(a) Filing of petition. Tenants of a mobilehome park may initiate Commission review of a proposed space rent increase by filing with the City Clerk a written petition which complies with the requirements set forth in this subsection. The petition shall:

- (1) Be in substantially such form and contain such information as may be required by the Commission.
- (2) Contain an attestation of the circulator or circulators of the petition signed under penalty of perjury that the individuals signing the petition were known by the circulator to be tenants of the mobilehome park and that the individuals signed the petition in the presence of the circulator.
- (3) Be signed by at least one (1) tenant from each of more than fifty percent (50%) of the mobilehome spaces within the park which would be subject to the space rent increase specified in the notice. Mobilehome spaces, the space rent of which is exempted from the provisions of this Article pursuant to Section 16.16.030(b) shall not be included in the determination of those mobilehome spaces which are subject to the space rent increases nor may tenants thereof sign a petition hereunder.
- (4) Be received by the City Clerk during normal business hours no later than thirty (30) days following the receipt by the tenants of the notice of the proposed space rent increase, or within thirty (30) days following the date upon which the mobilehome park becomes subject to the jurisdiction of the City. Normal working hours shall be from 8:00 a.m. until 5:00 p.m., Monday through Friday, except holidays recognized by the City. If the last day for receipt of a petition falls on a Saturday, Sunday, or holiday recognized by the City, the petition may be received during normal business hours on the next succeeding business day.

(b) Initial Review of Petition by City Clerk. Upon receipt of a petition submitted pursuant to subsection (a), the City Clerk shall:

- (1) Review the petition to determine whether or not the petition complies with the requirements of subsection (a) (1), (2) and (4).
- (2) Reject the petition if it fails to comply with subsections (a) (1), (2) or (4) and, within five (5) business days of receipt of the petition, mail a written notice to the individual submitting the petition of the rejection thereof and the reasons for such rejection.
- (3) Accept the petition for filing if the petition complies with subsections (a) (1), (2) and (4) and, within five (5) business days of receipt of the petition, mail a written notice to the park owner informing the owner that:
 - a) the City Clerk has received a petition;
 - b) The proposed space rent increased is stayed pursuant to this Chapter;

(c) Determination of Adequacy of Petition. Within ten (10) business days of receipt of a petition and park owner's written notice of proposed rent increase, the City Clerk shall:

(1) Determine if the required number of tenants have signed the petition as specified in subsection (a) hereinabove.

(2) If the required number of tenants have signed the petition, forward the petition to the Commission for the purpose of setting a public hearing pursuant to Sec. 16.16.070.

(3) If the required number of tenants have not signed the petition, reject the petition and mail a written notice to the individual submitting the petition and the park owner informing them that the petition has been rejected and the reason for the rejection, and that the stay of the space rent increase has been terminated.

(Ord. No. 96-994, 6/11/96)

(d) Stay of Space Rent Increase. Unless the City Clerk rejects a petition pursuant to subsection (b) (2), the filing of a petition pursuant to subsection (a) shall automatically stay the space rent increase subject to the petition until the earlier of the following events:

(1) The City Clerk rejects the petition pursuant to subsection (c) (3); or

(2) The Commission makes a final decision regarding the space rent increase pursuant to Sec. 16.16.070.

(e) Removal of Names from Petition. Once a petition has been filed with the City Clerk pursuant to subsection (a), the names of tenants signing the petition may not be withdrawn from the petition.

16.16.070 Commission Review.

(a) Upon receipt from the City Clerk of the petition, the Commission shall schedule a hearing thereon to be conducted no earlier than forty (40) days and no later than sixty (60) days from the date of the Commission's receipt of the petition at a place and time to be set by the Commission. The purpose of the hearing shall be to determine whether or not the rental increase is reasonable. Such a public hearing may be continued from time to time if stipulated to by both parties or at the Commissioner's discretion. If a continuance is ordered at the discretion of the Commission and the mobilehome park owner has objected to such continuance, any increase in space rent granted by the Commission shall be applied retroactive to the proposed effective date of the mobilehome park owner's originally proposed space rent increase as set forth in the mobilehome park owner's notice thereof. The date of receipt of the petition by the Commission shall be the date of the regular City Council meeting at which the petition is presented to the Commission by the City Clerk for the purpose of scheduling the hearing on the petition. (Ord. No. 96-994, 6/11/96)

(b) All rent review hearings shall be open to the public. All parties to a hearing may have assistance of any attorney or such other person as may be designated by said parties in presenting evidence or in setting forth by argument their position.

(c) In the event that either the petitioner or the respondent should fail to appear at the hearing at the specified time and place, the Commission may hear and review such evidence as may be presented and make such decisions just as if both parties had been present.

(d) The Commission shall render its final decision by resolution thereof not later than the date of the next regularly scheduled City Council meeting occurring at least seven (7) days from and after the date of the close of the Commission's hearing pertaining to the petition. No space rent increase being reviewed by the Commission shall be imposed until the Commission has rendered its final decision. The parties to the hearing shall be sent a copy of the Commissioner's Resolution containing the Commission's decision which shall include the Commission's findings upon which its decision is based.

(e) Pursuant to the findings, the Commission shall require the mobilehome park owner to:

- (1) Continue the rental charges as they existed under the former lease or rental arrangement, or,
- (2) Increase the rental to a rate set by the Commission, or,
- (3) Allow the rate requested by the park owner to stand.

(f) Any rental or service charge increases which have been collected by a mobilehome park owner pursuant to an increase which is the subject of a petition of hearing and which is later determined by the Commission to have been excessive, shall be either returned to the tenants or credited to future rental charges.

(g) The mobilehome park owner shall bear the burden of proving by a preponderance of the evidence that a proposed space rent increase is reasonable and is necessary to enable the mobilehome park owner to receive a just and reasonable return on his investment. In evaluating a proposed space rent increase the Commission shall consider the following non-exclusive factors in addition to such other factors as the Commission deems relevant:

- 1) Changes in the mobilehome park owner's gross income from the operation of the mobilehome park;
- 2) Changes in the reasonable operating expenses relating to the operation of the mobilehome park;
- 3) Whether the proposed rent increase will result in an increase in net income to the park owner from the operation of the park;
- 4) Changes in the Consumer Price Index for the time period from the last rent increase;
- 5) Changes in the services, amenities, maintenance and condition of the mobilehome park and the extent to which the rent increase is necessary to provide the services or amenities or to insure maintenance and good operating condition of the park;
- 6) The extent to which the rent increase is necessary to pay for capital improvements and the amount of money allocated by the owner to a capital improvement or maintenance fund, along with the park owner's budget for maintenance, care and capital improvements for the park; and

7) The extent to which the landlord receives net income from fees or charges for utilities, or incidental fees or charges for services billed separately from rent. (Ord. No. 89-812, 3-14-89)

(h) A mobilehome park owner has a duty to comply with the terms and conditions of any conditional use permit, special use permit, or other land use approval, or zoning or building ordinance, relating to the amenities, facilities, maintenance, improvements or services to be provided within the mobilehome park by the mobilehome park owner. If the Commission finds that a mobilehome park owner fails to provide or reduces the level of the amenities, facilities, maintenance, improvements or services, as established by any conditional use permit, special use permit or other land use approval or zoning or building ordinance, or if the owner fails to comply with the duties established by Section 798.87 of the California Civil Code, then the Commission may deny a proposed rent increase, decrease the rent, or conditionally approve the rent increase upon such terms and conditions as the Commission deems reasonably necessary to insure compliance with the mobilehome park owner's duties and obligations. (Ord. No. 89-812, 3-14-89)

16.16.080 Annual Adjustment.

(a) Except for rental adjustments exempt from this Chapter by operation of Section 16.16.030(b), all space rents in a park shall be adjusted at the same time. A mobilehome park owner shall not increase or adjust space rents more than one time in any twelve consecutive month period.

(b) A mobilehome park owner may give notice of a proposed space rent increase or adjustment during the twelve consecutive month period from the last rent increase or adjustment and the Commission may review the proposed rent increase or adjustment provided that the increase or adjustment shall not become effective during the twelve month period.

(c) A rent increase or adjustment shall include establishing a separate charge or fee for utilities or, a service charge or fee, for services actually rendered, unless the utility or service is an additional utility or service not previously provided, or unless there is a corresponding reduction of the space rent equal to the amount of the fee or charge. A space rent increase or adjustment shall also include the termination of an amenity, utility or service previously rendered.

(d) Subsection (a) of this Section shall not apply to adjustments made pursuant to Section 16.16.090(a).

(e) The amendments to this Section made by Ordinance No. 89-812 are for the purposes of clarification and are declarative of existing law. (Ord. No. 89-812, 3-14-89)

16.16.085 Exceptions to Annual Adjustment Restriction. The provision of Section 16.16.080 prohibiting rent increases or adjustments more than one time in any twelve consecutive month period shall not be construed to prohibit either of the following:

a) A one time rental adjustment of all spaces within a mobilehome park in order to establish an annual rental adjustment date. In establishing an initial annual adjustment date for a mobilehome park, the mobilehome park owner shall confer with the City Clerk in order to distribute the annual adjustment dates for the various parks within the City periodically

throughout the year. This subparagraph shall apply only to mobilehome parks which on the effective date of this Ordinance have had a practice of adjusting space rents within the park at various times during a year. (Ord. No. 89-817, 5-9-89)

b) Adjustment to rents which become subject to the provisions of this Chapter by expiration of a rental agreement which operated to exempt the tenancy from the provisions of this Chapter, provided that the adjustment is made at the same time as the adjustment for all the rents within the park subject to this Chapter and further provided that such increase shall be subject to the provisions of Section 16.16.030. (Ord. No. 89-817, 5-9-89)

16.16.090 Adjustments to Fees and Charges.

(a) Subject to the notice provisions of State law and this Chapter, a mobilehome park owner may, at any time, increase space rent in order to adjust for increases in utility costs or for increases in, or establishment of, governmental special assessments or special taxes levied on the mobilehome park. Subject to the notice provisions of State law and this Chapter, a mobilehome park owner may, at any time, increase charges or fees for utility services where the cost of providing the utility is billed separately and not included in the space rent. The utility costs eligible for an increase pursuant to this Subsection are gas, electricity, water, trash pick-up, sewer and cable television.

(b) If a mobilehome park owner has established separate incidental reasonable charges for services actually rendered, the increases to such incidental fees or charges shall be subject to the provisions of this Chapter relating to increases in space rent; provided, however, that when a new service and corresponding incidental fee or charge are established, the fee or charge may be established at any time notwithstanding the provisions of Section 16.16.080 of this Chapter. Any increases to the service fee or charge shall be made at the same time as an increase or adjustment to space rent. It is the intent of this Section that both space rent and other fees and charges, which may lawfully be imposed on the tenants by the mobilehome park owner, shall be adjusted at the same time.

(c) An adjustment to decrease the amount of rent, or of any fee or charge may be made at any time, provided, however, that any later increase from the decreased level shall be subject to this Chapter.

(d) If a flat utility rate is charged from each mobilehome serviced by the utility, and the utility rate for each mobilehome is increased by the utility provider, the space rent for each mobilehome may be adjusted by an amount equal to the increase in the utility rate per mobilehome. If the utility rate is dependent upon the level of use, as in the case of gas or electricity, the mobilehome park owner may adjust the space rent by an amount reasonably necessary to account for the projected increase in the cost of the utility service. The maximum monthly increase in rent or in separate utility charges or fees for any mobilehome may not exceed an amount determined by dividing the projected monthly increase in utility costs for the entire mobilehome park by the total number of mobilehome spaces within the entire park.

(e) The mobilehome park owner may adjust the space rent to account for increases in, or establishment of, a governmental special assessment or special tax on the mobilehome park by an amount reasonably necessary to cover the actual cost to the mobilehome park owner of the assessment or special tax. The maximum space rent increase for any mobilehome shall not exceed the amount determined by dividing the increase in assessment or tax for the entire park by the total number of mobilehome spaces in the park.

(f) Within thirty days after receipt of a notice of a proposed space rent increase or increase in a separate fee or charge, which has been processed pursuant to the provisions of Subsection (a) of this Section, the tenants may file a petition requesting the Commission review the proposed increase in the same manner as provided for in this Chapter and the regulations of the Commission. The mobilehome park owner shall bear the burden of proving that the proposed increase in space rent or the increase or establishment of a fee or charge complies with the provisions of this Section. (Ord. No. 89-812, 3-14-89)

16.16.100 Repeal and Amendment.

a) The provisions of this Chapter shall not be repealed except by a majority vote of the qualified electors of the City voting at an election for such purposes.

b) Notwithstanding Subsection a) of this Section, the City Council may amend the provisions of this Chapter after conducting a public hearing, notice of which shall be given 20 days before the hearing by both of the following methods:

- 1) First class mail to mobilehome park residents and mobilehome park owners;
- 2) Publication once in a newspaper of general circulation in the City
(Ord. No. 90-865, Approved by vote of the People on 11-8-88)

16.16.110 Required Notices. In addition to the notice required by State law, the mobilehome park owner shall provide the following notices to the persons and in the manner specified in this Section.

(a) A statement of actual cost to the mobilehome park owner of utilities and of services actually provided to the tenants shall be posted in a conspicuous place in an area of the mobilehome park accessible to all tenants.

(b) A notice which conforms to the following language and printed in bold letters of the same type size as the largest type size used in the rental agreement shall be presented to the tenant or prospective tenant at the time of presentation of a rental agreement creating a tenancy with a term greater than twelve months:

**"IMPORTANT NOTICE TO HOMEOWNER REGARDING THE PROPOSED
RENTAL AGREEMENT FOR _____ MOBILEHOME PARK.**

**PLEASE TAKE NOTICE THAT THIS RENTAL AGREEMENT CREATES A
TENANCY WITH A TERM IN EXCESS OF TWELVE MONTHS. BY SIGNING
THIS RENTAL AGREEMENT, YOU ARE EXEMPTING THIS MOBILEHOME
SPACE FROM THE PROVISIONS OF THE CITY OF SAN MARCOS MOBILE-
HOME RENT REVIEW LAW FOR THE TERM OF THIS RENTAL AGREEMENT.
THE CITY OF SAN MARCOS MOBILEHOME RENT REVIEW LAW AND THE
STATE MOBILEHOME RESIDENCY LAW (CALIFORNIA CIVIL CODE SEC. 798
et seq.) GIVE YOU CERTAIN RIGHTS. BEFORE SIGNING THIS RENTAL
AGREEMENT YOU MAY CHOOSE TO SEE A LAWYER. UNDER THE
PROVISIONS OF STATE LAW, YOU HAVE A RIGHT TO BE OFFERED A
RENTAL AGREEMENT FOR (1) A TERM OF TWELVE MONTHS, OR (2) A**

LESSER PERIOD AS YOU MAY REQUEST, OR (3) A LONGER PERIOD AS YOU AND THE MOBILEHOME PARK MANAGEMENT MAY AGREE. YOU HAVE A RIGHT TO REVIEW THIS AGREEMENT FOR 30 DAYS BEFORE ACCEPTING OR REJECTING IT. IF YOU SIGN THE AGREEMENT YOU MAY CANCEL THE AGREEMENT BY NOTIFYING THE PARK MANAGEMENT IN WRITING OF THE CANCELLATION WITHIN 72 HOURS OF YOUR EXECUTION OF THE AGREEMENT. IT IS UNLAWFUL FOR A MOBILEHOME PARK OWNER OR ANY AGENT OR REPRESENTATIVE OF THE OWNER TO DISCRIMINATE AGAINST YOU BECAUSE OF THE EXERCISE OF ANY RIGHTS YOU MAY HAVE UNDER THE CITY OF SAN MARCOS MOBILEHOME RENT REVIEW LAW, OR BECAUSE OF YOUR CHOICE TO ENTER INTO A RENTAL AGREEMENT WHICH IS SUBJECT TO THE PROVISIONS OF THAT LAW."

The notice shall contain a place for the tenant to acknowledge receipt of the notice and shall also contain an acknowledgement signed by park management that the notice has been given to the tenant according to this Section. A copy of the notice executed by park management shall be provided to the tenant. (Ord. No. 89-812, 3-14-89)

16.16.120 Discrimination Prohibited. It is unlawful for a mobilehome park owner, or any agent or representative of the owner, to discriminate against any tenant because of the tenant's exercise of any rights under this Chapter. It is also unlawful for any mobilehome park owner, or any agent or representative of the owner, to discriminate against any purchaser or prospective purchaser of a mobilehome because of the purchaser's or prospective purchaser's choice to enter into a rental agreement subject to the provisions of this Chapter. (Ord. No. 89-812, 3-14-89)

RESOLUTION NO. 2009-7274

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, CALIFORNIA, ADOPTING REVISED PROCEDURES FOR THE SAN MARCOS MOBILE HOME RENT REVIEW COMMISSION

WHEREAS, the San Marcos Mobile Home Rent Review Commission was created in 1978; and

WHEREAS, pursuant to the initiative measure formalized by Resolution MHP 88-7, the Mobile Home Rent Review Commission has operated pursuant to procedures authorized by Chapter 16.16 of the San Marcos Municipal Code; and

WHEREAS, the regulations and procedures governing Mobile Home Rent Review Commission proceedings were modified by Resolution 96-4673 and further modified by by Resolution 2002-5900, and the Mobile Home Rent Review Commission has since performed its functions in accordance with the further revised regulations and procedures; and

WHEREAS, City staff representatives have carefully reviewed the efficiency and fairness of the revised regulations and procedures and have determined that additional revisions are necessary to enable the Mobile Home Rent Review Commission to conduct its rent review proceedings in an efficient manner and to protect the rights of both the Mobile Home Tenants and the Mobile Home Park Owner.

NOW, THEREFORE, BE IT RESOLVED:

1. The above-described recitals are true and correct.
2. The procedures have been revised to acknowledge the retention of consultants by Commission staff, to confirm the current practice of providing written analyses by such consultants to both the Park Owner and Tenant Representative as soon as feasible but in no event later than the posting date of the agenda for the hearing, and to

confirm the current practice relating to participation by such consultants in the hearing process.

3. In the current procedures, the consequence of any failure to submit required documentation or failure to abide by Mobilehome Rent Review procedural requirements by the Park Owner is that the application will be deemed incomplete, the rent increase will not be processed by the Rent Review Commission, and any proposed rent increase will be forfeited. To ensure due process is accorded, this has been revised to reflect that the Commission may either make its determination on the information received or, if such information is not sufficiently complete to enable the Commission to effectively conduct the hearing, the Commission may continue the hearing and order the submission of the required documentation.

4. In the past, Park Owner representatives have unsuccessfully claimed that the Commission is limited to the Maintenance of Net Operating Income formula, as that was a method cited as appropriate in a 1993 Court of Appeal case entitled Palomar Mobilehome Park v. Mobile Home Rent Review Commission and City of San Marcos. As the factors set forth in Chapter 16.16.070(g)(1)-(7) to be considered by the Commission in rent review proceedings are non-exclusive and may be supplemented by such other factors as the Commission deems relevant, the Commission's procedures have also been supplemented to acknowledge that the Commission determination is not limited to the application of any particular method or formula, so long as substantial evidence has been adduced to support its determination that the rent level approved will provide the Park Owner with a "fair return."

5. The above revisions to the Mobile Home Rent Review Commission requirements for written submissions and pre-hearing procedures are hereby approved for immediate implementation and use by the San Marcos Mobile Home Rent Review Commission.

6. The revised rules and regulations are applicable to hearings on space rent increase applications and other requests for relief occurring subsequent to the effective date of this Resolution.

7. This Resolution is not intended to, and shall not operate as, an amendment to the provisions of Chapter 16.16 of the San Marcos Municipal Code, but rather as an addition to the procedural regulations followed in conjunction with processing applications for space rent increases. In the event any conflict may arise between the regulations adopted by this Resolution and the provisions of Chapter 16.16 of the San Marcos Municipal Code, then the provisions of Chapter 16.16 shall prevail.

8. If any term, provision or condition of this Resolution is, to any extent determined by a court of competent jurisdiction to be invalid or unenforceable for any reason, the remaining terms, provisions or conditions of this Resolution shall be valid and enforceable to the fullest extent permitted by law.

9. The procedures marked Exhibit "A," attached hereto, and made a part of this resolution, are hereby adopted.

10. All previously adopted procedures and schedules are superseded by adoption of the procedures attached to this Resolution.


11. The City Clerk is directed to implement these revised procedures for any Mobilehome Rent Review Commission proceeding occurring after the effective date of this Resolution.

PASSED, APPROVED AND ADOPTED by the City Council of the City of San Marcos, State of California, at a regular meeting thereof, this 10th day of November 2009, by the following roll call vote:

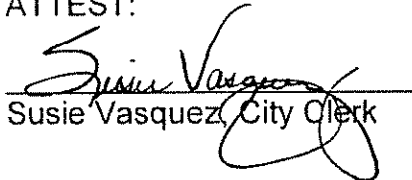
AYES: COUNCILMEMBERS: JONES, MARTIN, ORLANDO, PRESTON, DESMOND

NOES: COUNCILMEMBERS: NONE

ABSENT: COUNCILMEMBERS: NONE


James M. Desmond, Mayor

ATTEST:


Susie Vasquez, City Clerk

MOBILEHOME RENT REVIEW PROCEDURES

The following is a summary of the Mobilehome Park Rent Review Procedures prepared and provided by the City Clerk Department. Persons using these procedures should also refer to the adopted ordinances and resolutions for further clarification. This summary is not intended to supersede, replace or interpret provisions of the official City ordinances and resolutions adopted by the City Council and Mobilehome Rent Review Commission.

SECTION 1. PARK OWNER RENT INCREASE PROPOSAL

- a) Park Owner submits rent increase notice to tenants at least 90 days prior to effective date of increase. (CC Sec. 798.30).
- b) Park Owner files a written notice of the proposed rent increase ("Notice") with the City Clerk. The Notice shall be given to the City Clerk at the same time that the Notice of rent increase is given to the tenants. The Notice shall contain: 1) amount of current space rents; 2) amount of separately billed fees or charges, if any; 3) amount of proposed increase; 4) space numbers of tenants who have received a rent increase notice (excluding spaces on a long term lease); 5) names of tenants of spaces in Item 4; and 6) date of last rent increase for the park. (M.C. 16.16.055). The Park Owner shall also provide verification of the spaces subject to the space rent increase.

A hearing to review the space rent increase will not be scheduled until the City Clerk receives both the Notice and the verification. The proposed rents shall be held in abeyance until such time as a hearing is scheduled and a decision rendered.

If the Rent Commission approves the Park Owner's proposed rent increase or approves a rent increase less than the noticed rent increase the rent increase shall become effective as soon as Resolution approving the Rent Decision is signed, as long as 90 days have elapsed since the rent increase was noticed, if 90 days have not yet elapsed since the rent notice the rent increase shall become effective as soon as the 90 days have elapsed. If the Rent Commission's rent increase decision is an amount greater than the amount noticed by the Park Owner the amount by which the Commission's rent decision exceeds the amount noticed will not become effective until after the tenant/homeowner has received 90 days notice of the additional rent increase amount.

- c) Tenants and Park Owner shall appoint a representative to act as a liaison with the City Staff. A letter must be timely filed with the City Clerk appointing the representative(s). Park Owner shall designate its representative no later than 35 days before the scheduled hearing, and the Tenants shall designate their representative no later than 21 days before the scheduled hearing. The designation of Tenant Representative (TR) shall include a certification by the TR that he or she was chosen by a majority of the Tenants who signed the petition described in Section 2.

SECTION 2. PETITION

- a) If tenants object to a rent increase, rent review procedures may be initiated by circulating a petition and obtaining signatures of more than 50% of those tenants who are both subject to the rent increase and who are not on a long term lease.
- b) The TR obtains procedural information, Ordinances, list of tenants who have received rent increases, etc. from the City Clerk Department.
- c) TR obtains a blank petition from City Clerk Department.
- d) Tenants should pre-number spaces numerically on each petition sheet.
- e) Only one person may circulate one sheet of the petition. The circulator must sign the petition. Several sheets may be circulated, but all sheets must be filed at the same time.
- f) Only those person(s) living in a space may sign the petition. Park-owned spaces are not to be included.
- g) No more than one petition may be filed for any annual rental increase.
- h) Once a petition has been filed with the City Clerk, names (signatures) cannot be withdrawn.
- i) The petition must be filed with the City Clerk no later than 30 days following the receipt of the notice of rent increase to the tenants from the Park Owner. (MC 16.16.060 (a) (4)).

EXAMPLE:

<u>Effective Date of Proposed Rent Increase</u>	<u>Date Tenants Received Rent Increase Notice</u>	<u>Date to File Petition With City Clerk</u>
July 1, Any Year	April 1, Any Year	May 1, Any Year

- j) The petition must specify the name of the park, the amount(s) or range of the proposed rent increase, and the proposed effective date of the rent increase.

SECTION 3. PROCEDURES BY CITY CLERK STAFF FOLLOWING RECEIPT OF PETITION AND PETITION ADEQUACY DETERMINATION

- a) Upon receipt of a petition, the City Clerk shall accept or reject the petition within five business days of its receipt. If **accepted**, the City Clerk shall mail a written notice to the Park Owner that a petition has been filed and that the proposed rent increase is to be held in abeyance until a hearing has been held and a decision rendered by the Commission. If the petition is **rejected**, the City Clerk shall notify the Tenant Representative of its rejection and the basis for the rejection. (M.C. 16.16.060 (b)(3)).
- b) Within five business days of receipt of the petition from the tenants, the City Clerk shall determine if the required number of tenants have signed the petition (more than 50% of affected tenants), and whether the form of the petition is in accordance with specified requirements. (MC 16.16.060(c))

- c) If the required number of tenants have signed the petition, the City Clerk then forwards the petition to the Commission for the purpose of setting a public hearing date. (M.C. 16.16.060(c)(2)).
- d) If the required number of tenants have not signed the petition, the Tenant Representative and Park Owner will be notified in writing that the petition is rejected and that the stay of the space rent increase has been terminated. (M.C. 16.16.060(c)(3)).

SECTION 4. COMMISSION HEARING - REVIEW

- a) Upon receipt of a petition, the Commission shall set a public hearing no sooner than 40 days and no later than 60 days from the date of the Commission's receipt of the petition. The date of receipt of the petition shall be the date of the regular City Council meeting at which the petition is presented to the Commission by the City Clerk.
 - 1) Continuances may be granted at the Commission's discretion.
 - 2) All parties to the hearing may have assistance of an attorney or any other person designated by the parties in presenting evidence or arguing their position.
 - 3) All witnesses called upon to give testimony at the hearing shall be sworn in, under penalty of perjury, at the beginning of the hearing by either the City Attorney or City Clerk.
-) The City Clerk shall notify the Park Owner and Tenant Representative(s) of the scheduled Commission's public hearing date and time requirements for written submissions.

SECTION 5. NEGOTIATIONS

Prior to the date of the public hearing, the Park Owner and the Tenants shall attempt to negotiate in good faith a rent increase acceptable to both parties. Negotiations may occur during a noticed meeting between interested Tenants and the Park Owner and/or directly between the Tenant Representative and the Park Owner.

SECTION 6. COMMISSION PUBLIC HEARING PROCESS AND PROCEDURES FOR WRITTEN SUBMISSIONS BY THE PARK OWNER, THE TENANT REPRESENTATIVE AND COMMISSION STAFF

- a) This Exhibit to Resolution No. CC 2009-7274 outlines the current process and procedures for the conduct of rent review hearings and sets forth requirements for written submissions and the maximum time permitted for presentations of evidence and testimony by the park owner and tenant representative.

The Commission may in its discretion, and with the consent of the Park Owner and the Tenant, waive the procedures and utilize alternative procedures.

All parties shall file an original (single sided, 8-1/2 x 11 paper) of their written submissions with the City Clerk, and shall also serve all other parties with a copy of their submissions, in

accordance with time requirements established and outlined in these procedures. Together with any evidence to be presented, each party must submit the following at the time of their submission of written materials:

- 1) Any written declarations submitted from witnesses setting forth facts and evidence as to which said witness has personal knowledge, must include a signed verification.
- 2) One (1) copy of all exhibits, including charts, diagrams, photographs, appraisals, mathematic calculations, etc., which the parties wish the Commission to consider.
- 3) A written statement of all arguments which the proponent wishes the Commission to consider.

b) **DESIGNATION OF REPRESENTATIVE BY PARK OWNER.** The park owner shall designate the owner's representative at least 35 days before the scheduled public hearing. This designation shall be filed, in writing, with the City Clerk.

c) **DESIGNATION OF TENANT REPRESENTATIVE BY TENANTS.** The Tenant Representative must be designated by the tenants at least 21 days before the scheduled public hearing and filed, in writing, with the City Clerk. The designation of Tenant Representative shall include a certification by the Tenant Representative that he or she was chosen by a majority of the Tenants who signed the petition described in Section 2 above.

d) **WRITTEN SUBMISSIONS**

All issues that any party intends to raise must be contained in the written submissions. The schedule for making written submissions is structured so that the Park Owner makes an initial written submission as the party requesting the change. The Tenant Representative responds in writing, after having had an opportunity to review the Park Owner's submission. The Park Owner then has one opportunity to rebut, in writing, the issues and evidence submitted. The Tenant Representative then has one opportunity to rebut, in writing, the issues and evidence submitted. In the event the Commission staff has retained the services of consultant(s) to assist the Commission with the review, written evaluation and/or analysis by such consultant(s) will be included and provided to the Park Owner and the Tenant Representative as set forth in Section 9, below. Any additional evaluation or analysis by said consultant(s) shall be provided to all parties as soon as feasible, but in no event later than the posting date of the agenda for the hearing.

ALL WRITTEN SUBMISSIONS BY THE PARK OWNER AND TENANT REPRESENTATIVES MUST INCLUDE A SIGNED VERIFICATION (MADE UNDER PENALTY OF PERJURY TO THE EFFECT THAT THE CONTENTS ARE TRUE AND CORRECT) AND BE IN SUBSTANTIALLY THE FOLLOWING FORM:

"I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and if called upon to testify as a witness I can and will do so competently to the same effect."

Name of Declarant

Date

THE PARK OWNER'S REPRESENTATIVE , THE TENANT REPRESENTATIVE, AND THE STAFF AND/OR STAFF CONSULTANT(S) [IF APPLICABLE] SHALL SUBMIT WRITTEN MATERIALS TO THE CITY CLERK, AND CONCURRENTLY DELIVER A COPY TO EACH OTHER PARTY'S DESIGNATED REPRESENTATIVE BY CERTIFIED UNITED STATES MAIL, RETURN RECEIPT REQUESTED, OR BY PERSONAL SERVICE. EACH SUBMISSION MUST BE SERVED SO THAT THE DESIGNATED RECIPIENTS RECEIVE IT BY OR BEFORE THE DATES SET FORTH IN THIS SECTION 6.

- 1) **Park Owner initial written submission.** The Park Owner's representative shall file its original written submission with the City Clerk 35 days before the scheduled public hearing. The Park Owner's initial application shall include submission of:
 - a) A profit and loss statement for each year following the date of the last rent increase;
 - b) A maintenance and capital improvement budget for the current year;
 - c) A projected maintenance and capital improvement budget for the next (succeeding) year;
 - d) The Grant Deed or other written instrument transferring ownership of the property to the Park Owner as well as all other documentation necessary to establish the purchase price of the Park.
 - e) A cash flow analysis, excising any pass through amounts –Pass through amounts to be provided on a separate schedule;
 - f) A depreciation schedule for all capital items (i.e., equipment purchases, etc.) to be considered as a basis for the increase.

The consequence of any failure to submit required documentation or failure to abide by Mobilehome Rent Review procedural requirements by the park owner is that the application will be deemed incomplete, and the Commission may either make its determination on the basis of the information received or, if such information is not sufficiently complete to enable the Commission to conduct the hearing, it may continue the hearing and order the submission of the required documentation.

- 2) **Tenant Representative written response to Park Owner written submission.** The Tenant Representative shall file its original written response with the City Clerk 21 days before the scheduled public hearing.

The consequence of any failure to submit required documentation or failure to abide by Mobilehome Rent Review procedural requirements by the Tenant Representative is that the petition will be deemed incomplete, and the Commission may either make its determination on the basis of the information received or, if such information is not sufficiently complete to enable the Commission to conduct the hearing, it may continue the hearing and order the submission of the required documentation.

- 3) **Park Owner Rebuttal.** The Park Owner shall file its original rebuttal with the City Clerk no less than ten (10) days before the scheduled public hearing.

- 4) **Tenant Representative Rebuttal.** The Tenant Representative shall file its original rebuttal with the City Clerk no less than five (5) days before the scheduled public hearing.
- 5) **Staff Consultants Reports.** In the event the Commission staff has retained the services of consultant(s) to assist the Commission with the review, evaluation and analysis of written submissions, any written analysis by such consultant(s) will be included and provided to the Park Owner and the Tenant Representative pursuant to Section 9, below. Any additional written evaluation and/or analysis shall be provided to each party as soon as feasible, but in no event later than the posting date of the agenda for the hearing.

e) **ADDITIONAL HEARING INFORMATION**

- 1) Written submissions and declarations previously submitted to the Commission in accordance with the provisions of this Section 6 shall be received into evidence by the Commission at the hearing. Evidence properly set forth in such written submissions shall be given the same weight by the Commission as evidence produced by oral testimony at the hearing.
- 2) Only testimony and evidence introduced by the designated Park Owner, Tenant Representative, and Staff, or witnesses called upon by any of the parties, shall be heard and considered by the Commission at the hearing. At the sole discretion of the Commission, however, any other individual who has a direct interest in the issue before the Commission may be permitted to address the Commission, provided such testimony is directly related and relevant to the issue at hand.
- 3) The hearing need not be conducted according to technical rules of evidence. Any relevant evidence shall be considered if it has been referenced in the written materials submitted in accordance with this Section 6, and if it is the sort of evidence upon which responsible persons are accustomed to rely in the conduct of serious affairs. Oral testimony by persons executing the declarations shall not repeat the evidence contained in the declaration. Repetitious or irrelevant evidence may be excluded by the Commission. Each speaker's presentation shall be to the point and shall be restricted to the time limits for such testimony set forth in Section 10 below. Visual aids and other materials may be used as appropriate.

SECTION 7. COMMISSION REVIEW AND DECISION

In evaluating a proposed space rent increase, the Commission shall consider the nonexclusive factors set forth in 16.16.070(g)(1)-(7), in addition to such other factors as the Commission deems relevant. The Park Owner bears the burden of proving by a preponderance of the evidence that a proposed space rent increase is reasonable and necessary for the owner to receive a reasonable return on its investment.

The Commission determination does not have to be made by the application of any particular method or formula, so long as the substantial evidence supports its determination that the rent level approved will provide the Park Owner with a "fair return." Accordingly, the Commission may base its decision on the basis of the Maintenance of Net Operating Income

("MNOI") formula, historical cost, return on investment, or other formula accepted by the California courts for determination of rent review matters. The Commission shall render its final decision by resolution not later than the date of the next regularly-scheduled City Council meeting occurring at least seven (7) days from and after the date of the close of the Commission's hearing pertaining to the petition. Upon the final decision of the Commission, a Resolution stating its findings and decision shall be presented at the next available meeting for adoption by the Commission. In its decision the Commission shall:

- 1) Continue the rental charges as they existed under the former lease or rental arrangement (rent rate prior to the proposed increase in question), or
- 2) Increase the rent to a rate set by the Commission, or
- 3) Allow the rate requested by the park owner to stand. On the effective date, all spaces which received a proposed rent increase notice shall be affected by the Commission's decision whether or not the tenants actually signed the petition.

A Park Owner has a duty to comply with the terms and conditions of any conditional use permit, special use permit, or other land use approval, or zoning or building ordinance, relating to the amenities, facilities, maintenance, improvements or services to be provided within the mobilehome park by the Park Owner. If the Commission finds that a Park Owner fails to provide or substantially reduces the level of the amenities, facilities, maintenance, improvements or services, as established by any conditional use permit, special use permit or other land use approval or zoning or building ordinance, or if the owner fails to comply with the duties established by Section 798.87 of the California Civil Code, then the Commission may: (i) deny a proposed rent increase; (ii) decrease the rent; or (iii) conditionally approve the rent increase upon such terms and conditions as the Commission deems reasonably necessary to insure compliance with the mobilehome park owners duties and obligations. (Ord. 89-812, Sec. 5, 03-14-89)

SECTION 8. NOTICE OF DECISION

The City Clerk will mail a Notice of Decision along with the Resolution adopted by the Commission to the designated Tenant's Representative and the designated Park Owner's Representative within ten days after the Resolution's adoption.

SECTION 9. SUMMARY OF SCHEDULE FOR WRITTEN SUBMISSIONS

ACTIVITY	SUBMISSION SCHEDULE (Days before hearing)
Designation of representative by Owner	35
Designation of representative by Tenants	21
Initial written submission by Owner	35
Written response of Tenant Representative	21
Written evaluation of Commission Consultant(s)	17
Written rebuttal by Owner	10
Written rebuttal by Tenant Representative	5

Notes:

This proposed schedule is structured so that the Owner makes an initial submission as the party requesting the change. The Tenant Representative responds in writing, after having had an opportunity to review the Owner's submission. The Owner then has one opportunity to rebut, in writing, the issues and evidence submitted by the Tenant Representative. The Tenant Representative then has one opportunity to rebut, in writing, the issues and evidence addressed by the Owner in its written rebuttal.

All issues that each side intends to raise must be contained in the written submission(s).

All submissions must be verified (made under penalty of perjury) and must be true and correct as of the date of the rent increase notice was issued to residents.

Owner's initial submission must contain all of the items listed in Section 6(d)(1) above.

Any additional written evaluation or analysis by consultants retained by Commission staff will be provided to the parties as soon as feasible but in no event later than the posting date of the agenda for the hearing.

SECTION 10.**HEARING FORMAT**

HEARING SEGMENT ¹		FORMAT (In Minutes)
1.	Owner Representative's Presentation of Evidence	30
2.	Tenant Representative's Cross-Examination of Owner Representative	15
3.	Tenant Representative's Presentation of Evidence	30
4.	Owner Representative's Cross-Examination of Tenant Representative	15
5.	Commission Staff/Consultants' Presentation of Analysis	30
6.	Owner Representative's Cross-Examination of Commission Consultants	15
7.	Tenant Representative Cross-Examination of Commission Consultants	15
5.	Testimony At Large – Total Time (as necessary)	20
6.	Commission's Examination of Witnesses at Large, including Commission Consultants (as desired)	30
7.	Commission Staff/Consultant Closing Comments, if any	10
8.	Tenant Representative's Closing Argument	10
9.	Park Owner's Closing Argument	10
TOTAL MINUTES:		230
TOTAL HOURS:		3.8 HOURS

¹ All issues that each side intends to raise must be contained in the written submissions. In addition, any written evaluation by consultants retained by the Commission staff will be provided to the other parties as set forth in Section 9, above. Any additional written evaluation or analysis by such consultants shall be provided to each party as soon as feasible but in no event later than the posting date of the agenda for the hearing. All submissions must be true and correct as of the date the rent increase notice was issued to residents and are to be verified (made under penalty of perjury), as is the case with verbal testimony during the hearing. All witnesses will be sworn in at the beginning of the hearing. Owner's initial submission must contain all of the items listed in Section 6(d)(1) above. If these required elements are not submitted, the application will be deemed incomplete, and the Commission will either make its determination on the basis of the information received or, if such information is not sufficiently complete to enable the Commission to conduct the hearing it may continue the hearing and Order the submission of the required documentation. Time periods set forth above are strongly suggested; the Chairman can extend any given time period for good cause.

Harris, Sean

From: Jana Wiemann
Sent: Wednesday, October 27, 2021 11:56 AM
To: Harris, Sean
Subject: Fwd: San Marcos Mobile Estate - 2022 Rent Increase Worksheet
Attachments: 2022 ALL RESIDENT RENT INCREASE SPREADSHEET.pdf

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

LAW OFFICES OF JANA K. WIEMANN

THE INFORMATION CONTAINED IN THIS E-MAIL MESSAGE IS INTENDED ONLY FOR THE PERSONAL AND CONFIDENTIAL USE OF THE DESIGNATED RECIPIENTS. THIS MESSAGE MAY BE AN ATTORNEY-CLIENT COMMUNICATION, AND AS SUCH IS PRIVILEGED AND CONFIDENTIAL. IF THE READER OF THIS MESSAGE IS NOT AN INTENDED RECIPIENT, YOU ARE HEREBY NOTIFIED THAT ANY REVIEW, USE, DISSEMINATION, FORWARDING OR COPYING OF THIS MESSAGE IS STRICTLY PROHIBITED. PLEASE NOTIFY US IMMEDIATELY BY REPLY E-MAIL OR TELEPHONE, AND DELETE THE ORIGINAL MESSAGE AND ALL ATTACHMENTS. THANK YOU.

Begin forwarded message:

From: Jana Wiemann
Subject: San Marcos Mobile Estate - 2022 Rent Increase Worksheet
Date: September 29, 2021 at 4:02:34 PM PDT
To: Sean Harris <sharris@san.marcos.net>

Hi Sean

Please find attached the 2022 rent increase worksheet for the Park.

Let me know if you have any questions.

Thank you,

Jana

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SAN MARCOS MOBILE ESTATES

NOTICE OF CHANGE OF TERMS OF TENANCY

Ninety (90) Day Notice of Rent Increase (Civil Code §798.30)

Date: September 29, 2021

Space: _____

Homeowner: _____

MOBILEHOME RESIDENCY LAW:

This letter is to provide you with a notice of rent increase pursuant to the Mobilehome Residency Law (California Civil Code §798.30) and the San Marcos Rent Control Ordinance. We understand that while no one enjoys receiving a notice of rent increase, it is periodically necessary due to the following: (1) changing economic conditions in the general area; (2) planning for future maintenance; and (3) the fact that actual expenses of operation more than exceed the changes in the Consumer Price Index ("CPI") for the San Diego region. The Park Owners are legally entitled to receive "a just and reasonable return on its investment," and the San Marcos Rent Review Commission shall consider, changes in the CPI from the date of the last rent increase, among other factors. The Park Owners are seeking an 8.21% increase, which is being requested by this Notice.

RENT INCREASE NOTICE:

1. Date of Last Rent Increase:

January 1, 2020

2. Amount of Rent Increase:

The current rent is:

\$

per month.

The rent increase is:

\$

8.21% CPI

The new rent will be:

\$

per month.

Your new rent is due and payable starting on:

January 1, 2022

All other terms and conditions of your Rental Agreement shall remain in full force and effect.

PLEASE NOTE:

The San Marcos Rent Control Ordinance recognizes that there is no need for rent adjustment hearings (before the San Marcos Rent Review Commission) where the residents have been shown that the increase is fair and based on the ordinance guidelines. If requested, the Park Owners will provide an opportunity to meet and confer with any resident representatives, and/or all residents regarding this rent adjustment and establish why the increase is proper under the San Marcos Rent Control Ordinance, the Mobilehome Residency Law and protections afforded under the California Constitution. In the past, there has never been any need for a formal administrative trial to establish rents in San Marcos Mobile Estates, and we believe there remains no reason why we should deteriorate our positive and good relations with adversarial hearings.

CONCLUSIONS:

It is our goal to continue to work with the Homeowners Association and all our residents to maintain these good relationships and assure a good future for the Park, its operations, and our residents. San Marcos Mobile Estates is well operated, professionally managed and deserving of this rental adjustment. Looking at the comparable mobilehome parks in the city alone, it is clear the quality, resale prices, and financial circumstances of Park operations fully supports the rent increase being requested by the Park Owner.

San Marcos Mobile Estates

By: Julie Mascari, Manager
Authorized Agent of Owner

SAN MARCOS MOBILE ESTATES

YEAR: 2022

#	Resident Name	Last Rent Increase	Current Base Rent	Amount of Increase (8.21%)	Sewer	Cable	New Base Rent	Notes
1		1/1/2020	\$508.71	\$41.77	\$31.19	\$0.00	\$550.48	Month-to-Month
2		1/1/2020	\$514.83	\$42.27	\$31.19	\$0.00	\$557.10	Month-to-Month
3		1/1/2020	\$531.54	\$43.64	\$31.19	\$0.00	\$575.18	Month-to-Month
4		1/1/2020	\$677.81	\$55.65	\$31.19	\$0.00	\$733.46	Month-to-Month
5		1/1/2020	\$444.06	\$36.46	\$31.19	\$0.00	\$480.52	Month-to-Month
6		1/1/2020	\$488.25	\$40.09	\$31.19	\$0.00	\$528.34	Month-to-Month
7		1/1/2020	\$546.05	\$44.83	\$31.19	\$0.00	\$590.88	Month-to-Month
8		1/1/2020	\$544.22	\$44.68	\$31.19	\$0.00	\$588.90	Month-to-Month
9		1/1/2020	\$539.51	\$44.29	\$31.19	\$0.00	\$583.80	Month-to-Month
10		1/1/2020	\$567.32	\$46.58	\$31.19	\$0.00	\$613.90	Month-to-Month
11		1/1/2020	\$526.22	\$43.20	\$31.19	\$0.00	\$569.42	Month-to-Month
12		1/1/2020	\$536.96	\$44.08	\$31.19	\$0.00	\$581.04	Month-to-Month
13		1/1/2020	\$528.08	\$43.36	\$31.19	\$0.00	\$571.44	Month-to-Month
14		1/1/2020	\$524.94	\$43.10	\$31.19	\$0.00	\$568.04	Month-to-Month
15		1/1/2020	\$596.47	\$48.97	\$31.19	\$0.00	\$645.44	Month-to-Month
16		1/1/2020	\$570.70	\$46.85	\$31.19	\$0.00	\$617.55	Month-to-Month
17		1/1/2020	\$558.41	\$45.85	\$31.19	\$0.00	\$604.26	Month-to-Month
18		1/1/2020	\$449.66	\$36.92	\$31.19	\$0.00	\$486.58	Month-to-Month
19		1/1/2020	\$465.72	\$38.24	\$31.19	\$0.00	\$503.96	Month-to-Month
20		1/1/2020	\$515.24	\$42.30	\$31.19	\$0.00	\$557.54	Month-to-Month
21		1/1/2020	\$527.74	\$43.33	\$31.19	\$0.00	\$571.07	Month-to-Month
22		1/1/2020	\$553.92	\$45.48	\$31.19	\$0.00	\$599.40	Month-to-Month
23		1/1/2020	\$547.52	\$44.95	\$31.19	\$0.00	\$592.47	Month-to-Month
24		1/1/2020	\$473.19	\$38.85	\$31.19	\$0.00	\$512.04	Month-to-Month
25		1/1/2020	\$493.99	\$40.56	\$31.19	\$0.00	\$534.55	Month-to-Month
26		1/1/2020	\$485.38	\$39.85	\$31.19	\$0.00	\$525.23	Month-to-Month
27		1/1/2020	\$492.16	\$40.41	\$31.19	\$0.00	\$532.57	Month-to-Month
28		1/1/2020	\$404.71	\$33.23	\$31.19	\$0.00	\$437.94	Month-to-Month

29	1/1/2020	\$524.46	\$43.06	\$31.19	\$0.00	\$567.52	Month-to-Month
30	1/1/2020	\$507.79	\$41.69	\$31.19	\$0.00	\$549.48	Month-to-Month
31	1/1/2020	\$540.70	\$44.39	\$31.19	\$0.00	\$585.09	Month-to-Month
32	1/1/2020	\$560.71	\$46.03	\$31.19	\$0.00	\$606.74	Month-to-Month
33	1/1/2020	\$529.61	\$43.48	\$31.19	\$0.00	\$573.09	Month-to-Month
34	1/1/2020	\$493.43	\$40.51	\$31.19	\$0.00	\$533.94	Month-to-Month
35	1/1/2020	\$508.74	\$41.77	\$31.19	\$0.00	\$550.51	Month-to-Month
36	1/1/2020	\$556.95	\$45.73	\$31.19	\$0.00	\$602.68	Month-to-Month
37	1/1/2020	\$537.39	\$44.12	\$31.19	\$0.00	\$581.51	Month-to-Month
38	1/1/2020	\$534.15	\$43.85	\$31.19	\$0.00	\$578.00	Month-to-Month
39	1/1/2020	\$540.96	\$44.41	\$31.19	\$0.00	\$585.37	Month-to-Month
40	1/1/2020	\$546.54	\$44.87	\$31.19	\$0.00	\$591.41	Month-to-Month
41	1/1/2020	\$526.86	\$43.26	\$31.19	\$0.00	\$570.12	Month-to-Month
42	1/1/2020	\$533.55	\$43.80	\$31.19	\$0.00	\$577.35	Month-to-Month
43	1/1/2020	\$570.58	\$46.84	\$31.19	\$0.00	\$617.42	Month-to-Month
44	1/1/2020	\$532.00	\$43.68	\$31.19	\$0.00	\$575.68	Month-to-Month
45	1/1/2020	\$627.15	\$51.49	\$31.19	\$0.00	\$678.64	Month-to-Month
46	1/1/2020	\$437.27	\$35.90	\$31.19	\$0.00	\$473.17	Month-to-Month
47	1/1/2020	\$544.44	\$44.70	\$31.19	\$0.00	\$589.14	Month-to-Month
48	1/1/2020	\$628.99	\$51.64	\$31.19	\$0.00	\$680.63	Month-to-Month
49	1/1/2020	\$528.42	\$43.38	\$31.19	\$0.00	\$571.80	Month-to-Month
50	1/1/2020	\$570.07	\$46.80	\$31.19	\$0.00	\$616.87	Month-to-Month
51	1/1/2020	\$562.43	\$46.18	\$31.19	\$0.00	\$608.61	Month-to-Month
52	1/1/2020	\$531.52	\$43.64	\$31.19	\$0.00	\$575.16	Month-to-Month
53	1/1/2020	\$567.58	\$46.60	\$31.19	\$0.00	\$614.18	Month-to-Month
54	1/1/2020	\$553.15	\$45.41	\$31.19	\$0.00	\$598.56	Month-to-Month
55	1/1/2020	\$509.27	\$41.81	\$31.19	\$0.00	\$551.08	Month-to-Month
56	1/1/2020	\$446.00	\$36.62	\$31.19	\$0.00	\$482.62	Month-to-Month
57	1/1/2020	\$563.04	\$46.23	\$31.19	\$0.00	\$609.27	Month-to-Month
58	1/1/2020	\$547.52	\$44.95	\$31.19	\$0.00	\$592.47	Month-to-Month
59	1/1/2020	\$496.46	\$40.76	\$31.19	\$0.00	\$537.22	Month-to-Month
60	1/1/2020	\$553.92	\$45.48	\$31.19	\$0.00	\$599.40	Month-to-Month
61	1/1/2020	\$563.04	\$46.23	\$31.19	\$0.00	\$609.27	Month-to-Month
62	1/1/2020	\$526.83	\$43.25	\$31.19	\$0.00	\$570.08	Month-to-Month
63	1/1/2020	\$616.42	\$50.61	\$31.19	\$0.00	\$667.03	Month-to-Month

64	1/1/2020	\$516.39	\$42.40	\$31.19	\$0.00	\$558.79	Month-to-Month
65	1/1/2020	\$508.04	\$41.71	\$31.19	\$0.00	\$549.75	Month-to-Month
66	1/1/2020	\$566.27	\$46.49	\$31.19	\$0.00	\$612.76	Month-to-Month
67	1/1/2020	\$547.52	\$44.95	\$31.19	\$0.00	\$592.47	Month-to-Month
68	1/1/2020	\$544.22	\$44.68	\$31.19	\$0.00	\$588.90	Month-to-Month
69	1/1/2020	\$537.29	\$44.11	\$31.19	\$0.00	\$581.40	Month-to-Month
70	1/1/2020	\$553.52	\$45.44	\$31.19	\$0.00	\$598.96	Month-to-Month
71	1/1/2020	\$755.21	\$62.00	\$31.19	\$0.00	\$817.21	Month-to-Month
72	1/1/2020	\$555.15	\$45.58	\$31.19	\$0.00	\$600.73	Month-to-Month
73	1/1/2020	\$512.44	\$42.07	\$31.19	\$0.00	\$554.51	Month-to-Month
74	1/1/2020	\$518.05	\$42.53	\$31.19	\$0.00	\$560.58	Month-to-Month
75	1/1/2020	\$541.05	\$44.42	\$31.19	\$0.00	\$585.47	Month-to-Month
76	1/1/2020	\$493.40	\$40.51	\$31.19	\$0.00	\$533.91	Month-to-Month
77	1/1/2020	\$544.93	\$44.74	\$31.19	\$0.00	\$589.67	Month-to-Month
78	1/1/2020	\$567.73	\$46.61	\$31.19	\$0.00	\$614.34	Month-to-Month
79	1/1/2020	\$504.31	\$41.40	\$31.19	\$0.00	\$545.71	Month-to-Month
80	1/1/2020	\$410.86	\$33.73	\$31.19	\$0.00	\$444.59	Month-to-Month
81	1/1/2020	\$526.83	\$43.25	\$31.19	\$0.00	\$570.08	Month-to-Month
82	1/1/2020	\$572.60	\$47.01	\$31.19	\$0.00	\$619.61	Month-to-Month
83	1/1/2020	\$562.05	\$46.14	\$31.19	\$0.00	\$608.19	Month-to-Month
84	1/1/2020	\$487.02	\$39.98	\$31.19	\$0.00	\$527.00	Month-to-Month
85	1/1/2020	\$537.75	\$44.15	\$31.19	\$0.00	\$581.90	Month-to-Month
86	1/1/2020	\$537.75	\$44.15	\$31.19	\$0.00	\$581.90	Month-to-Month
87	1/1/2020	\$403.75	\$33.15	\$31.19	\$0.00	\$436.90	Month-to-Month
88	1/1/2020	\$542.95	\$44.58	\$31.19	\$0.00	\$587.53	Month-to-Month
89	1/1/2020	\$526.87	\$43.26	\$31.19	\$0.00	\$570.13	Month-to-Month
90	1/1/2020	\$531.89	\$43.67	\$31.19	\$0.00	\$575.56	Month-to-Month
91	1/1/2020	\$508.12	\$41.72	\$31.19	\$0.00	\$549.84	Month-to-Month
92	1/1/2020	\$526.15	\$43.20	\$31.19	\$0.00	\$569.35	Month-to-Month
93	1/1/2020	\$481.71	\$39.55	\$31.19	\$0.00	\$521.26	Month-to-Month
94	1/1/2020	\$538.25	\$44.19	\$31.19	\$0.00	\$582.44	Month-to-Month
95	1/1/2020	\$489.95	\$40.22	\$31.19	\$0.00	\$530.17	Month-to-Month
96	1/1/2020	\$560.82	\$46.04	\$31.19	\$0.00	\$606.86	Month-to-Month
97	1/1/2020	\$453.82	\$37.26	\$31.19	\$0.00	\$491.08	Month-to-Month
98	1/1/2020	\$505.77	\$41.52	\$31.19	\$0.00	\$547.29	Month-to-Month

99	1/1/2020	\$589.69	\$48.41	\$31.19	\$0.00	\$638.10	Month-to-Month
100	1/1/2020	\$555.31	\$45.59	\$31.19	\$0.00	\$600.90	Month-to-Month
101	1/1/2020	\$518.76	\$42.59	\$31.19	\$0.00	\$561.35	Month-to-Month
102	1/1/2020	\$437.09	\$35.89	\$31.19	\$0.00	\$472.98	Month-to-Month
103	1/1/2020	\$518.76	\$42.59	\$31.19	\$0.00	\$561.35	Month-to-Month
104	1/1/2020	\$540.67	\$44.39	\$31.19	\$0.00	\$585.06	Month-to-Month
105	1/1/2020	\$599.55	\$49.22	\$31.19	\$0.00	\$648.77	Month-to-Month
106	1/1/2020	\$536.73	\$44.07	\$31.19	\$0.00	\$580.80	Month-to-Month
107	1/1/2020	\$504.89	\$41.45	\$31.19	\$0.00	\$546.34	Month-to-Month
108	1/1/2020	\$523.34	\$42.97	\$31.19	\$0.00	\$566.31	Month-to-Month
109	1/1/2020	\$518.03	\$42.53	\$31.19	\$0.00	\$560.56	Month-to-Month
110	1/1/2020	\$511.50	\$41.99	\$31.19	\$0.00	\$553.49	Month-to-Month
111	1/1/2020	\$555.15	\$45.58	\$31.19	\$0.00	\$600.73	Month-to-Month
112	1/1/2020	\$513.85	\$42.19	\$31.19	\$0.00	\$556.04	Month-to-Month
113	1/1/2020	\$539.68	\$44.31	\$31.19	\$0.00	\$583.99	Month-to-Month
114	1/1/2020	\$535.02	\$43.93	\$31.19	\$0.00	\$578.95	Month-to-Month
115	1/1/2020	\$572.89	\$47.03	\$31.19	\$0.00	\$619.92	Month-to-Month
116	1/1/2020	\$553.92	\$45.48	\$31.19	\$0.00	\$599.40	Month-to-Month
117	1/1/2020	\$572.89	\$47.03	\$31.19	\$0.00	\$619.92	Month-to-Month
118	1/1/2020	\$569.54	\$46.76	\$31.19	\$0.00	\$616.30	Month-to-Month
119	1/1/2020	\$525.16	\$43.12	\$31.19	\$0.00	\$568.28	Month-to-Month
120	1/1/2020	\$480.06	\$39.41	\$31.19	\$0.00	\$519.47	Month-to-Month
121	1/1/2020	\$524.51	\$43.06	\$31.19	\$0.00	\$567.57	Month-to-Month
122	1/1/2020	\$470.55	\$38.63	\$31.19	\$0.00	\$509.18	Month-to-Month
123	1/1/2020	\$517.34	\$42.47	\$31.19	\$0.00	\$559.81	Month-to-Month
124	1/1/2020	\$539.06	\$44.26	\$31.19	\$0.00	\$583.32	Month-to-Month
125	1/1/2020	\$540.99	\$44.42	\$31.19	\$0.00	\$585.41	Month-to-Month
126	1/1/2020	\$508.39	\$41.74	\$31.19	\$0.00	\$550.13	Month-to-Month
127	1/1/2020	\$513.23	\$42.14	\$31.19	\$0.00	\$555.37	Month-to-Month
128	1/1/2020	\$547.52	\$44.95	\$31.19	\$0.00	\$592.47	Month-to-Month
129	1/1/2020	\$541.18	\$44.43	\$31.19	\$0.00	\$585.61	Month-to-Month
130	1/1/2020	\$458.10	\$37.61	\$31.19	\$0.00	\$495.71	Month-to-Month
131	1/1/2020	\$514.19	\$42.21	\$31.19	\$0.00	\$556.40	Month-to-Month
132	1/1/2020	\$454.68	\$37.33	\$31.19	\$0.00	\$492.01	Month-to-Month

133	1/1/2020	\$494.55	\$40.60	\$31.19	\$0.00	\$535.15	Month-to-Month
134	1/1/2020	\$560.89	\$46.05	\$31.19	\$0.00	\$606.94	Month-to-Month
135	1/1/2020	\$476.14	\$39.09	\$31.19	\$0.00	\$515.23	Month-to-Month
136	1/1/2020	\$490.19	\$40.24	\$31.19	\$0.00	\$530.43	Month-to-Month
137	1/1/2020	\$524.51	\$43.06	\$31.19	\$0.00	\$567.57	Month-to-Month
138	1/1/2020	\$632.29	\$51.91	\$31.19	\$0.00	\$684.20	Month-to-Month
139	1/1/2020	\$520.29	\$42.72	\$31.19	\$0.00	\$563.01	Month-to-Month
140	1/1/2020	\$546.53	\$44.87	\$31.19	\$0.00	\$591.40	Month-to-Month
141	1/1/2020	\$555.95	\$45.64	\$31.19	\$0.00	\$601.59	Month-to-Month
142	1/1/2020	\$559.73	\$45.95	\$31.19	\$0.00	\$605.68	Month-to-Month
143	1/1/2020	\$555.31	\$45.59	\$31.19	\$0.00	\$600.90	Month-to-Month
144	1/1/2020	\$568.52	\$46.68	\$31.19	\$0.00	\$615.20	Month-to-Month
145	1/1/2020	\$566.23	\$46.49	\$31.19	\$0.00	\$612.72	Month-to-Month
146	1/1/2020	\$563.37	\$46.25	\$31.19	\$0.00	\$609.62	Month-to-Month
147	1/1/2020	\$567.95	\$46.63	\$31.19	\$0.00	\$614.58	Month-to-Month
148	1/1/2020	\$530.01	\$43.51	\$31.19	\$0.00	\$573.52	Month-to-Month
149	1/1/2020	\$542.72	\$44.56	\$31.19	\$0.00	\$587.28	Month-to-Month
150	1/1/2020	\$484.71	\$39.79	\$31.19	\$0.00	\$524.50	Month-to-Month
151	1/1/2020	\$461.79	\$37.91	\$31.19	\$0.00	\$499.70	Month-to-Month
152	1/1/2020	\$506.86	\$41.61	\$31.19	\$0.00	\$548.47	Month-to-Month
153	1/1/2020	\$567.93	\$46.63	\$31.19	\$0.00	\$614.56	Month-to-Month
154	1/1/2020	\$425.51	\$34.93	\$31.19	\$0.00	\$460.44	Month-to-Month
155	1/1/2020	\$525.68	\$43.16	\$31.19	\$0.00	\$568.84	Month-to-Month
156	1/1/2020	\$537.86	\$44.16	\$31.19	\$0.00	\$582.02	Month-to-Month
157	1/1/2020	\$562.15	\$46.15	\$31.19	\$0.00	\$608.30	Month-to-Month
158	1/1/2020	\$537.40	\$44.12	\$31.19	\$0.00	\$581.52	Month-to-Month
159	1/1/2020	\$543.25	\$44.60	\$31.19	\$0.00	\$587.85	Month-to-Month
160	1/1/2020	\$566.23	\$46.49	\$31.19	\$0.00	\$612.72	Month-to-Month
161	1/1/2020	\$541.01	\$44.42	\$31.19	\$0.00	\$585.43	Month-to-Month
162	1/1/2020	\$523.52	\$42.98	\$31.19	\$0.00	\$566.50	Month-to-Month
163	1/1/2020	\$500.04	\$41.05	\$31.19	\$0.00	\$541.09	Month-to-Month
164	1/1/2020	\$518.44	\$42.56	\$31.19	\$0.00	\$561.00	Month-to-Month
165	1/1/2020	\$507.80	\$41.69	\$31.19	\$0.00	\$549.49	Month-to-Month

166	1/1/2020	\$559.21	\$45.91	\$31.19	\$0.00	\$605.12	Month-to-Month
167	1/1/2020	\$452.82	\$37.18	\$31.19	\$0.00	\$490.00	Month-to-Month
169	1/1/2020	\$617.85	\$50.73	\$31.19	\$0.00	\$668.58	Month-to-Month
170	1/1/2020	\$538.88	\$44.24	\$31.19	\$0.00	\$583.12	Month-to-Month
171	1/1/2020	\$519.09	\$42.62	\$31.19	\$0.00	\$561.71	Month-to-Month
172	1/1/2020	\$480.05	\$39.41	\$31.19	\$0.00	\$519.46	Month-to-Month
173	1/1/2020	\$517.70	\$42.50	\$31.19	\$0.00	\$560.20	Month-to-Month
174	1/1/2020	\$439.75	\$36.10	\$31.19	\$0.00	\$475.85	Month-to-Month
175	1/1/2020	\$482.90	\$39.65	\$31.19	\$0.00	\$522.55	Month-to-Month
176	1/1/2020	\$449.01	\$36.86	\$31.19	\$0.00	\$485.87	Month-to-Month
177	1/1/2020	\$561.43	\$46.09	\$31.19	\$0.00	\$607.52	Month-to-Month
178	1/1/2020	\$530.59	\$43.56	\$31.19	\$0.00	\$574.15	Month-to-Month
179	1/1/2020	\$547.52	\$44.95	\$31.19	\$0.00	\$592.47	Month-to-Month
180	1/1/2020	\$537.18	\$44.10	\$31.19	\$0.00	\$581.28	Month-to-Month
181	1/1/2020	\$654.56	\$53.74	\$31.19	\$0.00	\$708.30	Month-to-Month
182	1/1/2020	\$500.80	\$41.12	\$31.19	\$0.00	\$541.92	Month-to-Month
183	1/1/2020	\$466.87	\$38.33	\$31.19	\$0.00	\$505.20	Month-to-Month
184	1/1/2020	\$565.31	\$46.41	\$31.19	\$0.00	\$611.72	Month-to-Month
185	1/1/2020	\$506.57	\$41.59	\$31.19	\$0.00	\$548.16	Month-to-Month
186	1/1/2020	\$545.86	\$44.82	\$31.19	\$0.00	\$590.68	Month-to-Month
187	1/1/2020	\$511.25	\$41.97	\$31.19	\$0.00	\$553.22	Month-to-Month
188	1/1/2020	\$533.96	\$43.84	\$31.19	\$0.00	\$577.80	Month-to-Month
189	1/1/2020	\$510.76	\$41.93	\$31.19	\$0.00	\$552.69	Month-to-Month
190	1/1/2020	\$553.46	\$45.44	\$31.19	\$0.00	\$598.90	Month-to-Month
191	1/1/2020	\$529.67	\$43.49	\$31.19	\$0.00	\$573.16	Month-to-Month
192	1/1/2020	\$509.83	\$41.86	\$31.19	\$0.00	\$551.69	Month-to-Month
193	1/1/2020	\$567.05	\$46.55	\$31.19	\$0.00	\$613.60	Month-to-Month
194	1/1/2020	\$458.37	\$37.63	\$31.19	\$0.00	\$496.00	Month-to-Month
195	1/1/2020	\$568.14	\$46.64	\$31.19	\$0.00	\$614.78	Month-to-Month
196	1/1/2020	\$551.80	\$45.30	\$31.19	\$0.00	\$597.10	Month-to-Month
197	1/1/2020	\$483.91	\$39.73	\$31.19	\$0.00	\$523.64	Month-to-Month
198	1/1/2020	\$568.52	\$46.68	\$31.19	\$0.00	\$615.20	Month-to-Month
199	1/1/2020	\$506.62	\$41.59	\$31.19	\$0.00	\$548.21	Month-to-Month

200	1/1/2020	\$540.20	\$44.35	\$31.19	\$0.00	\$584.55	Month-to-Month
201	1/1/2020	\$584.31	\$47.97	\$31.19	\$0.00	\$632.28	Month-to-Month
202	1/1/2020	\$555.41	\$45.60	\$31.19	\$0.00	\$601.01	Month-to-Month
203	1/1/2020	\$534.79	\$43.91	\$31.19	\$0.00	\$578.70	Month-to-Month
204	1/1/2020	\$492.03	\$40.40	\$31.19	\$0.00	\$532.43	Month-to-Month
205	1/1/2020	\$491.67	\$40.37	\$31.19	\$0.00	\$532.04	Month-to-Month
206	1/1/2020	\$497.06	\$40.81	\$31.19	\$0.00	\$537.87	Month-to-Month
207	1/1/2020	\$541.09	\$44.42	\$31.19	\$0.00	\$585.51	Month-to-Month
208	1/1/2020	\$511.48	\$41.99	\$31.19	\$0.00	\$553.47	Month-to-Month
209	1/1/2020	\$543.39	\$44.61	\$31.19	\$0.00	\$588.00	Month-to-Month
210	1/1/2020	\$526.08	\$43.19	\$31.19	\$0.00	\$569.27	Month-to-Month
211	1/1/2020	\$491.39	\$40.34	\$31.19	\$0.00	\$531.73	Month-to-Month
212	1/1/2020	\$571.85	\$46.95	\$31.19	\$0.00	\$618.80	Month-to-Month
213	1/1/2020	\$449.92	\$36.94	\$31.19	\$0.00	\$486.86	Month-to-Month
214	1/1/2020	\$531.32	\$43.62	\$31.19	\$0.00	\$574.94	Month-to-Month
215	1/1/2020	\$547.49	\$44.95	\$31.19	\$0.00	\$592.44	Month-to-Month
216	1/1/2020	\$491.79	\$40.38	\$31.19	\$0.00	\$532.17	Month-to-Month
217	1/1/2020	\$545.48	\$44.78	\$31.19	\$0.00	\$590.26	Month-to-Month
218	1/1/2020	\$532.52	\$43.72	\$31.19	\$0.00	\$576.24	Month-to-Month
219	1/1/2020	\$514.95	\$42.28	\$31.19	\$0.00	\$557.23	Month-to-Month
220	1/1/2020	\$567.93	\$46.63	\$31.19	\$0.00	\$614.56	Month-to-Month
221	1/1/2020	\$538.69	\$44.23	\$31.19	\$0.00	\$582.92	Month-to-Month
222	1/1/2020	\$544.22	\$44.68	\$31.19	\$0.00	\$588.90	Month-to-Month
223	1/1/2020	\$561.82	\$46.13	\$31.19	\$0.00	\$607.95	Month-to-Month
224	1/1/2020	\$477.32	\$39.19	\$31.19	\$0.00	\$516.51	Month-to-Month
225	1/1/2020	\$483.03	\$39.66	\$31.19	\$0.00	\$522.69	Month-to-Month
226	1/1/2020	\$565.48	\$46.43	\$31.19	\$0.00	\$611.91	Month-to-Month
227	1/1/2020	\$494.64	\$40.61	\$31.19	\$0.00	\$535.25	Month-to-Month
228	1/1/2020	\$560.30	\$46.00	\$31.19	\$0.00	\$606.30	Month-to-Month
229	1/1/2020	\$535.71	\$43.98	\$31.19	\$0.00	\$579.69	Month-to-Month
230	1/1/2020	\$488.24	\$40.08	\$31.19	\$0.00	\$528.32	Month-to-Month
231	1/1/2020	\$548.29	\$45.01	\$31.19	\$0.00	\$593.30	Month-to-Month
232	1/1/2020	\$518.88	\$42.60	\$31.19	\$0.00	\$561.48	Month-to-Month
233	1/1/2020	\$549.33	\$45.10	\$31.19	\$0.00	\$594.43	Month-to-Month

234	1/1/2020	\$580.69	\$47.67	\$31.19	\$0.00	\$628.36	Month-to-Month
235	1/1/2020	\$532.52	\$43.72	\$31.19	\$0.00	\$576.24	Month-to-Month
236	1/1/2020	\$510.76	\$41.93	\$31.19	\$0.00	\$552.69	Month-to-Month
237	1/1/2020	\$525.41	\$43.14	\$31.19	\$0.00	\$568.55	Month-to-Month
238	1/1/2020	\$540.06	\$44.34	\$31.19	\$0.00	\$584.40	Month-to-Month
239	1/1/2020	\$506.97	\$41.62	\$31.19	\$0.00	\$548.59	Month-to-Month
240	1/1/2020	\$503.17	\$41.31	\$31.19	\$0.00	\$544.48	Month-to-Month
241	1/1/2020	\$550.29	\$45.18	\$31.19	\$0.00	\$595.47	Month-to-Month
242	1/1/2020	\$528.16	\$43.36	\$31.19	\$0.00	\$571.52	Month-to-Month
243	1/1/2020	\$517.15	\$42.46	\$31.19	\$0.00	\$559.61	Month-to-Month
244	1/1/2020	\$565.14	\$46.40	\$31.19	\$0.00	\$611.54	Month-to-Month
247	1/1/2020	\$560.29	\$46.00	\$31.19	\$0.00	\$606.29	Month-to-Month
248	1/1/2020	\$425.79	\$34.96	\$31.19	\$0.00	\$460.75	Month-to-Month
249	1/1/2020	\$537.39	\$44.12	\$31.19	\$0.00	\$581.51	Month-to-Month
250	1/1/2020	\$557.02	\$45.73	\$31.19	\$0.00	\$602.75	Month-to-Month
251	1/1/2020	\$378.15	\$31.05	\$31.19	\$0.00	\$409.20	Month-to-Month
252	1/1/2020	\$422.31	\$34.67	\$31.19	\$0.00	\$456.98	Month-to-Month
253	1/1/2020	\$491.53	\$40.35	\$31.19	\$0.00	\$531.88	Month-to-Month
254	1/1/2020	\$588.26	\$48.30	\$31.19	\$0.00	\$636.56	Month-to-Month
255	1/1/2020	\$539.02	\$44.25	\$31.19	\$0.00	\$583.27	Month-to-Month
256	1/1/2020	\$638.73	\$52.44	\$31.19	\$0.00	\$691.17	Month-to-Month
257	1/1/2020	\$531.32	\$43.62	\$31.19	\$0.00	\$574.94	Month-to-Month
258	1/1/2020	\$516.16	\$42.38	\$31.19	\$0.00	\$558.54	Month-to-Month
259	1/1/2020	\$410.00	\$33.66	\$31.19	\$0.00	\$443.66	Month-to-Month
260	1/1/2020	\$503.31	\$41.32	\$31.19	\$0.00	\$544.63	Month-to-Month
261	1/1/2020	\$503.26	\$41.32	\$31.19	\$0.00	\$544.58	Month-to-Month
262	1/1/2020	\$544.89	\$44.74	\$31.19	\$0.00	\$589.63	Month-to-Month
263	1/1/2020	\$451.77	\$37.09	\$31.19	\$0.00	\$488.86	Month-to-Month
264	1/1/2020	\$472.91	\$38.83	\$31.19	\$0.00	\$511.74	Month-to-Month
265	1/1/2020	\$506.83	\$41.61	\$31.19	\$0.00	\$548.44	Month-to-Month
266	1/1/2020	\$552.92	\$45.39	\$31.19	\$0.00	\$598.31	Month-to-Month
267	1/1/2020	\$517.29	\$42.47	\$31.19	\$0.00	\$559.76	Month-to-Month
	TOTAL:	\$139,234.12	\$11,431.12	\$8,234.16	\$0.00	\$150,665.24	

**LOUNSBERY FERGUSON
ALTONA & PEAK LLP**

960 Canterbury Place, Suite 300
Escondido, California 92025-3870
Telephone (760) 743-1201
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JOHN W. WITT
1932-2018

Direct: (760) 743-1226 ext 108
Email: Hhp@lfap.com

By Certified Mail, Return Receipt Requested,
by Internet Email (smmeoffice@gmail.com), and by First Class U.S. Mail

October 27, 2021

Centinela Investments Ltd.
Owner, San Marcos Mobile Home Estates
9401 Wilshire Blvd, Suite 1125
Beverly Hills, CA 90212

San Marcos Mobile Estates
Park Office
1145 E. Barham Drive
San Marcos, CA 92078-4548
Attention: Julie Mascari, Park Manager

Re: Proposed Mobile Home Park Rent Increase and Improper Notice of Same

Dear Property Owner,

By way of introduction, I serve as the City Attorney of the City of San Marcos ("City"), and issue this communication in that capacity. The City ("City") received a rent review petition ("Petition") from the tenants of San Marcos Mobile Estates ("SMME") on October 19, 2021. SMME tenants filed the Petition with City after receiving a notice of rent increase on September 29, 2021.

However, notice of the rent increase was not properly issued to the City. California Civil Code § 798.30 requires that notice of rent increases be provided to tenants at least 90 days before the rent increase is to occur. San Marcos Municipal Code ("SMMC") section 16.16.055 requires all mobilehome park owners to give a rent increase notice to the City *at the same time* the notice is given to the tenants, by filing the notice with the City Clerk.

Although the City received a "rent increase worksheet" by way of email from Jana Wiemann to Sean Harris, this does not meet the requirements of the SMMC. To comply with the SMMC, SMME must immediately file a notice of the rent increase with the City Clerk, including the information required by SMMC section 16.16.055(a). Please also email a copy to my attention

October 27, 2021
Page 2 of 2

LOUNSBERY FERGUSON ALTONA & PEAK LLP

at: hfp@lfap.com, with a copy to cityhall@san-marcos.net, and a hard copy mailed to this office.

Upon City's receipt of the statutorily-required notice, the 90 day rent increase notice period will commence. The proposed rent increase may not go into effect on January 1, 2022. Any rent increase will instead go into effect 90 days after City receives the notice.

This letter also serves as notice that the Petition has been determined to be in compliance with SMMC sections 16.16.060(a)(1), (2), and (4), and the proposed rent increase is therefore stayed pursuant to SMMC Sections 16.060(b)(3), and (d) until a final determination on the matter is made by the Mobile Home Rent Review Commission.

The SMME annual rent adjustment date under SMMC 16.16.080 will remain as is, and will not be changed or advanced due to this 90+ day delay resulting from SMME's failure to follow statutory notice requirements.

The City's rent review regulations (enclosed) require that the parties negotiate in good faith in an attempt to resolve the space rent issue. The parties should alert the City immediately if they have come to a mutual agreement regarding rent and the City will halt the petition process and the stay will be lifted. A hearing will be scheduled with the Mobile Home Rent Review Commission to make a determination on the issues presented in the Petition. (A copy of the City ordinance setting forth the City's rent review procedures is attached for your reference.)

Should you have any questions regarding the space rent notice and/or Mobilehome Rent Review Commission process, please do not hesitate to contact Sean Harris, who can be reached at sharris@san-marcos.net, or at (760)-744-1050, ext. 3116.

Thank you for your anticipated prompt response to this notification.

Sincerely,

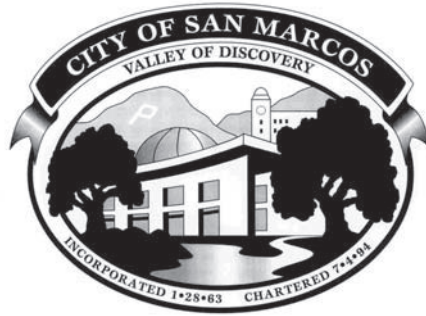


HELEN HOLMES PEAK

cc: Jack Griffin, City Manager
Phillip Scollick, City Clerk
Sean Harris, Management Analyst
Thomas Casparian

Enclosure as noted

1 Civic Center Drive
San Marcos, CA 92069-2918



Telephone
760.744.1050
FAX: 760.744.7543

CERTIFICATE OF ADEQUACY OF PETITION
RE: SAN MARCOS MOBILE ESTATES RESIDENTS MOBILEHOME RENT REVIEW
PETITION

I, PHIL SCOLLICK, CITY CLERK of the City of San Marcos, DO HEREBY CERTIFY that I verified the signatures on subject petition and found that the petition contained sufficient signatures to forward the petition to the City Council for purposes of scheduling a hearing date before the Mobilehome Rent Review Commission in accordance with Section 16.16.060(c)(2) of the San Marcos Municipal Code. The results of the verification process are as follows:

DATE PETITION RECEIVED BY CITY CLERK:	October 19, 2021
NUMBER OF SIGNATUTES SUBMITTED:	197
NUMBER OF SIGNATURES FOUND SUFFICIENT:	189
NUMBER OF SIGNATURES DISQUALIFIED:	8*
NUMBER OF SPACES AFFECTED BY RENT INCREASE:	267
NUMBER OF SIGNATURES REQUIRED (>50% OF 142):	134
PERCENTAGE OF SPACES REQUESTING HEARING:	70.7%

*Disqualified signatures did not match registered owner on rent roll.

DATED: October 28, 2021

Phillip
Scollick
PHIL SCOLLICK, CITY CLERK

Digitally signed by Phillip
Scollick
Date: 2021.10.28
10:58:54 -07'00'

CITY COUNCIL:

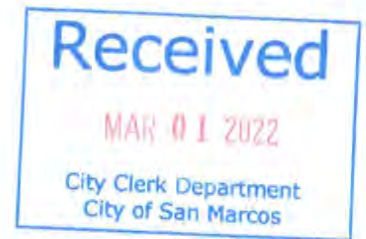
Rebecca Jones, Mayor

Sharon Jenkins, Vice-Mayor

Randy Walton

María Nuñez

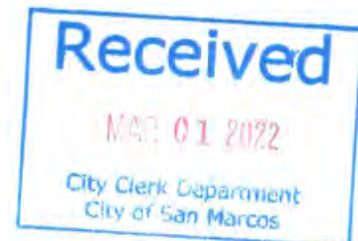
Ed Musgrove



Pursuant to City of San Marcos Resolution No. 2009-7274 and
Chapter 16.16 of the San Marcos Municipal Code.

SAN MARCOS MOBILE ESTATES APPLICATION FOR RENT INCREASE

Submitted March 1, 2022
by Thomas W. Casparian, Esq., Cozen O'Connor
On behalf of the Owner of San Marcos Mobile Estates,
Centinela Investments, Ltd.



Introduction

San Marcos Mobile Estates is a 267-space mobilehome community located at 1145 E. Barham Drive in the City of San Marcos. San Marcos Mobile Estates is a beautiful park with many common area amenities such as an air-conditioned clubhouse with a meeting room, a kitchen, a pool table, heated swimming pool, Jacuzzi, showers and bathrooms. The park has laundry facilities, onsite management, patrol service, and street sweeping.

In many ways the operation of a mobilehome community is similar to that of a small city, with miles of roads, underground utilities, facilities, recreational areas, personnel, etc. As such, the operating and maintenance expenses at San Marcos Mobile Estates (San Marcos ME) have continued to increase just they have for the City of San Marcos. To continue to operate and provide the infrastructure, amenities, and services that the residents depend on, San Marcos ME must receive a rent increase that will offset the increase of consumer goods and services that it has realized in the past several years and to provide incentives and rewards for further capital investment.





Support for Rent Increase and Negotiations with the HOA

In September, 2020, Management provided a notice of rent increase in the amount of 2.1%. The intended rent increase was only in the amount equal to consumer inflation (Consumer Price Index or "CPI") in the local region since the prior year. However, the HOA led residents to object to *any* rent increase. Rather than pursue a lengthy and costly briefing and hearing process, Management had no choice but to forgo any rent increase effective in 2021.

This past year, at the time set by San Marcos to notice the annual rent increase, the CPI had increased by 8.21% since the prior rent increase. This was the exact amount then used to calculate the annual rent increase Notice. Management sought to increase rents only in the same amount as general inflation, no more or no less. However, again led by the HOA Board, a sufficient number of Residents signed a Petition to challenge the increase.

The HOA contended that, for a second year in a row, *no* rent increase should be granted. Facing over 8% inflation in costs but another year without any increase in rent income, Management had no choice but to hire counsel to pursue a hearing.

Asked for justification for its refusal to agree on any rent increase, the HOA contended the Park had "deferred maintenance," without any further explanation. To the contrary, as demonstrated in the Profit and Loss Statements provided with this Application, Management

has invested nearly half a million dollars on repair and maintenance during the last three years alone.

The HOA produced a list of 26 repair, maintenance, and management issues it contended were the reasons for its refusal to agree on any rent increase. Management agreed to conduct a walk-through inspection of the Park and address every item on the HOA's list, and did so together with the HOA Board, on January 13, 2022.

On February 2, 2022, Management, through its counsel, sent a letter to the HOA, a copy of which is included here at Exhibit 9. The letter restated each of the HOA's 26 enumerated items, and for each item, provided a response. In response to the vast majority of the HOA's enumerated items, Management pledged in writing to hire, by May, the appropriate contractors to inspect and repair the HOA's identified item. In addition, Management pledged to perform a complete remove-and-replace of the street system, without seeking a Capital Improvement pass-through from the Residents, if the HOA would remove its objection to the rent increase. However, in subsequent negotiations, the HOA would agree to a rent increase of no more than 2.5% (at the time of this Application), less than one-third of inflation since the last rent increase, and after over two years without any rent increase.

The rent increase noticed by Management last September was based on the change in CPI since the last increase's CPI, in July 2019. Since then through the date of this Application, the CPI has now increased by 11.2%, and Management has been delayed in implementing an annual increase in January 2022. Accordingly, and because any rent increase will now be delayed by another half a year, for a total period of 2 ½ years with no increase, Management requests a general rent increase in that amount.

Additionally, even when viewed over the recent ten year period, the Park's rent increases have fallen far behind the general increase in costs. San Marcos ME rents have increase 13.32% less than the rate of inflation since July 2011.

Because there will have been no increase in rent for more than 2 ½ years before the requested increase can be implemented, and based on the CPI change during that period, as well as income, expenses, and anticipated expenses in 2022, Management now seeks a rent increase of 11.2% representing the change in CPI since that used to calculate the last rent increase implemented in January 2020.

Accordingly, Management requests a rent increase in the amount of 11.2%, as calculated by the change in CPI from July 2019 until January 2022.

EXHIBIT LIST

1. Letter from Park Owner to Tenant Representative 02.22.22.
2. Chart of historic change in CPI.
3. Bureau of Labor and Statistics CPI chart.
4. Profit and loss statements for 2019, 2020, and 2021.
5. Maintenance and capital improvement budgets for 2022.
6. Maintenance and capital improvement budgets for 2022.
7. 1980 Grant Deed and Deed of Trust.
8. 2021 Cash flow statement.
9. Verification signed by Park Owner.

February 22, 2022

**VIA E-MAIL (FLIP BOLLINGER <EPFLIP@GMAIL.COM>)
CONFIDENTIAL ATTORNEY/CLIENT PRIVILEGE**

Thomas W. Casparian, Esq.

Direct Phone 310-460-4471
Direct Fax 310-594-3082
tcasparian@cozen.com

Flip Bollinger
Resident Representative
San Marcos Mobile Estates Homeowners
Association

Re: San Marcos Mobile Estates

Dear Ms. Bollinger:

Thank you for providing a list of 26 specific items the homeowners association ("HOA") had identified as requiring Management's attention. The HOA has identified these items in support of its prior objection to the Park receiving a rent increase equal to inflation.

On January 27, 2022, you and other members of the HOA conducted a walk-through inspection of the Park with the Park's attorney Jana Weimann and the Park's on-site manager, Julie. During the inspection, the parties consulted the list of 26 items previously provided by the HOA.

As a result of the HOA's list of items and the joint inspection, Park Management will perform and undertake the below actions in response to the HOA's 26 enumerated items as agreed below. Funding the below-listed improvements, repairs and maintenance items (mostly construction-related items whose cost has increased faster than inflation), will necessitate the full inflationary increase requested, and it is understood the agreement is conditioned accordingly.

The last rent increase at the Park was over two years ago. Since the last rent increase, the Consumer Price Index for the San Diego region ("CPI") has increased well over 10%. The currently submitted rent increase reflects regional inflation only through July 2021, or 8.21%. If the HOA will support the requested increase of 8.21% after over two years without any increase, Park management agrees to the following:

HOA Request #1. Repair the asphalt streets as they are crumbling, creating potholes that are a safety hazard. Several people have fallen on the broken streets. Most residents have issues with the status of the streets.

Response: Park Management is obtaining a bid to undertake removal and replacement of the Park's streets. A street system "remove and replace" removes the street down to the subsurface and rebuilds the street as completely new. The Park's street will be entirely replaced in 2022-2023 provided the requested rent increase is agreed to.

LEGAL\56501453\1

HOA Request #2. Many driveways need repair or replacement.

Response: The condition of the driveways is closely monitored by the Park and inspected approximately four (4) times per year by a licensed contractor. A list of driveways previously provided by the HOA (lots 136, 169, 187, 207, 209, 216, 226, 231, 237, 241, 250, 263, 265) were inspected by the Park Manager during the walk-through with the HOA on January 27, 2022. Other than minor cracks, none of the driveways on this list need to be replaced.

HOA Request #3. 66 residents have problems with rats and gophers.

Response: Due to the landscape and hilly terrain of the Park, it is impossible to completely rid the Park of gophers and rats. Keeping the Park's trash area and other areas including individual homesites clean and clear of debris is the most important preventative solution. During the walk-through with the HOA, we looked at many areas of the Park, including the trash bin area, which was meticulously clean. Management will work together with the HOA to identify any problem areas and educate resident to help maintain homesites to discourage any vermin.

HOA Request #4. 69 residents voiced problems with failure to address speeding problem. Speeding is out of control. Need to install speed deterrents.

Response: Management will consult with the street repair contractor to determine whether installing speed bumps is a possible option in the Park, due to the hills. We will also need to consult with the Fire Department, as speed bumps can impede emergency vehicles. Management does ticket anyone seen speeding.

HOA Request #5. Tree trimming needs to be done year around. Many pine trees are overgrown and need to be trimmed or removed. They create a fire hazard. Palm trees need to be trimmed after buds appear.

Response: The Park trims all trees on a regular basis. The pine trees are being trimmed, beginning on January 21, 2022. The Park trimmed the palm trees six (6) months ago.

During the walk-through, the HOA also pointed out many homesites with overgrown bushes or trees. However, at each of these homesites, the Homeowner had explicitly instructed the Park not to trim any of the foliage, and unless it becomes hazardous, the Park defers to the Homeowner's request.

The HOA also pointed out overgrown trees near Space 85 and on Linda Vista Road; these were immediately trimmed by the Park Maintenance Staff. The HOA additionally pointed out some tall palm trees on Space 43 & 46, Space 59, and Space 64 & Space 193. On or before May 31, 2022, the Park will consult with an arborist to determine if the tall palm trees need to be removed.

HOA Request #6. Electrical system needs to be updated. Frequent power outages are hazardous for residents that need power to run oxygen, nebulizers and other medical equipment.

Response: We believe you may be referring to a specific area in the Park that has been having electrical issues. A map of that area is attached and labelled "Electrical Issue" (affecting Spaces 47 – 49 & Spaces 57 – 61). This was repaired on January 20, 2022. There have not been frequent power outages on a park-wide basis. Otherwise, the electrical system does not need to be updated.

HOA Request #7. Clubhouse needs a generator when power is out so residents have access to air conditioning and power for medical equipment.

Response: A clubhouse generator would be an additional amenity never previously provided at the Park and not typically provided or required by any regulation. If this is something the Homeowners would like and will agree to reimburse the Park pro rata as a capital improvement, the Park will work with the HOA to purchase a generator for the clubhouse.

HOA Request #8. Water is shut-off often needing repair, but repairs are short lived, system needs to be replaced.

Response: There have not been any major water outages in the Park in many years. There are three (3) water systems in the Park, and each can be shut off separately from the other, so that any water interruption is limited in scope. The water system does not need to be replaced.

HOA Request #9. Sewer is backing up and spilling into yards, driveways and the streets.

Response: Due to the landscaping of the Park, tree roots do get into the pipes and can cause some blockage. In addition, at times, Homeowners dispose of larger items that should be placed in the trash and not flushed (adult diapers, sanitary napkins, etc.). The Park will get a bid from Pacific Drain to have them to come out at least four (4) times per year to hydro jet the sewer pipes. Different sections of the Park will be treated in different phases. In addition, the Park will continue to send out notices to educate Homeowners regarding what is appropriate to flush down the toilet.

HOA Request #10. Retaining walls need to be constructed in several lots and repaired in other lots.

Response: A map is attached as labelled "Bank Erosion" that indicates the areas where we understand the HOA believes retaining walls should be placed. The Park regularly monitors the slopes and banks. The Park has installed retaining walls and has hired a professional landscaper to set netting and plant ivy to prevent bank erosion. A landscape architect or other qualified professional will inspect areas of the Park to determine if more retaining walls need to be installed or other corrective actions needs to be undertaken. This inspection will take place on or before the end of May 2022.

HOA Request #11. Street lights need to be installed in many dark areas of the park. Rise in crime due to dark areas.

Response: New lights have recently been installed in the Park and eliminated most of any remaining lighting issues. Park Security and Management will drive through the Park at night and identify any additional areas that may need supplemental lighting. This will be completed by the end of May 2022. No "crimes" have been reported by either the HOA or the Park Staff.

HOA Request #12. Replace wrong way sign so drivers can see it. Current sign is only seen by pedestrians.

Response: The Park has purchased larger "Wrong Way" signs and will install them upon receipt.

HOA Request #13. Light at garbage doesn't illuminate back gate. Back gate is still dark and difficult to enter safely.

Response: Park Security and Management will drive through the Park at night to determine if the current lighting is adequate. This will be completed by the end of May 2022.

HOA Request #14. Manager hours not available much of the time.

Response: Office hours are posted at the front of the Park office, and there is a contact number for any Homeowner to use when the office is closed. The Park Manager, Julie, is available 24 hours a day, seven (7) days a week. She always has the phone with her, and answers calls at all times of day and night. She has not received one complaint of her not being available to Homeowners from anyone. At the walk-through, the HOA members were very supportive of Julie.

HOA Request #15. Park rules are not enforced, several residents have young children, large dogs etc.

Response: The Park enforces rules regularly. If a Homeowner ignores the notices after numerous attempts (usually three (3)), the Park turns over the matter to the Park's attorney. Letters and notices are served on Homeowner's violating the rules, but please understand that information is not shared with the HOA for privacy reasons.

HOA Request #16. Clubhouse is run down, needs new chairs, tables, pool sticks.

Response: We understand that the HOA removed this from its list at the walk-through.

HOA Request #17. Pool deck is crumbling, needs replacement. Pool and Jacuzzi need major repair.

Response: The Park will have the pool inspected by a pool contractor to determine the condition of the pool and Jacuzzi before the end of May 2022. The pool decking was very recently replaced and is in very good condition.

HOA Request #18. Work requests are denied. Told Julie cannot accept them.

Response: A prior system for requests led to several problems and was suspended. Park Management is working with the Park's attorney to develop and implement an orderly request procedure.

HOA Request #19. New locks are needed on laundry rooms, pool entries etc. to keep out non-residents from using the facilities.

Response: The laundry room and pool hours are from 6:30 a.m. to 8:00 p.m. The locks at the laundry room and pool entries are sufficient to keep the property locked and access denied when closed. Guests (i.e., non-Homeowners) can use the pool and laundry facilities while accompanied by the Homeowner. Homeowners notify Park Management if anyone is using the facilities that they do not recognize.

HOA Request #20. Rest rooms need to be handicapped accessible.

Response: The Park will have the bathrooms inspected by a licensed contractor for accessibility.

HOA Request #21. Jacuzzi needs to be handicapped accessible.

Response: The Park will have the Jacuzzi inspected by a licensed contractor for accessibility.

HOA Request #22. Back entrance uneven pavement at street interface. Also, "STOP" needs to be painted on street at stop sign at back entrance to the park.

Response: The back entrance uneven pavement is on City land and not Park property, preventing Management from any opportunity to make it even. When the streets are repaired, we will have "STOP" painted at the STOP sign at the back entrance to the Park.

HOA Request #23. Motion detector lights are nice but they don't turn on until directly under light.

Response: At the walk-through, the HOA stated that the motion sensor light is between Space 51 & Space 52. Park Security and Management will inspect the Park at night and determine if the motion sensors on the lights need to be adjusted.

HOA Request #24. People are living in a shed on one lot.

Response: Park Manager Julie states that no one in the Park is living in a shed. At the walk-through, no one from the HOA was able to indicate where this claim could have referred to.

HOA Request #25. Faded stop sign needs to be replaced.

Response: At the walk-through, the HOA noted a faded STOP sign on Calle Curto and Sierra Vista, next to Space 220. This STOP sign has now been replaced. Maintenance Staff will continue to inspect the Park on an on-going basis to determine if any other signs are faded and need to be replace.

HOA Request #26. Slick green drainage from pool pump house down the street slope needs to be cleaned up.

Response: During the HOA's walk-through, the only area where there was a very small area of "slick green" water was at the base of the waterfall below the pool; however, it was in a small ditch where pedestrians would never walk. Park Maintenance Staff continuously monitors areas in the Park where water can collect during the rainy season and cleans them as necessary.

We hope to avoid any necessity for a hearing before the City and the expensive preparation that will be required of everyone. Management seeks only as much increase as is necessary to keep pace with inflation, far below the rise in housing costs for renters and buyers, and after forgoing any rent increase for two years. Management welcomes the HOA's listed requests and appreciated the opportunity for the joint inspection. We look forward to working together with the HOA to address those items to everyone's satisfaction.

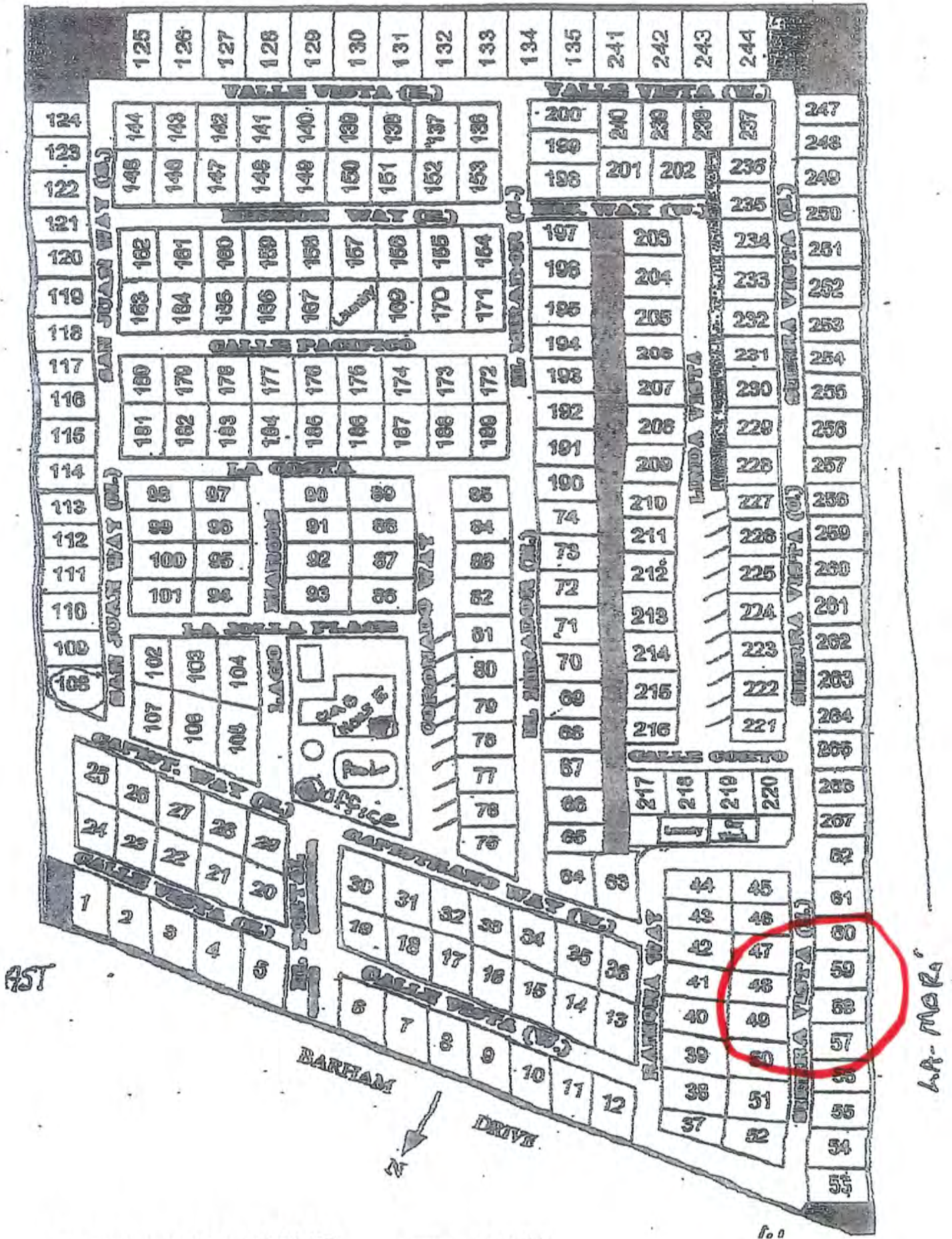
Sincerely,

COZEN O'CONNOR



By: Thomas W. Casparian, Esq.

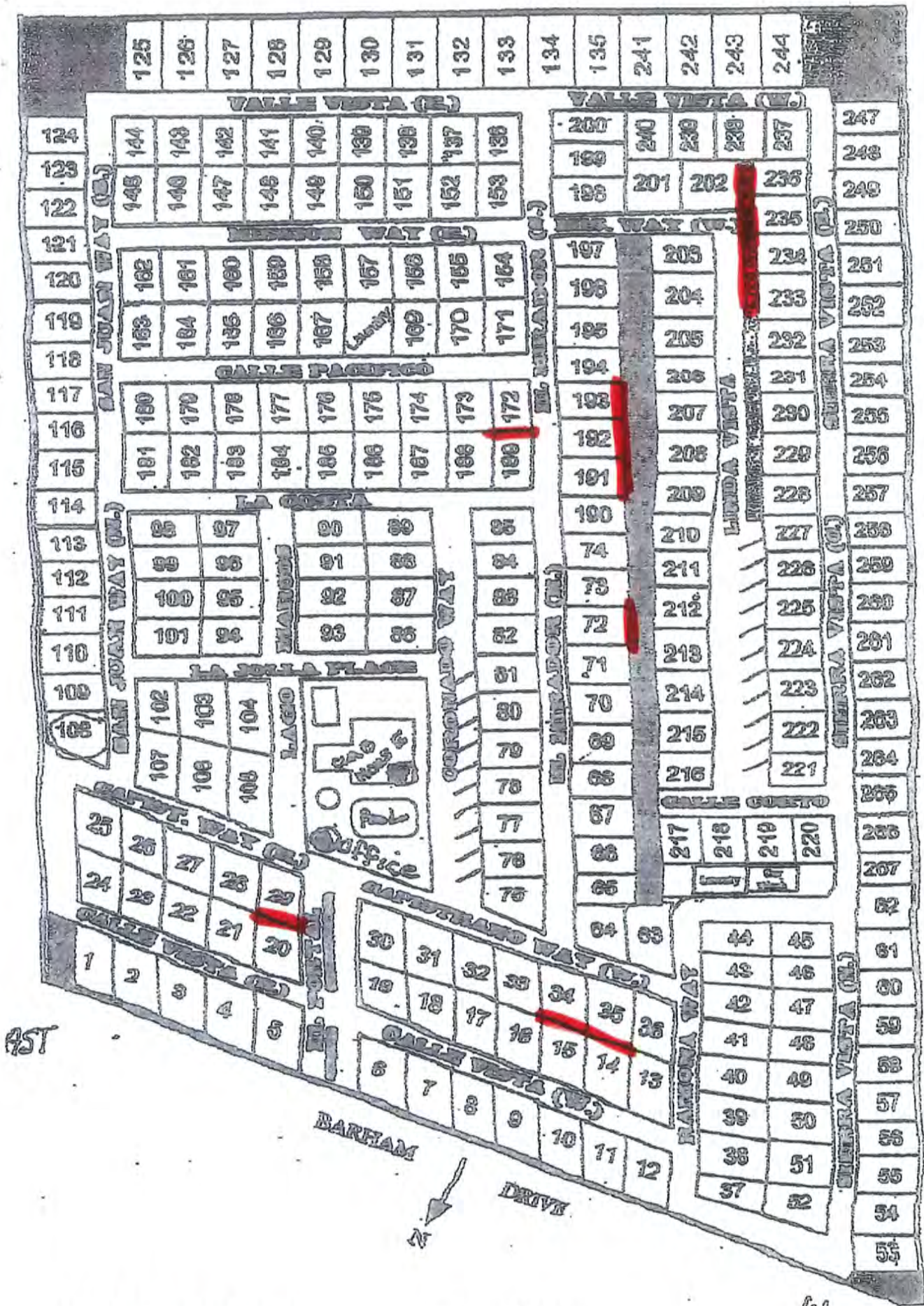
Enclosures



ELECTRICAL ISSUE

Exhibit 1

Section 6
page 12



BANK EROSION

Exhibit 1

Section 6
page 13

Dated: 1/25/2022

HISTORICAL CPI RENT INCREASES

<u>YEAR</u>	<u>ACTUAL CPI</u>	<u>NEGOTIATED CPI</u>	<u>DIFFERENCE</u>
2012	3.40%	2.00%	1.40%
2013	1.70%	1.70%	0.00%
2014	0.90%	0.90%	0.00%
2015	2.40%	2.40%	0.00%
2016	0.80%	0.80%	0.00%
2017	2.00%	2.00%	0.00%
2018	3.30%	2.70%	0.60%
2019	3.02%	2.60%	0.42%
2020	1.40%	1.40%	0.00%
2021	2.10%	0.00%	2.10%
As of date of rent increase notice	6.00%		6.00%
CPI increase since July 2019	11.20%		2.80%

Current percentage below San Diego CP

13.32%

CPI for All Urban Consumers (CPI-U)
Original Data Value

Series Id: CUURS49ESA0
Not Seasonally Adjusted
Series Title: All items in San Diego-Carlsbad, CA, all urban
Area: San Diego-Carlsbad, CA
Item: All items
Base Period: 1982-84=100
Years: 2012 to 2022

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
2012											
2013											
2014											
2015											
2016											
2017											285.961
2018	288.331		290.810		289.243		295.185		295.883		293.858
2019	295.761		297.226		300.303		299.333		301.033		301.520
2020	302.564		302.589		301.317		305.611		304.443		306.334
2021	307.688		315.035		317.141		323.906		324.138		326.422
2022	332.990										

Source: Bureau of Labor Statistics

Exhibit 3

Generated on: February 25, 2022 (06:54:44 PM)

2022 BUDGET - CAPITAL IMPROVEMENTS

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NOTES</u>
PAVING	\$30,000.00	Replacement of driveways (No of Units: 2-3)
RETAINING WALLS	\$50,000.00	
STREETS	\$274,000.00	Replace all streets in Park
STREETS - SPEED BUMPS	\$30,000.00	Installation of speed bumps
TRUCK	\$20,000.00	New truck for the Park
TOTAL:	\$404,000.00	

Exhibit 4

2022 BUDGET - MAINTENANCE

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NOTES</u>
ELECTRICAL REPAIRS	\$41,000.00	
GOLF CART EXPENSE	\$5,000.00	
LANDSCAPING	\$25,000.00	
PAVING	\$15,000.00	Repairs to driveways (2 -4 driveways)
PEST & RODENT CONTROL	\$3,000.00	
PLUMBING (Water)	\$9,500.00	Water system maintenance
PLUMBING (Sewer)	\$35,000.00	Sewer system maintenance
POOL & JACUZZI	\$22,500.00	Regular maintenance
TREE TRIMMING	\$40,000.00	Includes tree trimming completed by Vista Valley Tree Service on the week of January 24, 2022 (\$34,250)
TRUCK MAINTENANCE / GAS	\$5,000.00	
	<u>\$201,000.00</u>	

Exhibit 4

2023 BUDGET - MAINTENANCE

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NOTES</u>
ELECTRICAL	\$45,000.00	
GOLF CART EXPENSE	\$5,500.00	
LANDSCAPING	\$27,500.00	
PAVING	\$33,000.00	Repairs to driveways (2-4 driveways)
PEST & RODENT CONTROL	\$3,300.00	
PLUMBING (Water)	\$10,500.00	Water system maintenance
PLUMBING (Sewer)	\$40,000.00	Sewer system maintenance
POOL & JACUZZI	\$25,000.00	Maintenance
TREE TRIMMING	\$44,000.00	Annual service
TRUCK MAINTENANCE / GAS	<u>\$5,500.00</u>	
	<u>\$239,300.00</u>	

Exhibit 5

2023 BUDGET - CAPITAL IMPROVEMENTS

<u>CATEGORY</u>	<u>AMOUNT</u>	<u>NOTES</u>
PAVING	\$35,000.00	Replacement of driveways (No of Units: 2-3)
RETAINING WALLS	\$60,000.00	
SOUNDWALL	\$10,000.00	Panel Replacement - do not have a bid so figure may change
	<u>\$105,000.00</u>	

Exhibit 5

San Marcos Mobile Estates

Statement of Cash Flow

Year ending Dec 31, 2021

Operating Activities

Net Income	1,090,822.86
Adjustments to reconcile Net Income to net cash from operations	
Accounts Receivable	7,003.91
Petty Cash	340.90
Security Deposits	8,535.05
Misc Liabilities	-
Payroll Taxes Payable	(1,106.42)
Net Cash provided by Operating Activities	<u>1,105,596.30</u>

Investing Activities

Depreciation	12,822.00
--------------	-----------

Financing Activities

Partner Distributions	(903,333.30)
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Net cash increase for period	<u>215,085.00</u>
------------------------------	-------------------

Cash at beginning of period	410,993.09
-----------------------------	------------

Cash at ending of period	<u><u>626,078.09</u></u>
--------------------------	--------------------------

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO

Name Centinela Investments, Ltd.
a California limited Partnership
Street Address c/o George Mekjian
City & State 10960 Wilshire Blvd., Suite 808
Los Angeles, California 90024

MAIL TAX STATEMENTS TO
Name Centinela Investments, Ltd.
a California limited Partnership
Street Address c/o George Mekjian
City & State 10960 Wilshire Blvd., Suite 808
Los Angeles, California 90024

80-416238

FILE/PAGE NO.

BOOK 1980

RECORDED REQUEST OF
TITLE INSURANCE & TRUST CO.

DEC 11 8:00 AM '80

OFFICIAL RECORDS
SAN DIEGO COUNTY, CALIF.
VERA L. LYLE
RECORDER

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Corporation Grant Deed

REO 303

TO 1221 CA (12-74)

THIS FORM FURNISHED BY TICOR TITLE INSURERS

A.P.N.

The undersigned grantor(s) declare(s):
Documentary transfer tax is \$1,897.50 TRANSFER TAX PAID
() computed on full value of property conveyed, or SAN DIEGO COUNTY RECORDER
(x) computed on full value less value of liens and encumbrances remaining at time of sale.
() Unincorporated area: (x) City of San Marcos, and
FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

PACIFIC MUTUAL LIFE INSURANCE COMPANY, a California corporation
a corporation organized under the laws of the State of California hereby GRANTS to

CENTINELA INVESTMENTS, LTD., a California limited partnership

the following described real property in the city of San Marcos,
County of San Diego, State of California:

As more particularly described on the description attached hereto
and made a part hereof marked Exhibit A comprised of 1 page.

SUBJECT TO:

1. All taxes for the 1979-80 tax year, a lien not yet payable.
2. Covenants, conditions, restrictions, reservations, rights and easements of record.
3. Deed of Trust of record.

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed by its Second Vice President and Assistant Secretary
thereunto duly authorized.

Dated: NOVEMBER 14, 1980

Pacific Mutual Life Insurance Co.

STATE OF CALIFORNIA } SS.

COUNTY OF Orange

On November 14, 1980, before

signed, a Notary Public in and for said State:

Roger Russell,

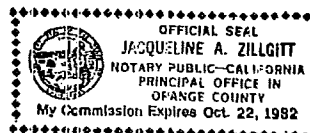
to me to be the Second Vice

Assistant Secretary of the Corporation

within instrument, known to me to be the persons
acknowledged to me that such Corporation executed it
pursuant to its by-laws or a resolution of its board.

WITNESS my hand and official seal.

By Roger Russell Second Vice President
By Alan Burkett Assistant Secretary



Signature Jacqueline A. Zillgitt

(This area for official notarial seal)

1307/228-310-66

Title Order No. 1073490

Escrow or Loan No.

618076 MC

MAIL TAX STATEMENTS AS DIRECTED ABOVE

EXHIBIT A

PARCEL 1:

Those portions of Lots 2 and 4 in Section 18, Township 12 South, Range 2 West, San Bernardino Meridian, in the county of San Diego, state of California, according to United States Government Survey, approved December 14, 1885, described as follows:

Beginning at the most Northerly corner of said Lot 2; thence along the Northeasterly line of said Lot 2, South $62^{\circ} 47' 20''$ East 336.75 feet to the Easterly line of the Westerly 300 feet of said Lots 2 and 4, being the true point of beginning; thence continuing along said Northeasterly line, South $62^{\circ} 47' 20''$ East 387.25 feet; thence parallel with the Westerly lines of said Lots 2 and 4, South $0^{\circ} 00' 50''$ West 1486.13 feet to the South line of said Lot 4; thence along said South line, North $89^{\circ} 59' 20''$ West 350 feet more or less to said Easterly line of the Westerly 300 feet of said Lots 2 and 4; thence along said Easterly line, parallel with the Westerly line of said Lots, North $0^{\circ} 00' 50''$ East 1663.05 feet to the true point of beginning.

PARCEL 2:

Those portions of Lots 2 and 4 in Section 18, Township 12 South, Range 2 West, San Bernardino Meridian, in the county of San Diego, state of California, according to United States Government Survey, approved December 14, 1885, described as follows:

Beginning at the most Northerly corner of said Lot 2; thence along the Northeasterly line of said Lot 2, South $62^{\circ} 47' 20''$ East 336.75 feet to the Easterly line of the Westerly 300 feet of said Lots 2 and 4; thence continuing along said Northeasterly line, South $62^{\circ} 47' 20''$ East 387.25 feet to the true point of beginning; thence parallel with the Westerly lines of said Lots 2 and 4, South $0^{\circ} 00' 50''$ West 1486.13 feet to the South line of said Lot 4; thence along said South line, South $89^{\circ} 59' 20''$ East 313.95 feet to the Southeast corner of the land described in deed to William H. Seimer et al, recorded December 14, 1959 at Document No. 257264 of Official Records of said county; thence along the Easterly line of said land, North $0^{\circ} 00' 50''$ East 1306.87 feet to the Northeasterly line of said Lot 4; thence along the Northeasterly lines of said Lots 4 and 2, North $62^{\circ} 47' 20''$ West 352.94 feet to the true point of beginning.

PARCEL 3:

Those portions of Lots 2 and 4 in Section 18, Township 12 South, Range 2 West, San Bernardino Meridian, in the county of San Diego, state of California, according to United States Government Survey, approved December 14, 1885, described as follows:

Beginning at the most Northerly corner of said Lot 2; thence along the West line of said Lots 2 and 4, South $0^{\circ} 11' 50''$ West 656 feet; thence at right angles, South $89^{\circ} 48' 10''$ East 300 feet; thence parallel with said West line of Lots 2 and 4 North $0^{\circ} 11' 50''$ East 505.05 feet to the Northeasterly line of said Lot 2; thence along said Northeasterly line, North $62^{\circ} 47' 20''$ West 336.75 feet to the point of beginning.

PARCEL 4:

That portion of Lot 4, Section 18, Township 12 South, Range 2 West, San Bernardino Meridian, in the county of San Diego, state of California, according to United States Government Survey, approved December 14, 1885, described as follows:

The Westerly 300.00 feet of said Lot 4 EXCEPTING therefrom that portion lying Northerly of the following described line:

Commencing at the most Northerly corner of Lot 2 of said Section 18, thence Southerly along the West line of said Lots 2 and 4, a distance of 656.00 feet to the true point of beginning; thence Easterly at right angles to said West line, a distance of 300.00 feet.

80-

No 415238

Pacific Mutual Life Ins. Co.
700 Newport Center Drive
4th Floor, Real Estate Dept.
Newport Beach, CA 92660

LOAN NO. 809021

ALL-INCLUSIVE
DEED OF TRUST

Attn: Diane Heitke

Assignment of Rents and Leases, and Security Agreement

THIS ALL-INCLUSIVE DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES AND SECURITY AGREEMENT ("Deed of Trust") is made as of the 24th day of November, 1980, by and among CENTINELA INVESTMENTS, LTD., a California limited partnership ("Trustor"), with an address at 10960 Wilshire Boulevard, Suite 808, Los Angeles, California 90024, Attention: George Mekjian, TITLE INSURANCE AND TRUST COMPANY ("Trustee"), and PACIFIC MUTUAL LIFE INSURANCE COMPANY, a California corporation ("Beneficiary"), with an address at 700 Newport Center Drive, Newport Beach, California 92660.

TRUSTOR HEREBY IRREVOCABLY GRANTS, TRANSFERS, CONVEYS AND ASSIGNS TO TRUSTEE, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereafter set forth, the real property located in the City of San Marcos, County of San Diego, State of California, described in Exhibit A attached hereto and made a part hereof ("Property").

TOGETHER WITH, all rents, issues, profits, royalties, income and other benefits derived from the Property (collectively "rents"), and all right, title and interest of Trustor in all leases or subleases covering the Property, including cash or securities deposited (collectively "leases");

TOGETHER WITH, any and all buildings and improvements now or hereafter erected thereon, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other articles attached to said buildings and improvements ("Improvements");

TOGETHER WITH, all personal property ("Personal Property") owned by Trustor and now or at any time hereafter located on or at the Property or used in connection therewith, including, but not limited to: all goods, machinery, tools, insurance proceeds, equipment, furniture, furnishings, appliances, inventory, floor coverings, draperies and other fixtures and supplies;

TOGETHER WITH, all interests, easements, rights-of-way, estate or other claims or rights, both in law and in equity, which Trustor now has or may hereafter acquire in the Property; and all tenements, hereditaments and appurtenances thereof and thereto, and including all water and water rights and shares of stock evidencing the same;

TOGETHER WITH, all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Property, all options to purchase or lease the Property and any greater estate in the Property hereafter acquired; and

TOGETHER WITH, all the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance in effect with respect thereto, which Trustor now has or may hereafter acquire in the Property, and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Trust Estate.

80-416240
FILE/PAGE NO.
BOOK 1980
RECORDED REQUEST OF
TITLE INSURANCE & TRUST CO.
DEC 11 8:00 AM '80
OFFICIAL RECORDS
SAN DIEGO COUNTY, CALIF.
VERA L. LYNN
RECORDED

1073490-01
13017/228-310-66

20
Nº 416240

The entire estate, property and interest hereby conveyed to Trustee may hereafter be referred to as the "Trust Estate."

FOR THE PURPOSE OF SECURING:

- a. Payment of indebtedness in the total principal amount of \$1,350,000, with interest, evidenced by that certain promissory note of even date (the "Note") with a maturity date of December 1, 1985 executed by Trustor, payable to the order of Beneficiary, and any and all modifications, extensions and renewals.
- b. Performance of Trustor's obligations under the assignment of leases (the "Assignment of Leases") relating to the assignment by Trustor to Beneficiary of Trustor's interest in any leases of all or a portion of the Property.
- c. Payment of all sums advanced by Beneficiary to protect the Trust Estate, with interest thereon at the rate of fourteen percent (14%) per annum.
- d. Payment of all other sums, with interest thereon, which may hereafter be loaned to Trustor, or its successors or assigns, by Beneficiary, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.
- e. Performance of Trustor's obligations and agreements contained in the real estate sales agreement (the "Real Estate Sales Agreement") by and between Beneficiary, as Seller and Trustor, as Buyer, dates as of September 25, 1980, and any modification or amendment thereof.

This Deed of Trust, the Note, the Assignment of Leases, and any other instrument given to evidence or further secure the payment and performance of any obligation secured hereby may hereafter be referred to as the "Loan Instruments".

This Deed of Trust arises from the purchase by the trustor from the Beneficiary of the Property encumbered hereby. The sale of the Property by foreclosure proceedings pursuant to this Deed of Trust is the sole recourse that Beneficiary shall have as against Trustor, and there shall be no right of deficiency hereunder. Trustor shall have no personal liability for payment of Note secured hereby, and Beneficiary hereby waives any right to deficiency, and/or any right to assert or realize upon any personal liability of Trustor for the performance of any of the obligations contained herein or in the Note secured hereby. Trustor and Beneficiary agree as follows:

A. This is an All-Inclusive Deed of Trust and is subject and subordinate to that certain Deed of Trust in favor of San Marcos Mobile Estates, a general partnership, composed of Walter H. Ashforth, Martin A. Hanseth, Lewis F. Shell, Maurice M. Alberts, Jerome B. Alberts, Edmund R. Mietus and John E. Gilmore, recorded on July 31, 1970, in Book 1970, File/Page 135157, Official Records San Diego County, California, which secures a Promissory Note in the original principal amount of Five Hundred Twenty-four Thousand Dollars (\$524,000.00). Said Deed of Trust is herein after referred to as the "Underlying Trust Deed" and the Note secured thereby is hereinafter referred to as the "Underlying Note".

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Nº 416240

B. Beneficiary, by its acceptance of this Deed of Trust agrees and shall continue to pay all payments of principal and interest required under the terms and conditions of the Underlying Note and shall continue to perform all of the covenants and agreements acontained in the Underlying Trust Deed, all as more particularly set forth in the Note hereby secured. In the event Beneficiary fails so to do, Trustor shall have such rights as are more fully set forth in the Note secured hereby.

C. At any time when the unpaid principal balance of the Note secured by this Deed of Trust and the accrued but unpaid interest thereon is equal to or less than the unpaid principal balance of the Underlying Note and accrued but unpaid interest thereon, Beneficiary shall, at the option of Trustor, cause the Trustee under this Deed of Trust to reconvey the property then held hereunder.

D. Notwithstanding any other provision of this Deed of Trust, any demand for sale delivered to the Trustee for the foreclosure of this Deed of Trust shall be reduced for the purpose of computing Beneficiary's credit bid at such sale by the unpaid balance, if any, at the time of the Trustee's sale upon such foreclosure, of the principal and interest due under the Underlying Note, satisfactory evidence of which unpaid principal balance and accrued but unpaid interest must be submitted to Trustee not less than five (5) business days prior to such sale.

E. So long as the Underlying Note and Underlying Deed of Trust remain unsatisfied, and this Deed of Trust is subordinate thereto, then in the event the Beneficiary hereof fails to make all payments of Principal and accrued interest and late charges when due, and defaults on payments of principal and accrued interest and penalties owing and do all acts and expend all funds reasonably expended against the next maturing payments coming due under Trustor's note secured hereby. In the event of default under the Underlying Note and/or Underlying Trust Deed, trustor shall have the right to pay directly all sums coming due thereunder, and offset the amounts so paid against the next maturing payments coming due under the Note secured hereby.

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N^o 416240

TO PROTECT AND MAINTAIN THE SECURITY OF THIS DEED
OF TRUST, TRUSTOR AGREES AS FOLLOWS:

ARTICLE I
COVENANTS OF TRUSTOR

Trustor hereby covenants:

1.01 Payment of Secured Obligations. To pay when due the principal of, and the interest on, the indebtedness evidenced by the Note, charges, fees and all other sums as provided in the Loan Instruments, and the principal of, and interest on, any future advances secured by this Deed of Trust.

1.02 Repair and Maintenance of Trust Estate. To keep the Trust Estate in good condition and repair; not to remove or demolish or structurally or substantially alter (except such alterations as may be required by laws, ordinances or regulations) the Improvements, considered as a whole; to complete promptly and in good and workmanlike manner any building or other improvement which may be constructed on the Property and promptly restore in like manner such Improvement which may be damaged or destroyed, and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Trust Estate or requiring any alterations or improvements; not to commit or permit any waste or deterioration of the Trust Estate, to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; to comply with the provisions of any lease, if this Deed of Trust is on a leasehold; not to commit, suffer or permit any act to be done in or upon the Trust Estate in violation of any law, ordinance or regulation; and not to commit, suffer or permit any act to be done which will materially diminish the value of the Trust Estate.

1.03 Insurance.

(a) Types. Trustor shall at all times provide, maintain and keep in force, at no expense to Trustee or Beneficiary, the following policies of insurance:

(i) During the course of any construction or repair of Improvements on the Property, builder's completed value risk insurance against "all risks of physical loss," including collapse and transit coverage, in nonreporting form, covering the total value of work performed and equipment, supplies and materials furnished, with not more than \$25,000 deductible from the loss payable for any casualty; said policy to contain a "permission to occupy upon completion of work or occupancy" endorsement and waiver of subrogation endorsement acceptable to Beneficiary;

(ii) Insurance against loss or damage to the Improvements by fire and any of the other risks covered by insurance of the type now known as "all risks of physical loss" (including, if requested by Beneficiary, theft, flood, and earthquake coverage) in amounts sufficient to prevent the insured from becoming a co-insurer under the terms of the applicable policies, but in any event in an amount not less than the then full replacement cost of the Improvements (exclusive of the cost of excavations, pilings, foundations, footings and other underground improvements lying below the lowest

basement level) without deduction for physical depreciation; with a stipulated value or agreed amount clause for not less than ninety percent (90%) of the then full replacement cost of the Improvements; with a replacement cost endorsement and a waiver of subrogation endorsement; and with not more than \$50,000 deductible from the loss payable for any casualty;

(iii) Comprehensive general liability insurance, on an "occurrence basis," against claims for injury, death or property damage occurring in, on or about the Trust Estate or the adjoining street, sidewalks and passageways, or arising from or connected with the use, conduct or operation of Trustor's business or interest (including, without limitation, blanket contractual liability coverage; broad form property damage coverage; coverage for those hazards commonly known in the insurance industry as explosion, collapse and underground property damage; coverage for elevators and escalators, if any, on the Trust Estate and completed operations coverage for two years after construction of any Improvement has been completed), such insurance to afford single limit protection of not less than \$5,000,000, with not more than \$10,000 deductible from the loss payable for any casualty;

(iv) Mechanical breakdown insurance (also known as "boiler and machinery" insurance) covering pressure vessels, air tanks, boilers, machinery, pressure piping, heating, air-conditioning and elevator equipment and escalator equipment, if the Improvements contain equipment of such nature, and insurance against loss of occupancy or use arising from any such breakdown, in such amounts and with such deductibles and endorsements as are satisfactory to Beneficiary;

(v) Worker's compensation insurance (and, if requested by Beneficiary, employer's liability insurance), in such amounts and with deductions as are satisfactory to Beneficiary, or, if such limits are established by law, in such amounts;

(vi) If the Property is located in an area identified by the Secretary of Housing and Urban Development as a flood hazard area and in which flood insurance has been made available under the National Flood Insurance Act of 1968, flood insurance covering the Improvements in an amount, available under the Act, satisfactory to Beneficiary;

(vii) Such other insurance and in such amounts, and such additional amounts of the foregoing insurance, as may be reasonably required by Beneficiary, in its sole discretion, from time to time, due consideration being given to standard practices in the industry and to the risks involved in Trustor's business, operations or interest.

(b) Uniform Policy Requirements. All policies of insurance required by the terms of this Deed of Trust:

(i) shall be issued by such companies and in such form and amounts as are satisfactory to Beneficiary from time to time;

(ii) shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Trustor or of any party holding under Trustor which might otherwise result in forfeiture of said insurance;

(iii) shall contain a waiver by the insurer of all rights of setoff, counterclaim and deduction against Trustor;

(iv) shall have attached thereto a lender's loss payable endorsement, for the benefit of Beneficiary and the Lenders, in form satisfactory to Beneficiary or, as to those policies with respect to which Beneficiary so elects, shall name Beneficiary and the Lenders as additional insured by an endorsement satisfactory to Beneficiary; and

(v) shall contain a provision that, notwithstanding any contrary agreement between Trustor and insurance company, such policies will not be cancelled or materially amended (which terms shall include any reduction in the type, scope or limits of coverage) without at least thirty (30) days prior written notice to Beneficiary.

(c) Blanket Policies. If Beneficiary consents, Trustor may provide any of the required insurance through blanket policies carried by Trustor and covering more than one location, or by policies procured by a tenant or other party holding under Trustor; provided, however, that the amount of the total insurance allocated to the Trust Estate shall be such as to furnish protection the equivalent of separate policies in the amounts herein required, and provided further, that, in all other respects, any such policy or policies shall comply with the other provisions of this Deed of Trust.

(d) Evidence of Insurance. At Beneficiary's option, Trustor shall furnish Beneficiary with an original of all policies of insurance required under this Section 1.03 or a certificate of insurance for each required policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number, and the period of coverage. Trustor shall furnish to Beneficiary annually, within ten days after the date hereof, or more often if Beneficiary shall so request, a certificate of Trustor specifying all insurance policies with respect to the Trust Estate and all other policies required hereby then outstanding and in force, and stating that such insurance complies with the requires of this Section. At least forty-five (45) days prior to the expiration of each required policy, Trustor shall deliver to Beneficiary evidence satisfactory to Beneficiary of the payment of premium and the renewal or replacement of such policy continuing insurance in force as required by this Deed of Trust.

(e) Procurement by Beneficiary. If Trustor fails to provide, maintain, keep in force or deliver to Beneficiary the policies of insurance required by this Deed of Trust or by any Loan Instrument, Beneficiary may (but shall have no obligation to) procure such insurance, or single interest insurance for such risks covering Beneficiary's and Lenders' interests, and Trustor will pay all premiums thereon promptly upon demand by Beneficiary; and until such payment is made by Trustor, the amount of all such premiums, together with interest thereon at the rate of sixteen percent (16%) per annum, shall be secured by this Deed of Trust.

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(f) Reserve Fund. If Beneficiary deems itself insecure or under-collateralized, then, upon request by Beneficiary, Trustor shall thereafter deposit with Beneficiary each month an amount equal to one-twelfth of the aggregate annual insurance premiums on all policies of insurance required by this Deed of Trust, as reasonably estimated by Beneficiary. In such event Trustor further agrees to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements or other documents evidencing that a premium for a required policy is then payable, and providing Trustor has deposited sufficient funds with Beneficiary pursuant to this Section, Beneficiary shall pay such amounts as may be due thereunder out of the funds so deposited with Beneficiary. If at any time and for any reason the funds deposited with Beneficiary are or will be insufficient to pay such amounts as may be then or subsequently due, Beneficiary may notify Trustor and Trustor shall immediately deposit an amount, amount equal to such deficiency with Beneficiary. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section, nor shall anything contained herein modify the obligation of Trustor to maintain and keep in force at all times such insurance required by this Deed of Trust. Beneficiary may commingle said reserve with its own funds and Trustor shall be entitled to no interest thereon.

(g) Replacement Cost. Whenever Beneficiary requires insurance with full replacement cost protection, such full replacement cost shall be determined annually (except in the event of substantial changes, alterations or additions to the Improvements or in the event of new construction undertaken by the Trustor, in which event such full replacement cost shall be determined from time to time as required to assure full replacement cost coverage). Such determination of full replacement cost shall be made by written agreement of the insurance carrier and Trustor, and shall be approved by Beneficiary. If they cannot agree or the value shall not be approved by Beneficiary within thirty (30) days after such request, such full replacement cost shall be determined by an appraiser, architect or contractor who shall be acceptable to Beneficiary. No omission on the part of Beneficiary to request any such determination shall relieve Trustor of its obligations hereunder, and any such determination to the contrary notwithstanding, Beneficiary may require Trustor to obtain additional insurance as provided in this Section 1.03.

(h) Compliance with Insurance Requirements; Other Insurance. Trustor shall:

(i) Observe and comply with the requirements of all policies of insurance required to be maintained in accordance with this Deed of Trust and shall cause the requirements of the companies writing such policies to be so performed and satisfied that at all times companies of good standing satisfactory to Beneficiary shall be willing to write and to continue such insurance;

(ii) Not take out separate insurance concurrent in form or contributing in the event of loss with with that required in this Section 1.03 to be furnished by Trustor unless Beneficiary is a named insured therein, with loss payable as provided herein. Trustor shall immediately notify Beneficiary of the taking out of any such separate insurance and shall cause the original policies in respect thereof or certificates therefor to be delivered to Beneficiary.

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1.04 Casualties; Insurance Proceeds.

(a) Trustor shall give prompt written notice thereof to Beneficiary after the happening of any casualty to or in connection with the Trust Estate or any part thereof, whether or not such casualty is covered by insurance.

(b) In the event of such casualty, all proceeds of insurance shall be payable to Beneficiary, and Trustor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to Beneficiary. If Trustor receives any proceeds of insurance resulting from such casualty, Trustor shall promptly pay over such proceeds to Beneficiary. Beneficiary is hereby authorized and empowered by Trustor to settle, adjust or compromise any claims for loss, damage or destruction under any policy or policies of insurance.

(c) In the event of any damage or destruction of the Improvements, and provided Trustor is not in default of any obligations contained herein, all insurance proceeds shall be applied to the restoration of the Improvements to plans and specifications approved by both Trustor and Beneficiary.

(d) If Trustor is in default under any obligation contained herein, Beneficiary shall have the option, in its sole discretion, (i) to apply all or any part of such proceeds to any indebtedness or obligation secured hereby and in such order as Beneficiary may determine, notwithstanding that said indebtedness or the performance of said obligation may not be due according to the terms thereof, or (ii) to deliver such proceeds to Trustor, subject to such conditions as Beneficiary may determine.

(e) Nothing herein contained shall be deemed to excuse Trustor from restoring, repairing and maintaining the Trust Estate, as provided in Section 1.02 hereof, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount.

1.05 Assignment of Policies Upon Foreclosure.

In the event of foreclosure of this Deed of Trust or other transfer of title or assignment of the Trust Estate in extinguishment, in whole or in part, of the debt secured hereby, all right, title and interest of Trustor in and to all policies of insurance required by Section 1.03 shall inure to the benefit of and pass to the successor in interest to Trustor or the purchaser or grantee of the Trust Estate.

1.06 Claims, Demands and Actions. To defend

any litigation concerning this Deed of Trust or the Trust Estate, or any part or interest thereof, or the rights and powers of Beneficiary or Trustee and hold Beneficiary harmless from all liability by reason of such litigation, including all attorney fees and expenses. If Beneficiary commences an action against Trustor to enforce any of the terms hereof or because of the breach by Trustor of any of the terms hereof, or for the recovery of any such secured hereby, Trustor shall pay Beneficiary attorneys' fees and expenses. If Trustor breaches any term of this Deed of Trust, Beneficiary may employ an attorney or attorneys to protect its rights hereunder, and in the event of such employment following any breach by Trustor, Trustor shall pay Beneficiary attorneys' fees and expenses incurred by Beneficiary, whether or not an action is actually commenced against Trustor by reason of breach.

1.07 Waiver of Offset. All sums payable by Trustor hereunder shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof; (ii) any restriction or prevention of or interference with any use of the Trust Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (v) any claim which Trustor has or might have against Beneficiary; (vi) any default or failure on the part of Beneficiary to perform or comply with any of the terms hereof or of any other agreement with Trustor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Trustor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Trustor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Trustor.

1.08 Taxes and Assessments.

(a) To pay prior to delinquency all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature, including non-governmental levies or assessments such as maintenance charges, owner association dues or fees, leasehold rents or charges resulting from covenants, conditions and restrictions which are assessed or imposed upon the Trust Estate or any license fee, tax or assessment imposed on Beneficiary and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby.

(b) Trustor shall have the right before any delinquency occurs to contest or object to the amount or validity of any tax or assessment by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving, modifying or extending Trustor's covenant to pay any such tax or assessment, unless Trust has given prior written notice to Beneficiary of Trustor's intent to contest or object by legal proceedings and unless at Beneficiary's sole option, (i) Trustor has demonstrated to Beneficiary's satisfaction that such proceedings shall conclusively operate to prevent the sale of the Trust Estate; or (ii) Trustor has provided a bond or surety as requested by and satisfactory to Beneficiary; or (iii) Trustor has provided an undertaking as may be required or permitted by law to accomplish a stay of such proceedings.

(c) At the request of Beneficiary, Trustor shall pay to Beneficiary, on the day monthly installments of principal and interest are payable under the Note, until the Note is paid in full, an amount equal to one-twelfth of the annual taxes and assessments as defined above and annual premium for required insurance all as reasonably estimated by Beneficiary to pay taxes and assessments and insurance premiums due or becoming due on the Trust Estate. Upon receipt of such bills, statements or other documents, and providing Trustor has deposited sufficient funds, Beneficiary shall pay such amounts as may be due. If at any time

and for any reason the funds deposited with Beneficiary are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Trustor and Trustor shall immediately deposit an amount equal to such deficiency with Beneficiary. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of said funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary. Beneficiary shall not be obliged to pay or allow any interest on any sums held by Beneficiary pending disbursement or application hereunder, and Beneficiary may impound or reserve for future payment of taxes and assessments such portion of such payments as Beneficiary may in its absolute discretion deem proper, applying the balance on the principal of or interest on the obligations secured hereby. Should Trustor fail to deposit with Beneficiary sums sufficient to fully pay such taxes and assessments, Beneficiary may, at Beneficiary's election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary as herein elsewhere provided, or at the option of Beneficiary the latter may, without making any advance whatever, apply any sums held by it upon any obligation of the Trustor secured hereby.

(d) In the event of the passage after the date of this Deed of Trust of any Federal, State or local law, deducting from the value of real property for the purpose of taxation any lien thereon, or changing in any way the laws now in force for the taxation of mortgages, deeds of trust, or debts secured thereby, for Federal, State or local purposes, or the manner of the collection of any such taxes so as to affect the interest of Beneficiary, then and in such event, Trustor shall bear and pay the full amount of such taxes, provided that if for any reason payment by Trustor of any such new or additional taxes would be unlawful or if the payment thereof would constitute usury or render the debt secured hereby wholly or partially usurious under any of the terms or provisions of the Note, or this Deed of Trust or otherwise, Beneficiary may, at its option, without demand or notice, declare the whole sum secured by this Deed of Trust with interest thereon to be immediately due and payable, or Beneficiary may, at its option, pay that amount or portion of such taxes as renders the debt unlawful or usurious, in which event Trustor shall concurrently therewith pay the remaining lawful and non-usurious portion or balance of such taxes.

1.09 Construction of Improvements. If all or any part of the loan secured hereby is used for the construction or improvements on the Property, to comply with all provisions of the Loan Agreement.

1.10 Ground Leases. To pay when due all rents and other payments and perform all covenants and agreements contained in any lease, sublease or ground lease which may constitute a portion of or an interest in the Trust Estate; not to surrender, assign or sublease any such lease, sublease or ground lease, nor take any other action which would effect or permit the termination of any such lease, sublease or ground lease. Trustor covenants to furnish to Beneficiary upon demand receipts or other evidence satisfactory to Beneficiary evidencing the payment of all rents and copies of all notices sent to Trustor in connection with any such lease, and to furnish all information that Beneficiary may reasonably require concerning the performance by Trustor of all obligations, terms, agreements and conditions contained in such lease and satisfactory evidence that Trustor is complying with such terms and conditions.

1.11 Preservation of Trust Estate. That should Trustor fail to make any payment or do any act as provided in any of the Loan Instruments, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligations hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; commence, appear in and defend or otherwise participate in any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee whether brought by or against Trustor, Trustee or Beneficiary; pay, purchase, contest or compromise any right, claim, encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto, and take such action in connection with any of the foregoing matters as either of them considers desirable, and in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees, and the exercise of discretion by the Beneficiary or Trustee in these matters shall be final and conclusive and binding upon the Trustor.

1.12 Eminent Domain. That should the Trust Estate, or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceedings, or in any other manner ("Condemnation"), or should Trustor receive any notice or other information regarding such proceeding, Trustor shall give prompt written notice thereof to Beneficiary.

(a) Beneficiary shall be entitled to all compensation, awards and other payments or relief therefor, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceedings. Beneficiary shall also be entitled to make any compromise or settlement in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds awarded to Trustor (the "Proceeds") are hereby assigned to Beneficiary and Trustor agrees to execute such further assignments of the Proceeds as Beneficiary or Trustee may require.

(b) In the event any portion of the Trust Estate is so taken or damaged, Beneficiary shall have the option, in its sole and absolute discretion, to apply all such Proceeds, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including attorneys' fees, incurred by it in connection with such Proceeds, upon any indebtedness secured hereby and in such order as Beneficiary may determine, or to apply all such Proceeds, after such deductions, to the restoration of the Trust Estate upon such conditions as Beneficiary may determine. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

1.13 Inspections. That Beneficiary, or its agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Trust Estate for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Instruments.

1.14 Beneficiary's Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Property not then or theretofore released as security for the full amount of all unpaid obligations, Beneficiary may, from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel, portion or all of the Trust Estate, (v) take or release any other or additional security for any obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto.

1.15 Financial Statements. Trustor will cause to be delivered to Beneficiary as soon as practicable, but in any event within 90 days after the close of each operating year of Trustor, a statement of condition or balance sheet of Trustor as at the end of such operating year, all certified as to accuracy by an independent certified public accountant or representative of Trustor acceptable to Beneficiary, and an annual operating statement showing in reasonable detail all income and expenses of Trustor with respect to the operation of the Trust Estate prepared by Trustor and certified as to accuracy by an independent certified public accountant or representative of Trustor acceptable to Beneficiary, all in accordance with generally accepted accounting principles.

1.16 Liens. Trustor will pay and promptly discharge, at its sole cost and expense, all liens, encumbrances, and charges upon the Trust Estate or any part thereof or interest therein; provided that the existence of any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right thereto shall not constitute a violation of this Paragraph if payment is not yet due under the contract which is the foundation thereof. Trustor shall have the right to contest in good faith the validity of any lien, encumbrance or charge, provided that Trustor shall first deposit with Beneficiary a bond or other security satisfactory to Beneficiary in such amounts as Beneficiary shall reasonably require, but not more than one and one-half times (150%) the amount of the claim, and provided further that Trustor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Trustor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond or the amount claimed or otherwise giving security for such claim, or in such manner as is or may be proscribed by law.

1.17 Limitation of Interest. It is the intent of Trustor, Beneficiary and the Lenders in the execution of this Deed of Trust and the Notes and all other instruments securing the Notes to contract in strict compliance with such usury laws of the State of California as may, from time to time, govern the loans evidenced by the Notes. In furtherance thereof, Beneficiary, the Lenders and Trustor stipulate and agree that none of the terms and provisions contained in the Loan Instruments shall ever be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by such laws of the State of California; and that Trustor or any

guarantor, endorser or other party now or hereafter becoming liable for the payment of the Notes shall never be required to pay interest on any of the Notes at a rate in excess of the maximum interest that may be lawfully charged under such laws. If any holder of any Note shall collect monies which are deemed to constitute interest which would otherwise increase the effective interest rate on the Note to a rate in excess of that permitted to be charged by laws, all such sums deemed to constitute interest in excess of the maximum legal rate shall, at the option of Beneficiary, be credited to the payment of the sums secured hereby or returned to Trustor. The provisions of this Section shall control over all other provisions of the Notes and any other instrument executed in connection herewith which may be in apparent conflict herewith.

ARTICLE II
ASSIGNMENT OF RENTS AND LEASES

2.01 Assignment of Rents and Leases. Trustor absolutely and irrevocably assigns to Beneficiary the rents, issues, profits, insurance moneys, condemnation proceeds, and awards of court of the Trust Estate and all of the right, title, interest and estate of the Trustor in and under all leases now or hereafter affecting the Trust Estate, are hereby assigned and transferred to the Beneficiary. So long as no default shall exist in compliance with any requirement of the Loan Instruments Trustor may collect assigned rents and profits as the same fall due, but upon the occurrence of any such default, all right of Trustor to collect or receive rents or profits shall wholly terminate. All rents, issues, or profits of Trustor receivable from or in respect to the Trust Estate which it shall be permitted to collect hereunder shall be received by it in trust to pay the usual and reasonable operating expenses of, and the taxes upon the Trust Estate and the sums owing to Beneficiary.

2.02 Trustor's Obligations As Landlord.

Trustor hereby agrees:

(a) It will promptly perform and observe all the terms, covenants and conditions required to be performed and observed by it, as landlord under the leases, and will do all things necessary to preserve and keep unimpaired its rights thereunder and will maintain all leases in full force and effect and will enforce the same and will take such action to that end as Beneficiary may request;

(b) It will not create or permit any lien, charge or encumbrance upon its interest in the leases except the lien of this Deed of Trust and except as provided in this Deed of Trust;

(c) It will promptly cause a copy of each notice, report, demand, request or other document or instrument, received by it from the tenant of any of the leases, to be delivered to Beneficiary in writing, specifying any default claimed to have been made by it as landlord under the provisions of the leases;

(d) It will not, without the prior written consent of the Beneficiary, collect or permit the collection of any rental payment under any of the leases for a period of more than one month in advance of the date on which such payment is due;

(e) It will not, without the prior written consent of the Beneficiary, with respect to the leases:

(i) Cancel or terminate, or consent to any cancellation, termination or surrender, or permit any event to occur which would entitle any tenant to terminate or cancel any of the leases;

(ii) Amend or modify any of the leases;

(iii) Waive any default under or breach of any of the leases;

(iv) Give any consent, waiver or approval which would impair the Landlord's interest in any of the leases.

(f) It will promptly notify the Beneficiary of the occurrence of any default under any of the leases and will not, without the prior written consent of the Beneficiary, commence any summary proceeding or other action or proceeding to recover possession of the premises leased, except in the case of default in payment of the rent reserved therein;

(g) It will not consent to the assignment or mortgaging by any tenant of any leases or any tenant's interest without the prior written consent of the Beneficiary, except as otherwise provided in this Deed of Trust;

(h) It will at its own cost appear and prosecute or defend any action or proceedings related to or affecting the Trust Estate or the leases, or should it fail to comply with this obligation, Trustor will reimburse Beneficiary for all sums expended by it in connection with such action or proceeding;

(i) All leases shall hereafter be submitted to Beneficiary for its prior written approval prior to execution. If Beneficiary does not object in writing to a specific lease within ten (10) working days after receipt of such lease by Beneficiary, such lease shall be deemed approved. Any future standard lease form to be used by Trustor shall be submitted to Beneficiary for its prior written approval. Trustor agrees to execute such assignments of leases as Beneficiary may require from time to time and to pay all expenses of the recording of the same.

2.03 Subordination, Payments to Beneficiary.
All leases of the whole or any part of the Property shall be subject and subordinate to the lien of this Deed of Trust unless Beneficiary consents in writing to the priority of certain leases. Beneficiary may, at its option, require that specific leases be made superior to the lien of this Deed of Trust. Trustor shall pay all costs incident to making such leases superior to such lien, including attorneys' fees. In the event of any default hereunder and the exercise by Beneficiary of its rights hereby granted, Trustor agrees that payments made by tenants or occupants to Beneficiary shall, as to such tenants, be considered as though made to Trustor and in discharge of tenants' obligations as such to Trustor. Nothing herein contained shall be construed as obliging Beneficiary to perform any of Trustor's covenants under any lease or rental arrangement. Trustor shall execute and deliver to Beneficiary upon demand any further or supplemental assignments necessary to effectuate the intentions of this paragraph and upon failure of the Trustor so to comply, Beneficiary may, in addition to any other rights or remedies, at its option, declare all obligations secured by this Deed of Trust to be immediately due and payable.

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ARTICLE III
SECURITY AGREEMENT

3.01 Security Interest. This Deed of Trust is also a Security Agreement as defined in the Uniform Commercial Code of California covering all of the Personal Property on the Property.

3.02 Trustor's Representations, Warranties and Covenants. Trustor represents warrants and covenants that:

(a) The Personal Property was not bought and is not used primarily for personal, family or household purposes.

(b) The Personal Property will be kept on the Property or at such other location as may be approved by Beneficiary and will not be removed without the prior written consent of Beneficiary (other than such Personal Property as shall be sold in the ordinary course of business).

(c) Except for the security interest granted hereby, Trustor is and as to portions of the Personal Property to be acquired after the date hereof, will be the owner of the Personal Property free and clear of any adverse lien, security interest or encumbrances.

(d) Trustor will not sell or otherwise transfer the Personal Property or any interest therein, except in the ordinary course of business or in the ordinary course of replacing or upgrading the Personal Property and then only if promptly replaced with similar Personal Property having a value at least equal to the Personal Property being replaced.

(e) Trustor shall deliver to Beneficiary or Trustee such other instruments and take such other action as may be necessary or desirable in the sole judgment of Beneficiary to further perfect the security interest created by this Deed of Trust, including without limitation, the execution and delivery of appropriate financing statements and continuation statements.

ARTICLE IV
REMEDIES

4.01 Default. The occurrence of any one or more of the following events shall constitute a default ("Default"):

(a) A failure to pay any installment of principal or interest or any other sum due secured hereby when the same shall become due and payable;

(b) A failure of Trustor to duly perform and observe or a violation or breach of any other provision of any of the Loan Instruments;

(c) Any representation or warranty made by Trustor in any of the Loan Instruments proves to be incorrect, now or hereafter, in any material respect;

(d) (i) The making by Trustor of any general assignment, or general arrangement for the benefit of creditors; (ii) the filing by or against Trustor of a petition to have Trustor adjudged a bankrupt or a petition for reorganization, liquidation, composition, rehabilitation or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Trustor, the same is dismissed within sixty (60) days); (iii) the appointment of a

trustee or receiver to take possession of substantially all of Trustor's assets where possession is not restored to Trustor within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Trustor's assets where such seizure is not discharged within thirty (30) days; or (v) the adjudication of Trustor as an insolvent or bankrupt or the confirmation by a court of a plan of liquidation, composition, rehabilitation, reorganization or arrangement.

(e) The occurrence of any other event which by any other provision of any of the Loan Instruments may be declared a default in the Loan Instrument.

4.02 Acceleration Upon Default, Additional Remedies. In the event of any Default, Beneficiary may declare all indebtedness secured hereby to be due and payable and the same shall become due and payable without notice. Thereafter Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate, or any part thereof, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, increase the income or protect the security and, with or without taking possession of the Trust Estate, sue for or otherwise collect the rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorneys' fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine. The entering upon and taking possession of the Trust Estate, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Trust Estate or the collection, receipt and application of rents, issues or profits, Trustee or Beneficiary shall be entitled to exercise every right provided for in any of the Loan Instruments or by law upon occurrence of any event of default, including the right to exercise the power of sale;

(b) Commence an action to foreclose this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Exercise any and all of the remedies with respect to the Personal Property available to a secured party under the California Uniform Commercial Code.

(d) Deliver to Trustee a written declaration of default and demand for sale, and a written notice of default and election to cause Trustor's interest in the Trust Estate to be sold, which notice Trustee or Beneficiary shall cause to be duly filed for record in the Official Records of the County in which the Trust Estate is located.

4.03 Foreclosure By Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(a) Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this Deed of Trust. Trustee shall,

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without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Trust Estate at the time and place of sale fixed by it in said Notice of Sale, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all costs, fees and expenses of Trustee and of this Trust, including costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at ten percent (10%) per annum; all other sums then secured hereby and the remainder, if any, to the person or persons legally entitled thereto.

(c) Trustee may postpone sale of all or any portion of the Trust Estate by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

4.04 Appointment of Receiver. If a Default shall have occurred and be continuing, Beneficiary, as a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Trust Estate or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers and shall continue as such and exercise all such powers until the date of confirmation of sale of the Trust Estate unless such receivership is sooner terminated.

4.05 Remedies. No remedy herein provided shall be exclusive of any other remedy herein, or now or hereafter existing by law, but shall be cumulative. Every power or remedy hereby given to Trustee or to Beneficiary or to which either of them may be otherwise entitled, may be exercised from time to time and as often as may be deemed expedient by them, and either of them may pursue inconsistent remedies. If Beneficiary holds any additional security for any obligation secured hereby, it may enforce the sale thereof at its option, offset against any indebtedness owing by it to Trustor, the whole or any part of the indebtedness secured hereby, and the Beneficiary is hereby authorized and empowered, at its option, without any obligation so to do, and without affecting the obligations hereof, to apply toward the payment of any indebtedness secured hereby and of the Trustor to the Beneficiary, any and all sums of money which the Beneficiary may have in its possession or under its control. In order to assure the definiteness and certainty of the rights and obligations herein provided, Trustor waives any and all rights of offset of claims and no offset shall relieve Trustor from paying installments on the obligations secured hereby as they become due.

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ARTICLE V
MISCELLANEOUS

5.01 Governing Law. This Deed of Trust shall be governed and construed by the laws of the State of California.

5.02 Trustee's Powers. At any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Note for endorsement, and without affecting the personal liability, if any, of any person for payment of the indebtedness secured hereby, Trustee may reconvey any part of the Property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or agreements subordinating the lien or charge hereof (including without limitation, an agreement or agreements subordinating the lien or charge hereof to a lease or leases) or enter into any other agreement in connection with the Property.

5.03 Reconveyance. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of the Note and this Deed of Trust and upon payment of its fees and charges, Trustee shall reconvey, without warranty, the Property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

5.04 Acceptance by Trustee. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

5.05 Successor Trustee. Beneficiary may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed and acknowledged and recorded in the office of the Recorder of the County or Counties where the Property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded, and the name and address of the new Trustee. If notice of default shall have been recorded, this power of substitution cannot be exercised until after the costs, fees and expenses of the then acting Trustee shall have been paid to such Trustee, who shall endorse receipt thereof upon such instrument of substitution.

5.06 Invalidity. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Trust Estate, the unsecured or partially secured portion of the debt shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt which is not secured or fully secured by the lien of this Deed of Trust.

5.07 Request for Notice. Trustor hereby requests that copies of notice of default and of notice of sale hereunder be mailed to it at the address set forth at the beginning of this Deed of Trust. Trustor agrees that any such notice shall be deemed fully given to Trustor herein if mailed to it by registered mail at the said address set forth opposite its signature.

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5.08 Notice. Every notice hereunder shall be in writing and shall be effective only if delivered in person or by registered or certified U. S. Mail, postage prepaid, addressed to the party to receive the notice at the address set forth at the beginning of this Deed of Trust, or at such other address as may be substituted by notice given as herein provided.

5.09 Successors and Assigns. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the Note secured hereby, whether or not named as Beneficiary herein. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

5.10 Waiver of Statutes of Limitations. Trustor expressly waives the benefit of and the right to plead or in any way take advantage of any and all statutes of limitations, both as to the indebtedness secured hereby and the trust hereby created. Trustor, upon request of the Beneficiary, hereby agrees to execute the necessary written extension or waiver of the statute of limitations as to any installments of principal or interest which are at any time in arrears.

5.11 Waivers in Writing. The provisions of this instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

5.12 Beneficiary's Statement. Trustee shall, in addition to all other payments specified herein, pay to Beneficiary a reasonable sum established by Trustor, but not to exceed the sum of Fifteen Dollars (\$15.00) or such higher amount as may be permitted by law for each statement requested by Trustor regarding the obligation secured by this Deed of Trust.

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

CENTINELA INVESTMENTS, LTD.
a California limited partnership

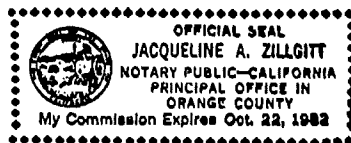
By: George Mekjian
George Mekjian, general partner

By: Noble Ouye
Noble Ouye, general partner

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.

On November 24, 1980 before me, the undersigned, a Notary Public in and for said State, personally appeared George Mekjian and Noble Ouye, known to me to be two general partners of the limited partnership that executed the within instrument, and acknowledged to me that such limited partnership executed the same.

WITNESS my hand and official seal.



Jacqueline A. Zillgitt
Notary Public

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EXHIBIT A

PARCEL 1:

Those portions of Lots 2 and 4 in Section 18, Township 12 South, Range 2 West, San Bernardino Meridian, in the county of San Diego, state of California, according to United States Government Survey, approved December 14, 1885, described as follows:

Beginning at the most Northerly corner of said Lot 2; thence along the Northeasterly line of said Lot 2, South 62° 47' 20" East 336.75 feet to the Easterly line of the Westerly 300 feet of said Lots 2 and 4, being the true point of beginning; thence continuing along said Northeasterly line, South 62° 47' 20" East 387.25 feet; thence parallel with the Westerly lines of said Lots 2 and 4, South 0° 00' 50" West 1486.13 feet to the South line of said Lot 4; thence along said South line, North 89° 59' 20" West 350 feet more or less to said Easterly line of the Westerly 300 feet of said Lots 2 and 4; thence along said Easterly line, parallel with the Westerly line of said Lots, North 0° 00' 50" East 1663.05 feet to the true point of beginning.

PARCEL 2:

Those portions of Lots 2 and 4 in Section 18, Township 12 South, Range 2 West, San Bernardino Meridian, in the county of San Diego, state of California, according to United States Government Survey, approved December 14, 1885, described as follows:

Beginning at the most Northerly corner of said Lot 2; thence along the Northeasterly line of said Lot 2, South 62° 47' 20" East 336.75 feet to the Easterly line of the Westerly 300 feet of said Lots 2 and 4; thence continuing along said Northeasterly line, South 62° 47' 20" East 387.25 feet to the true point of beginning; thence parallel with the Westerly lines of said Lots 2 and 4, South 0° 00' 50" West 1486.13 feet to the South line of said Lot 4; thence along said South line, South 89° 59' 20" East 313.95 feet to the Southeast corner of the land described in deed to William H. Seimer et al, recorded December 14, 1959 at Document No. 257264 of Official Records of said county; thence along the Easterly line of said land, North 0° 00' 50" East 1306.87 feet to the Northeasterly line of said Lot 4; thence along the Northeasterly lines of said Lots 4 and 2, North 62° 47' 20" West 352.94 feet to the true point of beginning.

PARCEL 3:

Those portions of Lots 2 and 4 in Section 18, Township 12 South, Range 2 West, San Bernardino Meridian, in the county of San Diego, state of California, according to United States Government Survey, approved December 14, 1885, described as follows:

Beginning at the most Northerly corner of said Lot 2; thence along the West line of said Lots 2 and 4, South 0° 11' 50" West 658 feet; thence at right angles, South 89° 48' 10" East 300 feet; thence parallel with said West line of Lots 2 and 4 North 0° 11' 50" East 505.05 feet to the Northeasterly line of said Lot 2; thence along said Northeasterly line, North 62° 47' 20" West 336.75 feet to the point of beginning.

PARCEL 4:

That portion of Lot 4, Section 18, Township 12 South, Range 2 West, San Bernardino Meridian, in the county of San Diego, state of California, according to United States Government Survey, approved December 14, 1885, described as follows:

The Westerly 300.00 feet of said Lot 4 EXCEPTING therefrom that portion lying Northerly of the following described line:

Commencing at the most Northerly corner of Lot 2 of said Section thence Southerly along the West line of said Lots 2 and 4, a distance of 658.00 feet to the true point of beginning; thence Easterly at right angles to said West line, a distance of 300.00 feet.

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No 416240

San Marcos Mobile Estates

Profit & Loss

January through December 2019

	Jan - Dec 19
Ordinary Income/Expense	
Income	
Rent Charge	1,590,243.64
Late Charges	1,450.04
Electric	201,710.70
Gas	97,363.85
Water	69,012.48
Sewer	98,529.21
Storage	5,720.00
Laundry	1,318.01
Other	49,518.40
Total Income	2,114,866.33
Cost of Goods Sold	
5000 · Cost of Mobile Home Sold	5,572.31
Total COGS	5,572.31
Gross Profit	2,109,294.02
Expense	
6020 · Salaries and wages	145,828.16
6100 · M & R, paving	20,040.00
6140 · M & R, plumbing	5,495.26
6150 · M & R, electrical	11,356.23
6170 · M & R, miscellaneous	139,482.87
6200 · Accounting	8,250.00
6230 · Bank charges	63.00
6260 · Auto expenses	439.30
6320 · Cable expense	2,667.81
6350 · Computer expense	7,107.76
6420 · Depreciation	12,822.00
6470 · Disposal service	33,061.82
6490 · Dues and subscriptions	2,734.55
6520 · Entertainment and meals	1,150.00
6580 · Gifts	2,019.17
6600 · Insurance	23,685.77
6660 · Legal	41,488.31
6670 · License & permits	6,796.20
6690 · Management fees	82,386.09
6720 · Office supplies and expense	2,643.57
6730 · Outside service	3,364.79
6780 · Payroll taxes	12,893.72
6790 · Pool expense	20,064.00
6860 · Security	11,375.00
6880 · Supplies	39,414.49
6920 · Taxes	89,218.05

Exhibit 8

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San Marcos Mobile Estates
Profit & Loss
January through December 2019

	Jan - Dec 19
6930 · Telephone	3,419.75
6940 · Utilities - sewer	99,184.20
6970 · Utilities - water	98,534.40
6980 · Utilities (Gas & Elec Combined)	277,491.15
Total Expense	1,204,477.42
Net Ordinary Income	904,816.60
Other Income/Expense	
Other Income	
8020 · Interest Income	168.02
Total Other Income	168.02
Net Other Income	168.02
Net Income	904,984.62

Exhibit 8

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San Marcos Mobile Estates
Profit & Loss
 January through December 2020

	Jan - Dec 20
Ordinary Income/Expense	
Income	
Rent Charge	1,609,867.50
Late Charges	740.00
Electric	243,556.66
Gas	111,351.39
Water	81,128.58
Sewer	98,373.26
Storage	6,400.00
Laundry	1,281.52
Other	6,085.35
Total Income	2,158,784.26
Gross Profit	2,158,784.26
Expense	
6020 • Salaries and wages	158,884.57
6100 • M & R, paving	800.00
6140 • M & R, plumbing	6,334.40
6150 • M & R, electrical	21,313.90
6170 • M & R, miscellaneous	86,353.79
6200 • Accounting	9,275.00
6230 • Bank charges	266.02
6260 • Auto expenses	666.22
6320 • Cable expense	1,044.79
6350 • Computer expense	8,277.75
6420 • Depreciation	12,822.00
6470 • Disposal service	34,613.62
6490 • Dues and subscriptions	93.74
6600 • Insurance	35,701.11
6660 • Legal	3,780.50
6670 • License & permits	9,471.20
6690 • Management fees	66,997.62
6720 • Office supplies and expense	1,767.87
6730 • Outside service	5,789.08
6780 • Payroll taxes	13,833.04
6790 • Pool expense	11,022.00
6860 • Security	9,625.00
6880 • Supplies	13,909.24
6920 • Taxes	91,194.01
6930 • Telephone	2,179.36
6940 • Utilities - sewer	99,184.20
6970 • Utilities - water	103,410.21
6980 • Utilities (Gas & Elec Combined)	313,639.16
7000 • Misc Expense	0.43

Exhibit 8

Page 1

San Marcos Mobile Estates
Profit & Loss
January through December 2020

	Jan - Dec 20
Total Expense	1,122,249.83
Net Ordinary Income	1,036,534.43
Other Income/Expense	
Other Income	
8999 - Section 743 Adjustments	7,984,841.30
8020 - Interest Income	71.19
Total Other Income	7,984,912.49
Net Other Income	7,984,912.49
Net Income	9,021,446.92

San Marcos Mobile Estates
Profit & Loss
January through December 2021

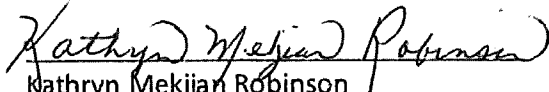
	<u>TOTAL</u>
Ordinary Income/Expense	
Income	
Rent Charge	1,611,875.79
Late Charges	570.00
Electric	262,455.35
Gas	131,835.47
Water	72,055.01
Sewer	98,123.74
Storage	5,880.00
Laundry	1,209.51
Other	29,114.04
Total Income	<u>2,213,118.91</u>
Gross Profit	2,213,118.91
Expense	
6020 · Salaries and wages	154,534.00
6140 · M & R, plumbing	17,565.10
6150 · M & R, electrical	32,599.50
6170 · M & R, miscellaneous	89,748.52
6200 · Accounting	11,729.91
6230 · Bank charges	396.84
6260 · Auto expenses	1,264.05
6320 · Cable expense	987.43
6350 · Computer expense	7,777.94
6420 · Depreciation	12,822.00
6470 · Disposal service	35,066.46
6520 · Entertainment and meals	400.00
6580 · Gifts	500.00
6600 · Insurance	35,033.29
6660 · Legal	14,475.61
6670 · License & permits	6,916.00
6690 · Management fees	75,123.24
6720 · Office supplies and expense	1,668.37
6730 · Outside service	5,088.38
6780 · Payroll taxes	11,821.85
6790 · Pool expense	18,206.57
6860 · Security	9,625.00
6880 · Supplies	12,505.59
6920 · Taxes	92,569.18
6930 · Telephone	4,157.50
6940 · Utilities - sewer	99,184.20
6970 · Utilities - water	98,768.52
6980 · Utilities (Gas & Elec Combined)	360,998.03
Total Expense	<u>1,122,369.31</u>
Net Ordinary Income	1,090,749.60
Other Income/Expense	
Other Income	

San Marcos Mobile Estates
Profit & Loss
January through December 2021

	TOTAL
8020 - Interest Income	73.26
Total Other Income	73.26
Net Other Income	73.26
Net Income	1,090,822.86

VERIFICATION OF APPLICANT

"I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and if called upon to testify as a witness I can and will do so competently to the same effect."


Kathryn Mekjian Robinson
Centinela Investments, Ltd.

2/25/2022

Date

San Marcos Mobile Estates Rent Review Submittal to City and Owners

March 15, 2022

Received

MAR 14 2022

City Clerk Department
City of San Marcos

SAN MARCOS MOBILE ESTATES HOMEOWNER ASSOCIATION'S RESPONSE TO CENTINELA INVESTMENT'S COUNSEL IN REGARD TO RENT INCREASE FOR 2022

San Marcos Mobile Estates HOA (SMMEHOA) submitted a petition to the San Marcos City Counsel protesting the 2022 rent increase proposed by Centinela Investments Ltd. due to the lack of follow through on maintenance and repair promises made by the ownership for previous rent increases.

Centinela Investments Ltd. retained counsel (Thomas Casparian, Cozen O'Connor) and responded to our documented list of 26 complaints. They agreed to a walk-through and compiled their answer. (CASPARIAN'S Response dated 3/1/2022 to the 1/13/2022 walk through of San Marcos Mobile Estates by Jana Wiemann (Counsel for Parklane Management), Julie Mascari (Park Manager), Flip Bollinger (HOA President), Janis Moore (Resident), Lynn McGrew (HOA Vice-president), Tim Rudy, (HOA Board member), Mike Gallo (HOA board member) and Chris Dornan (HOA board member).

While reviewing the Application for Rent Increase for San Marcos Mobile Estates submitted by Thomas W. Casparian on behalf of Centinela Investments, Ltd, inaccuracies were found beginning with the first paragraph in the Introduction. First and the simplest is that San Marcos Mobile Estates is a 264-space mobile home community. Although the spaces are numbered up to 267, only 264 are spaces for homes. A review of the park map shows this. Thomas mentions patrol service and street sweeping. There was a patrol we residents had seen on Friday and Saturday evenings, but we haven't seen them in a while. We request a copy of the service contract for the Security Firm.

Residents formed a Neighborhood Watch several years ago when the owners refused to provide security for our neighborhood. Our residents patrol our streets in the evening throughout the week. After the 2018 rent increase, the owners committed to installing a Ring Video system at the clubhouse and to add a few cameras at strategic locations in the park. This never happened.

Street sweeping is also stated. Please provide a copy of this service contract also. The only "street sweeper" seen so far is one of the maintenance crew with a leaf blower. They usually use the leaf blower to clean the street and part of the parking lot by the pool area. Residents living in that area have requested they perform this cleaning later in the morning instead of first thing. In addition, leaves and pine needles are blown onto resident's property rather than picked up by maintenance crews.

The owners say they need a rent increase to offset the increase in consumer goods and services. First, the owner does not supply any consumer goods. They supply onsite management in the form of an office manager with a part time assistant and a four-man maintenance crew. The maintenance crew uses three electric golf carts in their daily duties. The park owners used to have an old pickup truck that was used to pull the trailer they put trash and landscape cuttings in. This truck was replaced after the 2.7% rent increase in 2018 with a John Deere Gator. It's the only equipment that uses gas.

The balance of the support for the rent increase mentioned the 2.1% the owners requested last year that they withdrew instead of providing the proper documentation to show exactly where this increase was needed to provide the Park Owner with a "fair return". This year Thomas Casparian has continued to add to the 6% year over year change in CPI that is the limit an Owner can request. Instead of negotiating on current amounts he has gone back years to inflate the owners rent increase request.

In November 2021 our HOA created a questionnaire that was sent to all residents. This was done to create a new starting point where both the residents and Park Management were on the same page. We requested joint walkthroughs of the park to address these issues. We asked for to meet on two Saturdays in January for these walkthroughs. The new attorneys from the Los Angeles area refused to come down due to the amount of time it would take to get here. The previous attorney for Parklane Management used in rent negotiations last year was again retained to perform the requested walkthrough. Instead of the two days requested, less than three hours were spent riding around in golf carts. While some of the critical areas were looked at, many of the issues were bypassed and referred to as the residents Nickle and Diming by management. What should be a good foundation for the future of our neighborhood has been diluted again.

Historically, when residents have requested help with issues on their space, many have been told it was their fault the issue existed. Residents have been forced to litigate or contact the appropriate government agency to investigate the situation or pay to take care of the problem themselves. These issues include retaining systems for between lots/spaces, tree trimming or removal among others. The Code enforcement department for the City of San Marcos has been contacted on numerous occasions for their help in alleviating these problems. We ask the Rent Review Commission for the City of San Marcos to obtain the record of these inspections by the City's code enforcement department.

The notice of request for a Rent Increase is required to be given to the City of San Marcos at the same time it is given to the residents. This year Park Management did not give the City of San Marcos the official required Rent Increase request until October 27, 2022. Park residents were given their rent increase notice on September 28, 2022. These notices and rent increase requests are supposed to be given 90 days before and increase can go into effect. The failure by Park Management to submit their request to the City of San Marcos on time as required, has

the potential to change the date of a potential rent increase from January 1st, 2022, to February 1st, 2022.

Counsel's response that **only if** ownership receives it's requested rent increase of 8.21% will it repair the crumbling asphalt street system at some nebulous date. This statement is vague, ludicrous and tantamount to blackmail. The street system is 56 years old, and the last repair was seven years ago which was only a Topcoat over an already crumpling asphalt street! Street repair was promised in 2018 when Rent increase was 2.6 yet management did not repair streets. The HOA has been asking for street repair for several years, yet nothing is done. We are skeptical that they will follow through. San Diego County Code Ordinance 9063 Section. 81.402. (c)-1 Demands that this Private Roadway be Maintained!

In the 2018 negotiations for a 2019 rent increase with Park Management, in exchange for the 2.6% increase requested they said they would fix the streets or seal the streets. The last street seal and repair proved to be a poor job. Black residue was adhering to residents' shoes and being tracked into our homes. Residents are still having to clean their dogs' paws after walking them. Cracks and spiderwebbing was occurring in many areas. Instead of taking care of the problems with the streets in 2019 as negotiated, only a few of the areas were patched. The rest of our streets were allowed to continue to deteriorate. We brought this up again in last year's rent negotiations. At that time there were holes in the streets and other areas continuing to deteriorate. More holes were beginning to show up. Nothing has been done to repair the holes to make it safe to walk in the park.

At the time of this 2.6% rent increase in 2019, our average space rents were over \$510 a month. This number can be verified by the City Clerk's Office. For estimating the dollar amount of funds generated by this rent increase we are using an average space rent of \$500 a month, understanding this will be low in comparison to what we actually pay. ($\$500 \times .026 = \13 a month) ($264 \text{ spaces} \times \$13 = \$3,432$ per month extra income) ($\$3,432 \times 12 = \$41,184$ extra income per year) ($\$41,184 \times 3 = \$123,552$ extra income from 2019 through 2021) We are now in the third month of the fourth year. By the end of 2022 we will have paid ($\$41,184 \times 4 = \$164,736$ for street repair). We will be paying this additional \$41,000+ per year even after the streets are finally repaired. More than enough to maintain the streets and driveways for the life of the park.

We do not believe any additional Rent Increase is needed or justified in relation to our streets and driveways for the life of the park.

We have no sidewalks, so our streets are designated by law to be safe walking areas. They are also fire lanes that are expected to be maintained for safety and security of our community. We are a Senior Community. We walk these streets for our health and longevity. We walk our pets' multiple times daily on these streets. Mid last year the lead park maintenance man spray painted circles and Xs over the holes in the streets. The holes have become larger with the increased traffic from all the deliveries due to Covid 19 and our regular usage. With each rainstorm the holes become larger, and more areas deteriorate into holes. Still no effort by Park Management to correct this situation and make our streets safe again.

Counsel's response that only minor cracks on the driveways listed were found on the January 13, 2022 walkthrough is erroneous. Not all driveways were viewed. The park owners replaced one driveway after the city had to intervene. Management said they review the status of the

driveways regularly and keep a prioritized list. We would like to see the list. The owners stated that the questionable driveways were inspected by park management during the walk-through. That is not true. We have several driveways that have severe cracks and root bumps and several driveways that flood every rain. Management has been informed but nothing is done. These driveways should be inspected by a City Inspector to determine if they meet Code.

Rats and gophers are rampant throughout the park. Vector control is needed by management not just educating the residents to maintain home sites. This is a health and safety issue/code violation. Casparian is inferring that is a tenant/resident caused problem. Counsel's response that vermin infestation in the parks common areas are the resident's responsibility is incorrect. This responsibility is clearly the Park ownerships responsibility and that of San Diego County vector control.

The HOA has given management possible solutions to the speeding problem in the park and the park management has chosen to do nothing. Counsel's response to its efforts in controlling vehicular speeding in the park is that "Management does ticket anyone seen speeding". I have yet to see anyone ticketed by the park management even though management has communicated to all residents that "speeders will be ticketed and fined \$5.00 for the first offence, \$10.00 for second offence and \$25.00 for third offence." When asked about the ticketing by residents (including me) management said that the Sheriff told her that 'ticketing is unlawful'. The HOA contends that no such program is in place, and we request copies of any citations if they even exist. The Board agrees that the city should be consulted regarding the addition of speed bumps.

This HOA' request for Tree trimming was met with the Counsel's response that the park trims all trees on a regular basis, which is only partially true. Counsel notes the park management allows homeowners to request deferment of trimming based on their personal preference. This policy is a Safety Hazard and does not meet San Marcos Municipal Code: Ch.17.64.240 - Fire Safety Guides for height and distancing from structures of bushes and trees. In addition, only palm trees and pine trees are trimmed on a scheduled basis. The park did recently remove some small and mid-sized problem trees after the walk-through brought them to their attention. The working crew have been busier since the rent dispute commenced. They are trying to make up for maintenance not done throughout the past several years. Therefore, the City Fire Marshall needs to determine what bushes and trees need trimming to meet Code.

We reminded the Owners in last years' rent negotiations, that residents have requested the berries/fruit from the Palm Trees be trimmed at the time the palm trees start flowering. This is to prevent them dropping on residents' roofs, carports, landscape, and the streets. A written request was made in July for this trimming to prevent another year of problems for residents. Management never responded to this request and once allowed this debris to clog gutters, pound roofs startling and scaring residents during our high wind events.

The HOA request for electrical system upgrade was met by Counsel's response that the park has recently made repairs on seven spaces in the park which they believe has resolved our outage problems. The fact of the matter is that the original service allotted to each space was 50 Amp. Now it is 100 Amps service that is needed. The HOA contends that the sporadic upgrades made to the power distribution system over the last 50 years is not to Code and needs

inspection to eliminate ongoing issues or the possibility of a catastrophic Fire! The current 50 amp service is not enough to keep up with the newer homes and electrical service. The electrical service should be upgraded to 100 amp service.

The utility infrastructure in our neighborhood has needed upgrades to maintain pace with technological developments and the electric requirements of newer homes since the creation of this Mobile/Manufactured Home Development. The current electrical meter main panel has a 50amp main breaker, while new manufactured homes have 100-amp panels. The same as a regular home. All meters, electric gas and water are required to be recertified by San Diego County's Department of Weights and Measures every ten years. In our neighborhood, most of our meters are the original ones. They have never been recertified during the long life of this development. It wasn't until Park Management was cited for non-compliance in 2018 that Park Management began the process of complying with the recertification requirements.

Residents have been forced to pay unsubstantiated high utility bills periodically throughout the life of our neighborhood. The current office manager has tried to lessen the impact of these sporadic high utility bills with refunds of some or all of the costs above the resident's historic utility cost. As utility meters are recertified now, we request a copy of the results for all the meters. Which ones are good and which ones proved to be faulty? In 2018 Park management purchased 50 of each type of meter to begin the process of bringing the entire park up to code. One of our residents took a batch of 10 electric meters down to The County's testing and recertification lab in 2018. Previous Onsite Park Maintenance had been asked for copies of the recertification for all meters that were being replaced. No documentation has been provided to date on the meters being replaced.

When the Mobile Home communities were developed, they had a choice of San Diego Gas & Electric maintaining their utility infrastructure in the community; or they could receive a discount on their monthly usage billings and use these funds to maintain the electric and gas system. Our Park Management chose to receive this discount just like many of the Mobile Home communities throughout North County,

We are requesting a copy of the Historic Escrow account that Park Management should have to show the segregation of these funds. How these funds have been used to purchase and maintain the utility meters and the overall system in the park. The entire utility system in our development needs to be upgraded. The State of California started a program to help Mobile Home parks upgrade their systems and turn maintenance of the system over to the local utility company. This was being done at little to no cost to the Mobile home park communities. We have been asking since 2017, when did Park Management sign up for this upgrade and where are we on the schedule. We have never received a response.

The HOA request for a generator for the Clubhouse is predicated on recent years' experience of SDGE's Frequent planned power shut down's due to high winds etc. These outages are hazardous even life threatening for many of our medically challenged elderly residents who require power to run oxygen, nebulizers, and other medical equipment. The Clubhouse generator would provide a safe place for our medically challenged residents to go in these emergency situations. The HOA further believes this Emergency equipment is the responsibility of the Park Ownership. The owners previously obtained bids to purchase a generator for the clubhouse but decided not to do so. Power outages during the hot summers cause hardships to

elderly residents who need power to run medical equipment and air conditioning. This is a senior park with many elderly and seriously ill residents.

The water is shut off frequently and repairs are short lived. Last year the water was off for repair for units 45-63. Counsel's response that there have not been any major water outages in the park in many years is erroneous and misleading. The residents are constantly plagued with complete park water shutdowns because one space needs repair. The HOA contends that because the Water distribution system is 56 years old and is lacking basic isolation valves the system is substandard and does not meet Code. Therefore, the HOA requests the city inspection. The water system should be updated to keep up with the new and bigger homes that have been added to the park.

Counsel's response that all Sewer backups are caused by tree roots and improper usage by tenant is ludicrous! The Sewer system is 56 years old and is comprised of crumbling old clay piping. The park has offered to get a bid to flush out the system 4 times a year. Past experience has shown that nothing will be done. This is the first solution they have offered after years of problems. This problem has been noted for many years with no action from the management. The HOA requests the city inspection. When will Pacific Drain start Hydro-jet 4 times per year? It is not done at all right now. There is the inference that this is the resident's fault, when it is publicly known that tree roots are mostly to blame and trees are the ownership/managements responsibility.

Owners states that they have been monitoring retaining walls for years. The only ones that have been completed are those where residents have called Barry Reynolds at City Planning to inspect. The retaining wall problems are also something that past experience has shown that little is being done. One retaining wall was installed in the wrong site. The bank next door is the site that really needs the retaining wall and nothing had been done on that lot. The recent rains have exacerbated the problem. Retaining walls are ignored even when reported to the city. The only repaired retaining walls are a direct result of the homeowner calling City Building inspector and owners receiving fines until the work was completed.

This HOA request for retaining walls to deal with common area erosion, which is threatening several mobile home foundations were met by Counsel's deflection that some other professional will inspect at some nebulous date. In Counsel's response he further makes an error when he stated that netting and ivy was planted to prevent bank erosion which is incorrect. Only some netting was set 5 years ago with no vegetation planted and the sprinklers were shut off causing the vegetation to die! The HOA believes city inspection is required to confirm the immediate need for retaining walls.

Some streets lights have been installed but need to be calibrated. They need to go on when approached, not when something is directly underneath the light. There are still very dark areas in the park and hazardous to dog walkers and others who walk after dark.

Park management installed a few residential fixtures with 100watt bulbs, which are inadequate. Most streetlights in North America use 250–400-Watt high pressure sodium lamps which produce up to 1000 candlepower or LED equal. Therefore, the HOA requests the city inspection. Counsel's response is inadequate. HOA demands proper industrial lighting of 250-Watt high pressure sodium lamp or LED equal which produce up to 500 candlepower.

The Counsel's response to park management office hours is not accurate, in fact the office is seldom ever open and therefore the residents have no way to submit or discuss work request forms. She is frequently not there. She will usually return phone calls if a message is left.

Park rules are not enforced and are not consistently applied to all. Young people are living here. Some are supposedly 'care givers'. Several people have large dogs. Extra resident's cars are parked in office parking area. There are babies living here. The HOA requests that their committee chairperson works with Park Management on CC&R enforcement.

Comments that clubhouse items were taken off the list. Not all items taken off by the HOA. Only pool room equipment was updated and for that a resident resolved the deficit and costs were reimbursed. No mention of replacing tables and chairs.

Pool deck is not completed. Julie M (park manager) confirmed this with Janis Moore on 2/28/2022. Julie will be scheduling completion before summer. Jacuzzi and Pool gunite is in bad shape (area roped off @ 1/13 walk thru) another trailed item. The HOA asks for a date for inspection and repair. An old wooden arbor over the outside shower was rotten and leaning. Several residents paid out of pocket to purchase a new one (Julie added \$100 from petty cash) and picked up the structure and delivered it to the pool area to be installed by maintenance.

Management said they are working on "work request system". Why? Old one works if it is utilized by everyone, including ownership. Counsel's response is inadequate. The HOA demands a viable system be put in place immediately so residents can have a way to submit work request forms and given real dates of completion. For the past three years, the current onsite office manager has refused to accept the Work Orders and Complaint Forms that have been used for many years.

When residents have gone into the office and filled out the forms they have on the front counter, the current office manager has refused to sign them. Historic practice had been for residents to come into the office and fill out the form that best fit the situation that help was needed. The onsite office manager then signed and dated the form, gave copies to the resident of the signed form. The resident kept one copy for their records and put one copy in the HOA mailbox located on the front wall inside the office. The refusal to continue standard operating practices with the Park created work orders and complaint forms has alienated the residents from Park Management. To alleviate this difficult situation for our residents, we created a questionnaire for our residents to use to document issues affecting our residents.

The HOA requested locks, and again nothing done. Break-ins are not made by invited/authorized guests. (Unless on-site manager ok's.) #260 has several undesirable guests and frequent multi-car sheriff visits. Crime is escalating. Site #260 invitees are always causing problems. They damaged glass panel on front wall across from unit 52 that still has not been replaced as of 3/2/2022. There was a break-in at the pool Ladies restroom and in Dec 2021 a bum was in the club house. The HOA contends current locks are inadequate and the neighborhood watch patrol has found homeless persons sleeping in the laundry rooms. Requests for upgrades have been made for YEARS.

We request to upgrade pool area to ADA standard. Again this has been pending for years. The Counsel's response is unacceptable. The cities inspector needs to determine if State Code for handicap accessibility is being meet.

Back Entrance driveway/berm does not belong to the City. Driveways are part of owner's property. Why can't maintenance crew stencil & paint 'STOP' on the park street at back gate three-way stop sign? Former HOA Board president Angie Tilaro requested this in 2017/2018 and it is still pending.

We have been told that park security and management will drive through the park at night. We have not seen this happen. Nothing will change as management is quick to shoot down any improvements. Imperial Park (A park in Escondido owned by same management) has paid security from 4pm to 7 am. We have experienced car break-in, gas siphoned and bicycles stolen in the past year. The only security we have is a volunteer resident run neighborhood watch. Counsel states that 'Park Security' (neighborhood watch volunteers?) and Julie to inspect motion lights but no one offers when is this to be done? The HOA requests a date of completion for the adjustment and or repair. The HOA demands that the Security Patrol nightly checks sheds to deter homeless persons from sleeping there.

Green slime near fountains is still present. No one cleaned before or after 1/13/2022 walk-thru. and if walking with pets and cars are approaching at 3-way stop you HAVE to walk in the gutter to be safe. The HOA contends that this is still a slip and fall hazard and park management needs to take immediate and on-going action to eliminate this hazard to our residents! Green slime draining from waterfall leak is not gone

Much of the normal maintenance of our neighborhood has been deferred and ignored. In Park management response last year to rent increase questions, they began that work in earnest in 2019 to perform required customary maintenance. Street signs that couldn't be read were repainted not replaced. Mailboxes that were falling over were finally repaired. Some of the clips on the mailbox posts were replaced, but these are still being ignored as they fail. These clips are used by the Park to distribute the monthly rent and utility bills as well as a place to clip on notices to the residents.

There are no secrets in our community. Park maintenance crews walk through the park every Tuesday and Friday to pick up the trash bags put out by the residents. We used to be able to walk our trash and recyclables up to the trash enclosure area. This helped keep our homes cleaner and many residents used these walks for their exercise. The trash enclosure area was padlocked some years ago, and now we must accumulate our trash in our homes until they come to pick it up.

So far the City of San Marcos does not have a Non-compliance penalty in the Rent Ordinance. Rent increases are limited to the change in CPI since the Last Rent Increase and no more than one increase every 12 months. There is no penalty for the Park Owners who do not complete the work they commit to. Just as in other business contracts, the verbal and written contracts entered into by the Park Owners should now have non-compliance penalties attached. At this time, once a rent increase is granted it never ends. The compounding effect on monthly space rents increases every year. Nonperformance by Park Management should result in the forfeiture of any rent increase granted when they do not perform their duties as guaranteed.

A new John Deere Gator 6-wheel vehicle was purchased by Park Management in 2018 following with the 2.7% rent increase they received that year. Onsite Park maintenance also uses three electric golf carts for their daily duties. They have a trailer they pull around with the John Deere Gator to pick up trash twice weekly and for other hauling in the park. Prior to the

John Deere Gator the maintenance crew used an old pickup for these duties. That was replaced by the John Deere Gator. We used to have a van that would take residents to the senior center and store, but that is no more.

In this year's proposed budget Park Management has included a \$20,000 charge for a new pickup truck. A truck that has already been replaced by the John Deere Gator they purchased instead of a truck in 2018.

During the 2017 Rent negotiations and since, Park management repeatedly mentioned paying their investors. Returns to investors have been given priority over regular park maintenance. The City Rent Control ordinance has been used against the residents due to the limiting factors included in the Ordinance to protect our senior citizens and other Mobile home communities in our City. When we have asked for work to be done, we are told we do not pay enough rent; that our space rents are lower than others. This does not consider that we own our homes. We pay property taxes on our home. We have mortgages the same as any other type of home. We believe our space rents have become too high for the type of community we live in. The neglect of regular maintenance and abuse our residents live with begs for penalties to be assessed. For a Senior to be told if they don't like it, they can move is abusive. These are retirement homes for most of us. Picking up and moving is not an option. The constant stress of inaction and additional costs requested by Park Management makes this a difficult community to live in.

Park Owners are responsible for maintaining the infrastructure, streets, utilities, trees, driveways, drainage; there is a swimming pool and clubhouse along with two laundry rooms, and common area landscape to name a few. All areas are seen throughout every week by onsite maintenance personnel. Once again, there are no secrets in our community. Retaining wall are needed between spaces to stabilize the hillside and preserve the strength of the lot to support the homes and surrounding hillsides. Retaining wall are needed behind home that border steep hills/cliffs to protect the home from hillside erosion.

Instead of Proactively maintaining their development over its life, Park Management has chosen to be Reactive, and reactive only after damaged has occurred, being cited or fined by government agencies or if a resident has taken them to court. The result is higher maintenance and repair costs. Residents have been paying in a timely manner every month, year after year for the maintenance of this development. Last year for example with all the hardships caused by Covid 19, only one resident was unable to pay their rent. Rent first, food, medical and other expenses second.

In the proposed 2022 budget referred to as capital improvements, the replacement of all streets along with a few driveways and now speed bumps. Which driveways are to be replaced and which ones will be repaired? The old asphalt driveways that the park has not maintained have usually been replaced when new homes were replaced old ones. Residents were told it was their responsibility to maintain the driveways. Some residents have paid to have a protective topcoat be applied to their driveway. Instead of proactively maintain these driveways over the years, resealing them the same time the streets were resealed, they have been left to deteriorate.

We are again requesting that residents be reimbursed for the money spent protecting and improving their driveways.

The estimated dollar amounts exceed the historic costs paid for driveway replacement. We request the owners provide copies of the actual paid invoices for the driveways on Spaces 211, 226 and 244.

The cost of driveway replacement has been added again in the proposed 2022 Maintenance budget.

The cost to replace the streets is given as \$274,000. Last year the owners were given the names of two reputable paving companies who offered to give them competitive bids on the street repair and replacement. One of these companies' representative was seen driving through the park late last year assessing the condition of the streets. We were told the bid came in between \$180,000 to \$200,000. Please provide a copy of that bid.

On the profit and loss statements for 2019, 2020 and 2021 we requested additional information. Computer expenses for all three years exceed \$7,000. Yet the only computer equipment in the Park office is a laptop, desktop and HP inkjet printer. Handwritten notices are given to residents, seldom do we receive typed or computer-generated notices. The computers were purchased around 2017, after the previous office manager of many years passed away.

Please provide copies of the paid invoices for these Computer related charges for all three years.

Please provide copies of paid invoices for the Supplies expenses for all three years.

Please provide copies of paid invoices for the M & R miscellaneous charges for all three years.

Please provide copies of the W-2 forms given to San Marcos Mobile Estates for the documentation of the Salaries and Wages.

Please provide copies of the paid invoices for Auto expenses.

To make this simple, we are requesting paid invoices for all the Expenses for all three years. We know what has been done in the park. We know what has been generated by the onsite Park Office and personnel.

We are also requesting they add the financials for 2017 and 2018 with their supporting documentation.

Some suggestions to alleviate obvious ownership/property management omissions and lack of due diligence:

Change property Management Company

Qualified, certified, and trained property management personnel not a park resident for onsite management.

CPI

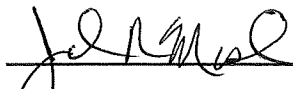
1. The CPI is only one of many factors involved in determining a fair rent increase to maintain a park owner's "Fair Return".
 - a. Nothing in the rent ordinance requires the Commission to grant full CPI rent increases, only that CPI is one factor to consider.
 - b. A short-term spike in CPI should not lead to permanent inflated rent increases that compound even more each year
 - c. Park owners aren't impacted by the inflation rate to the same extent as homeowners who have to pay for gasoline, groceries, etc., which constitute a significant portion of the current inflation rate. Homeowners are already suffering significant hardship to inflated prices for most consumer goods and services and an unwarranted rent increase would cause further financial hardship.
 - d. The Courts and many Rent Stabilization Ordinances in the state recognize that Park owners don't deserve full CPI. The most common permissive annual increase for an RSO is 75% of CPI, with some as low as 50% CPI. Several RSOs have a sliding scale as CPI increases and/or a rent cap as low as 3%. Those rent ordinances have withstood Court challenge and many Park owners in those areas accept those increases without challenge.
 - e. Historically, the San Marcos Mobilehome Rent Review Commission has not granted full CPI increases; in fact, in some cases, they have granted no increase, such as with Villa Vista Estates in 2010. A previous Villa Vista increase of less than \$10/m granted by the Commission was upheld in Superior and Appellate Court.
 - f. Historically, SMME itself has willingly negotiated less than full CPI and had a sliding scale of a lower percentage of CPI as CPI increased.

2. As far as Capital Improvements/Repairs
 - a. If maintenance would have been better, there wouldn't have been the need for such major repairs.
 - b. The Park should disclose how much of the repairs could be written off on taxes or claimed as an insurance loss.
 - c. Repairs have been budgeted and promised in the past but failed to materialize. A portion of future rent increases should be contingent on repairs being made first.
 - d. The Park seems to expect the homeowners to be the financial "safety net" for poor business decisions, operation and maintenance of the park.
 - e. A distinction should be made between "Capital Improvements" and "Capital Repairs." An Improvement would be the addition of something that was not existing previously, such as speed bumps or a security gate. In that case, there could be a pass-through for a period of time to pay for a portion of the improvement, if a majority of residents agreed. Residents should not foot the entire bill for an improvement

because that raises the value of the park for the park owner and the owner might be able to write-off a portion of the expense on tax returns. Capital Repairs deal with major repairs to existing infrastructure and the Park's legal responsibility to maintain the facilities in good condition. Any repair would raise the value of the park, enabling the owners to enjoy a financial windfall at the homeowners' expense if the park were to sell.

3. Please provide Income Tax returns to the Commission for the past five years to help determine the return on investment and Capitalization Rate. The Ordinance provides that Park owners are entitled to a "just and reasonable" return on their investment, not full CPI or windfall profits.
4. Please provide a detailed account of all claimed expenses to verify veracity of profit/loss statements.
5. Have the Owners refinanced the Park to pull out equity?
6. They show a huge net profit in 2020—that should have enabled them to make lots of repairs without further rent increases...

"I declare under penalty of perjury under the laws of the State of California that the foregoing s true and correct, and if called upon to testify as a witness I can and will do so competently to the same effect".



Name of Declarant

3-14-2022
Date

**Analysis of the
SAN MARCOS MOBILE ESTATES
Rent Increase Application**

Dr. Kenneth K. Baar
March 18, 2022

This report was prepared at the request of the City of San Marcos. The opinions expressed herein are those of the author and do not necessarily represent the views of the City or the staff of the Rent Review Commission.

SUMMARY

The last increase in space rent in the Park, which was in January 2020, took into account increases in the (Consumer Price Index) CPI up to July 2019. The Park Owners have requested a rent increase of 8.21% based on the increase in the CPI from July 2019 to July 2021.

The Home Owner's Association (HOA) contends that the increase should not be granted due to substantially inadequate maintenance and substandard conditions in the Park. These claims are listed and explained in detail in the submissions of the HOA. The HOA requested code inspections in regard to the conditions of the roads, the water system, and the electrical system.

The Park Owner has submitted a detailed response to these claims. In regard to one issue, the Park Owners have indicated that they would replace the streets if the requested rent increase is granted. The Park Owners disagreed with validity of a substantial portion of the HOA claims. In regard to some of the claims they indicated that would conduct an inspection by the end of May.

On March 15, a site inspection was conducted by City staff. The inspector concluded that there were not substantial violations. The inspection covered most but not all of the issues in the claims of the HOA.

The Rent Review ordinance provides for consideration of listed factors and other relevant factors in setting allowable rents.

The rent increases during the past twenty years have been equal to or below the increases in CPI. The Park Owner is not claiming that a rent increase of more than the CPI increase is necessary to provide a fair return. Instead, Park conditions are the central issue in this case. The rent increase that is requested by the Park Owner's fits into the range that would be considered normal and reasonable in the absence of issues about park maintenance and conditions.

A CPI increase is recommended subject to two qualifications, 1) a lower increase would be appropriate if supported by evidence about inadequate maintenance and conditions, and 2) a portion of the increase should be conditioned on the Park Owner's promise to replace the roads if the increase is granted.

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Appendix A. Consumer Price Index (CPI) Table

Appendix B. Summary HOA Claims Regarding Park Conditions & Park Owner Responses

Appendix C. Appraiser's Data on San Marcos Mobile Estates Rents in 2002

Appendix D. Author's Resume

The Author

The author's resume is attached as Appendix C. The author has a PhD in urban planning and is an attorney. He has researched and published extensively on housing policy issues.

Over the past 20 years, he has been employed as a consultant by numerous California jurisdictions for the purpose of preparing fair return analyses of rent increases applications and/or drafting regulations of mobile home park space rents. He has prepared studies for Cities of the Mobilehome Park Space Rental Market and Mobilehome Ownership in Mobilehome Parks:for ten cities including Los Angeles.

His articles on rent control have been extensively cited by appellate courts, especially in regards to fair return issues. Also, appellate courts have concluded that his opinions have provided a substantial basis for the findings of rent boards in fair return cases.

Court Opinions Citing Articles by Kenneth Baar in Rent Control and Mobile Home Park Cases

Westchester West No.2 Limited Partnership v. Montgomery County, 348 A.2d. 856 (1975) Maryland Court of Appeals [highest Civil Court in the state]

Helmsley v. Borough of Fort Lee, 78 N.J. 200; 394 A.2d. 65 (1978) New Jersey Supreme Court

Fisher v. City of Berkeley, 37 Cal.3d. 644; 209 Cal.Rptr. 682 (1984) California Supreme Court; affirmed, 475 U.S. 260, 106 S.Ct. 1045, 89 L.Ed.2d. 206 (1986)

Oceanside Mobile Home Park Owners Association v. City of Oceanside, 157 Cal.App.3d. 887; 204 Cal.Rptr. 239 (1984) California Court of Appeals

Mayes v. Jackson Township, 103 N.J. 362; 511 A.2d. 589 (1986) New Jersey Supreme Court; cert. denied, 479 U.S. 1090, 107 S.Ct. 1300, 94 L.Ed. 2d. 155 (1987).

Parks v. Tenants Ass'n of Holly Hill Mobilehome Terrace, 213 N.J. Super. 511 (1986) Superior Court of New Jersey Appellate Division

Yee v. Mobilehome Park Rental Review Board, 17 Cal. App. 4th 1097, 23 Cal.Rptr.2nd. 1 (1993) California Court of Appeals

Palomar Mobilehome Park v. City of San Marcos, 16 Cal.App.4th 481, 20 Cal.Rptr.2d. 371 (1993) California Court of Appeals

Silverman v. Rent Leveling Board, 277 N.J. Super. 524, 649 A.2d 1342 (1994) New Jersey Superior Court Appellate Division

Kavanau v. Santa Monica Rent Control Board, 16 Cal.4th. 761; 66 Cal.Rptr. 2d. 672 (1997) California Supreme Court); cert. denied, __ U.S. __, 118 S.Ct. 856, 139 L.Ed. 2d. 755 (1998)

Rainbow Disposal Co., Inc. v. Mobilehome Park Rental Review Board, 64 Cal.App.4th 746, 75 Cal.Rptr. 2d. 1159 (1998) California Court of Appeals

Quinn v. Rent Control Board of Peabody, 45 Mass. App.Ct. 357, 698 N.E.2d.911 (1998)
Massachusetts Court of Appeal

Galland v. City of Clovis, 24 Cal.4th 1003, 103 Cal.Rptr.2d. 711 (2001) California Supreme Court

Town of Telluride v. Lot Thirty-Four Venture, LLC, 3 P.3d. 30 (2000, Colorado Supreme Court)

Berger Foundation v. City of Escondido, 127 Cal.App.4th 1 (2005) California Court of Appeal

TG Oceanside, L.P. v. City of Oceanside, 156 Cal. App.4th 1355 (2007) California Court of Appeal

I. Introduction

The purpose of this report is to provide an opinion about what rent adjustment should be permitted, taking into account the standards in the Mobile Home Rent Review Ordinance¹ and the submissions of the Park Owners and the Residents.

On Oct. 27, 2021, the Park Owner submitted a notice to the Residents and to the City requesting an increase of 8.21% in the monthly space rents.² This amount reflects the increase in the CPI from July 2019 that was considered in setting the 2020 rent increase to the CPI in July 2021 that was taken into account in the Park Owner's increase notice.³

On March 1, 2022, the Park Owners submitted a report (labeled "Application") in support of its request for an increase.⁴ The Park Owner's justifications for the increase are:

1) Since January 2020, the rents have not been increased. As of January 2022 the CPI (Consumer Price Index) had increased by 11.2% over the CPI level of July 2019 that was taken into account in setting rents in January 2020.

2) a rent increase is necessary to cover the ongoing needs for maintenance and system replacements in the park.

The Home Owners Association (HOA) submitted their claims and responses to Park Owner's claims in a report which was submitted on March 14, 2022.

Generally, in cases before the Mobile Home Rent Review Commission a park owner has requested a rent increase in excess of the percentage increases in the CPI and the issue has been what rent must be permitted in order to allow a fair return.

In this case, the Owner is requesting an increase based on the percentage increase in CPI and the HOA contends that the this increase should not be permitted based on consideration of the maintenance and condition of the Park.

The Residents contend that there a numerous deficiencies in the maintenance and condition of the Park. The Home Owners Association (HOA) submitted 26 requests in regard to maintenance.

¹ San Marcos Municipal Code [SMMC], Sec. 16.16.010-16.16.120

² Rent Increase Notice filed with the City on Oct. 27, 2021. (The City informed the Park Owner that its Sept. 29, 2021 notice, which had been provided to the Residents, was not valid since it was not also filed with the City, as required by SMMC 16.16.055(a). (Letter from City Attorney to Centinela Investments, Oct. 27, 2021)

The Park Owners' "Application," states that: "Management now seeks a rent increase of in the amount of 11.2% as calculated by the change in CPI from July 2019 to January 2022." ("Application", p.4). However, the Rent Increase Notice was for an 8.21% increase, taking into account the CPI as of July 2021.

³ CPI, All items in San Diego-Carlsbad, CA, all urban consumers, not seasonally adjusted 1982-84=100
Series Id: CUURS49ESAO (July 2019 – 299.33; July 2021 – 323.906).

⁴ "San Marcos Mobile Estate, Application for Rent Increase", (submitted by Thomas W. Casparian, Esq. on behalf of the Owner, Centinela Investment, Ltd., March 1, 2022)

The Park Owner's "Application" includes a letter listing the 26 requests of the HOA and its responses to those requests. The HOA has submitted a reply to Park Owners' "Application." In response to the Resident complaints about the condition of the streets, the Owners indicated that they would replace the streets if the rent increase is approved. Also, they indicated that they would conduct inspections in regard to some of the other claims and contended that some of the claims of the Residents have no validity.

In response to the Park Owner's "Application" the HOA requested a City Inspection of the conditions in the Park.

A City inspection was performed on March 15. The inspector concluded that there were no significant code violations. A report on the inspection, which is not part of this report, was completed on March 17.

II. The San Marcos Mobilehome Space Rent Ordinance and Rent Review Procedures - Standards for Rent Adjustments

The San Marcos Ordinance provides for the right to petition for a "just and reasonable return on ... investment":

The mobilehome park owner shall bear the burden of proving by a preponderance of the evidence that a proposed space rent increase is reasonable and is necessary to enable the mobilehome park owner to receive a just and reasonable return on his investment.(Section 16.16.070(g)).

However, the Ordinance does not define the terms "just and reasonable return on investment".

In addition, the Ordinance contains the following list of factors that Commission shall consider and also provides that the Commission shall consider "**other factors ... [it] deems relevant**".

- 1) Changes in the mobilehome park owner's gross income from the operation of the mobilehome park;*
- 2) Changes in the reasonable operating expenses relating to the operation of the mobilehome park;*
- 3) Whether the proposed rent increase will result in an increase in net income to the park owner from the operation of the park;*
- 4) Changes in the Consumer Price Index from the time period from the last rent increase;*
- 5) Changes in the services, amenities, maintenance and condition of the mobilehome park and the extent to which the rent increase is necessary to provide the services or amenities or to insure maintenance and good operating condition of the park;*
- 6) The extent to which the rent increase is necessary to pay for capital improvements and the amount of money allocated by the owner to a capital improvement or maintenance*

fund, along with the park owner's budget for maintenance, care and capital improvements for the park; and

7) The extent to which the landlord receives net income from fees or charges for utilities, or incidental fees or charges for services billed separately from rent. (Sec. 16.16.0709g))

The Rent Review Procedures state that the Commission may base its determination on any fair return standard that has been accepted by California courts:

The Commission determination does not have to be made by the application of any particular method or formula, so long as the substantial evidence supports its determination that the rent level approved will provide the Park Owner with a 'fair return. Accordingly, the Commission may base its decision on the basis of the Maintenance of Net Operating Income ("MNOI") formula, historical cost, return on investment, or other formula accepted by the California courts for determination of rent review matters. (Resolution No. 2009-7274, Section 7)

III. Current Rent Levels

A. Current Rent Levels

The current average monthly space rent is \$527.⁵ In addition to space rents the Residents cover gas and electricity expenses, which are submetered and water and sewer costs which are passed through. In 2021, the average monthly total of these expenses was \$178.18.⁶

Utility Expenses Average Monthly Amounts	
Electric	82.85
Gas	41.61
Water	22.74
Sewer	30.97
Total	178.18

⁵ In 2020, the Park Owner's submitted a list of the base rents for each space, with a monthly total of \$139,222.49. The average of \$527 is calculated by dividing the monthly total by 264 spaces. The application indicates that the Park has 267 spaces. The HOA has indicated that there 264 spaces that are used for rentals.

⁶ Total park income in 2021: electricity- \$262,455.35; gas - \$131,835.47; water - \$72,055.01; sewer - \$98,123.74. (Profit & Loss" Statement, Application, Exhibit 8). Monthly averages in table = annual total/(264 spaces*12 months.)

IV. Consideration of the Factors in the Ordinance

In the section, the proposed rent is reviewed in light of the factors set forth in the Ordinance.

A. Factors Related to Increases in Rents and the Consumer Price Index (CPI)

1) Changes in the mobilehome park owner's gross income from the operation of the mobilehome park

&

4) Changes in the Consumer Price Index from the time period from the last rent increase;

While most rent ordinances provide for annual rent increases specifically tied to the annual increase in the CPI, this Ordinance does not contain an annual increase provision. However, it does list increases in the CPI as a relevant factor in setting allowable rents.

From July 2019 (date of the CPI that was taken into account in setting the January 2020 rent adjustment) to July 2021 (the date taken into account in the October 2021 rent notice), the CPI increased by 8.21%.⁷ (As of January 1, 2022, the latest reported CPI was 11.2% above the CPI level of July 2019.⁸

An 8.21% increase in the allowable monthly space rent would result in an average rent increase of about \$43.⁹

According to data submitted by the Park Owner, from 2012 through 2020, the annual rent increases were either equal to or less than the percentage increase in the CPI. Overall, from 2012 through 2020, according to the data presented by the Owner rent increases of 16.1% compared with an increase of 18.9% in the CPI during this period.

⁷ CPI, All items in San Diego-Carlsbad, CA, all urban consumers, not seasonally adjusted 1982-84=100 Series Id: CUURS49ESAO (July 2019 – 299.33; July 2021 – 323.906).

⁸ CPI – January 2022 – 332.990

⁹ \$527 x .0821.

Rent Increases		
Year	Increase in CPI	Rent Increase
2012	3.40%	2.00%
2103	1.70%	1.70%
2014	0.90%	0.90%
2015	2.40%	2.40%
2016	0.80%	0.80%
2017	2.00%	2.00%
2018	3.30%	2.70%
2019	3.02%	2.60%
2020	1.40%	1.40%
2021	2.10%	0%

Source: Reported by Park Owner, Application, Exhibit 2

The one piece of information that this author has about the rents in San Marcos Mobile Estate prior to 2012, indicates that the average rent in 2002 was \$352. This information was reported in a survey of mobile home park space rents in San Marcos, which was commissioned by the City at that time. (Attached as Appendix C).

The rent increase from 2002 through 2021 was 50%, compared with an increase in the CPI of 65.5% during this period.¹⁰

B. Factors Related to Increases in Expenses and Fair Return

2) Changes in the reasonable operating expenses relating to the operation of the mobilehome park

&

3) Whether the proposed rent increase will result in an increase in net income to the park owner from the operation of the park

&

6) The extent to which the rent increase is necessary to pay for capital improvements and the amount of money allocated by the owner to a capital improvement or maintenance fund, along with the park owner's budget for maintenance, care and capital improvements for the park;

¹⁰ CPI half 2002 – 195.7; CPI July 2021 – 323.906

&

7) The extent to which the landlord receives net income from fees or charges for utilities, or incidental fees or charges for services billed separately from rent;

&

"just and reasonable return on his investment" (Section 16.16.070(g)).

As indicated, the Ordinance does not command the use of a particular type of fair return standard in determining what rent would permit a fair return and a Rent Review Commission resolution sets forth the principle that the Commission is not bound to use one particular type of formula. Also, the Courts have indicated that Rent Commissions are not required to use a particular type of standard.

It has been the practice of the City to use a maintenance of net operating income (MNOI) standard. This type of standard has been upheld and praised by the Courts. In past hearings the Commission applied the MNOI standard in order to determine the allowable rent increase.¹¹

Under an MNOI standard an owner is entitled to rent increases which are adequate to cover operating cost increases and permit growth in net operating income. **Rather than designating a particular rate of return as fair, this approach preserves the yield from a property by passing through operating cost increases and adjusting the net operating income by a CPI factor.**

Under the MNOI standard, debt service is not considered as an operating expense. However, by requiring an allowance for growth in net operating income, the standard provides for increases in the portion of rental income that is available to cover reasonable increases in debt service. Rather than considering each owner's particular financing circumstances, the MNOI standard provides all owners with growth net operating income tied to the rate of inflation (the CPI) which can cover additional financing costs and/or provide additional cash flow. Furthermore, because value is a function (multiple) of net operating income, growth in NOI leads to appreciation in the value of a property, which may be converted into a capital gain. This approach meets the twin objectives of "protecting" the mobilehome owners from "excessive increases" and providing park owners with a "fair return on investment."

¹¹ See e.g. Villa Vista – 2008 (Reso. No. MHP 2008-46); Rancho San Marcos – 2010 (Reso No. MHP 2010 - ____).

Operating Expense Levels

In this case, the City only has the operating expense data for 2019 through 2021 which was included in the "Application" (Exhibit 8). That data indicates that the level of operating expenses was roughly level during these years. However, if gas and electricity related expenses are excluded, the operating expenses are about \$125,000 lower in 2020 and about \$100,000 lower in 2021 than the total in 2019.

Overall Operating Expenses					
	2019		2020		2021
Total Operating Expense	1,204,477.42		1,124,269.83		1,213,554.08
Total Operating Expenses Excluding G&E	926,986.27		810,630.67		852,556.05
Total Expenses Excluding G&E and M&R electrical	915,630.04		789,316.77		819,956.55

The reductions in cost mainly occurred in the categories of "maintenance & repair miscellaneous," legal, and supplies.

Operating Expenses that Decreased Substantially from 2019 to 2021					
	2019		2020		2021
Maint.&Repair, miscellaneous	139,482.87		86,353.79		89,748.52
Legal	41,488.31		3,780.50		14,475.61
Supplies	39,414.49		13,909.24		12,505.59

In considering the operating expense trends two factors are notable. One factor is that the overall operating expense to rental income ratio in 2021 of 50.7%,¹² is higher than the average ratio for mobile home parks of about 40%. The ratio of operating expenses to rental income is not a factor in the MNOI standard, however, it is an indicator of what expense levels are normal in the industry, and it is a factor that is considered under standards that have been included in other rent ordinances. The second factor is that it is not known whether the decline in operating expenses from 2019 to 2021 reflected a decline from a normal levels of operating expenses for this park or a decline from a level that was higher than normal.

The Park Owner's budget for 2022 projects a total of \$201,000 in maintenance expenses, compared to levels below \$90,000 in 2020 and 2021. If electrical expenses are excluded on the basis that they are covered by allowable submetering charges to the Residents the projected total

¹² Total Income – 2,213,118.91; Total Expense – 1,122,369.31 ("Application," Exhibit 8)

for 2022 would be \$160,000. On the other hand, the HOA contends that the Park Owners' have a history of not undertaking promised maintenance steps.

The Park Owner has projected a cost of \$404,400 for capital improvements in 2022 ("Application", Exhibit 4) that would include the following:

Projected Capital Improvements in 2022	
Description	Total Cost
Streets	\$274,400
Replace two driveways	\$30,000
Retaining Walls	\$50,000
Speed Bumps	\$30,000
Truck	\$20,000
Total	\$404,400

If these expenses were amortized over a ten year period with a 7% interest allowance, the monthly amount per space would be \$17.79/space/month.

Net Operating Income Adjustment

In past decisions, in calculating the allowable rent increase the Commission has provided a net operating income that has increased by the 75% of the percentage increase on the CPI over the base year.¹³

If it was assumed that operating expenses are about 40% of rental income (a typical ratio for mobile home parks) and increase at the same rate of increase as the CPI and that net operating income is indexed at 75% of the rate of increase in the CPI, rent increases equal to about 80 to 90% of the percentage increase in the CPI would be required to permit a fair return.¹⁴

¹³ See, e.g. Villa Vista – 2008 (Reso. No. MHP 2008-46); Rancho San Marcos – 2010 (Reso No. MHP 2010 - ____).

¹⁴ Property tax increases are limited to 2% per year, except when a property is sold. In the case of San Marcos Mobile Estates these expenses are only about 10% of operating expenses. Therefore, variations between the rate of increase in the CPI and rate of increase in property taxes would not have a substantial impact on the overall rate of increases in operating expenses.

Hypothetical - Rent Increase Required to Provide a Fair Return If NOI Adjusted by 75% of rate of increase in CPI an Operating Expenses Increase at the Rate of Inflation			
	Base Year	Pct Increase	Current Year
CPI	100	10%	110
Operating Expenses	400,000	10%	440,000
Net Operating Income	600,000	7.50%	645,000
Base Year Rent	1,000,000		
Fair Rent in Current Year		8.85%	1,088,500

In 2019, the net operating income of San Marcos Mobile Estates was about \$1 million, if utility income and expenses are excluded. If this net operating income was indexed by 75% of the 8.21% percent increase in the CPI it would be increased by 6.2% or about \$65,000, an amount equal to \$20/mobilehome space/month. If NOI were indexed by 100% of the 8.21% increase in the CPI, the NOI adjustment would be about \$87,000 or about \$27.00/mobilehome space/month. These amounts are apart from any rent increase that may be necessary to cover increases in operating expenses.

Comments on HOA Information Requests

The HOA has requested varying types of operating expense information which would be relevant to a fair return analysis.

Issues in regard to two of the HOA information requests are noted here. One request is:

1) "...provide ... Income Tax Returns ...for the past five years to help determine the return on investment and the capitalization rate." (HOA letter, 3-14-2022, last page)

In a case before a mobile home park rent review commission in California, a Court of Appeal has ruled that park owners can keep their tax returns confidential. (See King v. Mobile Home Rent Review Bd., 216 Cal. App. 3d 1532 (1989))

Under the MNOI standard a fair return on investment is measured is provided by maintaining net operating income, rather than designating a particular rate of return as fair.

Another request is to find out:

2) "Have the Owners refinanced the Park to pull out equity" (HOA letter, 3-14-2022, last page)

The Courts have ruled differences in allowable rents based on differences in financing have "no rational basis."¹⁵ A park owner is entitled to a fair net operating income. How the park owner obtains the capital to purchase a park (financing costs) or uses the park as collateral for obtaining capital (pulling out equity) should not be factors in setting the allowable rent. Instead, a determination of the allowable rent should depend on consideration of operating costs, net operating income, increases in the CPI, and the level of maintenance of the Park. As one California Court of Appeal explained: "[f]air rate of return relates to return from the asset and not return to the asset holder." (*Yee v. Mobilehome Park Rental Review Board*, 17 Cal.App.4th 1097,1110 (1993).

7) The extent to which the landlord receives net income from fees or charges for utilities, or incidental fees or charges for services billed separately from rent;

Gas and electricity reimbursement from the Residents for submetered services and the Park Owners' payments to the gas and electricity providers are excluded from consideration in this analysis because the regulation of charges related to the provision sub-metered gas and electricity is preempted by state law.¹⁶ Also, expenses for the maintenance, repairs, and upgrading the master-metered gas systems are excluded because the PUC takes these costs into account in setting the rates that park owners may charge Park Residents.

C. Park Maintenance and Conditions

5) Changes in the services, amenities, maintenance and condition of the mobilehome park and the extent to which the rent increase is necessary to provide the services or amenities or to insure maintenance and good operating condition of the park;

A mobilehome park owner has a duty to comply with the terms and conditions of any conditional use permit, special use permit, or other land use

¹⁵ See Palomar Mobile Home Park Ass'n v. Mobile Home Rent Review Comm'n, 16 Cal.App. 4th 481, 488 (Cal. Ct. App. 1993)("... no rational basis for tying rents to the vagaries of individual owners' financing arrangements."); Colony Cove v. City of Carson, 220 Cal. App. 4th 840, 870-871 (Cal. Ct. App. 2013)(rejecting "the notion that permissible rental rates based on a fair rate of return can vary depending solely on the fortuity of how the acquisition was financed.").

¹⁶ See e.g. Rainbow Disposal Co., Inc. v. Mobilehome Park Rental Review Board, 64 Cal.App.4th 1159 (1998, California Court of Appeal) and Hillsboro Properties v. Public Utilities Commission, 108 Cal.App.4th 246 (2003, California Court of Appeal)

approval, or zoning or building ordinance, relating to the amenities, facilities, maintenance, improvements or services to be provided within the mobilehome park by the mobilehome park owner. If the Commission finds that a mobilehome park owner fails to provide or reduces the level of the amenities, facilities, maintenance, improvements or services, as established by any conditional use permit, special use permit or other land use approval or zoning or building ordinance, or if the owner fails to comply with the duties established by Section 798.87 of the California Civil Code, then the Commission may deny a proposed rent increase, decrease the rent, or conditionally approve the rent increase upon such terms and conditions as the Commission deems reasonably necessary to insure compliance with the mobilehome park owner's duties and obligations. (Section 16.16.07 (h))

As indicated, the Home Owners contend that the park maintenance and conditions are not adequate. They indicate that 1) basic infrastructure systems-water and electrical– are outdated, 2) the roads are in an unsatisfactory condition, and 3) there has been a long history of failures by the Park Owners to undertake promised improvements.

The Park Owners have indicated that 1) by the end of May they will undertake inspections in regard to some of the HOA claims, 2) some of the claims about conditions are not correct, 3) and it will undertake work to correct some of the conditions.

A table summarizing the maintenance and conditions claims of the HOA and the responses of the Park Owner, which was prepared by this author, is attached as Appendix B of this report. While the level of maintenance and the condition of the park are relevant in setting allowable rents and are a central issue in this case, evaluation of the legitimacy of these claims is beyond the scope of this report.

The City inspector concluded that there are no substantial code violations. The report addressed each of the 26 issues raised by the HOA. It noted that: 1) three potholes necessitate repair, 2) the City does not require back-up generators, 3) the City is not the agency that addresses sewer spills, 4) the retaining wall on one space is failing. The inspector was not able to evaluate the electrical system.

V. Conclusion & Recommendation

1. The Allowable Rent Increase

Unless there are substantial issues related to the maintenance and condition of the Park, a full CPI rent increase of 8.21% would be appropriate, taking into consideration that the rent increase history for this park has been one of increases that have not exceeded CPI since 2012 and over a longer term from 2002 to 2021 have been less than CPI. This amount would result in an average increase in monthly space rents of \$43.

At the same time, the ordinance does not command full CPI increases. Short of a full CPI increase a rent increase of about 90% of the percentage increase in the CPI, 7.4%, would be necessary to cover operating cost increases that increased at the same rate as the CPI and provide growth in net operating income in order to provide a fair return, assuming that operating expenses are increasing at the same rate as the CPI. This amount would result in an average increase in monthly space rents of \$39.

Tying a Portion of the Allowable Rent Increases to Replacing the Streets

In their "Application," the Park Owners have indicated that they will replace the streets in the Park if the rent increase is granted (See "Application", Exhibit 1, p. 1, "The Park's street will be entirely replaced in 2022-2023, provided the requested increase is agreed to".) It would be reasonable for the Commission to rely on that representation in its consideration of an allowable rent increase. The Ordinance provides for flexibility in determining the amount of allowable rent increases, rather than prescribing a specific formula. Under this circumstance, it would be reasonable to provide that a portion of the allowable rent increase is contingent on fulfilling this promise, with a mechanism to ensure that this portion of the increase can be implemented promptly after the completion of the work.

If the Commission grants a rent increase equal or nearly equal to the CPI increase, it is suggested that making \$10 or \$15 of the increase contingent of fulfilling the street replacement condition would be appropriate. The streets are a critical aspect of the Park Services, while this amount would be the equivalent of two to three percent of the rent.¹⁷

¹⁷ In *Yee v Escondido*, 17 Cal.App.4th 1097 (1993) the Court considered issues related to determining the allowable rent increase in case involving maintenance issues. Its discussion included a holding that "There must be some proportionality between the nature of the transgression and the extent of the penalty." *Id.* at 1110-1111.

2. Taking into Account Increases in the CPI

Now, issues related to measuring amount of increases in the CPI take on a new prominence, with the termination of a thirty-eight year long trend in which CPI increases were usually in the range of two or three percent and the emergence of seven and eight percent rates of inflation.

The ordinance provides that one of the factors to be considered is the increase in the CPI “**since the prior rent increase.**” However, due to the ninety day time period required to notice a rent increase, the notice would not take into account the increase in the CPI between the date of the rent increase notice and the date of the rent increase, a period of at least ninety days.

It does not seem possible that it was the intent of the drafters of the ordinance or of the City Council in adopting the ordinance to exclude ninety days or more of each year in computing increases in the CPI. Under these circumstances, it would be appropriate to measure the increase in the CPI from the level that was considered in setting the last rent adjustment to its level that is used in considering the amount of the current rent adjustment. Furthermore, consideration of the full rate of increase in the CPI is essential to calculations of what growth in net operating income will provide a fair return.

3. Consideration of Additional Information and Comments

The discussion and conclusions in this report are subject to the qualification that they may be modified as a consequence of receiving additional information prior to the hearing in this case.

Appendices

Appendix A

Consumer Price Index (CPI) Table

CPI for All Urban Consumers (CPI-U)
Original Data Value

Series Id: CUURS49ESA0
Not Seasonally Adjusted
Series Title:
Area: San Diego-Carlsbad, CA
Item: All items
Base Period:
Years: 1980 to 2022

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1980	75.1		76.4		79.8		79.8		80.4		82.5		79.4		
1981	85.1		86.7		88.0		90.3		92.8		95.0		90.1		
1982	95.6		94.3		97.4		99.0		96.3		95.1		96.2		
1983	96.1		96.9		98.2		99.1		100.7		101.2		99.0		
1984	102.4		103.3		104.4		103.9		105.6		107.6		104.8	103.5	106.0
1985	107.7		109.2		110.0		110.3		111.6		112.1		110.4	109.2	111.5
1986	112.9		112.1		113.2		113.3		114.1		114.6		113.5	112.8	114.2
1987													117.5	116.6	118.3
1988													123.4	121.9	125.0
1989													130.6	128.9	132.3
1990													138.4	136.5	140.3
1991													143.4	142.2	144.7
1992													147.4	147.0	147.7
1993													150.6	150.4	150.8
1994													154.5	154.3	154.6
1995													156.8	156.3	157.3
1996													160.9	159.8	161.9
1997													163.7	163.7	163.7
1998													166.9	166.0	167.8
1999													172.8	171.7	173.9
2000													182.8	179.8	185.8
2001													191.2	190.1	192.4
2002													197.9	195.7	200.0
2003													205.3	203.8	206.7
2004													212.8	211.4	214.3
2005													220.6	218.3	222.9
2006													228.1	226.7	229.6
2007													233.321	231.870	234.772
2008													242.313	242.440	242.185
2009													242.270	240.885	243.655
2010													245.464	244.242	246.686
2011													252.910	252.451	253.368
2012													256.961	256.637	257.285
2013													260.317	258.955	261.679
2014													265.145	265.251	265.039
2015													269.436	267.346	271.526
2016													274.732	272.628	276.837
2017											285.961		283.012	281.561	284.464
2018	288.331		290.810		289.243		295.185		295.883		293.858		292.547	290.076	295.018
2019	295.761		297.226		300.303		299.333		301.033		301.520		299.433	298.147	300.718
2020	302.564		302.589		301.317		305.611		304.443		306.334		303.932	302.040	305.823
2021	307.688		315.035		317.141		323.906		324.138		326.422		319.761	314.282	325.241
2022	332.990														

Appendix B

Summary HOA Claims Regarding Park Conditions & Park Owner Responses

Maintenance Issues by Category

Item #	HOA Request	Park Owner Response	HOA Response
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Park Owner will perform work if rent increase granted

1	Repair Asphalt Streets	will replace streets if rent increase agreed	Required by Code
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Park Owner indicates that this is a new service, will provide if Residents agree to Capital Improvement Increase to Cover the Cost

7	generator needed for times of power outages	this would be a new service, will provide if residents agree to capital improvement increase to cover the cost	Responsibility of Park Owner
---	---	--	------------------------------

Park Owner will inspect or will obtain bid

4	need speed deterrents	will determine if installation possible taking into account hills & emergency vehicle access needs	Owners fail to ticket speeders
9	sewer backing up	will obtain bid for quarterly sewer cleaning	system very old, City inspection requested
10	retaining walls - needed for several lots & repairs needed other lots	inspection will take place by the end of May 2022	several mh foundations threatened, City inspection requested
11	street lights needed in dark areas	new lights recently installed, will inspect by the end of May 2022 to see if additional lighting needed	lighting only 100 amp bulbs, City inspection requested
13	back gate not lit	will inspect by the end of May 2022	lighting inadequate
20	restrooms not handicapped accessible	licensed contractor will inspect	City inspection requested
21	jacuzzi not handicapped accessible	licensed contractor will inspect	
23	motion detector lights only detect if directly under the light	Park Security & Mgmt will inspect	<i>date for completion requested</i>

Park Owner will perform work or remedy

12	replace "wrong way" sign	ordered larger sign, will install	<i>date for completion requested</i>
18	written work requests not accepted	Owners will develop an orderly procedure	<i>date for completion requested</i>

draft table, p.2 of 2 pages

Item #	HOA Request	Park Owner Response	HOA Response
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Park Owner has remedied or complaint withdrawn

25	faded stop sign	has been replaced	problem remedied
16	clubhouse run down	HOA removed this complaint	

Park Owner Response - Disagrees with Complaint, or States that Problem is Addressed, or that Ownership is Undertaking Feasible Measures

2	13 driveways need repair	inspected, only minor cracks, repairs not r	park owner did not inspect all driveways, City inspection requested
3	problems with rats & gophers	park is kept clean, impossible to completely prevent rats & gophers	Park Owners responsibility
5	many trees need trimming or removal	trees are regularly trimmed	parks allows some homeowners to defer trimming, even if a safety hazard, City inspection requested
6	electrical system needs updating	seven spaces had problems, repaired in Jan. 2022	not up to current code, City inspection requested
8	water shut off needs repair	current system is adequate	frequent outages, affect whole park due to lack of isolation valves, system out of date, City inspection requested
14	manager unavailable much of time	manager is available by phone 24/7	Owner response not true
15	park age and dog rules not enforced	rules enforced regularly	HOA request to work with Park Management
17	pool deck crumbling jacuzzi needs repair	pool decking in good condition, will be reinspected by end of May 2022	<i>date for completion requested</i>
19	new locks needed laundry, pool entry	locks are sufficient	locks inadequate, homeless sleeping in laundry room
24	people living in one shed	HOA could not identify where people living	HOA requests nightly security checks

Appendix C

Appraiser's Data on San Marcos Mobile Estates Rents in 2002

MOBILE HOME PARK SURVEY

Park Name San Marcos Mobile EstatesAddress: 1145 Barkham Dr.Phone Number: 746-8100Source (person completing this questionnaire) Via Proxy
Shirley Garretson
ManagerNo of Spaces: Total: 264
Vacant 10
Single wide 12
Double wide 242
Triple wide Year Built 31 yrs old. (1972?)Purchase date Rent High 425
Low 280
Average* ~~352~~ 352
* please include approximate
average if exact avg. not knownWhat ^{are} Utilities Included in rent:None

Are any of the mobilehomes in the park owned by the park?

If yes, how many? 2 Brand newWhat are the rents for the park owned homes? \$395 - \$425

Appendix D.
Author's Resume

Kenneth Calvin Baar
Urban Planner & Attorney
kenbaar@aol.com

Summary– Mobile Home Park Policies

Projects:

Consultant to California cities and counties on mobilehome park policies, preparation of mobilehome park market and mobilehome ownership studies, drafting of rent ordinances, preparation of fair return reports in mobilehome park rent stabilization cases,

Studies for Cities of the Mobilehome Park Space Rental Market and Mobilehome Ownership in Mobilehome Parks:

Los Angeles, Ceres, El Monte, Fremont, Marina, Modesto, Montclair, Palmdale, Riverbank, Visalia

Expert Reports & Testimony on behalf of Cities and Counties in Mobilehome Park Rent Stabilization Fair Return Cases:

Azusa, Calimesa, Capitola, Carpinteria, Carson, Chula Vista, Escondido, Humboldt County, Oceanside, Palmdale, Salinas, San Luis Obispo County, San Marcos, Santa Cruz County, Santa Rosa, Simi Valley, Thousand Oaks, Vallejo, Ventura, Ventura County, Watsonville, Vallejo, Yucaipa

Consulting on Drafting Mobile Home Park Rent Legislation:

Carson, Citrus Heights, Cotati, El Monte, Fresno, Healdsburg, Milpitas, Modesto, Oceanside, Palm Desert, Perris, Riverbank, Santee, Sonoma, Vallejo

Citations of Publications in Appellate Court Opinions:

Publications in law journals on rent control legislation, fair return issues, and mobilehome park policies have been cited in numerous California Court of Appeal and Supreme Court opinions and in supreme court opinions of five states (Colorado, Maryland, Massachusetts, New Mexico, New Jersey, Washington)

Publications:

Baar, "Fair Return under Mobilehome Park Space Rent Controls: Conceptual and Practical Approaches:", 29 Real Property Law Reporter 333 (Sept. 2006, California Continuing Education of the Bar (CEB))

"The Right to Sell the 'Im'mobile Manufactured Home in Its Rent Controlled Space in the 'Im'mobile Home Park: Valid Regulation or Unconstitutional Taking?", Urban Lawyer Vol. 24, 107-171 (Winter 1992, American Bar Ass'n)

"Guidelines for Drafting Rent Control Laws: Lessons of a Decade", Rutgers Law Review, Vol. 35, 723-885 (1983)

Education:

B.A., 1969, Wesleyan University, Middletown, Conn. Major: Government

J.D., 1973, Hastings College of Law, Univ. of California, San Francisco, Ca.

M.A., 1982, Urban Planning, University of California at Los Angeles

Ph.D., 1989, Urban Planning, University of California at Los Angeles
(Dissertation topic: "Explaining Crises in Rental Housing Construction: Myth and Schizophrenia in Policy Analysis")

Foreign Languages: French and Italian

Teaching:

Instructor, San Francisco State University, Urban Studies Program (1983-1984)

Visiting Professor (Fulbright Scholar), Budapest University of Economic Sciences (Sept. 1991- June 1993)

Visiting Assistant Professor, Urban Planning Department, School of Architecture, Planning, and Preservation, Columbia University, New York (1994 - 1995) (courses: planning law, introduction to housing, comparative housing)

Visiting Professor (Fulbright Scholar), Technical University, Tirana, Albania
(Introduction to urban planning) (2002-2003)

Projects

Studies of Performance of Rental Housing Investments commissioned by the City of Los Angeles (2009) and San Jose (2016) (in association with the Economic Roundtable, Los Angeles)

Study of Development Impact Fees for the City of Los Angeles (in association with Economic Roundtable, Los Angeles) (2009-2010)

Consultant to California cities drafting of apartment rent control ordinances and/or regulations. San Jose, Oakland, Santa Monica, Cotati, East Palo Alto.

Consultant to Takoma Park, Maryland, Drafting Rent Stabilization ordinance and Rent Petition Analyst (2006-2019)

Institute of Transportation and Development Policy (New York City), Study on European policies governing location of shopping malls (2001-2002)

Consultant to World Bank (Budapest office), Studies on municipal contracting out of public services, policies for the provision for the provision of district heating, and land use policies in Hungary (1998-1999)

Urban Institute, U.S. Aid for International Development (A.I.D.) funded technical assistance, Hungarian Subnational Development Project (1998 & 1999)

Consultant, Institute for Transportation and Development Policy, to East European Organizations on Transportation Policies (1997-98)

U.S.A.I.D. funded technical assistance to Albanian Ministry of Construction (Sept. 1993- March 1994)

Consultant, East European Real Property Foundation, (U.S. A.I.D. funded), development of education and training in Hungary (July 1993)

Study of Hungarian Land Use Regulations (1992, publication and technical assistance sponsored by Urban Institute, Wash. D.C.)

Report for Hungarian Ministry of Justice, Comparison of Landlord-Tenant Law in France, United States, and Hungary (1992, funded by Urban Institute, Wash. D.C.)

Consultant, City of Santa Monica, Cal., Incentive Housing Program

Consultant, State of New Jersey Attorney General and Public Advocate, on fair return standards under state statute regulating evictions of senior citizens from condominiums

Studies of Impacts of Local Regulations on Housing Supply, Cities of Santa Monica and Fremont, Cal.

Preparation of a Guide for New Jersey Rent Control Boards on Fair Return Standards and Landlord Hardship Applications (National Housing Law Project, 1981)

Research and Writing Articles on Inequalities in Property Tax Assessments (Legal Services Corporation, Washington, D.C., 1982-83)

Preparation of apartment operating cost studies for the cities of Berkeley, Santa Monica, and San Jose, California)

Publications

Articles

Baar, "Fair Return under Mobilehome Park Space Rent Controls: Conceptual and Practical Approaches:", 29 Real Property Law Reporter 333 (Sept. 2006, California Continuing Education of the Bar (CEB))

"Legislative Tools for Preserving Town Centres and Halting the Spread of Hypermarkets and Malls Outside of Cities" published in Etudes Foncières (Land Studies) No. 102, pp. 28-34 (March-April 2003, Paris, translated into French); also published in Falu, Varos, es Regio (Village, Town, and Region), issue no. 2, pp. 11-22 (2003), (Budapest, translated into Hungarian)

"Contracting Out Local Public Services in a Transition Economy," Review of Central and Eastern European Law, Vol. 25, No. 4, 493-512, September 2000, (Leiden, Netherlands)

"Contracting Out Municipal Services: Transparency, Procurement, and Price Setting Issues", Hungarian Public Administration, Vol. 49, No. 3, May 1999 (translated into Hungarian)

"Laws Protecting Mobilehome Park Residents", Land Use and Zoning Digest Vol. 49, 3-7 (Nov. 1997, American Planning Association)

"The Anti-Apartment Movement in the U.S. and the Role of Land Use Regulations in Creating Housing Segregation", Netherlands Journal of Housing and the Built Environment, Vol. 11, no.4, 359-380 (1996)

"La resistance au logement collectif", Etudes Foncières, Vol. 67, 44-48, (June 1995, Paris, Association des Etudes Foncières)

and

"Il Movimento Contro Gli Edifici Multifamiliari Negli Stati Uniti, Storia Urbana, Vol 66, 189-212 (1994, Milan, Italy)

(translated versions of "The National Movement to Halt the Spread of Multi-family Housing (1890-1926)", Journal of the American Planning Association, Vol. 58, no. 1, 39-48, Dec. 1991)

"Impacto del precio del suelo y de las normas sobre su uso en el precio y la distribucion de las viviendas en USA", La Vivienda, no. 23, 43-51 (1993, National Mortgage Bank of Spain) ["The Impact of Land Costs and Land Regulations on the Cost and Distribution of Housing in the United States"]

"A Területrendezési Dilemmái a Demokratikus Piacgazdaságokban", Területrendezési Tarsadalom, Vol.6, no. 1-2, 89-99 (1992, Budapest) ["Dilemmas of Land Use Planning in a Democracy with a Market Economy", Space and Society]

"The Right to Sell the 'Im'mobile Manufactured Home in Its Rent Controlled Space in the 'Im'mobile Home Park: Valid Regulation or Unconstitutional Taking?", Urban Lawyer Vol. 24, 107-171 (Winter 1992, American Bar Ass'n)

"The National Movement to Halt the Spread of Multi-family Housing (1890-1926)", Journal of the American Planning Association Vol. 58, no. 1, 39-48 (Dec. 1991)

"El Control de Alquileres en Estados Unidos" Estudios Territoriales, Vol. 35, 183-99 (1991, Madrid) ["Rent Control in the United States"]

"Would the Abolition of Rent Controls Restore a Free Market?", Brooklyn Law Review, Vol. 54, 1231-8 (1989)

"A Choice of Issues" (Introduction to articles on the impact of rent controls on the property tax base), Property Tax Journal Vol. 6, no. 1, 1-6 (March 1987, International Ass'n of Assessing Officers).

"Facts and Fallacies in the Rental Housing Market", Western City, Vol. 62, no.9, 47 (Sept. 1986, California League of Cities)

"California Rent Controls: Rent Increase Standards and Fair Return", Real Property Law Reporter, Vol. 8, no. 5, 97-104 (July 1985, California Continuing Education of the Bar)

"Rent Control: An Issue Marked by Heated Politics, Complex Choices and a Contradictory Legal History", Western City, Vol. 60 (June 1984)

"Rent Controls and the Property Tax Base: The Political-Economic Relationship", Property Tax Journal Vol. 3, no. 1, 1-20 (March 1984)

"Il Dibattito Sul Controllo Degli Affitti Negli Stati Uniti", Bollettino Daest (Sept. 1984, University of Venice) ["The Debate Over Rent Controls in the United States"]

"Guidelines for Drafting Rent Control Laws: Lessons of a Decade", Rutgers Law Review, Vol. 35, 723-885 (1983)

"Defining 'Fair Return' For Rent Controlled Landlords", 59 New Jersey Municipalities (no. 3) 24 (1982)

"Property Tax Assessment Discrimination Against Low-Income Neighborhoods", Urban Lawyer, Vol. 13, 333-405 (1981, American Bar Ass'n)

abridged versions:

Clearinghouse Review, Vol. 15, 467-486 (1981),

Property Tax Journal, Vol. 1, (no. 1) 1-50 (March 1982)

(Coauthors Baar and Keating) "Controlling Rent Control", 2 New Jersey Reporter (no. 4) 19-25 (October 1981)

"Land Banking and Farm Security Loans", Economic Development Law Project Report, Vol. 8, no. 4, 1978)

"Rent Control in the 1970's: The Case of the New Jersey Tenants' Movement", 28 Hastings Law Journal 631-683 (1977)

(Coauthors Pearlman and Baar) "Beyond the Uniform Relocation Act: Displacement by State and Local Government, Clearinghouse Review, Vol. 10, 329-345 (1976)

(Coauthors Baar and Keating) "The Last Stand of Economic Substantive Due Process: The Housing Emergency Requirement for Rent Control", Urban Lawyer, Vol. 7, 446-509 (1975)

Chapters in Books

Baar, "Contracting Out Municipal Services: Transparency, Procurement, and Price-Setting Issues," (ch. 15), "Land Use Regulation" (ch.21), and "Financing and Regulating District Heating (ch 26) Intergovernmental Finance in Hungary (2005, World Bank)

"Open Competition, Transparency, and Impartiality in Local Government Contracting Out of Services" (Chapter 2), Navigation to the Market Regulation and Competition in Local Utilities in Central and Eastern Europe, ed. Peteri and Horvath (2001, Local Government and Public Service Reform Initiative, Open Society Institute, Budapest)

Baar, K. K. 1998. 'New Jersey's Rent Control Movement', in D. Keating, M.Tietz and A. Skabursis (eds), Rent Control. Regulation and the Rental Housing Market. (1998, Center for Urban Policy Research, Rutgers University, New Brunswick

"New Jersey's Rent Control Movement" (Chapter 10) and "Controlling "Im"Mobile Home Space Rents", (Chapter 13), in Keating, Tietz, & Skaburskis (eds.), Rent Control: Regulation and the Rental Housing Market (1998, Center for Urban Policy Research, Rutgers University.

Hungarian Land Use Policy in the Transition to a Market Economy with Democratic Controls", Land Tenure and Property Development in Eastern Europe (1993, Association des Etudes Foncieres, Paris)

"Peacetime Municipal Rent Control Laws in the United States: Local Design Issues and Ideological Policy Debates", ed. van Vliet, Choldin, Michelson, and Popenoe, Housing and Neighborhoods, ch.15 (1987, Greenwood Press)

"Rent Control", California Residential Landlord-Tenant Practice, Chapter 9 (1986, California, Continuing Education of the Bar)

Books

Editors Baar and Pojani, Urban Planning in a Market Economy, (Tirana, Albania 2004); author of chapters: "Decentralization in Service Provision and Urban Planning - An International Perspective, Private", "Property Rights, Public Expropriations, and Public Rights to Undertake Urban Planning", "Contracting Out Public Services in Hungary - Regulatory, Contracting and Transparency Issues". Coauthor of chapters: "Urban Planning in a Democracy with a Market Economy", "Local Service Provision in Albania".

Reports

"Standards for Allowable Rent Increases and Increases in Market Rent Levels" (Ch. 4); "Individual Rent Adjustment Standards under the ARO and Constitutional Standards for Fair Return" (Ch. 5); "Financial Outcomes for Owners of Apartment Buildings covered by the ARO", Ch. 6. Study of the Apartment Rent Ordinance of the City of San Jose (2016, commissioned by the City of San Jose)

"Mobilehome Park Housing in El Monte Issues and Policy Options (2015, commissioned by the City of El Monte)

"The Economics of Mobilehome Ownership and Mobilehome Park Ownership in the City of Los Angeles and a Comparison of Local Regulations of Mobilehome Park Space Rents" (May 2011, commissioned by the City of Los Angeles)

"Impacts of the Rent Stabilization Ordinance on the Outcomes of Apartment Investments" (Ch. 4) and "Rent Increase Standards: Los Angeles Rent Stabilization Ordinance (RSO) and Comparison with Ordinances in Other California Cities" (Ch. 5), Economic Study of the Rent Stabilization Ordinance and the Los Angeles Housing Market, (commissioned by City of Los Angeles Housing Dept. 2009)

Expert Witness in Court Cases (on behalf of cities):

Baker v. City of Santa Monica (1982, Los Angeles County Superior Court)

Hozz v. City and County of San Francisco (1984, Superior Court, San Francisco County)

Segundo v. City of Rancho Mirage and *Kapp v. City of Cathedral City* (1985, U.S. Federal District Court, Los Angeles)

Kirkpatrick v. City of Oceanside (1993, Superior Court, San Diego County)

440 Company v. Borough of Fort Lee, New Jersey (1996, U.S. Federal District Court, New Jersey)

Cashman v. City of Cotati (2002, U.S. Federal District Court, Northern District California)

Colony Cove Properties v. City of Carson (2016, Federal District Court, Southern District California)

Court Opinions Citing Law Review Articles by Baar on Rent Stabilization Issues

Helmsley v. Borough of Fort Lee, 78 N.J. 200; 394 A.2d. 65 (1978) New Jersey Supreme Court*

Fisher v. City of Berkeley, 37 Cal.3d. 644; 209 Cal.Rptr. 682 (1984) California Supreme Court; *affirmed*, 475 U.S. 260 (1986)*

Oceanside Mobile Home Park Owners Association v. City of Oceanside, 157 Cal.App.3d. 887 (1984) California Court of Appeals*

Mayes v. Jackson Township, 103 N.J. 362; 511 A.2d. 589 (1986) New Jersey Supreme Court; *cert. denied*, 479 U.S.1090 (1987).

Parks v. Tenants Ass'n of Holly Hill Mobilehome Terrace, 213 N.J. Super. 511 (1986) Superior Court of New Jersey Appellate Division

Yee v. Mobilehome Park Rental Review Board, 17 Cal. App. 4th 1097 (1993) California Court of Appeals*

Palomar Mobilehome Park v. City of San Marcos, 16 Cal.App.4th 481 (1993) California Court of Appeals *

Silverman v. Rent Leveling Board, 277 N.J. Super. 524, 649 A.2d 1342 (1994) New Jersey Superior Court Appellate Division

Kavanau v. Santa Monica Rent Control Board, 16 Cal.4th. 761 (1997) California Supreme Court); *cert. denied*, 522 U.S. 1077, 118 S.Ct. 856, 139 L.Ed. 2d. 755 (1998)*

Quinn v. Rent Control Board of Peabody, 45 Mass. App.Ct. 357, 698 N.E.2d.911 (1998, Massachusetts Court of Appeal)*

Galland v. City of Clovis, 24 Cal.4th 1003, 103 Cal.Rptr.2d. 711 (2001) California Supreme Court*

MHC Operating Limited Partnership v. City of San Jose, 106 Cal. App.4th (2003) California Court of Appeal*

TG Oceanside, L.P. v. City of Oceanside, 156 Cal. App.4th 1355 (2007) California Court of Appeal*

Court Opinions Citing Testimony of Kenneth Baar

Rainbow Disposal Co., Inc. v. Mobilehome Park Rental Review Board, 64 Cal.App.4th 1159 (1998)
California Court of Appeal

Cashman v. City of Cotati, U.S. District Court, N.D. Cal., No. C99-03641 (Findings of Fact and Conclusions of Law, Sept. 13, 2002)(unpublished)

MHC Operating Limited Partnership v. City of San Jose, 106 Cal. App.4th 204 (2003) California Court of Appeal

Hillsboro Properties v. Public Utilities Commission, 108 Cal.App.4th 246 (2003) California Court of Appeal

Berger Foundation v. Escondido, 127 Cal.App.4th 1 (2005) California Court of Appeal

Los Altos El Granada Investors v. City of Capitola, 139 Cal. App. 4th 629 (2006) California Court of Appeal

Besaro v. City of Fremont, 204 Cal. App.4th 345 (2012) California Court of Appeal

Colony Cove v. City of Carson, 220 Cal. App. 4th 840 (2013) California Court of Appeal

Expert Reports on Fair Return Rent Increase Applications – Prepared on Behalf of California Cities

Azusa,

Arrow Pines (2001)

Calimesa,

Ponderosa (2008)

Rancho Calimesa (2016)

Capitola

Castle MHP (2000)

Carpinteria,

Vista de Santa Barbara (2002)

Carson,

Carson Gardens (2003)

Park Villa (2004)

Park Granada (2004)

Vista del Loma (2006)

Carson Gardens (2007)

Colony Cove (2008)

Colony Cove (2009)

Colony Cove (2011)

Laco (2011)

Colony Cove (2012)

Chula Vista,

Bayscene MHP (2006)

Escondido,

Carefree Ranch (1995)

Town and Country (1995)

Westwinds (1995)

Lake Bernardo (1996)

Valley Parkway (1997)

Mobilepark West (1997)

Eastwood Meadows (1997)

Ponderosa (1997)

Casa de Amigos (1997)
Town and Country (1999)
Greencrest (1999)
Casa de Amigos (2001)
Town and Country (2002)
Town and Country (2005)
Mobilehome Park West (2006)
Sundance (2013)
Sundance (2016)

Humboldt County
Ocean West (2017)

Oceanside
El Camino (2014)

Palmdale,
Grecian Island (2007)
Mountain View (2007)

Salinas,
Alisal Country Estates (1997)

San Luis Obispo County,
Oak Terrace (2008)

San Marcos,
Villa Vista (2008)
Villa Vista (2010)
Rancho San Marcos (2010)

Santa Rosa,
Coddingtontown (2003)

Thousand Oaks
Thunderbird (2010)
Ranch (2010)

Vallejo,
Vallejo Mobile Estates (2002)
Tall Trees Mobilehome Park (2002)

Ventura,
Stardust (2003)

Ventura County
Ojai Valley Estates (2017)

Watsonville,
Colonial Manor (1998)
Portola Heights (2001)
Meadows Manor (2008)
Green Valley (2012)

Yucaipa,
Wishing Well (2004)
Valley Breeze (2008)
Grandview West (2009)
Yucaipa Village (2011)
Carriage Trade Manor (2017)
Valley View (2020)



March 17, 2022

RE: SITE INSPECTION - COMPLIANCE WITH SAN MARCOS MUNICIPAL CODES – 8.64.010, 8.64.020, 12.45.010, 14.15.030, 16.08.110, & 17.26.030

Property Address: APN 228-310-66-00 / 1145 Barham Drive, San Marcos Boulevard, San Marcos CA 92078
Owner: Centinela Investments LTD

Dear Sir and/or Madam:

The City of San Marcos was provided twenty-six (26) specific items of concern identified by the residents of the San Marcos Mobile Estates (SMME). The items of concern were provided to the Park in support of a preliminary objection to the forthcoming rent increase at San Marcos Mobile Estates. In order to provide an objective view of the items of concern, staff from Development Services conducted a site assessment throughout the SMME. The site assessment was conducted on March 15, 2022, at 1145 Barham Drive. Based on the site visit, City personnel investigated the concerns subject to the City of San Marcos Municipal Code. Attachment 1 contains site photos collected during the site inspection and are referenced throughout this document.

On January 27, 2022, HOA members conducted a walk-through inspection with the Park's attorney and on-site manager. During the inspection, the parties consulted on the 26 items, and the City staff used the consulted list in their site assessment on March 15, 2022. The 26 HOA requests with City comments are the following:

HOA Request #1 – Repair of the asphalt streets – “Repair the asphalt streets as they are crumbling, creating potholes that are a safety hazard. Several people have fallen on the broken streets. Most residents have issues with the status of the streets.”

City Assessment: Three potholes were observed during the inspection which appear to be significant enough to be necessitate repair. Marking in the street identified that these have previously been marked out. These three potholes expose the asphalt that was overlaid and will still function, but will continue to degrade as they are exposed to the elements. Municipal Code section 17.26.030 identifies excessive deterioration of paved surfaces as “pieces of pavement that move freely and are not attached to the paved surface”. The areas observed did have movable and loose material that should be resolved. Other than the noted potholes the paving was observed to be in serviceable condition that would not warrant code enforcement. Pictures are provided in Attachment 1 – Site Inspection Photos – Pages 7-17

HOA Request #2 - Driveways – “Many driveways need of repair or replacement.”

City Assessment: A list of driveways (lots 136, 169, 187, 207, 209, 216, 226, 231, 237, 241, 250, 263, and 265) was provided by the HOA and visited during the combined January 27, 2022, inspection and reinspected by City staff on March 15, 2022. City staff noted that these lots appeared to be slightly more aged, the driveways were still functioning correctly, and the minor cracks were only cosmetic. A general observation of areas throughout the Park. Pictures are provided in Attachment 1 – Site Inspection Photos – Pages 18 - 50

HOA Request # 3 –66 residents have problems with rats and gophers

City Assessment: During the inspection, the Park’s landscaped and trash areas were clean of trash and debris. This request did not include a list the sixty-six (66) lots experiencing issues with rats and gophers. No vectors were observed during the site visit.

HOA Request # 4 –69 residents voiced problems with failure to address speeding problem. Speeding is out of control. Need to install speed deterrents.

City Assessment: During the site assessment City staff did not observe any abnormal driving behavior in the Park. The City does not enforce or inspect speeds within a private site. Signage is posted onsite with a speed limit of fifteen (15) mile per hour. Pictures are provided in Attachment 1 – Site Inspection Photos – Page 51

HOA Request # 5 –Tree trimming needs to be done year around. Many pine trees are overgrown and need to be trimmed or removed. They create a fire hazard. Palm trees need to be trimmed after buds appear.

City Assessment: The Park’s tree appears to have been recently trimmed during the March 15, 2022 site inspection. The initial HOA response was that the Park had the trees trimmed about six (6) months ago on January 21, 2022; a visual inspection confirms this. Pictures are provided in Attachment 1 – Site Inspection Photos – Pages 52 - 59

HOA Request # 6 –Electrical System needs to be updated. Frequent power outages are hazardous for residents that need power to run oxygen, nebulizers and other medical equipment.

City Assessment: The City does not have the testing equipment to run an electrical assessment on this item.


HOA Request # 7 – Clubhouse Generator – Clubhouse needs a generator when power is out so residents have access to air conditioning and power for medical equipment.

City Assessment: The City does not inspect generators and does not have requirements related to back-up power and therefore could not identify any violation by the Park for not providing the service.

HOA Request # 8 – Water system – “Water is shut-off often needing repair, but repairs are short lived, system needs to be replaced.”

City Assessment: The water system appeared to be operational during the time of the inspection. Water systems in the clubhouse that were accessed were functional and fountains appeared to be working. A further assessment would need to be done by a qualified professional to assess the entire Park’s system should a determination on remaining service life be needed. Pictures are provided in Attachment 1 – Site Inspection Photos – Page 60

HOA Request # 9 – Sewer system – Sewer is backing up and spilling into yards, driveways and the streets.



City Assessment: City staff did observe remnants of a Sanitary Sewer Overflow from a sewer lateral cleanout, originating from Unit #143. The City does not have information on this discharge event or information regarding the cause or the cleanup efforts. City staff recommends that the impacted area be cleaned up, without discharging in the Private Stormwater Conveyance system. The City is not the agency of record for sewer spills and cannot substantiate or verify frequency of sewer spills. Pictures are provided in Attachment 1 – Site Inspection Photos – Pages 61-65

HOA Request # 10 – Retaining Walls – Retaining walls need to be constructed in several lots and repaired in other lots.

City Assessment: City staff observed numerous retaining walls constructed with varying types of materials and constructed at different times. City staff noted the retaining wall on space #364 is failing and needs to be replaced. Pictures are provided in Attachment 1 – Site Inspection Photos – Pages 66 - 73

HOA Request # 12– Wrong way sign- “Replace wrong way sign so drivers can see it. Current sign is only seen by pedestrians.”

City Assessment: The existing Wrong Way signage was observed and appeared to be in good condition and adequate size. Pictures are provided in Attachment 1 – Site Inspection Photos – Page 74

HOA Request # 13– Trash area lighting – “Light a garbage doesn’t illuminate back gate. Back gate is still dark and difficult to enter safely.”

City Assessment: The inspection occurred during working hours, City staff did not observe lights in the described nighttime situation. Floodlight were observed to be installed in the trash areas. Pictures are provided in Attachment 1 – Site Inspection Photos – Page 75

HOA Request # 14– Manager Hours – “Manager hours not available much of the time.”

City Assessment: City staff conducted the inspection independently and did not make contact with the on-site manager and cannot assess the suitability of manager hours.

HOA Request # 15– Park rules – “Park rules are not enforced, several residents have young children, large dogs, etc.”

City Assessment: No large dogs were observed during the inspection, and the City cannot assess the validity of this claim.

HOA Request # 16– Clubhouse – “Clubhouse is run down, needs new chairs, tables and pool sticks.”

City Assessment: City staff did not assess the inside chairs and pool sticks, and table. The City does not have any regulations or standards of maintenance for private buildings so long as the resulting condition is not an eminent threat to life or safety. No immediate life/safety issues were observed during the inspection.

HOA Request # 17– Pool Deck – “Pool deck is crumbling, needs replacement. Pool and Jacuzzi need major repair.”

City Assessment: During the inspection, the pool deck appeared to have been recently resurfaced and there were deficiencies observed. The City did not observe any life/safety issues with the pool. Pictures are provided in Attachment 1 – Site Inspection Photos – Page 76

HOA Request # 18– Work requests – “Work requests are denied. Told Julie cannot accept them.”

City Assessment: The City does not have standards of response to work requests handled by the park and cannot assess the validity of this claim.

HOA Request # 19– Door lock – “New Locks are needed on laundry rooms and pool entries etc. to keep out non-residents from using facilities.”

City Assessment: Locks appear to be operating and functioning properly during the inspection. Pictures are provided in Attachment 1 – Site Inspection Photos – Pages 77 - 80

HOA Request # 20– Rest rooms need to be handicapped accessible.


City Assessment: Clubhouses, pool areas, restrooms and all common use areas in mobile home parks that are used by the owners/tenants and their guests do not have to be accessible for people with disabilities. The only require portion of the park that is required to be accessible, is the rental office. Pictures are provided in Attachment 1 – Site Inspection Photos – Pages 81 - 87

HOA Request # 21– Jacuzzi accessibility – Jacuzzi needs to be handicapped accessible.

City Assessment: All pool gates need to open away from the pool and be self-closing, self-latching, and have a locking device no lower than 60 inches. Pictures are provided in Attachment 1 – Site Inspection Photos – Page 88

HOA Request # 22 – Back entrance – “Back entrance uneven pavement at street interface. Also, “STOP” needs to be painted on street at stop sign at back entrance to the park.”

City Assessment: This section approaching La Moree is Private until the Public Right of Way. The City does not have any standard requiring a stop sign; however, a Stop sign could be added at the discretion of the Park Ownership, but there is a limited amount of room on the right-hand side of the approach as you exit



from the Park. The road could have “STOP” painted at the exit at the discretion of Park Management. Pictures are provided in Attachment 1 – Site Inspection Photos – Pages 89 - 90

HOA Request # 23- Motion lights – “Motion detector lights are nice but they don’t turn on until directly under the light.”

City Assessment: Motion lights were not tested during the inspection and would need to be inspected at night.

HOA Request # 24- “People are living in a shed on one lot.”

City Assessment: City staff was not able to confirm if anyone was living in a shed; during the inspection, no one was observed to be living in a shed. The HOA request did not include a lot or unit number for reference.

HOA Request # 25- Stop signs – “Faded stop sign needs to be replaced.”

City Assessment: During the site inspection all Stop signs appeared to be in good condition and would not need to be replaced. Pictures are provided in Attachment 1 – Site Inspection Photos – Pages 91 - 99

HOA Request # 26- Discharge from pool pump – “Slick green drainage from pool pump house down the street slope needs to be cleaned up.”

City Assessment: City staff observed a discharge originating from the east side of the fountain by the pool house area. The source of the water should be identified and eliminated from entering the Private Stormwater Conveyance system. Pictures are provided in Attachment 1 – Site Inspection Photos – Pages 100 -103

If you should have any questions and/or concerns please feel free to contact me at (760) 744-1050, extension 3226 or at rcesmat@san-marcos.net.

Sincerely,

Rafe Cesmat
City of San Marcos
Management Analyst

Attachment Enclosures:
1 – Site Inspection Photos



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ATTACHMENT 1
SITE INSPECTION PHOTOS

HOA REQUEST #1 – REPAIR OF THE ASPHALT STREETS





















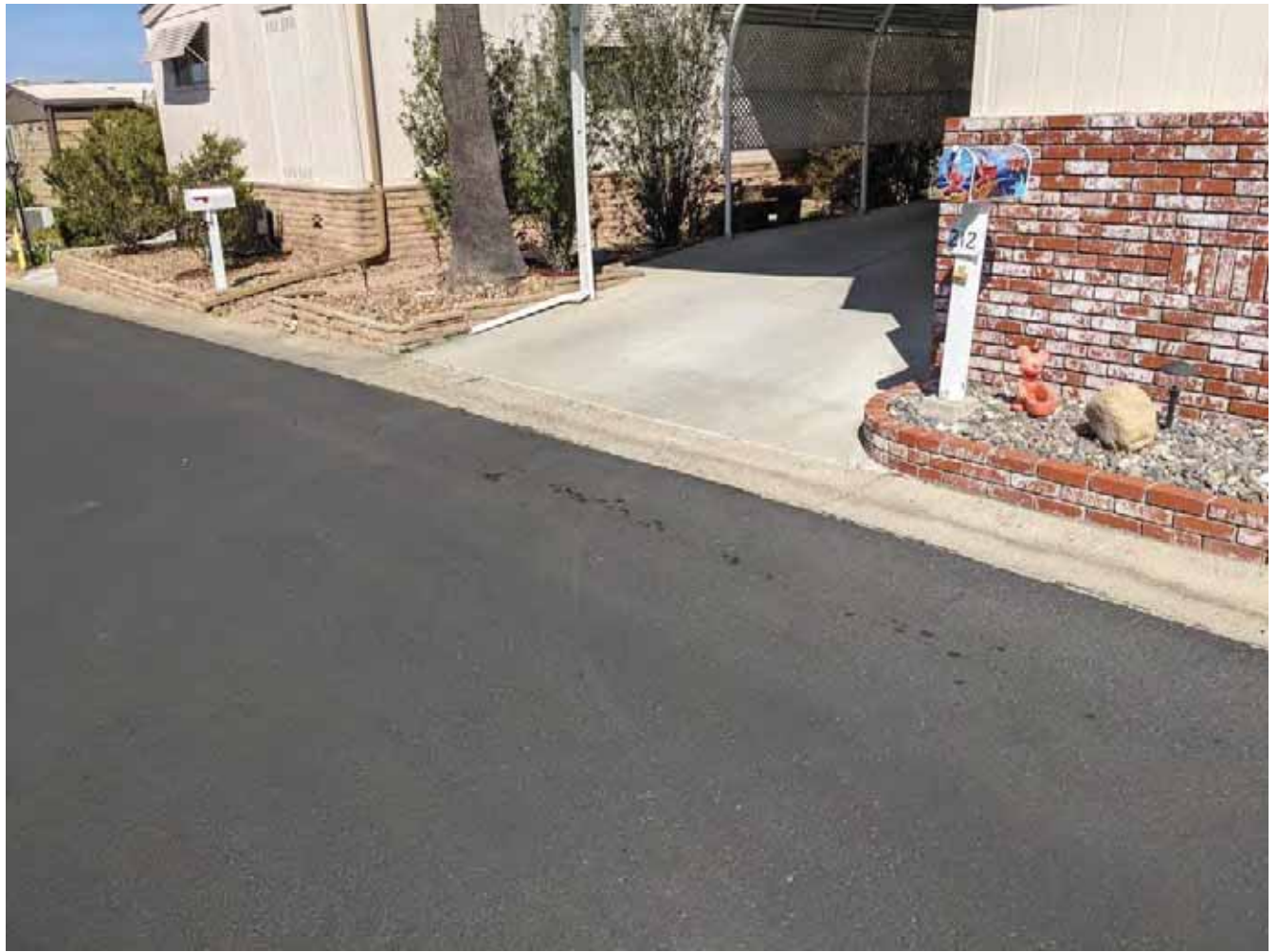


HOA REQUEST # 2 DRIVEWAYS IN NEED OF REPAIR OR REPLACEMENT



































































HOA REQUEST # 4 –69 RESIDENTS VOICED PROBLEMS WITH FAILURE TO ADDRESS SPEEDING PROBLEM. SPEEDING IS OUT OF CONTROL. NEED TO INSTALL SPEED DETERRENTS.



HOA REQUEST # 5 –TREE TRIMMING NEEDS TO BE DONE YEAR AROUND. MANY PINE TREES ARE OVERGROWN AND NEED TO BE TRIMMED OR REMOVED. THEY CREATE A FIRE HAZARD. PALM TREES NEED TO BE TRIMMED AFTER BUDS APPEAR.

















HOA REQUEST # 8 – WATER SYSTEM – WATER IS SHUT-OFF OFTEN NEEDING REPAIR, BUT REPAIRS ARE SHORT LIVED, SYSTEM NEEDS TO BE REPLACED.



**HOA REQUEST # 9 – SEWER SYSTEM – SEWER IS BACKING UP AND SPILLING INTO YARDS,
DRIVEWAYS AND THE STREETS.**











HOA REQUEST # 10 – RETAINING WALLS – RETAINING WALLS NEED TO BE CONSTRUCTED IN SEVERAL LOTS AND REPAIRED IN OTHER LOTS.

















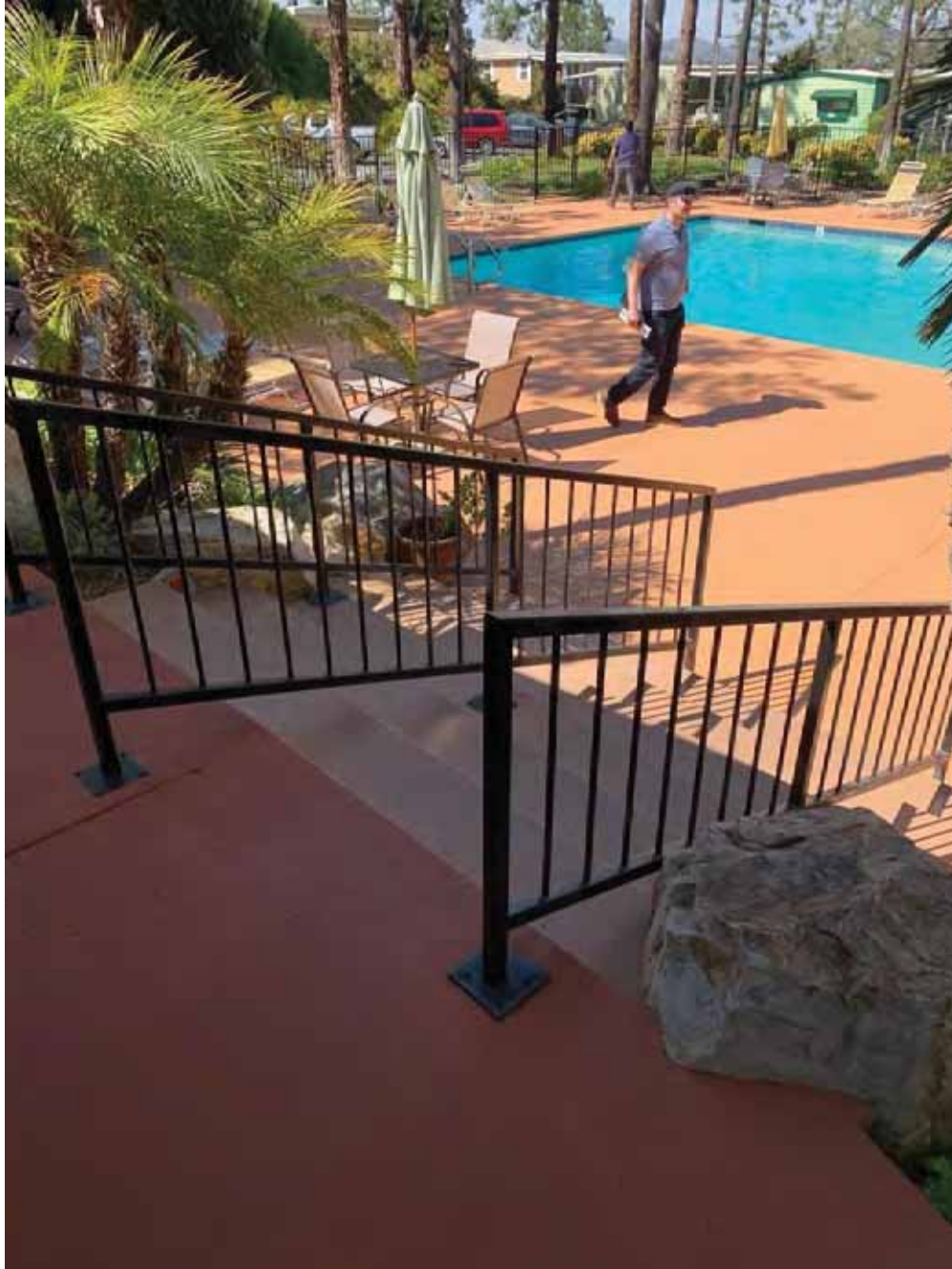
**HOA REQUEST # 12- WRONG WAY SIGN- REPLACE WRONG WAY SIGN SO DRIVERS CAN SEE IT.
CURRENT SIGN IS ONLY SEEN BY PEDESTRIANS.**



HOA REQUEST # 13- LIGHT A GARBAGE DOESN'T ILLUMINATE BACK GATE. BACK GATE IS STILL DARK AND DIFFICULT TO ENTER SAFELY.



HOA REQUEST # 17- POOL DECK – POOL DECK IS CRUMBLING, NEEDS REPLACEMENT. POOL AND JACUZZI NEED MAJOR REPAIR.



HOA REQUEST # 19- NEW LOCKS ARE NEEDED ON LAUNDRY ROOMS AND POOL ENTRIES ETC. TO KEEP OUT NON-RESIDENTS FROM USING FACILITIES.









HOA REQUEST # 20- REST ROOMS NEED TO BE HANDICAPPED ACCESSIBLE.















HOA REQUEST # 21- JACUZZI ACCESSIBILITY – JACUZZI NEEDS TO BE HANDICAPPED ACCESSIBLE.



**HOA REQUEST # 22 BACK ENTRANCE – BACK ENTRANCE UNEVEN PAVEMENT AT STREET
INTERFACE. ALSO, “STOP” NEEDS TO BE PAINTED ON STREET AT STOP SIGN AT BACK ENTRANCE
TO THE PARK.**





HOA REQUEST # 25- FADED STOP SIGN NEEDS TO BE REPLACED.



















**HOA REQUEST # 26- SLICK GREEN DRAINAGE FROM POOL PUMP HOUSE DOWN THE STREET
SLOPE NEEDS TO BE CLEANED UP.**











March 29, 2022

ADDENDUM #1 TO: SITE INSPECTION - COMPLIANCE WITH SAN MARCOS MUNICIPAL CODES – 8.64.010, 8.64.020, 12.45.010, 14.15.030, 16.08.110, & 17.26.030 - DATED MARCH 17, 2022

Property Address: APN 228-310-66-00 / 1145 Barham Drive, San Marcos Boulevard, San Marcos CA 92078
Owner: Centinela Investments LTD

The following portions of the letter dated March 17, 2022 regarding the City's inspection of the San Marcos Mobile Estates are hereby modified as indicated.

Item 1:

HOA request #10 contains a typographical error in the City Assessment section and incorrectly identified a lot space as “#364” rather than lot space “#264”. The park lot space numbers end at #267.

Item 2:

The City did not address HOA Request #11. City staff has prepared the following information for that item:

HOA request #11 “Street lights need to be installed in many dark areas of the park. Rise in crime due to dark areas.”

City Note: City staff was unable to assess the lights given the inspection was conducted during the day and could not evaluate this claim.

Item 3:

HOA request #17 contains a typographical error; the word “no” is inserted prior to “deficiencies,” to indicate there were no deficiencies observed. This correction is consistent with the existing second sentence of the City's Assessment in the Site Inspection dated March 15, 2022 .

Photos:

The attached photos are included for reference, taken throughout the inspection, and provided for additional detail. Some inspection photos were provided as a baseline for items and included to show the site's general conditions during the inspection on March 15, 2022.



The Site Inspection letter dated March 17, 2022 remains in effect except as specifically noted in this Addendum #1.

Pursuant to City of San Marcos Resolution 2009-7274 §6(d)(3)

SAN MARCOS MOBILE ESTATES

Park Owner Rebuttal

Submitted March 28, 2022

By Thomas W. Casparian, Esq., Cozen O'Connor
On behalf of the Owner of San Marcos Mobile Estates,
Centinela Investments, Ltd.

This rebuttal is in response to the Initial Written Submission by the San Marcos Mobile Estates Homeowners Association ("HOA" or "Mr. Mosher") dated March 15, 2022.

INTRODUCTION

Rent control of mobilehome park spaces in the City of San Marcos is intended to "to protect the mobilehome owner and resident from *unreasonable* space rental increases while at the same time recognizing the need of mobilehome park owners to receive a just and reasonable return on their investments". (SMMC Ch. 16.16.010.) At San Marcos Mobile Estates ("SMME" or "the Park"), the ownership has never imposed excessive rent increases. Quite the opposite, as pointed out by City's expert consultant, Dr. Kenneth Baar: "Park rents have increased *less than inflation* for the past five, ten, and the past twenty, years". The Baar Report¹ finds that SMME's request for a rent increase is *not unreasonable*, and recommends that the Rent Board permit it.

In San Marcos, when a mobilehome park owner gives notice of the amount of its annual rent increase in September, to be effective on January 1st, a resident petition can block the increase. The parties are required to negotiate in an effort to agree on a reasonable increase, but without agreement, the HOA can force the park owner to petition the City for any increase. The City in turn must hire an expert consultant to advise on the reasonableness of the requested increase, have the City Code Inspector perform an inspection of the park if maintenance or condition of the Park is the basis for the HOA's objection, and the City Council, sitting as the Mobile Home Rent Review Commission, must hold a hearing. It is a lengthy, burdensome and expensive process for the park owner, and further delays any rent increase by six months.

In 2020, the HOA would not agree to any rent increase for 2021. SMME did not "withdraw" its request for an increase that year, but because it is very costly, burdensome and time-consuming to pursue a petition to this Commission, had to defer any rent increase for that year.

This past Fall, the HOA again would not agree to any rent increase, for the

¹ A written evaluation by the City's consultant, Kenneth Baar, dated March 18, 2022 ("Baar Report").

second year in a row. The HOA subsequently produced a list of 26 “issues” it wanted addressed, primarily claims of inadequate maintenance and repair or demands for upgraded facilities and additional amenities.

After receiving the HOA’s list, the parties conducted a walk-through site inspection of the Park on January 13, 2022 with the Park’s onsite Manager Julie Mascari and Park counsel. Ms. Mascari details the three-hour inspection in her attached Declaration (Exh. 1) - please be sure to read it. Former HOA President John Mosher, who submitted an opposition Declaration that misrepresents that walk-through, was not present, and should not have purported to represent what occurred, under oath.

In fact, the Mosher submittal makes many reckless claims and demands, many of which have nothing to do with SMME’s reasonable petition to increase rent after two-and-a-half years. Mr. Mosher also fails to provide a single email, code enforcement citation or photograph in support of his many claims of agreements, violations, outages, and crumbling infrastructure.

In contrast, we have the City’s own Code Enforcement Site Inspection Report². The City Inspection Report found no lack of maintenance or code infractions; to the contrary, it reported trees well-trimmed, streets in serviceable condition and not requiring replacement, the HOA-identified driveways functioned properly and had only minor cosmetic cracks, only one retaining wall warranted repair, street signs in good condition, common area locks functioning properly, and a clean trash area. Simply put, the Mosher claims have now been put to rest by the City’s own Inspection Report. Additionally, the Park had earlier responded in writing specifically to each of the HOA’s 26 identified items, by letter dated February 22, 2022, a copy of which was attached to the SMME Initial Submittal to this Board and is attached again here for convenience. (Exh. 2)

There is no good cause to deny SMME the very reasonable CPI rent increase it provided notice of last September. City’s own expert Dr. Baar confirms the request is reasonable. That increase has now been delayed for six months and the Park, as well as the City, has been forced to incur

² City of San Marcos Site Inspection Compliance Report dated March 17, 2022 (“City Inspection Report”).

tens of thousands of dollars in expense to seek permission from this Commission because of the HOA's unfair and inaccurate claims of lack of maintenance and repair. Management even offered the HOA a very reasonable compromise in an attempt to avoid the great expense to the City and to the Park to bring this matter to a hearing, which was rejected by the HOA without any counter-offer.

Because SMME's CPI-increase is fair and reasonable, as confirmed by Dr. Baar, because the HOA's claims of poor maintenance have been rebutted by the City's Inspection Report, and because the HOA refused to negotiate in good faith any compromise, we request this Board allow the Park to increase rents equal to the change in CPI since the last increase, 8.21%.

REBUTTAL TO TENANT CLAIMS

The HOA's first objection to the Park's request for a rent increase based on the increase in the CPI asserts that the Owner *"does not supply any consumer goods."* However, the requested increase is reasonably based on the increase in cost of goods and services the Owner uses to operate and maintain the Park (i.e. maintenance/repair labor and materials, salaries, pool service and supplies, fuel, utilities, insurance, office supplies, taxes, etc.). As explained to the HOA in our letter to them dated February 22, 2022, and supported by the Baar Report, the costs of operating and maintaining the Park warrants the inflationary increase.

The HOA also takes issue with the Park's requested CPI increase being based on the difference between the CPI applied at the time of the last rent increase (July 2019) and the current CPI. The City's Ordinance requires consideration of the increase in the CPI *"since the prior increase"*. The Baar Report additionally states, *"... it would be appropriate to measure the increase in the CPI from the level that was considered in setting the last rent adjustment to its level that is used in considering the amount of the current rent adjustment."*

The 8.21% rent increase requested last September reflects the change of inflation between July 2019 (the last CPI used for an increase) and July 2021 (the most recent available at the time). However, it is important for

this Board to consider that since the last rent increase to January 2022 the CPI for the San Diego region has in fact increased 11.2%.

Mr. Mosher claims a number of defects and deficiencies in the Park and requests an inspection by the City's code enforcement department. The City complied with this request and on March 15, 2022 a site inspection of the Park was conducted by City Management Analyst Rafe Cesmat. The City Inspection Report from that visit provides a neutral, objective and expert rebuttal to Mr. Mosher's claims, and found trees were well-trimmed, streets are in serviceable condition and do not require replacement, the driveways identified by the HOA as purportedly needing replacement instead had only minor cosmetic cracks, only one retaining wall warranted repair, street signs are all in good condition, common area locks function properly, trash area is kept clean, and there are no substantial code violations in the Park.

Further rebuttals to Mr. Mosher's assertions about the Park's maintenance and operations are as follows:

Streets. The HOA objects to the Park's commitment to make street repairs and upgrades if the requested rent increase is granted, which they call "*ludicrous and tantamount to blackmail*". Yet, the City Inspection Report makes clear that the HOA has far exaggerated the condition of the streets in the Park. That said, the Park's proposed 2022/2023 Capital Improvement Budgets, as submitted, includes street replacement. Similar to city streets, the costly replacement of streets in large parks is typically done as needed. However, in this case, SMME has agreed to replace the streets if the rent increase is granted in order to make it feasible, which is why the Park's projected Budgets are based on receiving a full inflationary increase. Yet, rather than finding any satisfaction in the Park's planned improvements (which are not required), the HOA response is to disparage the Owner's good intent and fiscal responsibility.

The HOA alleges the Owner has made no street repairs for seven years, falsely claiming that when street repair was promised at the time of the 2018 increase (effective 2019) "*management did not repair [the] streets*". Yet the expense documentation submitted with this rent increase request show more than \$20,000 in street repairs were made in 2019.

Furthermore, the City Inspection Report indicates that, aside from three potholes in the entire Park, *"...the paving was observed to be in serviceable condition that would not warrant code enforcement"*.

Driveways. Mr. Mosher makes a similarly baseless claim about several driveways needing to be repaired or replaced. But again, as with the streets, the City's Inspection Report notes that while these few driveways (13 out of 264) are slightly more aged, *"...the driveways were still functioning correctly, and the minor cracks were only cosmetic"*. That said, as indicated in SMME's proposed 2022 and 2023 Budgets, the Park repairs several driveways, as needed, every year.

Vectors. The HOA's next argument to deny a rent increase is that *"Rats and gophers are rampant throughout the park"*. Rodents and gophers are native to the San Marcos area. The Park's onsite manager reports that they are not "rampant" throughout the Park but, due to the landscape and hilly terrain of the Park, it is impossible to completely rid the area of them. As indicated in our Feb. 22nd letter to the HOA, keeping the Park's trash area and other areas, including home sites, clean and clear of debris is the most important and effective prevention solution. Management also offered to work with the HOA to help identify specific problem areas and educate the residents to help maintain homesites to discourage any vermin. The City Inspection Report noted that the Park's landscaped and trash areas were clean of trash and debris, and that no vectors were observed during its site visit.

Trees. The HOA incorrectly claims that Park trees are not kept trimmed, again claiming code violations. To the contrary, the Park has a professional service that trims the trees semi-annually. The City's Inspection Report noted the Park's trees were well-trimmed. In addition, our February 22nd letter to the HOA agreed to further trim trees at the five of homesites requested by the HOA by on or before May 31, 2022. The HOA March 15th Written Submission fails to acknowledge the Park's cooperative and timely response to their request.

Electricity. As is true of most mobilehome parks built in the 1960-70s, the Park's electrical system operates on 50 amp current. This is not a code violation, as claimed by the HOA. The cost of replacing and upgrading an entire underground electrical system is more than most parks can financially

bear. Recognizing this issue, the California Public Utilities Commission (CPUC) created its Utilities Upgrade Program which upgrades mobilehome park utilities at little cost to a park owner. However, there are hundreds of California parks awaiting upgrades, and the Program only has the ability to upgrade a limited amount of units annually, which means they prioritize parks selected based on need. SMME anticipates being selected for the Program at some point in the next few years. In the meantime, the Park continues to make repairs to the system as needed.

Generator. The HOA demands ownership provide a generator at the clubhouse. Our February 22nd letter to the HOA agreed to purchase a generator if reimbursed as a capital improvement expense, as the Park has experienced power outages only rarely. As noted in the City Inspection Report, the City does not require back-up power, and as the Park has never had a clubhouse generator before, this would be an additional amenity.

Trash. The HOA expresses a grievance with the trash enclosure area being kept locked. Management was forced to lock the area several years ago as people were dumping all types of improper large items in the area (i.e. TVs, refrigerators, building materials, etc.). The trash area being kept locked has alleviated the improper dumping and Management reports that there have been no resident complaints about the locked enclosure. The Park picks up trash from the resident's homesites twice weekly, which is more frequent than trash is picked up from public residential streets.

Water. The HOA's claim that, *"residents are constantly plagued with complete park water shutdowns because one space needs repair"* is plainly false, and they provide no evidence in support. In fact, the Park has three water systems, and each can be shut off separately so any interruptions in service are limited in scope and do not require "complete park water shutdowns" when one space needs repair, as falsely asserted by the HOA. The City Inspection Report found the water system functions properly.

Sewer. Sewer blockage is primarily caused by tree roots. Mr. Mosher fails to acknowledge that backups are often caused by non-flushable or non-degradable items being flushed, a common problem to mobilehome parks. Here the HOA dismisses the Park's preventative maintenance plan to hydro-jet the sewer lines four times a year. Similar to the City's sewer system,

when a section of sewer line backs up at the Park, it is cleared or, if needed, a section is repaired or replaced. The entire sewer system does not need to be replaced, nor is there any evidence of a systemic issue.

Retaining Walls. Management regularly monitors and repairs the banks and slopes within the Park. The Park has installed retaining walls as well as netting and ivy to prevent further erosion where needed. Management continues to monitor and make repairs and improvements as needed. Contrary to the HOA claims, the City Inspection Report noted *only one space* at which the wall warrants replacement and, as indicated in our Initial Written Submission, the Park will have a contractor out for inspection before the end of May 2022. The Park's 2022 Capital Improvement Budget, as submitted with our Initial Written Submission, included a planned budget for repairing or replacing retaining walls.

Pool Deck. The HOA misleads with their claim that the pool deck is not complete. New pool decking was installed and complete at the time of the HOA's walkthrough of the Park in January. However, when the trees were last trimmed, some of the droppings caused minor damage to the deck which will be repaired. The City Inspection Report found no life/safety issues or deficiencies.

Patrol Service. Since 2011 the Park has provided a professional patrol service on the weekends (Friday through Sunday). However, in 2021 during the Covid-19 pandemic, the patrol company went out of business. The Park is currently looking for another company to continue this service. It is important to note that this is not a required amenity.

Ring Video Cameras. Although there were discussions in 2018 regarding the installation of a Ring video system at the front and back entrances of the Park, due to WiFi limitations it was not feasible, as the HOA was informed at the time.

Locks. The Park installed and maintains locks on all common area facilities. Management reports that there was one break-in at the clubhouse in 2021 after which the locks were immediately changed. There have been no reports of "escalating" crime as claimed by Mr. Mosher. The City Inspection Report noted that all locks appear to be operating and functioning properly.

Lighting. More than thirty new lights have been installed in the Park, eliminating any remaining lighting issues. The onsite Manager reports that during the January 13th walk-through of the Park with HOA Board Members, several of them commented on how nice the new lighting was throughout the Park. If residents have concerns about a specific area in the Park that they believe to be too dark, it should be reported to Management.

Park Rule Enforcement. The HOA claims there are babies and young people living in the Park, and people living in sheds, yet they provide no evidence, or even unit number(s), to support this claim. The onsite Manager lives in the Park, makes daily rounds, and is unaware of anyone living in a shed or of babies or youth living in the Park. Management serves rule violation warning notices when appropriate. These are private legal matters and are not shared with the HOA, nor will they.

Speeding. The HOA raises concerns about residents speeding in the Park. Management cannot be present throughout the Park at all times to issue rule violation notices to residents or their guests who exceed the posted limit. As noted in the City Inspection Report, signage is posted onsite with a speed limit of fifteen miles per hour. In addition, although not required, the Park has pledged to explore if speed bumps might be installed when the roads are re-paved.

Manager Availability. The Park's Management Office is open during the posted hours (9:00 a.m. to 3:00 p.m.). In addition, the onsite Manager is available 24 hours a day, seven days a week and returns all calls. The Manager attests that she has not received any complaints from residents as to her availability.

Work Requests from Residents. When work requests come in that are the Park's responsibility the Manager contacts the maintenance staff to inform them of the issue and it is promptly addressed. The onsite Manager attests that work requests are only denied when an issue is not a Park issue, but rather the resident's responsibility.

ADA Compliance. The HOA wrongly asserts that the restrooms and Jacuzzi need to be handicapped accessible. As indicated in the City Inspection

Report, "[the] clubhouse, pool areas, restrooms and all common use areas in a mobilehome park that are used by the owners/HOA and their guests do not have to be accessible for people with disabilities".

Signage. The HOA demands replacement of faded stop signs and an ineffective wrong way sign. However, the City Inspection Report notes that the wrong way sign appears to be in good condition and adequately sized, and that Park's stop signs appear in good condition and do not need to be replaced.

CONCLUSION

Mr. Mosher's claims of poor maintenance have been firmly rebutted by the information provided above as well as by the City's Inspection Report. As confirmed by the City's expert Dr. Baar, SMME's CPI-increase request of 8.21% is fair and reasonable. For these reasons we respectfully request this Board allow the Park to increase rents as originally noticed to the residents in September 2021.

VERIFICATION OF APPLICANT

"I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and if called upon to testify as a witness I can and will do so competently to the same effect."


Kathryn Mekjian Robinson
Centinela Investments, Ltd.

Date 3/28/22

EXHIBIT “1”

DECLARATION OF JULIE MASCARI

I, Julie Mascari, declare and state as follows:

1. I am over eighteen (18) years of age. I have personal knowledge of all of the following facts based on my personal observations and my review of business records. If called upon to testify under oath as a witness, I could and would testify competently thereto.
2. I am the Park Manager of San Marcos Mobile Estates. I have worked at San Marcos Mobile Estates since July 23, 2018. Initially, I was hired as an Assistant Office Manager, and then on or about November 1, 2019, I was promoted to Park Manager. In my capacity as Park Manager, my responsibilities include but are not limited to collecting and reconciling rents, managing outside maintenance staff, completing documentation for prospective residents, obtaining bids for work to be completed at the Park, and handling resident requests and complaints.
3. On January 13, 2022, I attended and participated in a walkthrough at the Park to review a listing of 26 issues/complaints submitted by residents in connection with the rent increase I understand the Park owners recently requested. Jana Wiemann, the attorney who represents Parklane Management and Development Company ("Parklane") also participated in the walkthrough. Flip Bollinger (HOA President), Lynn McGrew (HOA Vice President), Tim Rudy (HOA Board member), and Janis Moore (Park resident) were also present. John Mosher was not present.
4. The walkthrough took approximately three hours. Ms. Wiemann and I were diligent about going through every item on the list of twenty-six (26) issues, and we continually asked the Board Members present if there was any additional information we needed to know about the items on the list. In addition, prior to leaving, Ms. Wiemann made sure to confirm with all parties present, if that was all that they wanted to show us and if there was anything more to discuss. Not one of the Board Members present asked for more time or other details to be discussed on any of the twenty-six (26) items listed.
5. During the walkthrough, Ms. Wiemann said more than once that she hoped that as problems arise in the future, the residents and/or HOA would bring them to the attention of Park management immediately, rather than waiting until after the rent increases notices were served.
6. Repair the Asphalt Streets (Item #1). I understand the streets are slated to be completely redone this year. It is my understanding that Kathryn Mekjian Robinson, the President of Parklane

Management and Development Company and General Partner of Centinela Investments, Ltd., has been the major advocate of getting the streets redone and we are simply waiting on JB Bostick Company to provide the Park with a schedule of when the work will begin.

7. Driveways (Item #2). The Board prepared a list of driveways (13 in all) that were in need of repair/replacement. I personally visited and observed each of the spaces listed on the HOA list after the walkthrough in January 2022, and none required repair or replacement. Rather the driveways had only minor cracks which were only cosmetic in nature and did not affect the functionality of the driveway.

8. Rodents & Gophers (Item #3). Rodents and gophers are native to the San Marcos area, but they are not “rampant” throughout the Park. Due to the landscape and hilly terrain of the Park, it is impossible to completely rid the Park of them. I have received very few complaints (approximately 2-3) regarding rodents and gophers since I began working at the Park. Keeping the Park’s trash area and other areas, including individual home sites, clean and clear of debris is the most important prevention solution.

9. Speeding in the Park (Item #4). Although at times speeding can be an issue, we will send reminders to all residents to inform any guests or invitees of the speed limit and ask that the same reminder be placed in the newsletter.

10. Tree Trimming (Item #5). The Park has a service that trims the trees annually. Tree trimming has been an issue constantly raised by residents in the Park and seems to be an issue that no matter what action Park Management takes, it is never good enough. The palm trees and pine trees are trimmed on a regular basis.

11. Electrical Issues (Item #6). During the walkthrough, the only “electrical” issue raised by the members of the Board was the area specified as the area affecting Spaces 47-49 & Spaces 57-61, which had already been scheduled for repair on January 20, 2022. I do not recall the HOA Board or any resident ever mentioning or there being any discussion at any meeting I attended revolving around the utility upgrade program. This is the first time I have heard about this issues from the HOA Board.

12. Clubhouse Generator (Item #6). I cannot remember the last time there was any SDG&E planned power outages and the Park suffers other localized power outages only rarely. A clubhouse generator would be an additional amenity at the Park as one has never been provided before.

13. Water Shutoff (Item #8). I cannot remember the last time there was any water outages in the Park. There are three (3) water systems in the Park, and each can be shutoff separately from the other, so that any water interruption is limited in scope. The water system does not need to be repaired.

14. Sewer Backups (Item #9). I will be receiving a bid from Plumbing 365 to have them come out at least four (4) times per year to hydro jet the sewer pipes. This will be an on-going service to ensure the sewer system is operating properly.

15. Retaining Walls (Item #10). The Park regularly monitors banks and slopes. The Park has installed retaining walls and has hired professional landscapers to set netting and plant ivy to prevent further bank erosion. We will continue to monitor the slopes and banks and make necessary repairs and improvements as required.

16. Street Lights (Item #11). Over thirty (30) new lights have been recently installed in the Park, and they eliminated most of any remaining lighting issues. During the walkthrough, the HOA Board Members present actually commented on how nice the new lights are throughout the Park. I am not aware of any remaining light issues and the HOA Board would have to specify what area of the Park they are talking about when claiming there are still dark areas.

17. Manager Office Hours (Item #14). The office is open during the posted hours (from 9:00 a.m. to 3:00 p.m.), and I am available 24 hours a day, seven (7) days a week and return all phone calls when a message is left. No resident, not even John Mosher, has ever commented to me that I am not in the office for a long enough time period. To the contrary, Mr. Mosher has always been extremely complimentary to me of my work in the Park.

18. Park Rules Enforcement (Item #15). The HOA claims that there are babies and young people living in the Park, yet they were unable to provide any specific information on what spaces where this is occurring. I live in the Park and make daily rounds, and I am unaware of any young people living in the Park. There are some spaces that need to be cleared out of their carport from debris, including a few HOA

Board Members. I have served them with letters, and they have ignored them. I am aware of three (3) large dogs in the Park that should be rehomed, including, but not limited to, John Mosher's large dog. I do not believe I have any obligation to "work with" an HOA Committee Chairperson on potential legal matters between the Park and another resident for rule violations.

19. Clubhouse (Item #16). On the day of the walkthrough, Ms. Wiemann and I initially met the Board Members in the clubhouse. Ms. Wiemann asked what issues in the clubhouse needed to be addressed, so we could look at them while we were there. Lynn McGrew brought up the pool cue sticks needing to be replaced. I confirmed with Ms. Wiemann and Ms. McGrew that the issue had already been resolved. Ms. Wiemann asked about the paint, flooring, furniture, etc. All persons present agreed that there were no problems with any of these items. Ms. Wiemann specifically asked, "Can this item be taken off the list?" All Board Members present agreed that the clubhouse item should be removed.

20. Pool Deck (Item #17). The pool deck was complete when we did the walkthrough. However, after that date, the trees around the pool area were trimmed and the droppings created damage to the deck. The pool deck will be repaired.

21. Work Requests are Denied (Item #18). Work requests are only denied when the issue is not a Park issue, but rather the resident's responsibility. When a resident comes in with a work request, I immediately call the Maintenance Staff and inform them of the issue, and it is promptly addressed.

22. New Locks (Item #19). The locks on the clubhouse, laundry rooms and pool entries are functioning property. There was one break in at the clubhouse in approximately October 2021, and the locks were changed immediately. I do not recall that the HOA has been requesting new locks for years, as stated in their Response. There is no evidence that crime has been escalating in the Park.

23. Back Entrance (Item #22). The uneven payment is not on Park property; it is on the Public Right of Way. "Stop" will be painted at the back entrance after JB Bostick Company repaves the streets.

24. Green Slime at Fountain (Item #26). The Park's Maintenance Staff will address this issue and continue to monitor it to ensure it does not enter the Private Stormwater Conveyance system.

25. New Issues Raised. The HOA raised the issue of security in the Park for the first time in their Response. The Park Owners have provided a security patrol on the weekends (Friday through Sunday) via a professional security company since 2011. The security company went out of business at the end of 2021, and we are currently looking for another company to continue with the security in the Park. In addition, there were discussions back in 2018 regarding installation of a Ring video system at the front and back entrances of the Park. I worked with Park resident Ed Burger on this issue, and we also had AT&T come out to assist with installment of the system. However, due to WIFI limitations, it was impossible to have the Ring video system installed. The HOA was informed this at that time. Lastly, the trash enclosure area was closed as people (mostly non-residents) were dumping all types of items in the trash area, such as TV's, refrigerators, building materials, etc. The trash area has been closed for many years, which has alleviated the improper dumping, and not one resident has ever complained about the closure.

26. Comments from Residents. I have many residents that come into the office or stop me while I am on rounds in the Park to tell me how grateful they are to be living in such a quiet, beautiful atmosphere. They have told me they feel very safe here and how much they love living in the Park.

I declare under penalty of perjury and the laws of the State of California that the foregoing is true and correct.

Executed this 23rd day of March, 2022, in San Marcos, California.

Julie Mascari

JULIE MASCARI

EXHIBIT “2”

February 22, 2022

**VIA E-MAIL (FLIP BOLLINGER <EPFLIP@GMAIL.COM>)
CONFIDENTIAL ATTORNEY/CLIENT PRIVILEGE**

Thomas W. Casparian, Esq.

Direct Phone 310-460-4471

Direct Fax 310-594-3082

tcasparian@cozen.com

Flip Bollinger
Resident Representative
San Marcos Mobile Estates Homeowners
Association

Re: San Marcos Mobile Estates

Dear Ms. Bollinger:

Thank you for providing a list of 26 specific items the homeowners association ("HOA") had identified as requiring Management's attention. The HOA has identified these items in support of its prior objection to the Park receiving a rent increase equal to inflation.

On January 27, 2022, you and other members of the HOA conducted a walk-through inspection of the Park with the Park's attorney Jana Weimann and the Park's on-site manager, Julie. During the inspection, the parties consulted the list of 26 items previously provided by the HOA.

As a result of the HOA's list of items and the joint inspection, Park Management will perform and undertake the below actions in response to the HOA's 26 enumerated items as agreed below. Funding the below-listed improvements, repairs and maintenance items (mostly construction-related items whose cost has increased faster than inflation), will necessitate the full inflationary increase requested, and it is understood the agreement is conditioned accordingly.

The last rent increase at the Park was over two years ago. Since the last rent increase, the Consumer Price Index for the San Diego region ("CPI") has increased well over 10%. The currently submitted rent increase reflects regional inflation only through July 2021, or 8.21%. If the HOA will support the requested increase of 8.21% after over two years without any increase, Park management agrees to the following:

HOA Request #1. Repair the asphalt streets as they are crumbling, creating potholes that are a safety hazard. Several people have fallen on the broken streets. Most residents have issues with the status of the streets.

Response: Park Management is obtaining a bid to undertake removal and replacement of the Park's streets. A street system "remove and replace" removes the street down to the subsurface and rebuilds the street as completely new. The Park's street will be entirely replaced in 2022-2023 provided the requested rent increase is agreed to.

LEGAL\56501453\1

HOA Request #2. Many driveways need repair or replacement.

Response: The condition of the driveways is closely monitored by the Park and inspected approximately four (4) times per year by a licensed contractor. A list of driveways previously provided by the HOA (lots 136, 169, 187, 207, 209, 216, 226, 231, 237, 241, 250, 263, 265) were inspected by the Park Manager during the walk-through with the HOA on January 27, 2022. Other than minor cracks, none of the driveways on this list need to be replaced.

HOA Request #3. 66 residents have problems with rats and gophers.

Response: Due to the landscape and hilly terrain of the Park, it is impossible to completely rid the Park of gophers and rats. Keeping the Park's trash area and other areas including individual homesites clean and clear of debris is the most important preventative solution. During the walk-through with the HOA, we looked at many areas of the Park, including the trash bin area, which was meticulously clean. Management will work together with the HOA to identify any problem areas and educate resident to help maintain homesites to discourage any vermin.

HOA Request #4. 69 residents voiced problems with failure to address speeding problem. Speeding is out of control. Need to install speed deterrents.

Response: Management will consult with the street repair contractor to determine whether installing speed bumps is a possible option in the Park, due to the hills. We will also need to consult with the Fire Department, as speed bumps can impede emergency vehicles. Management does ticket anyone seen speeding.

HOA Request #5. Tree trimming needs to be done year around. Many pine trees are overgrown and need to be trimmed or removed. They create a fire hazard. Palm trees need to be trimmed after buds appear.

Response: The Park trims all trees on a regular basis. The pine trees are being trimmed, beginning on January 21, 2022. The Park trimmed the palm trees six (6) months ago.

During the walk-through, the HOA also pointed out many homesites with overgrown bushes or trees. However, at each of these homesites, the Homeowner had explicitly instructed the Park not to trim any of the foliage, and unless it becomes hazardous, the Park defers to the Homeowner's request.

The HOA also pointed out overgrown trees near Space 85 and on Linda Vista Road; these were immediately trimmed by the Park Maintenance Staff. The HOA additionally pointed out some tall palm trees on Space 43 & 46, Space 59, and Space 64 & Space 193. On or before May 31, 2022, the Park will consult with an arborist to determine if the tall palm trees need to be removed.

HOA Request #6. Electrical system needs to be updated. Frequent power outages are hazardous for residents that need power to run oxygen, nebulizers and other medical equipment.

Response: We believe you may be referring to a specific area in the Park that has been having electrical issues. A map of that area is attached and labelled "Electrical Issue" (affecting Spaces 47 – 49 & Spaces 57 – 61). This was repaired on January 20, 2022. There have not been frequent power outages on a park-wide basis. Otherwise, the electrical system does not need to be updated.

HOA Request #7. Clubhouse needs a generator when power is out so residents have access to air conditioning and power for medical equipment.

Response: A clubhouse generator would be an additional amenity never previously provided at the Park and not typically provided or required by any regulation. If this is something the Homeowners would like and will agree to reimburse the Park pro rata as a capital improvement, the Park will work with the HOA to purchase a generator for the clubhouse.

HOA Request #8. Water is shut-off often needing repair, but repairs are short lived, system needs to be replaced.

Response: There have not been any major water outages in the Park in many years. There are three (3) water systems in the Park, and each can be shut off separately from the other, so that any water interruption is limited in scope. The water system does not need to be replaced.

HOA Request #9. Sewer is backing up and spilling into yards, driveways and the streets.

Response: Due to the landscaping of the Park, tree roots do get into the pipes and can cause some blockage. In addition, at times, Homeowners dispose of larger items that should be placed in the trash and not flushed (adult diapers, sanitary napkins, etc.). The Park will get a bid from Pacific Drain to have them to come out at least four (4) times per year to hydro jet the sewer pipes. Different sections of the Park will be treated in different phases. In addition, the Park will continue to send out notices to educate Homeowners regarding what is appropriate to flush down the toilet.

HOA Request #10. Retaining walls need to be constructed in several lots and repaired in other lots.

Response: A map is attached as labelled "Bank Erosion" that indicates the areas where we understand the HOA believes retaining walls should be placed. The Park regularly monitors the slopes and banks. The Park has installed retaining walls and has hired a professional landscaper to set netting and plant ivy to prevent bank erosion. A landscape architect or other qualified professional will inspect areas of the Park to determine if more retaining walls need to be installed or other corrective actions needs to be undertaken. This inspection will take place on or before the end of May 2022.

HOA Request #11. Street lights need to be installed in many dark areas of the park. Rise in crime due to dark areas.

Response: New lights have recently been installed in the Park and eliminated most of any remaining lighting issues. Park Security and Management will drive through the Park at night and identify any additional areas that may need supplemental lighting. This will be completed by the end of May 2022. No "crimes" have been reported by either the HOA or the Park Staff.

HOA Request #12. Replace wrong way sign so drivers can see it. Current sign is only seen by pedestrians.

Response: The Park has purchased larger "Wrong Way" signs and will install them upon receipt.

HOA Request #13. Light at garbage doesn't illuminate back gate. Back gate is still dark and difficult to enter safely.

Response: Park Security and Management will drive through the Park at night to determine if the current lighting is adequate. This will be completed by the end of May 2022.

HOA Request #14. Manager hours not available much of the time.

Response: Office hours are posted at the front of the Park office, and there is a contact number for any Homeowner to use when the office is closed. The Park Manager, Julie, is available 24 hours a day, seven (7) days a week. She always has the phone with her, and answers calls at all times of day and night. She has not received one complaint of her not being available to Homeowners from anyone. At the walk-through, the HOA members were very supportive of Julie.

HOA Request #15. Park rules are not enforced, several residents have young children, large dogs etc.

Response: The Park enforces rules regularly. If a Homeowner ignores the notices after numerous attempts (usually three (3)), the Park turns over the matter to the Park's attorney. Letters and notices are served on Homeowner's violating the rules, but please understand that information is not shared with the HOA for privacy reasons.

HOA Request #16. Clubhouse is run down, needs new chairs, tables, pool sticks.

Response: We understand that the HOA removed this from its list at the walk-through.

HOA Request #17. Pool deck is crumbling, needs replacement. Pool and Jacuzzi need major repair.

Response: The Park will have the pool inspected by a pool contractor to determine the condition of the pool and Jacuzzi before the end of May 2022. The pool decking was very recently replaced and is in very good condition.

HOA Request #18. Work requests are denied. Told Julie cannot accept them.

Response: A prior system for requests led to several problems and was suspended. Park Management is working with the Park's attorney to develop and implement an orderly request procedure.

HOA Request #19. New locks are needed on laundry rooms, pool entries etc. to keep out non-residents from using the facilities.

Response: The laundry room and pool hours are from 6:30 a.m. to 8:00 p.m. The locks at the laundry room and pool entries are sufficient to keep the property locked and access denied when closed. Guests (i.e., non-Homeowners) can use the pool and laundry facilities while accompanied by the Homeowner. Homeowners notify Park Management if anyone is using the facilities that they do not recognize.

HOA Request #20. Rest rooms need to be handicapped accessible.

Response: The Park will have the bathrooms inspected by a licensed contractor for accessibility.

HOA Request #21. Jacuzzi needs to be handicapped accessible.

Response: The Park will have the Jacuzzi inspected by a licensed contractor for accessibility.

HOA Request #22. Back entrance uneven pavement at street interface. Also, "STOP" needs to be painted on street at stop sign at back entrance to the park.

Response: The back entrance uneven pavement is on City land and not Park property, preventing Management from any opportunity to make it even. When the streets are repaired, we will have "STOP" painted at the STOP sign at the back entrance to the Park.

HOA Request #23. Motion detector lights are nice but they don't turn on until directly under light.

Response: At the walk-through, the HOA stated that the motion sensor light is between Space 51 & Space 52. Park Security and Management will inspect the Park at night and determine if the motion sensors on the lights need to be adjusted.

HOA Request #24. People are living in a shed on one lot.

Response: Park Manager Julie states that no one in the Park is living in a shed. At the walk-through, no one from the HOA was able to indicate where this claim could have referred to.

HOA Request #25. Faded stop sign needs to be replaced.

Response: At the walk-through, the HOA noted a faded STOP sign on Calle Curto and Sierra Vista, next to Space 220. This STOP sign has now been replaced. Maintenance Staff will continue to inspect the Park on an on-going basis to determine if any other signs are faded and need to be replace.

HOA Request #26. Slick green drainage from pool pump house down the street slope needs to be cleaned up.

Response: During the HOA's walk-through, the only area where there was a very small area of "slick green" water was at the base of the waterfall below the pool; however, it was in a small ditch where pedestrians would never walk. Park Maintenance Staff continuously monitors areas in the Park where water can collect during the rainy season and cleans them as necessary.

We hope to avoid any necessity for a hearing before the City and the expensive preparation that will be required of everyone. Management seeks only as much increase as is necessary to keep pace with inflation, far below the rise in housing costs for renters and buyers, and after forgoing any rent increase for two years. Management welcomes the HOA's listed requests and appreciated the opportunity for the joint inspection. We look forward to working together with the HOA to address those items to everyone's satisfaction.

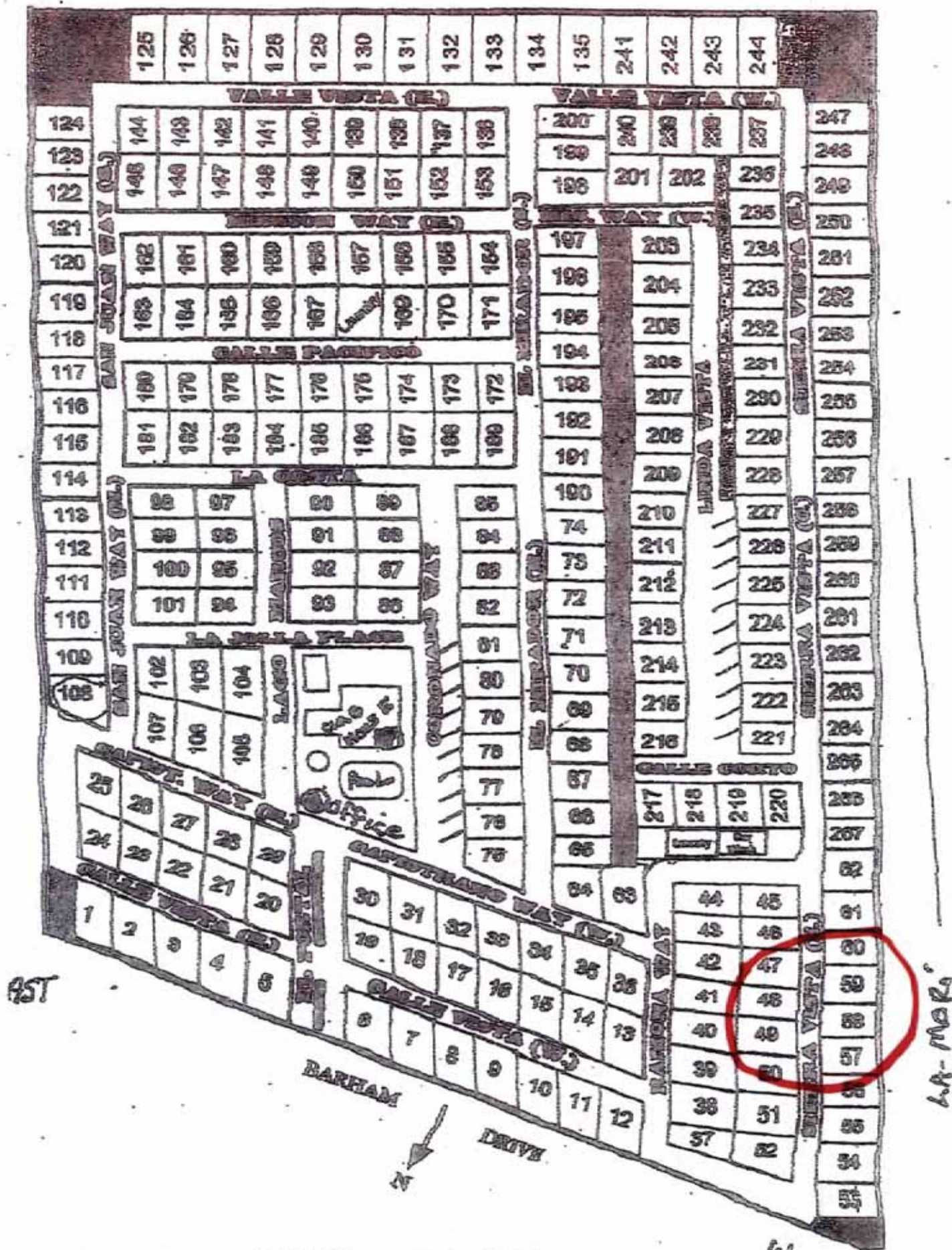
Sincerely,

COZEN O'CONNOR

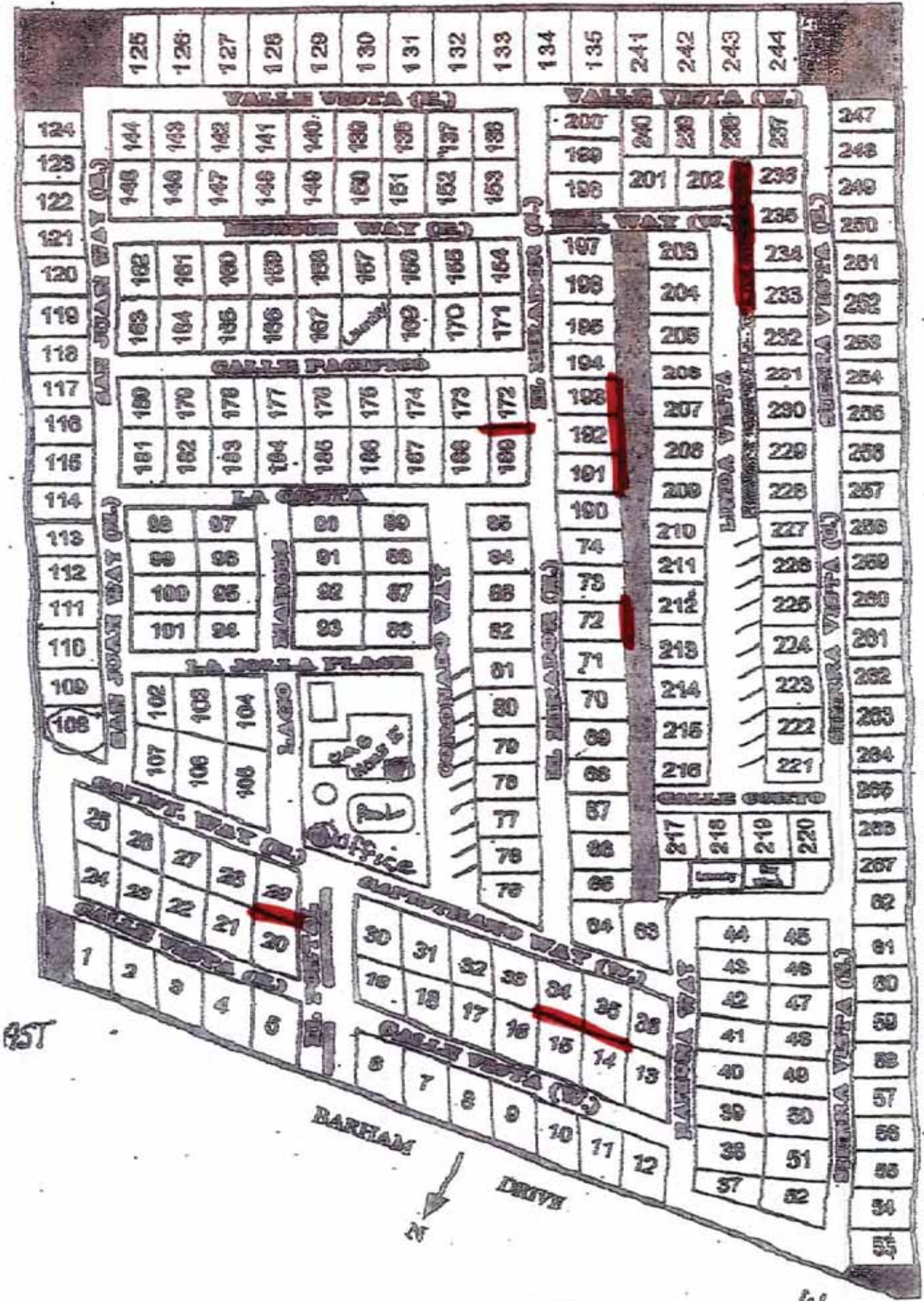


By: Thomas W. Casparian, Esq.

Enclosures



ELECTRICAL ISSUE



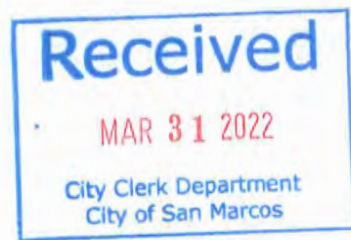


EXHIBIT "1"

Received

MAR 31 2022

City Clerk Department
City of San Marcos

SMME HOA
RENT INCREASE APPLICATION
RESPONSE #2

INTRODUCTION

A statement from the San Marcos Mobile Estates - Homeowners Association Committee (SMME-HOA):

“To begin, the document provided to the SMME-HOA dated March 28, 2022, was peppered with insults and efforts to denigrate Mr. Mosher. And while disappointed that the park management would be willing to create such a tone in the negotiation process, it is noted that it is/was also wholly unnecessary and incredibly petty. We are deeply saddened by the efforts to distract from the real issues facing residents, so that Park Management could make a special point of effort to use personal attacks in this process. We feel it appropriate that the Park Management address this with an apology to Mr. Mosher in either some public or private setting to reassure the residents that personal attacks will NOT be used on ANY resident who disagrees with or raises concerns with Park Management in the future. This type behavior has a chilling effect on constructive, free, and open communication, and is frankly beneath any of the parties at hand. The request from all sides is that we approach these issues with a rational, unemotional, data-driven approach... personal attacks have NO place in a process as such. We look forward to Park Management showing the professionalism they purport by rectifying this in a timely fashion.”

These negotiations need to be completed and concluded in an amicable way. A reasonable settlement needs to be:

A Performance Bond that includes the following major repairs/changes;

1. Street repair/replacement
2. Driveway repairs/replacement
3. Enbankments
4. Retaining Walls
5. Landscaping
6. Utility upgrade
7. Drainage
8. Pool & Jacuzzi
9. ADA compliance
10. Work orders & complaints
11. Security

As per the consultant report, **no mention is made of the fact that we have been paying a 2.6% increase since 2019 for the repair of our streets.** The Verbal contract to Repair/Seal the streets has not been honored. This increase has not ended. Because of the willful neglect of our streets, they now need to be replaced. This is not an expense the home owners are responsible for. We have paid and continue to pay for the streets to be taken care of.

In the calculations for the passthrough of the street replacement proposed by the consultant, the projected monthly amount per space is **\$17.79/space/month**. This figure includes all of the projected capital improvements in 2022. We have questioned these projected costs. We have asked for paid invoices of driveways to show historic costs. Which driveways, what retaining walls and why a truck?

With an average space rent around **\$515** a month in 2019, the amount we have and will continue to pay is an extra **\$13.39**

a month (\$515 x .026 = \$13.39). The \$17.79 projected increase for Capital improvements should be reduced by this amount. The difference is \$4.40 a month (\$17.79 - \$13.39 = \$4.40).

FAIR RETURN

At this time, the financials provided by the Property Management of San Marcos Mobile Estates show they are making more than a “Fair Return”. Many Mobile Home Park purchasers are given 10% as a target for profits. Here the Owner’s show a 50% return after some of the highest expense years.

HISTORICAL REVIEW

According to the stories created by our absentee owner’s new Los Angeles attorney, everything here in San Marcos Mobile Estates is great and the residents’ concerns are unfounded. The second submittal carries that further. We would not be heading to a Rent Review Hearing if that was True.

We asked for backup documentation for some of the expenses directly and supporting documentation for costs to substantiate the projected expenses. None of this has been supplied. Without this documentation it is impossible for the City and their Consultant to know the validity of these projections.

In 2018 and 2019 Parklane Development and Management Corp. owned by Kathryn Mekjian Robinson, began catching up on decades of deferred maintenance. The higher costs shown in 2019 show the beginning of this effort. Less has been accomplished the last two years, some of that is attributable to the difficulties experienced by all due to the Covid -19 pandemic. We requested the financials of years 2017 and 2018 to give a better historic prospective on the costs associated with maintaining San Marcos Mobile Estates.

We first experienced higher than normal inflation and yearly CPI increases in 2017. From 2016 to 2020 we experienced higher consumer costs due to the trade tariffs. The increase for residents was double to three times rent increase amounts than experienced for the prior twelve plus years. For our retired seniors on Social Security, these increases were difficult to justify. When the yearly **Cost of Living Adjustment (COLA)** and the increase in Medicare costs offset, the take home was less than the increase in consumer costs; before the Space Rent Increase costs were included.

Instead of our owner’s taking this into account when requesting their yearly Space Rent Increase, they have asked for the max and this year they went even higher.

LINE ITEM RESPONSE*

*These statements are made regarding the response to HOA 26 items of negligence and neglect provided to counsel (Thomas Casparian, Esq.) for Park Ownership by Mike Gallo.

1). Counsel’s response that only if ownership receives it’s requested rent increase of 8.21% will it repair the crumbling asphalt street system at some nebulous date.

This statement is vague, ludicrous ,and tantamount to blackmail.

The street system is 56 years old, and the last repair was seven years ago which; was only a Topcoat over an already crumbling asphalt street!

San Diego County Code Ordinance 9063 Section. 81.402. (c)-1 Demands that this Private Roadway be Maintained!

2). Counsel's response that only minor cracks on the 14 driveways listed were found on the January 27, 2022 walkthrough is erroneous. Not all 14 driveways were viewed.

These driveways should be inspected by a City Inspector to determine if they meet Code.

3). Counsel's response that vermin infestation in the parks common areas are the resident's responsibility is incorrect. This responsibility is clearly the Park ownerships responsibility and That of San Diego County vector control.

4). In Counsel's response to its efforts controlling vehicular speeding in the park. Counsel stated that: "Management does ticket anyone seen speeding" The HOA contends that no such program is in place, and we request copies of any citations if they even exist. The Board agrees that the city should be consulted regarding the addition of speed bumps.

5). This HOA request for Tree trimming was met with the Counsel's response that the park trims all trees on a regular basis which is only partially true, as Counsel notes the park management allows homeowners to request deferment based on their personal preference this policy is a Safety Hazard and does not meet San Marcos Municipal Code: Ch.17.64.240 - Fire Safety Guides. For height and distancing from structures of bushes and trees.

Therefore, the City Fire Marshall needs to determine what bushes and trees need trimming to meet Code.

6). The HOA request for electrical system upgrade was met by Counsel's response that the park has recently had repairs on seven spaces in the park which they believe has resolved our outage problems. The fact of the matter is that the original service allotted to each space was 50 Amp.

Now it is 100Amps service. The HOA contends that the sporadic upgrades made to the power distribution system over the last 50 years is not to Code and needs inspection to eliminate ongoing issues or the possibility of a catastrophic Fire!

7). The HOA request for a generator for the Clubhouse is predicated on recent years' experience of SDGE's frequent planned power shut downs due to high winds etc. These outages are hazardous even life threatening to many of our medically challenged elderly residents who require power to run oxygen, nebulizers, and other medical equipment at some nebulous date. The Clubhouse generator would provide a safe place for our medically challenged residents to go in these emergency situations. The HOA further believes this Emergency equipment is the responsibility of the Park Ownership.

8). Counsel's response that there have not been any major water outages in the park in many years is erroneous and misleading. The residents are constantly plagued with complete park water shutdowns because one space needs repair. The HOA contends that because the Water distribution system is 56 years old and is lacking basic isolation valves the system is substandard and does not meet Code. Therefore, the HOA requests the city inspection.

- 9). Counsel's response that all Sewer backups are caused by tree roots and improper usage is ludicrous! The Sewer system is 56 years old and is comprised of crumbling old clay piping of improper diameter to deal with current demand. Therefore, the HOA requests the city inspection.
- 10). This HOA request for retaining walls to deal with common area erosion, which is threatening several mobile home foundations were met by Counsel's deflection that some other professional will inspect at some nebulous date. In Counsel's response he further makes an error when he stated that netting and ivy was planted to prevent bank erosion, that is incorrect only some netting was set 5 years ago with no vegetation planted! The HOA believes city inspection is required to confirm the immediate need for retaining walls.
- 11). Counsel claims that new lighting has been installed is inaccurate. The park management installed a few residential fixtures with 100watt bulbs, which are totally inadequate Most streetlights in North America use 250-400-Watt high pressure sodium lamps which produce up to 1000 candlepower or LED equal. Therefore, the HOA requests the city inspection.
- 12). This HOA requests a date for proper signage installation.
- 13). Counsel's response is inadequate HOA demands proper industrial lighting of 250-Watt high pressure sodium lamp or LED equal which produce up to 500 candlepower.
- 14). The Counsel's response is not accurate, in fact the office is seldom ever open and therefore the residence has no way to submit or discuss work request forms.
- 15). The HOA requests that their committee chairperson works with Park Management on CC&R enforcement.
- 16). Not important!
- 17). The HOA demands a date for inspection and repair.
- 18). Counsel's response is inadequate. The HOA demands a viable system be put in place immediately so residents can have a way to submit work request forms and given real dates of completion.
- 19). The HOA contends current locks are inadequate and the Security Patrol has found homeless persons sleeping in the laundry rooms.
- 20). The Counsel's response is unacceptable. The city's inspector needs to determine if State Code for handicap accessibility is being met.
- 21). The Counsel's response is unacceptable. The city's inspector needs to determine if State Code for handicap accessibility is being met.

22). The Counsel's response is acceptable, but The HOA demands a date of completion.

23). The HOA demands a date of completion for the adjustment and or repair.

24). The HOA demands that the Security Patrol nightly checks shed to deter homeless persons from sleeping there.

25). The Counsel's response is acceptable,

26). The HOA contends that this is still a Slip hazard and park management needs to take immediate and on-going action to eliminate this hazard to our residents!

INFRASTRUCTURE

Requests for lights at the back gate entry have been because of the street improvements to Barham Drive including a new freeway onramp back in 2010. For safety due to the increased traffic flow on Barham, our back gate was opened. It is not a well-marked entrance. Our residents have been involved in traffic accidents trying to safely turn into our park. At night in the winter, the lack of light makes entry dangerous.

When the Barham Street improvements occurred in 2010, a clear protective sound barrier was installed by the city on top of a brick wall. The barrier consists of a series of clear panels, two of which are broken and in dangerous condition. Some of these clear panels never had the protective coating taken off. Residents have requested the protective coating be removed since they were first installed. Instead of working with the city in 2010, Parklane Development and Management Corp. ignored this problem. Now its extremely difficult to clean the protective coat off. Not easy as when they were first installed.

Our requests for invoices and backup for different expenses were noted but not expanded on. We know the computer expense category is too high. With a desktop and HP printer, and the current on-site managers own laptop as the only computer equipment here at San Marcos Mobile Estates.

We asked for the financials for 2017 and 2018 to be included. This was because the park Property Management only started to repair and replace deferred maintenance items in 2018. These additional years will give a better historic background for the expenses of San Marco Mobile estates.

In 2018, just after the 2.7% rent increase was enacted, the Property Management deliberately changed the formula for our passthrough Water costs. Rincon Del Diablo is our water supplier. They have a three-tier system for billing water use. Most of our residents' bills fall into the Tier 1 pricing with a small amount in Tier 2. The Property Management had VCS Billing, the company they use to read our meters and produce our monthly rent invoices bill minimal amount in Tiers 1 & 2. Most of the water usage was assigned to Tier 3. It took us four months to get Mrs. Robinson to correct this. The overbilling resulted in residents paying almost double their normal cost for water. The Property Management did not want to refund any of the overpayment. We asked them to refund the overpayment to the residents who could not afford it. Those residents enrolled in the CARE Program and Medical Program for reduced Utility costs provided by the CPUC. These refunds have never occurred.

Current Utility rates are supposed to be posted for all residents to see. This is not occurring here at San Marcos Mobile Estates. We have requested they comply with their responsibility to do so since this water overbilling incident in 2018.

As many of our residents do not have computers, they rely on Parklane Development and Management Corp. to provide the pertinent information. Costs for internet access, phone service and cable tv have risen over the years. In 2004 when my wife and I moved in, AT&T and Cox Communications provided these services. There was a group rate for Cox around \$35 a month. This service was discontinued by Parklane Development and Management Corp.. Residents were unable to stop this loss of service from happening or be involved with Cox. Residents were forced to now go out and find new service. Without the group rate and bargaining power. Residents' costs for these services have soared. AT&T phone service was around \$20 to \$30 a month. For both residents paid \$60 a month on average. Now residents are paying around \$160 a month minimum for these basic services.

The CPUC began a program in 2015 to Upgrade the Utilities in Mobile Home Parks throughout the state. We have been asking Parklane Development and Management Corp., Jana Wiemann an attorney used by the Parklane Development and Management Corporation for many years and the Property Management when did they sign up for this program. We have never received a response. Our electric system has not been upgraded to safely provide for the increased electric usage our more advanced electronics require.

In checking with San Diego Gas & Electric and the CPUC, we have discovered that our Mobile Home Park is not on the list to be upgraded. The Mobile Home Park next door at 1219 Barham Drive is. The Property Management have had 7 years to sign up for this desperately need upgrade assistance from the CPUC. Centinela Investments which owns our Park, has two general partners. One manages their parks in Northern California and the other the Parks in Southern California. Parklane Development and Management Corporation is the management company of General Partner Kathryn Mekjan Robinson here in Southern California. They make an income from managing the parks as well as partnership disbursements from the Corporation.

The General Partner who manages Northern California properties, signed up their parks for the CPUC Utility Upgrade program. They have already had a few upgraded with two more parks on the current list. Why hasn't this happened here??

In 2017 we residents began a concerted effort to get Parklane Development and Management Corp. to improve their maintenance practices. Many regular items, falling down mailboxes, unreadable and faded Stop signs and other traffic controls signs. Street Name signs that were unreadable, hillside maintenance, retaining walls needed for safety and a coordinated tree trimming program.

Many of the driveways need repair and some of the asphalt driveways need to be replaced. Fifty of our residents deal with safety issues related to their driveways. Yet only a few were mentioned in the Owner's Rent Increase submittal. When City personnel came out for a walkthrough inspection, they did so using the reduced list provided by the owner. No request was made to the residents for their response that the list from the Property Management did not include all the problems with driveways.

Asphalt driveways at **Spaces 203, 231, 233, 237, 239, 260, 262, and 265** are in the worst shape and need to be replaced.

Asphalt driveways at **Spaces 204, 209, 216, 218, 219, 220, 241 and 242** need to be sealed to prevent further deterioration. **Space 193** has deep saw cuts in the driveway that were created a few years ago. These have never been repaired or filled to make the driveway safe. Many concrete driveways have cracks or displacements which make them a safety hazard.

ADA

The Americans with Disabilities Act (ADA) became law in 1990. The ADA is a civil rights law that prohibits discrimination against individuals with disabilities in all areas of public life, including jobs, schools, transportation, and all public and private places that are open to the general public.

FURTHER REVIEW

In 2017 we met with both General Partners of Centinela Investments Ltd. We asked for the park to be brought up to standards. Each year since we have made a good faith effort to work with them. In 2018 we requested to be included when Mr. Eugene Robinson, Kathryn Robinson's husband, would come to our community to direct the maintenance crews. This was to increase communication with the Property Management on residents' concerns. The concern that on-site management had no control over. Kathryn and Jana Wiemann agreed to this, but these joint walkthroughs never occurred. When asked about this in last year's rent negotiations, the answer was that it would never happen, and all residents' concerns had to be placed with the on-site park manager. Cutting off all direct communication with Parklane Development and Management Company. The very people responsible for the maintenance and residents here in San Marcos Mobile Estates.

With the on-site office manager refusing to take written work requests and resident complaint forms, this has left our residents with little recourse when faced with problems out of the scope of on-site personnel. The Property Management say we wait until the time for the next rent increase to bring up problems. Not true, residents bring up their problems when they occur. As a senior citizen you have learned not to wait and take care of issues and prospective problems before and as they occur. That is all we have asked of Parklane Development and Management Corp..

Last year the CPI increase was 2.1%. We started with about ten items and added some more to try to cover ongoing resident concerns. The streets again, and why hadn't they been repaired yet. **We have been paying a 2.6% increase for this for two years already** and the streets were getting worse. We now had potholes and more unsafe areas for walking. Jana Wiemann noted that of the 2.1% increase, 1% occurred in May due to the increase in our gasoline costs. Instead of taking this into account, the full 2.1% was requested. It wasn't until two days before they were due to submit their financials for a rent review hearing, that a lower amount of increase was being considered. No number was given, and we let them know we would need to ask the residents. We asked them to continue the rent negotiations, submit their paperwork and we would go to the residents to achieve a settlement prior to a hearing. They chose instead to withdraw their requested increase.

This year the CPI year over year change was 6%.

The CPI is only one of the many factors involved in determining a fair rent increase to maintain a park owners's "Fair Return".

SUMMARY

San Marcos Mobile Estates is a Senior Community for ages 55 and older. We walk our streets for exercise and use the pool and jacuzzi for our health and exercise. We own our homes. We pay a monthly space rent for the maintenance of our community. With many on Social Security and the inflationary times we live in, every penny we spend is critical. When working and earning a good salary, the idea of a few cents or dollars extra meant little. Now those funds are a critical part of our lives and future.

This year our CPI jumped to the highest seen in almost 50 years. The main cause has been the impact of the Covid-19 pandemic on the world. We have faced shortages of food and other consumer goods. After two years of this, and the supply chain delivery problems continuing, inflation has continued to climb.

In the rebuttal response from the owners and onsite park management, many items were downplayed and a concerted attack on one of our residents was made. Instead of negotiating in good faith, the owners have chosen to inflate the applicable CPI. Spending months on this effort instead of finally addressing All of our Residents concerns. In the past Park Management has chosen to narrow the focus to major items. Which left many residents with no response and no help with problems they encountered. This year we sent out a questionnaire to all residents. We used their responses and created an Excel Spreadsheet to track them.

We have created a fixed starting point going forward with this information. We requested two days of walkthroughs to address these residents' concerns. We received a quick tour, with many concerns not addressed due to the time limitation. The initial submittal by Park Management was based on this. The City Inspection and City Consultants report was based on this.

In our rebuttal response we are including previous year's negotiation notes to support the fact that the problems we have noted have been ongoing for years. The response by Park Management "Rather than agreeing to specific demands and dates, and to discuss these matters on an ongoing basis" has been useful in making sure only some concerns are addressed, not all. For the last three years the onsite Office Manager has refused to accept the Work Request and Resident Complaint forms that have been used to document resident concerns for many years. We have included copies of these forms in our appendix.

Because of the limited scope used at the time of the City Inspection, we are requesting another site inspection. This time with the residents input included. We have included pictures of the driveways and streets along with some of the retaining walls. A few pictures of where retaining walls are needed also.

We have included a copy of this rebuttal response for the City Consultant Dr. Kenneth K. Baar to review.

We are again requesting documentation of expenses and projected expenses for Dr. Baar and the City to review. To make an informed decision about the requested Rent Increase and the maintenance of a "Fair Return". Historically the City of San Marcos has held the park owners to the 'Full Burden of Proof'.

We also request that Dr. Baar review his MNOI analysis. Based on *Berger v. City of Escondido* (2005) where "the Court of Appeal upheld a Board decision providing for indexing net operating income by 40% of the percentage increase in the CPU and rejected a claim that indexing by 100% was constitutionally required to provide a fair return".

We do question why Dr. Baar is making a rent increase recommendation based on “assuming that operating expenses are increasing at the same rate as the CPI”. We believe that recommendations based on assumptions should not be used in making rent increase recommendations and decisions. We also question the continued use of the 8.21% CPI being used. The CPI Increase was 6%. Any increase between the time a request of an increase is included in the next year’s CPI change. The 2.1% from last year was withdrawn by the owners. The Commission should insist on seeing detailed financial reports to verify the legitimacy of claimed expenses and to establish a more credible rate of return on investment. They should also recognize that the Park itself had a history of agreeing to rent increases of less than full CPI as CPI increased.

These pictures and additional documentation do not cover everything in San Marcos Mobile Estates that needs to be addressed. We are again requesting Park Management spend a couple of days walking through our Community and addressing all the concerns our Residents have.

We are requesting an audit of the Owner’s financial statements. Including years 2017 and 2018.

COUNTER OFFER OPTIONS

As has been the intent from the beginning, coming to an agreement without the need to appear before the City has been the goal. As such, in the spirit of keeping the channels of communication open, please see below a response to the increase offer supplied by Park Management. A counteroffer with (3) three different options below, shows what we feel is a “good-faith” effort to come to terms by means of an agreement without the need of City intervention. We are hopeful that Park Management feels the same. Please see the following:

OPTION A

**3.5%*
for 2022**

***3.5% for the
calendar year of 2022.
Renegotiate later this
year for the calendar
year of 2023.**

+

**1%
for 2021**

OPTION B

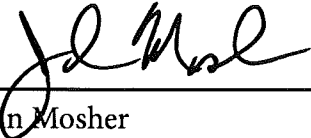
**\$20/yr
2022-2027**

**This option provides a
stable increase over 5
years through potential
future Volatile markets
and economies. Flat
rates allow the Park
Management to gain
higher revenue of spaces
paying less rent, while
supporting fixed income
residents.**

OPTION C

**Take It To
the City**

**If neither other option is
agreeable and/or further
negotiation options have
been exhausted, then
SMME-HOA would be
regrettably open to
Park Management’s
decision to spend the
money needed for a
hearing by the City of
San Marcos.**



John Mosher
SMME-HOA Tennant Representative

03/30/2022

Date



Mike Gallo
SMME-HOA Board Director

03/30/2022

Date

EXHIBIT "2"



San Marcos Mobile Estates - Mobilehome Park Utility Conversion Program

1 message

Cossio, Nelson [REDACTED]

Mon, Mar 21, 2022 at 4:39 PM

To: [REDACTED]

John,

It was a pleasure speaking with you today. Per our conversation, we did **not** find **San Marcos Mobile Estates** on our master list from the Safety and Enforcement Division (SED) If the park has sent a Form of Intent (FOI) please let me know.

Below you will find links with more information regarding the Mobilehome Park Utility Conversion Park:


SDG&E Mobilehome Park Utility Conversion Program

CPUC Mobilehome Park Utility Conversion Program

Should you have any questions please let me know

Thanks,

Nelson Cossio

 A picture containing text, clipart
Description automatically generated

Program Advisor, MHP Utility
Conversion Program

[REDACTED]

E [REDACTED]

Follow Us:

798.37.5 TREES AND DRIVEWAYS (a) With respect to trees on rental spaces in a mobilehome park, park management shall be solely responsible for the trimming, pruning, or removal of any tree, and the costs thereof, upon written notice by a homeowner or a determination by park management that the tree poses a specific hazard or health and safety violation. In the case of a dispute over that assertion, the park management or a homeowner may request an inspection by the Department of Housing and Community Development or a local agency responsible for the enforcement of the Mobilehome Parks Act (Part 2.1 (commencing with Section 18200) of Division 13 of the Health and Safety Code) in order to determine whether a violation of that act exists. (b) With respect to trees in the common areas of a mobilehome park, park management shall be solely responsible for the trimming, pruning, or removal of any tree, and the coststhereof. (c) Park management shall be solely responsible for the maintenance, repair, replacement, paving, sealing, and the expenses related to the maintenance of all driveways installed by park management including, but not limited to, repair of root damage to driveways and foundation systems and removal. Homeowners shall be responsible for the maintenance, repair, replacement, paving, sealing, and the expenses related to the maintenance of a homeowner installed driveway. A homeowner may be charged for the cost of any damage to the driveway caused by an act of the homeowner or a breach of the homeowner's responsibilities under the rules and regulations so long as those rules and regulations are not inconsistent with the provisions of this section. (d) No homeowner may plant a tree within the mobilehome park without first obtaining written permission from the management. (e) This section shall not apply to alter the terms of any rental agreement in effect prior to January 1, 2001, between the park management and the homeowner regarding the responsibility for the maintenance of trees and driveways within the mobilehome park, except that upon any renewal or extension, the rental agreement shall be subject to this section. This section is not intended to abrogate the content of any existing rental agreement or other written agreements regarding trees or driveways that are in effect prior to January 1, 2001. (f) This section shall only apply to rental agreements entered into, renewed, or extended on or after January 1, 2001. (g) Any mobilehome park rule or regulation shall be in compliance with this section. (Amended by Stats. 2014, Chap. 298 (AB 2753, Committee on Housing), eff. 1/1/2015)

m R L
798.37.5

(c) Park management shall be solely responsible for the maintenance, repair, replacement, paving, sealing, and the expenses related to the maintenance of all driveways installed by park management including, but not limited to, repair of root damage to driveways and foundation systems and removal.

San Marcos Mobile Estates

1145 Barham Drive
San Marcos, CA 92078
(760) 746-8100

PRE-CLOSING FIXTURE CHECKLIST

The undersigned prospective buyer ("Buyer") is currently in escrow for the purchase of the mobilehome located on Space No. _____ ("Space") at San Marcos Mobile Estates ("Park") located at 1145 Barham Drive, San Marcos, California, 92078.

Buyer has been provided with a copy of the Lease or Rental Agreement which will govern his/her tenancy in the Park once escrow for the purchase of the mobilehome located on the Space has closed. The Lease states the following:

"All fixtures including but not limited to plants, shrubs, and trees planted on the premises as well as all structures, including fences embedded in the ground, blacktop, or concrete shall not be removed by the Homeowner without prior written consent of the Park Owner. You are financially responsible to maintain, repair, and replace as reasonably necessary your mobilehome and all equipment, structures, and other improvements to your mobilehome and homesite in good and safe condition and repair and in an aesthetically pleasing condition at all times. The foregoing includes, without limitation, the following: the mobilehome, accessory equipment and structures, fences, driveways, trees, banks, and landscaping. Regardless of whether you are the original homeowner/occupant of the Homesite or of your home or purchased your home from a former homeowner who previously lived at your Homesite, this paragraph applies to you and you are responsible even for those things which were installed by a former owner of the mobilehome or former resident of the Homesite, us, or any prior or future owner of the Park. You are financially responsible for insuring at all times that the home, Homesite, and their improvements comply with all local, state, and federal laws and regulations. (The only exception is any of the Park's utility systems on your Homesite, which are owned by a utility company or us so they or we are responsible for them.) The preceding includes without limitation such things as: insuring that the drainage is sufficient to prevent water from accumulating on your Homesite or under your home or running off so it adversely affects other homesites or our property; that all required setbacks and lot line requirements are met and there are no encroachments on other property; that all building code and other similar requirements are met; and that all building and other permits have been obtained."

ELECTRIC & GAS RATE CHANGE - PRORATE APPLIED.

BILLING DAYS 27

SDG&E ELECTRIC		977 ON 01/23/18		SDG&E GAS THERMAL ZONE Z-2		WATER	
SCHED DR-LI		757 ON 12/27/17		BASELINE 42 SCH G-CARE		01/23/18 95612	
BASELINE 259		220 KWH USG		9782 ON 01/23/18		12/27/17 95419	
CLIMATE ZONE Z-4		231 KWH PRV YR		9742 ON 12/27/17		-----	
-DISTRIBUTION CHARGES (UDC)		-CREDITS		40 CF USG PRV YR		CuFt-> 193	
BASE130%: 220 @.15246 33.54		CARE CREDIT -18.15		42 TH @1.046 48 TH		Prev Yr-> 197	
OVER130%: @.32551		-TAXES AND FEES		BS 42 TH @1.1820 49.64		WATER CUST CHG-> 5.70	
OVER400%: @.39203		FFEE : .00 @.01100 .00		NB TH @1.3599		Tr1 X .0179 3.45	
-COMMODITY CHARGES (EECC)		FFSD : @		MIN 27 @			
BASE130%: 220 @.07123 15.67		PUCRF: 220 @.00046 .10		PPPS 42 @.05951 2.50			
OVER130%: @.07123		CERS : 220 @.00029 .06		PUC 42 @.00166 .07			
OVER400%: @.07123		UUT : 220 @		MHPS .21			
-OTHER CHARGES		-ADJUSTMENTS		FFEE @			
DWR BOND: 220 @				UUT 42 @			
MINIMUM : 27 @				CARE CREDIT -10.07			
SAVINGS 19.51		ELECTRIC TOTAL \$ 31.22		GAS TOTAL \$ 42.35		WATER TOTAL \$ 9.15	

SAN MARCOS MOBILE ESTATES		SP# 131	MAR 2018	
<p><i>Rest #</i></p> <p><i>2242</i></p> <p><i>paid</i></p> <p><i>3-6-18</i></p> <p><i>Door</i></p>			<p>STORAGE</p> <p>MISC</p> <p>OTHER</p> <p>CABLE</p> <p>SEWER 31.19</p> <p>WATER 9.15</p> <p>ELECTRIC 31.22</p> <p>GAS 42.35</p> <p>RENT 494.24</p> <p>SUB TOT 608.15</p>	
			TOTAL	608.15

CS, 1281 N State St #A105, San Jacinto, CA 92583 (951) 929-2138 ACCT: 445

SDG&E ELECTRIC				SDG&E GAS				- RINCON DEL DIABLO			
SCHED DR-LI		1252 ON 02/22/18		SCH G-CARE BASELINE 46		95890 ON 02/22/18					
BASELINE 288		977 ON 01/23/18		THERMAL ZONE Z-2		95612 ON 01/23/18		BILLABLE UNITS			
CLIMATE ZONE Z-4		275 KWH USG		9836 ON 02/22/18		278 CF		2.079 KGAL			
		252 KWH PRV YR		9782 ON 01/23/18		DESC		QTY		RATE CHARGE	
-DISTRIBUTION CHARGES (UDC)-		-CREDITS-		54 CF USG PRV YR		SVCCHG				.67	
BASE130%: 275 @.15341 42.19		CARE CREDIT -22.73		56 TH @1.046 24 TH		TIER 1 .007000 6.68000				.05	
OVER130%: @.32683				BS 46 TH @1.2019 55.29		TIER 2 .011000 7.70000				.08	
OVER400%: @.39350				NB 10 TH @1.3781 13.78		TIER 3 2.06100 8.14000				.16.78	
-COMMODITY CHARGES (EECC)-		-TAXES AND FEES-		MIN 30 @							
BASE130%: 275 @.07075 19.46		FFEE : 0 @.01100 .00		PPPS 56 @.05951 3.33							
OVER130%: @.07075		FFSD : @		PUC 56 @.00166 .09		SDIAC .000000 .150000				.15	
OVER400%: @.07075		PUCRF: 275 @.00046 .13		MHPS .21							
-OTHER CHARGES-		CERS : 275 @.00029 .08		FFEE @							
DWR BOND: 275 @		UUT : 275 @		UUT 56 @							
MINIMUM : 30 @		-ADJUSTMENTS-		CARE CREDIT -14.00							
SAVINGS 24.44		ELECTRIC TOTAL \$ 39.13		GAS TOTAL \$ 58.70		WATER TOTAL				\$ 17.73	

CYCLE DAYS: 30 ELECTRIC & GAS RATE CHANGE - PRORATE APPLIED.

1145 BARHAM DRIVE #131	APR 2018												
<div style="background-color: black; width: 150px; height: 20px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 150px; height: 20px; margin-bottom: 5px;"></div>													
<div style="text-align: right; margin-top: 100px;"> <p>OK</p> <p>2234</p> <p>paid 4-6-18</p> </div>	<table> <tr> <td>ELECTRIC:</td> <td>39.13</td> </tr> <tr> <td>GAS:</td> <td>58.70</td> </tr> <tr> <td>WATER:</td> <td>17.73</td> </tr> <tr> <td>SEWER:</td> <td>31.19</td> </tr> <tr> <td>RENT:</td> <td>494.24</td> </tr> <tr> <td>CURRENT :</td> <td>640.99</td> </tr> </table>	ELECTRIC:	39.13	GAS:	58.70	WATER:	17.73	SEWER:	31.19	RENT:	494.24	CURRENT :	640.99
ELECTRIC:	39.13												
GAS:	58.70												
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SEWER:	31.19												
RENT:	494.24												
CURRENT :	640.99												
	<div style="text-align: right;"> <p>DUE</p> <p>640.99</p> </div>												

VCS, 1281 N State St #A105, San Jacinto, CA 92583 (951) 929-2138 ACCT: 445

San Marcos Mobile Estates

1145 Barham Drive
San Marcos, CA 92078
(760) 746-8100

WORK REQUEST FORM

TYPE OF WORK REQUESTED:

☐ On Park Property & Facilities

☐ On Resident's Space

If involving a particular item, please identify the item and its location.

Item: _____

At space no.: _____

Please indicate the type of work needed:

☐ Trimming and/or removal of Park trees

☐ Repair to slab, including, driveways, etc.

☐ Repair of fences, streets, drainage systems, common area pathway, bridge, etc.

☐ Replacement/Repair of lights, signs, warnings, striping, etc.

☐ Maintenance of clubhouse, pool, laundry facilities, etc.

☐ Utility connections, including electricity, water, gas, telephone, light poles, etc.

☐ Other: _____

What action is being requested:

Signature of Resident _____

Space No. _____

Date _____

Please Print your name: _____

Requested work was completed to my satisfaction. _____

Initials

Date

FOR OFFICE USE ONLY:

1st Copy to HOA on: _____

Date

INITIAL MEETING

2nd Copy to HOA on: _____

Date

Date of Meeting: _____

Work Completion Date: _____

Work to be Completed: _____

Final Disposition: _____

San Marcos Mobile Estates

1145 Barham Drive
San Marcos, CA 92078
(760) 746-8100

RESIDENT COMPLAINT FORM

RESIDENT NAME: _____

RESIDENT ADDRESS: _____

Describe Request or Complaint (Attach photo if possible):

Proposed Solution:

Submitted By: _____
Resident's Name Space No.

Received By: _____
Manager's Name Date

Manager's Signature Time

.....
FOR OFFICE USE ONLY:

1st Copy to HOA on: _____
Date

INITIAL MEETING

2nd Copy to HOA on: _____
Date

Date of Meeting: _____

Work Completion Date: _____

Work to be Completed: _____

Final Disposition: _____

SMME NEWSLETTER



FEBRUARY 2009

LIST OF OFFICERS AND BOARD MEMBERS

President: [REDACTED]

Vice-President: [REDACTED]

Secretary: [REDACTED]

Treasurer: [REDACTED]

Board Members: [REDACTED]

Newsletter: [REDACTED]

PUT ON YOUR CALENDAR

NEXT BREAKFASTS: February 7th, 8:30 - 9:30 AM, March 7th, 8:30 - 9:30 AM

NEXT MEETING: February 7th at 9:30 AM; meetings will be held in Feb., Apr., June, Aug., Oct., Dec., 2009

NEWS FROM QUARTERLY MEETING WITH MANAGEMENT AND COUNSEL

- The Barham Drive construction will take 10-12 months.
- Sound Wall: only the top caps and cleanup remain; street repair next to wall is done; January 26 review and report, finalized February 16.
- Vines will be planted in front of wall in February; hydroseeding by Feb 16
- Signs will be replaced; repairing & replacing of sheds
- No further info on secure gate for back gate
- New rules for park: can expect them in April
- Research is being done on having a park yard sale re insurance, etc.; no decision made yet
- All residents got the same percentage increase in rent this year
- Security system for clubhouse will hopefully be updated soon.
- We should thank the maintenance staff for the excellent job they are doing!!

CLUBHOUSE ACTIVITIES

FRIDAY NIGHT BINGO IN THE PARK

Come and join us any Friday evening at 6:30 PM in our clubhouse for some fun playing BINGO. It's easy, doesn't cost much, and many of our players bring a snack to share - "GREAT EATS". Hope to see yo there. For information, call [REDACTED].

SMME HOA NEWSLETTER

JUNE 2010

LIST OF OFFICERS AND BOARD MEMBERS

President:

Secretary:

Treasurer:

Board Members:

Newsletter:

PUT ON YOUR CALENDAR

Next Meeting/Breakfast: June 5; Breakfast 8:30- 9:30 AM, followed by the meeting.

There will be no meeting in July or August.

Bunco: Second Tuesday at 7:00 PM; bring a snack to share and \$3.00 to put toward prizes.

Thursday Morning Social/Koffee Klatch/Games – Snacks provided

Fourth of July Picnic sponsored by the owners will be held on Saturday, July 3rd!

PRESIDENT'S MESSAGE

Our Driveway Sale on May 1st is over and hopefully you all had a successful day. There is a rumor that a few people would like to have another one sometime in September. If so, there will have to be a chairperson and at least four people to help out. Let us know (HOA Board) who these people are so we can ask the Owners/Atty if this will be OK. It seems that the Homeowners were not very responsive about volunteering for this last one...in fact, no one who wanted the sale volunteered. Thank you to Ms. Samaniego who did volunteer to sit in the Club House to collect the \$2 and give out the streamers. Thank you to Ms. Carrie Ford for making our signs and placing and taking them out. Thank you to Mr. Evans for placing our ad in Craig's List.

The San Marcos Traffic Engineering Department has notified us that the 35 mph signs will be replacing the present 45 and 40 mph on Barham Drive in the very near future. Thank you to our San Marcos Traffic Department.

Our "Speeders" are still speeding...many of our homeowners have been courteous, obeying the stop signs and the 15 mph speed limit in the park. Those "California Stops" (rollers) are still doing their thing.

Please pay your \$5 dues for the HOA. It is for one year. Here it is the middle of May, and we do not have even 1/4 of the homeowners paid. When we have potlucks, a Christmas party, etc., no one asks if you are a paid member...we are all homeowners...we are a community...and all are welcome. The dues help make these parties possible and also help us for other things that might be needed, i.e., decorations or a new microphone for the

Date: 12/22/17
To: HOA Board members
From: Angie Tilaro
RE: ANSWER FROM OWNERS

Below is the text of the message I received from Jana yesterday. To make sure I do not influence anyone's opinion, I am only providing that much.

Unfortunately, we will need to meet – again – after Christmas in order to discuss this information. By the way, I have been trying to find Directors/Officers insurance but am having no luck so far.

Thank you for your letter dated December 19, 2017. As the General Partners of Centinela Investments, Ltd., dba San Marcos Mobile Estates, we are in agreement for the CPI this year to be 2.7% increase effective as of January 1, 2018. New notices to all residents will be distributed next week.

Rather than agreeing to specific demands and dates, we would like Ownership, Management, and the HOA Board to continue to discuss these matters on an ongoing basis so concerns of Ownership, Management and the HOA Board can be thoroughly discussed and amicably resolved. It has worked in the past and we are confident it will work going forward.

If you, as President of the HOA and representative of the Park, accept these terms and conditions, please sign below as your acceptance of this offer. We will forward this letter to the City of San Marcos so they are aware that we have mutually agreed to a resolution and petition before the Rent Review Commission can be delivered.

Thank you for all your hard work on this matter.

(Signed by both Katy and Kim)

I have a suggestion on how we need to proceed; but, again, I am not going to mention that until we meet together to discuss everything -

Angie

**3/3/18 – SMME HOA Board Meeting (2:00 – 3:30 PM) with
Katy Robinson, General Partner, and Jana Wiemann, Attorney**

The following is the list of items that Katy made a commitment to fix. She requested that she have a couple of months to move forward on these issues. At that point, the HOA will request a follow-up meeting for items on this list, as well as the need to address other items on a larger list compiled by the HOA.

- 1) **Disaster Plan:** Owners will send out notices to all residents. HOA will take responsibility for getting volunteers, for organizing and running it. All files that are currently in the Front Office will be turned over to the HOA.
[Note from Angie Tilaro, HOA President: I will check on that item. I'm not sure if the responsibility is the Owners or the HOA.]
 - 2) **"Ring" security system** for the Clubhouse. Must get Wi-Fi connection first.
[REDACTED] will assist as needed.
 - 3) **Repairs to slopes** [Note from A.T.: I have *Complaint Forms* from some residents. I will give the Manager, Jackie, a copy of those forms.]
 - 4) **Back gate:** (1) Install a light for anyone turning into the gate after dark.
(2) Install a sign identifying that gate as an entrance to SMME.
 - 5) **Pool gate:** ADA Compliance for the gate leading from parking lot to pool.
 - 6) **Street signage:** Upgrade (including faded "stop" signs and old wooden street signs that are deteriorating).
 - 7) **Parking on streets at night:** What is the rule? If restricted, notices need to be distributed to residents who violate that rule.
 - 8) **Speed limit (15 MPH) in park:** (1) Contact companies such as FedEx, (2) write "15 MPH" on blacktop, and/or (3) install speed bumps or "15 MPH" signs.
-

To: HOA Board
From: Angie Tilaro, HOA President
RE: Meet-and-Greet Sessions

Attached is an e-mail to/from one of the SMMRA contacts. Her recommendation is that we have separate meetings for the mayoral candidates.

Jana, I need a copy of Debra's "Complaint" form. I could pick it up, make a copy, & return it to you.

Section 11
Page 24

SMME NEWSLETTER



FEBRUARY 2009

LIST OF OFFICERS AND BOARD MEMBERS

President: [REDACTED]

Vice-President: [REDACTED]

Secretary: [REDACTED]

Treasurer: [REDACTED]

Board Members: [REDACTED]

Newsletter: [REDACTED]

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- Research is being done on having a park yard sale re insurance, etc.; no decision made yet
- All residents got the same percentage increase in rent this year
- Security system for clubhouse will hopefully be updated soon.
- We should thank the maintenance staff for the excellent job they are doing!!

CLUBHOUSE ACTIVITIES

FRIDAY NIGHT BINGO IN THE PARK

Come and join us any Friday evening at 6:30 PM in our clubhouse for some fun playing BINGO. It's easy, doesn't cost much, and many of our players bring a snack to share - "GREAT EATS". Hope to see yo there. For information, call [REDACTED]

MONTHLY BUNCO NIGHT

February 10th will be our "Second Tuesday BUNCO" this month, at 7:00PM in our clubhouse. Ladies and Gentlemen are all welcome for a nice evening of entertainment. Bring a snack to share and \$3 each that goes towards the prizes. For information, call [REDACTED]

FOR SALE

**10 boxes of glueless laminate flooring: light oak; \$20/box
each box covers 17.18 sq ft
Call Georgette 233-0004**

**Dirt Devil canister vacuum (new filters) and power sweeper \$15
Eureka Super Light "The Boss" vacuum \$10 Call [REDACTED]**

SMME HOA NEWSLETTER

JUNE 2010

LIST OF OFFICERS AND BOARD MEMBERS

President: [REDACTED]

Secretary: [REDACTED]

Treasurer: [REDACTED]

Board Members: [REDACTED]

Newsletter: [REDACTED]

PUT ON YOUR CALENDAR

Next Meeting/Breakfast: June 5; Breakfast 8:30- 9:30 AM, followed by the meeting.

There will be no meeting in July or August.

Bunco: Second Tuesday at 7:00 PM; bring a snack to share and \$3.00 to put toward prizes.

Thursday Morning Social/Koffee Klatch/Games – Snacks provided

Fourth of July Picnic sponsored by the owners will be held on Saturday, July 3rd!

PRESIDENT'S MESSAGE

Our Driveway Sale on May 1st is over and hopefully you all had a successful day. There is a rumor that a few people would like to have another one sometime in September. If so, there will have to be a chairperson and at least four people to help out. Let us know (HOA Board) who these people are so we can ask the Owners/Atty if this will be OK. It seems that the Homeowners were not very responsive about volunteering for this last one...in fact, no-one who wanted the sale volunteered. Thank you to Ms. Samaniego who did volunteer to sit in the Club House to collect the \$2 and give out the streamers. Thank you to Ms. Carrie Ford for making our signs and placing and taking them out. Thank you to Mr. Evans for placing our ad in Craig's List.

The San Marcos Traffic Engineering Department has notified us that the 35 mph signs will be replacing the present 45 and 40 mph on Barham Drive in the very near future. Thank you to our San Marcos Traffic Department.

Our "Speeders" are still speeding...many of our homeowners have been courteous, obeying the stop signs and the 15 mph speed limit in the park. Those "California Stops" (rollers) are still doing their thing.

Please pay your \$5 dues for the HOA. It is for one year. Here it is the middle of May, and we do not have even 1/4 of the homeowners paid. When we have potlucks, a Christmas party, etc., no one asks if you are a paid member...we are all homeowners...we are a community...and all are welcome. The dues help make these parties possible and also help us for other things that might be needed, i.e., decorations or a new microphone for the

meetings, etc. The HOA's function is to serve as a go-between between management/owners and residents. We cannot actually solve your problems but can communicate your needs.

It seems that there are two fold-up tables, chairs and a card table missing from the clubhouse. These are from the room where we play Bunco, set up our food for parties, etc. If they were borrowed, please return them ASAP.

Be thinking about running for the Board in October. There are openings!

The trash area should not be used for furniture, TV's, vacuums, etc.!! Recycle bins are for newspaper only! Keeping this area properly used helps the maintenance people and is being respectful of their wonderful efforts to make our park neat and beautiful.

The kitchen is being gutted and completely refurbished with new cabinets, granite counter-tops, etc. We hope it will be done in time for our June meeting. Thank you to the owners!!

FOR SALE

Kitchenaid coffeemaker with thermal carafe and a year's supply of the ionic filters: \$25

Toastmaster convection toaster oven (less than 2 yrs. old): \$20

Canon scanner: \$12

Epson Workforce 30 printer (about 2 yrs old): \$20

Call [REDACTED] or come by at space 60

HAPPY FATHER'S DAY !!

Date: 12/22/17
To: HOA Board members
From: Angie Tilaro
RE: ANSWER FROM OWNERS

Below is the text of the message I received from Jana yesterday. To make sure I do not influence anyone's opinion, I am only providing that much.

Unfortunately, we will need to meet – again – after Christmas in order to discuss this information. By the way, I have been trying to find Directors/Officers insurance but am having no luck so far.

Thank you for your letter dated December 19, 2017. As the General Partners of Centinela Investments, Ltd., dba San Marcos Mobile Estates, we are in agreement for the CPI this year to be 2.7% increase effective as of January 1, 2018. New notices to all residents will be distributed next week.

Rather than agreeing to specific demands and dates, we would like Ownership, Management, and the HOA Board to continue to discuss these matters on an ongoing basis so concerns of Ownership, Management and the HOA Board can be thoroughly discussed and amicably resolved. It has worked in the past and we are confident it will work going forward.

If you, as President of the HOA and representative of the Park, accept these terms and conditions, please sign below as your acceptance of this offer. We will forward this letter to the City of San Marcos so they are aware that we have mutually agreed to a resolution and petition before the Rent Review Commission can be delivered.

Thank you for all your hard work on this matter.

(Signed by both Katy and Kim)

I have a suggestion on how we need to proceed; but, again, I am not going to mention that until we meet together to discuss everything -

Angie

**3/3/18 – SMME HOA Board Meeting (2:00 – 3:30 PM) with
Katy Robinson, General Partner, and Jana Wiemann, Attorney**

The following is the list of items that Katy made a commitment to fix. She requested that she have a couple of months to move forward on these issues. At that point, the HOA will request a follow-up meeting for items on this list, as well as the need to address other items on a larger list compiled by the HOA.

- 1) **Disaster Plan:** Owners will send out notices to all residents. HOA will take responsibility for getting volunteers, for organizing and running it. All files that are currently in the Front Office will be turned over to the HOA.
[Note from Angie Tilaro, HOA President: I will check on that item. I'm not sure if the responsibility is the Owners or the HOA.]
 - 2) **"Ring" security system** for the Clubhouse. Must get Wi-Fi connection first.
[REDACTED] will assist as needed.
 - 3) **Repairs to slopes** [Note from A.T.: I have *Complaint Forms* from some residents. I will give the Manager, Jackie, a copy of those forms.]
 - 4) **Back gate:** (1) Install a light for anyone turning into the gate after dark.
(2) Install a sign identifying that gate as an entrance to SMME.
 - 5) **Pool gate:** ADA Compliance for the gate leading from parking lot to pool.
 - 6) **Street signage:** Upgrade (including faded "stop" signs and old wooden street signs that are deteriorating).
 - 7) **Parking on streets at night:** What is the rule? If restricted, notices need to be distributed to residents who violate that rule.
 - 8) **Speed limit (15 MPH) in park:** (1) Contact companies such as FedEx, (2) write "15 MPH" on blacktop, and/or (3) install speed bumps or "15 MPH" signs.
-

To: HOA Board
From: Angie Tilaro, HOA President
RE: Meet-and-Greet Sessions

Attached is an e-mail to/from one of the SMMRA contacts. Her recommendation is that we have separate meetings for the mayoral candidates.

Jana, I need a copy of Diana's "Complaint" form. I could pick it up, make a copy, & return to you.

Section 11
Page 30

San Marcos Mobile Estates
Rent Review Items 2020
December 2, 2020 Meeting

Park Items Still Not Started or Completed Properly from our Last Rent Review Two Years Ago and Before

1. Seal the Asphalt Streets

Although some repairs were made to Damaged areas of the Streets, there are large sections that are still falling apart. By not Sealing the streets as promised and when promised, rainwater has undermined the asphalt. The streets swell up during the rainy season further damaging the asphalt as the water is able to easily enter the damaged areas Now when you walk the streets you are presented with hazardous situations due to the Holes and Dips in the Asphalt and Cracks that continue to worsen. In our homes we find tiny particles from the Disintegrating Streets as well as a Black Residue from the Asphalt. It sticks to our shoes and Pets Paws. Three years ago, we made the Park Management aware of the Black Residue from the Streets and the damage to our floors.

2. Replace old Street Signs in Park

While many Stop Signs were replaced, the Wrong Way sign by the Clubhouse has not been replaced. This last year a wrong way driver Hit one of our residents walking from the pool to their car. We have asked repeatedly for this sign to be taken care.

3. Retaining Walls

Retaining walls and slope stabilization is still needed on Capistrano Way, behind Spaces 32 through 36. This is an item that is over Three Years old. The City directed the Park to install an Engineered Retaining Wall for this Steep Slope.

There is another Area on Lago Marcos behind Spaces 94 through 97. It is also over Three Years old. The Park was made aware of the Slope Failing and did Nothing to Prevent it. The maintenance workers Stripped the hillside of weeds and all other vegetation. They were asked why they did not leave some growth; and when were they going to Plant Groundcover or other plants to keep the Hillside from Failing.

4. A Light at the Back Entrance

At this time of the year it is dangerous at the Back Entrance. Instead of lighting up the Back Entrance, two separate lights were installed in the Trash Enclosure. They are of no help finding the place to enter the Park. A light at the Walk-in Gate would light up the entrance. There is a corner the fence makes at the walk-in gate that would both Support and Protect the Light needed there.

5. Meter replacement and Correct Information Given to Billing Company

After the Park received a Notice from the County to replace and test all the old Electric, Gas and Water Meters two years ago, the park purchased 50 of each type and had the County Test and Certify them. Every 10 years, all meters throughout the Park are supposed to be Checked and Recertified by the County. As these meters have been installed, proper testing on the old meters has not occurred. Park residents who have experienced unusual High Bills have had their meters replaced. Some received partial refunds and others have not.

Water meters that have been replaced over the last two years have not been reported to the Billing Company Accurately. There are two different types of Water Meters, Gallon and Cubic

Feet. The form being used to report the Meter Readings, does not take this into account. The Water Meters purchased by the Park were all Cubic Feet. In the Park we have a mixture of both. When a Gallon Water Meter is Replaced by a Cubic Feet one, it results in a 30% Overcharge in the Water Usage and subsequent bill. There are a group of residents who have been Overbilled for the last Year plus. This needs to be corrected and Refunds given to those affected. Both the Park Managers and the Maintenance Personnel were made Aware of this Fact; Before the Readings were given to the Billing Company and many times after to try to rectify this situation.

6. Tree trimming and simple Maintenance of Surrounding Areas

We have many different size trees throughout the Park. Over the last three years, most of the Large Pine and Fir trees were trimmed. There are still untouched areas in the Park where their growth over Residents Homes have created a Safety Problem. Small and Medium Trees throughout the Park have been left to grow unchecked. Regular maintenance throughout each year by Park Personnel would easily take care of this. Many of us have Paid to have the Trees Trimmed back away from our Roofs. Reimbursement for these costs have not yet occurred from the Park.

As Residents when we buy our Homes on Lots we Rent from the Park, we agree to take care the bushes and shrubs. Items that a Senior Citizen can Reasonably and Safely take care of ourselves. Some of these are over 6 feet tall. They are separating the backyards of homes on Valle Verde and Mission Way. These our Residents were told the Park would Maintain. These tall hedges. Some of these have not been trimmed in years, leading to an Overgrown problem.

7. Palm Tree Maintenance and that of the Areas around them

Over two years ago the Palm trees were trimmed. Due to the amount of groundwater in the Park, they regrow quickly. The lack of regular maintenance results in a lot of debris falling on the surrounding areas. The lack of clean-up by the groundcrews while driving by in their carts is unforgivable. When we have our regular strong winds, the berries are blown down covering the street below. Instead of the maintenance crews cleaning them up right away while they cover a limited area, they are left to be driven over and walked on by all in the Park. This has resulted in damage to the floors in our homes.

8. Sprinkler Line Repair at top of Hillside that the Park paid to protect

The hillside above the homes on El Mirador was stabilized two years ago. But due to the Sprinkler System at the top of the hill not being repaired at the same time, that work is no longer successful. Now the netting that should have protected new growth to stabilize the hillside is almost completely deteriorated. Retaining walls are being placed at the bottom of the hill to protect these homes. Protective groundcover and plants are still needed on the hillside.

9. Asphalt Driveway Repairs needed for Many Years

Many of the asphalt driveways have been left to disintegrate. Instead of sealing them when the streets have been taken care of over the years, they have been left to fall apart. Some of our residents have paid not have them repaired while others have paid for the materials and done the work themselves. When we have requested help with this problem, nothing has been done. There are Safety Hazards just walking on many of these driveways. It is time to repair them at the same time the Streets are repaired and sealed. There needs to be reimbursement to the Residents for the Monies spent on these Repairs the Park has willfully ignored.

10. Resident Representative included in visits by Park Management Company

Two years as part of the Rent Review agreement, a Resident Representative was to be included in the Monthly Visits by Park Management Representative. It has not happened even once. Just this simple interaction would have saved both the Park and Residents time and money. Instead of working with our Residents the Existing Adversarial approach has continued these last two years.

11. Everyday Street Maintenance

Our streets and gutters are being ignored by the maintenance crew. Small rocks, tree debris and trash can be seen when you walk around the Park. After repeated complaints, about 18 months ago the Maintenance Crews started maintaining these areas, and then that stopped a year ago. It is time for them to keep our streets clean again. They used to split up each morning and each was responsible to keep their areas picked up and clean. It is time to begin that policy again.

12. Emergency Preparedness Plan and Park Assistance Promised

Two and a half years ago we were asked to restart the Emergency Preparedness Program for the Park. Management promised to supply the needed materials and Help necessary to accomplish this. We invested three months of effort to begin the process. When we asked for Printed Materials to distribute to the Park Residents nothing happened. It took another Five Months to finally receive an answer to the requested assistance. And that answer was No. The lack of Cooperation in this matter is inconceivable. We are trying to resurrect this Program again and are Requesting the Assistance Previously Promised.

13. Proposed 2.1% Rent Increase

This last year has been a trying one. With the COVID-19 Pandemic and its effect on all our lives. The difficulties and job layoffs have had an impact on us.

Three years ago, a Rent Review Hearing was avoided because of the Promises of work to be accomplished around the Park and prior work completed that year. And a Rent Increase of 2.7% was enacted. Two years ago, with the promises of Streets being taken care, and finishing the items incomplete from the previous year, another Rent Review Hearing was Avoided and a Rent Increase of 2.6% was enacted. Last year the change in CPI was 1.4% and with the Hope that Park Management would keep the Promises from the prior Two years.

That means over the last three years our Rents have Increased 6.7% at an average Space Rent of approximately \$515.00 a Month plus or minus. That means our average Rent has Increased by approximately \$34.50 a Month. With 264 Spaces at \$34.50 a Month, the Park is making an additional \$9,108.00 a month and \$109,296 a year.

For the Park to Once Again Request Another Increase is Questionable. The previous three Rent Increases have not been used as Negotiated and Promised. We do not Believe another Rent Increase is Warranted or Deserved. We ask that the Park Management complete the unfinished and ignored problems in the Park and Prove during this Next Year that any Further Rent Increase Requested will be Earned. Taking care of the Park Properly and Responding to Resident Requests for Assistance, without harassment and treating us with Respect is a place to Start.

14. Stop the Practice of telling New Residents that they are Responsible for Everything on their Space

Two years ago, a meeting was requested to drive through the Park, prior to our Rent Increase Meeting. The purpose was to highlight problem areas in the Park as well as to discuss specific

Space related items. Instead of this occurring, a representative was sent to meet with us. I asked her to drive through the Park prior to the meeting. Instead of the Half Hour I had requested to review items throughout the Park, only Ten Minutes was available before our Rent Meeting. As I drove past an old, damaged retaining wall, I asked when it could be repaired. Her response was that from then on, the Park was going to inform New Residents that everything on the Space they were Renting was their Responsibility. This practice is in direct opposition to the Mobile Home Residency Law. Driveways and retaining walls are considered part of the Land. They are permanent structures affixed to the Land, making them improvements to the Land, becoming the Landowners Property. Since we Rent our Lots, any improvements are the Parks Property and not the Residents.

SAN MARCOS MOBILE ESTATES
1145 Barham Drive
San Marcos, CA 92078

MEMORANDUM

TO: San Marcos Mobile Estates HOA Board
FROM: Park Owners / Park Management
DATE: December 11, 2020
RE: Response to HOA Rent Review Items 2020

The Park Owners and Park Management met with the HOA Board of Directors on December 2, 2020. The Rent Review Items contain vague allegations that are baseless and indicate that items that had previously been agreed upon were not completed. As you will see from the responses contained herein, in most instances that is not the case. In fact, the meeting was the first time many items were raised with the Park Owner and Park Management, and in other instances, the items raised are issues that the Park Management is constantly working on in the Park. Simply because the HOA raised the item does not indicate that the Park Owner and Park Management are not doing anything on that particular issue – assuming that would be entirely incorrect. In fact, over the past year the HOA Board has been relatively silent and has had little to no communication with the Park Owner and Park Management.

The rent increase being requested for 2021 is 100% of CPI – 2.1%. The average proposed rent increase for 2021 is \$11.07 per space. The average base rent in the Park for 2020 is \$527.36. With the proposed rent increase the average base rent in the Park is \$538.43, which is significantly below average rents in San Diego County.

The HOA Board of Directors raised 14 different issues that will be specifically address in this memorandum.

1. Asphalt Streets.

The Park evaluates the condition of the streets on an ongoing basis throughout the year in order schedule maintenance and make repairs to the streets. The Park has agreed to work with the HOA Board and evaluate specific areas on the streets in need of maintenance and/or repair.

2. Replace Street Signs.

In 2019, all of the hand-painted street signs were repainted throughout the Park, in addition to some new stop signs being installed. The HOA has noted that one sign in the Park was not replaced (the wrong way sign near the Clubhouse) and informed Park Management of this at the meeting on December 2, 2020 – there have not been repeated requests to replace the sign. Park Management has agreed to replace the wrong way sign.

3. Retaining Walls.

The Park evaluates the condition of the banks throughout the Park on an ongoing basis in order to schedule maintenance and make necessary repairs and improvements. These efforts were started in earnest in 2018 and have continued ever since. Over the past three (3) years the Park has expended significant funds in efforts to maintain the banks, including installing retaining walls, netting, and plants to stabilize the banks in the Park. To ensure this is done in a professional manner, licensed contractors and engineers are hired.

4. Light at Bank Entrance.

Lights were installed in the back trash enclosure area a few years ago as people were coming into the Park and going through the trash enclosures. Installing the lights has prevented this problem from continuing. The HOA now has noted that they want more lights at the back entrance to the Park. The HOA requested this at the meeting on December 2, 2020. Park management has agreed to install additional lighting to the back entrance area.

5. Water Meter Replacement.

The issue with the water meters is that approximately half of the water meters in the Park are gallon meters and the other half are cubic feet meters and the rate used by VCS (the Park's billing company) to calculate the usage is different for each meter type. The Park always notifies VCS when the meters are changed out, however, in the past, there has not been a way to indicate what type of meter was removed and what type was installed, which can lead to the wrong formula being used to calculate water usage each month.

The Park has a list of all of the water meters that have been replaced and will work with VCS to resolve this situation going forward. Additionally, any resident who in the past had a gallon water meter replaced with a cubic foot meter, will received a credit on their rent statement, based upon the proper calculation for meter type. Park Management will notify each resident that falls into this category.

6. Tree Trimming.

The Park will use the Park Maintenance Staff to trim the small and medium size trees in the Park. A licensed tree trimming company has been and will continue to be hired by the Park for the larger trees, and evaluate which, if any, trees should be removed. This is and has always been an ongoing maintenance issue in the Park and the Park expends significant funds to trim the trees each and every year.

7. Palm Trees.

The Park uses a licensed tree trimming company to trim the large palm trees throughout the Park and will continue to do so on a regular basis. The palm trees were all trimmed by Pope Tree Service in February of 2020. Any claims that the Park does not properly maintain the palm trees is completely false.

The Park Maintenance Staff cleans debris in the street from the palm trees on a regular basis. There may be times when they do not see an area in the Park that is in need of attention, and if Park Management is notified of any problem area, it will be addressed immediately.

8. Sprinkler Line Repair.

The HOA has noted that there is a sprinkler line in need of repair and some bank work needed at the top of the hillside above the homes on El Mirador (the bank issue has already been addressed above). The HOA informed Park Management of the sprinkler issue at the meeting on December 2, 2020. Park management has agreed to replace the sprinkler and take care of any other landscaping issues in that area.

9. Asphalt Driveway Repairs.

The Park evaluates the condition of the driveways on an ongoing basis throughout the year in order to schedule maintenance and make repairs. Some driveways are in better condition than others and Park Management maintains a list of those in need of repairs and continually prioritizes that list. It should be noted that the Park has spent thousands of dollars each and every year on maintenance and repairs of driveways throughout the Park. It is completely inaccurate to state that the Park has not done anything with the driveways.

10. Resident Representative.

The Park will not agree to be in a situation where a member of the HOA Board dictates the work that will be undertaken by the Park Owner and cut Park Management out of those discussions, which is what would occur if the process requested by the HOA was followed. It was mutually agreed at the meeting on December 2, 2020, that the President of the HOA, John Mosher, would advise the Park Manager, Julie Mascari, of any issues that should be addressed by Mr. Robinson and Julie would pass that information along to him, rather than having Mr. Robinson working directly with John or other Residents of the Park.

11. Everyday Street Maintenance.

As previously mentioned, the Park Maintenance Staff cleans debris in the street on a regular basis. There may be times when they do not see an area in the Park that has debris, and if Park Management is notified of any problem area, it will be addressed immediately. In addition, when this was brought to Park Management's attention at the meeting on December 2, 2020, it was agreed that Julie would have the Park Maintenance Staff drive through the Park at the start of their shift to look for debris and other items in the streets. Additionally, when they are going to work on a project and come across debris in the streets, they would take care of it then and there, which is what is already occurring.

12. Emergency Preparedness Plan.

Park Management will ensure that the Emergency Preparedness Plan is available and circulated to all residents in the Park, although most should already have copies of the EPP. Park Management will work with the HOA to ensure the EPP is operational and effective. Resident volunteers are required for the implementation of the EPP, such as block captains, and over the years, have been extremely difficult to find in the Park.

13. Proposed 2.1% Increase.

This last year has definitely been a trying one, and not just for the residents of the Park. The cost associated with operating a mobilehome park in California has skyrocketed. Everything from the costs of staffing, tree trimming, pool maintenance, and asphalt work, among other things, has increased. And yet residents make demands for more and more repairs and improvements while requiring the Park to take less than 100% of CPI. It is a catch-22 and each year the Park works with the HOA to negotiate a settlement to the rent increase, the Park is losing ground and losing the ability to make all of the repairs and improvements that are being requested.

In 2018, the requested rent increase was 3.3% and Park Owner and Park Management agreed to accept 2.7% increase and took on numerous repairs and improvements. In 2019, the requested rent increase was 3.024% and the Park Owner and Park Management agreed to accept 2.6%. In 2020, the requested rent increase was 1.4% and the residents did not object because it was such a low percentage increase.

The figures in this section of the HOA Rent Review Items are not fact, they are mere speculation as no resident understands the cost to operate the Park on a day to day basis. If residents continue to seek improvements, increased maintenance, etc. there is a cost associated with those items. We take serious objection to the statement that residents are harassed and treated disrespectfully. The Park Manager and Park Staff are professional, kind, respectful and considerate to all residents.

14. Resident Responsibility.

The Park Owner and Park Management disagree with the statement that the Park was telling residents that they were responsible for everything on their space. This was a miscommunication between Park Management and members of the HOA Board. With that being said, this was thoroughly discussed at the meeting, and Park Management and the Board members agreed that this practice is not occurring and will not occur in the future.

One of the biggest issues to come out of the meeting with the HOA Board was the fact that communication was lacking between the HOA Board and the Park Owner and Park Management. From the Park Management standpoint, it appears like issues of concern in the Park are not being communicated in order to hold them hostage and present them to Park Management at rent increase time, as in many instances, these issues had not been discussed with the Park Owner and Park Management before the December 2, 2020 meeting. What became clear out of our earnest discussion, was that Park Management and the HOA Board will do a better job communicating with each other in order to make the Park a better place to live for all of the residents.

The Park Owner and Park Management stand by their request for a 2.1% rent increase effective as of January 1, 2021. As there are timelines involved in this process, we need to know if the HOA Board will recommend the residents accept the 2.1% increase, and if not, what specific percentage increase the Board will be recommending. Please provide this information to me on or before December 17, 2020.

San Marcos Mobile Estates HOA

Response to Park Owner's Depiction of the December 2, 2020 Meeting

At our December 2, 2020 Meeting we discussed the 14 Items that the SMME HOA felt were the most serious in the Park. These items we see every day and know they could have and should have been taken care. We started three years ago, asking that regular maintenance of the Park Improve and deficient areas be repaired.

Park Management began to make repairs but only some of the areas have been addressed. Street signs you could not read, tree maintenance, street repairs and general maintenance of items are the Park's responsibility. The Maintenance Workers see and drive past all these items every day in their Work Carts.

This year's list of items was mainly a repeat of unfinished items from the last three years. Work on the retaining walls was started only after the residents called the City of San Marcos Code Enforcement asking for help.

Communication is an issue that came up at our meeting. We have experienced communication the last three years. When asking for help with the Emergency Preparedness Plan two years ago, it took Five Months to receive a response. That was after checking in with the onsite Park Managers every week the first two months. They were receiving no response from Park Management. And yet at our meeting on December 2, 2020 Park Management and the Park Manager said they were in Contact all the time. Park Residents been told repeatedly that there is no communication back from Management when presenting problems in the Park.

There have been difficulties when Park Residents on their own have dealt with Park Management's designated Representative Mr. Robinson. A request two years ago to be present when he came on his visits was agreed to but not honored. Having another Park Resident at these meetings for the benefit of Both Sides is not an unreasonable request. Now Park Management is treating this as problem. Any of the regular monthly to bimonthly meetings would have resolved many of the items we had to present to Park Management in our December 2, 2020 Meeting.

How can you communicate with those who do not want to reciprocate? Two years ago we thought this was to be a past item after our Rent Review Meeting. Sadly, it has not turned out that way. Residents are still being told that They can Move Out when problems occur. Residents are still having to call the City of San Marcos for Help.

Park Management has stated that we Residents are waiting until time for Rent Increase requests to bring up General Repair Items. The same items they say they have lists of. This is the busiest time of year for the SMME HOA. With an Annual Food Drive, a Thanksgiving Dinner and a Christmas Dinner right on top of each other. It takes a lot of time and effort to deal with these Rent Increase requests. To protect our Residents, we are being forced to repeat this process.

We brought up items that are Safety Hazards. Asked about two specific areas where steep slopes need work and retaining walls. Both areas have been problems for at least three years. The Owner's response made no mention of them.

The issue of Park Management telling Residents that they are responsible for everything on their lot was brought up at our December 2, 2020 meeting. We were told that they had stopped this practice. The only way we can verify this, is to question all Residents to make sure it is not happening.

At our Meeting on December 2, 2020, we requested written responses. We asked the Owner's to put together a proposed schedule outlining when these repairs would take place. This would be beneficial for the City and Park Residents. This was not included in their response as expected.

When discussing the CPI level of 2.1% and what the Park Residents had in mind for a number, we brought up the fact that the only reason the CPI was that high was because Gasoline prices went up the last two months of the year. Most other areas only saw a 1% increase. We were surprised when they asked for an increase due to difficulties we have all faced with the Covid-19 Pandemic. Their response after our Meeting was to stay at the 2.1% Rent Increase. The mentioned increase material and labor costs, but these do not happen when there is no work. Most workers have had to take pay cuts going into next year. Many have lost their jobs. During these times most contractors are happy just to get work, not attempt to raise prices. There are laws against this type of behavior during emergencies like the Pandemic we are all living through.

As we told Park Management at the December 2, 2020 Meeting, we are giving the Residents copies of the Original Meeting Notes and the Owner's responses. Then we will vote on how to proceed. The HOA is Not Recommending any Rent Increase to the Residents.

After the General Partners had finished their participation in the December 2, 2020 Meeting, we reviewed three additional items that we were unable to add to the Main List prior to the meeting. They were the Pool Table Room, having onsite Park Management let Residents fill out Work Request and Complaint Forms, and Speeding in the Park.

In the Pool Room, there are three Pool Tables, plenty of Pool Cues (the majority of these have no Tips and are unusable) no White Hand Chalk and only one cube of Blue Chalk for the Pool Cues.

Onsite Park Management stopped letting the Residents fill out the Work Requests and Complaint Forms two years ago. Preferring to handle these issues as they came up. We reviewed the Importance of a Written Record for what is occurring in the Park, with the Owner's Representative and the current Onsite Park Manager.

We did not touch on the Speeding Issue. We have asked for help with this in the past. It still needs to be properly addressed in the Park.

The Park Representative was supposed to add this to the Main List before it was sent to the General Partners. None of these items showed up in their responses.

Over the years there has been a problem not having Protective Fencing behind the Homes at the top of the Steep Hillsides. Residents have asked for them and have been denied. They have offered to pay for them for their protection and that of their visiting relatives. In one case a Resident put up a wall and was forced to remove it. They had an accident and fell down the hill a month later. One resident had to be rescued after she fell and was hanging on near the top of the hill.

From: John Mosher
Sent: Monday, January 11, 2021 1:07 PM
To: sharris@san-marcos.net
Cc: Jana Wiemann; Flip Bollinger
Subject: Voting results on San Marcos Mobile Estates Rent Increase

Hi Sean and Jana,

The majority of our residents have voted to continue to a Rent Review Hearing. No rent increase and some at the compromise amount of 1% is how the residents voted. There are too many unresolved issues. Most have been told they are responsible for everything on their space. Although we were told this isn't happening now, it has never been sent to the residents in writing to confirm this fact. We are waiting for that to occur.

The elimination of the Clause in the Rental Contracts that tells Residents that they are Responsible for the Fixtures on the Space they rent is needed.

The plans for the Park for this year, how and when it will be taken care of and restitution for residents who have been forced to pay for work on their spaces that the Park is responsible for are critical to know.

Sean, please continue on with the Rent Review process and present this to the City Council tomorrow and Schedule a Rent Review Hearing.

Sincerely,

John R Mosher
SMME HOA President
760-519-844

Sent from for Windows 10

From: Jana Wiemann
Sent: Thursday, January 14, 2021 1:05 PM
To: jrmosher@hotmail.com
Subject: San Marcos Mobile Estates Rent Increase

John,

Thank you for getting back to me today. I wanted to continue discussions with you in hopes of resolving the rent increase issue at San Marcos.

First, I wanted to make sure you were aware of the amount of money the Park has expended on some of the bigger items the HOA has raised. Specifically, I am referring to the following: (i) Asphalt of Streets; (ii) Retaining Walls & Banks; (iii) Tree Trimming; (iv) Palm Tree Maintenance; and (v) Driveways. As you know, these are all ongoing issues that the Park is constantly addressing with the Residents and continuing to make repairs/improvements.

Did you know, for example, that the Park has spent over \$65,000.00 on retaining walls? And in the past few years the Park has spent over \$100,000.00 for driveway repairs and installations, as well as over \$50,000.00 on tree trimming and palm tree maintenance. These are not small figures and the costs to make these repairs and improvements only continue to escalate.

I also wanted to let you know the items that have already been addressed by the Park, and to also provide you with estimated dates that some of the other items raised by the HOA would be remedied.

The following items have already been addressed by the Park: (i) The new wrong way sign near the Clubhouse was installed at the beginning of January 2021. In addition, the signage directly on the asphalt was repainted as well; (ii) The Emergency Preparedness Plan is now available in the Park Office for all Residents; (iii) The water meter issue has been submitted to VCS and VCS is in the process of calculating the amount of credits, if any, that should be issued to affected Residents. These credits will appear on those Resident's February 2021 rent statements; (iv) The Park Maintenance Staff is driving through the Park, on a daily basis, and making sure the streets are clear of any debris; and (v) The Pool Room has sufficient supplies of chalk and the cue sticks are in good condition, although some new cue sticks will be purchased.

The following items will be remedied on or before the end of February 2021: (i) the light at the back entrance will be installed; (ii) the Park Manager and a representative of the HOA will drive through the Park identifying areas where the asphalt is in need of repair; (iii) a Notice will be sent to all Residents clarifying what is the Park's responsibility on each space and what is the Resident's responsibility; and (iv) the Park Office will work with the HOA representative to determine the best way to ensure work requests and/or any complaints are adequately addressed.

Finally, as you know, speeding is an ongoing issue of concern in the Park, the Park is open to suggestions on how to best handle this problem.

I would like to schedule a call with you to discuss these issues in more detail and to also talk to you about the Park agreeing to reduce the percentage of rent increase for this year. Do you have time to talk tomorrow?

Thank you,

Jana

--



Jana Wiemann, Esq.

Senior Associate

P (877) 375 4529

E jwiemann@forpurposelaw.com

W <http://www.forpurposelaw.com/>



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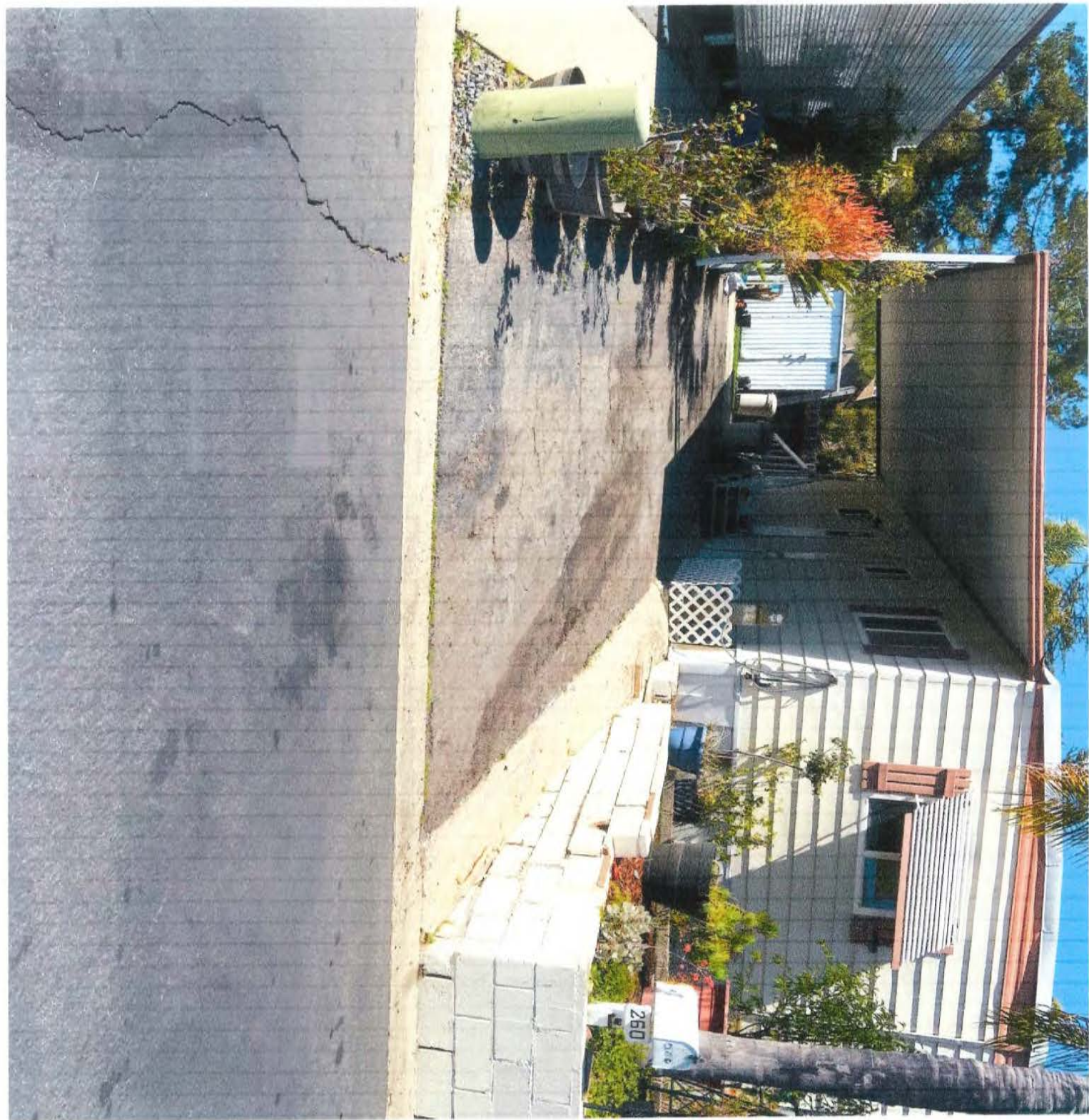
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Questions to Jana for the Owners from Saturday January 16, 2021

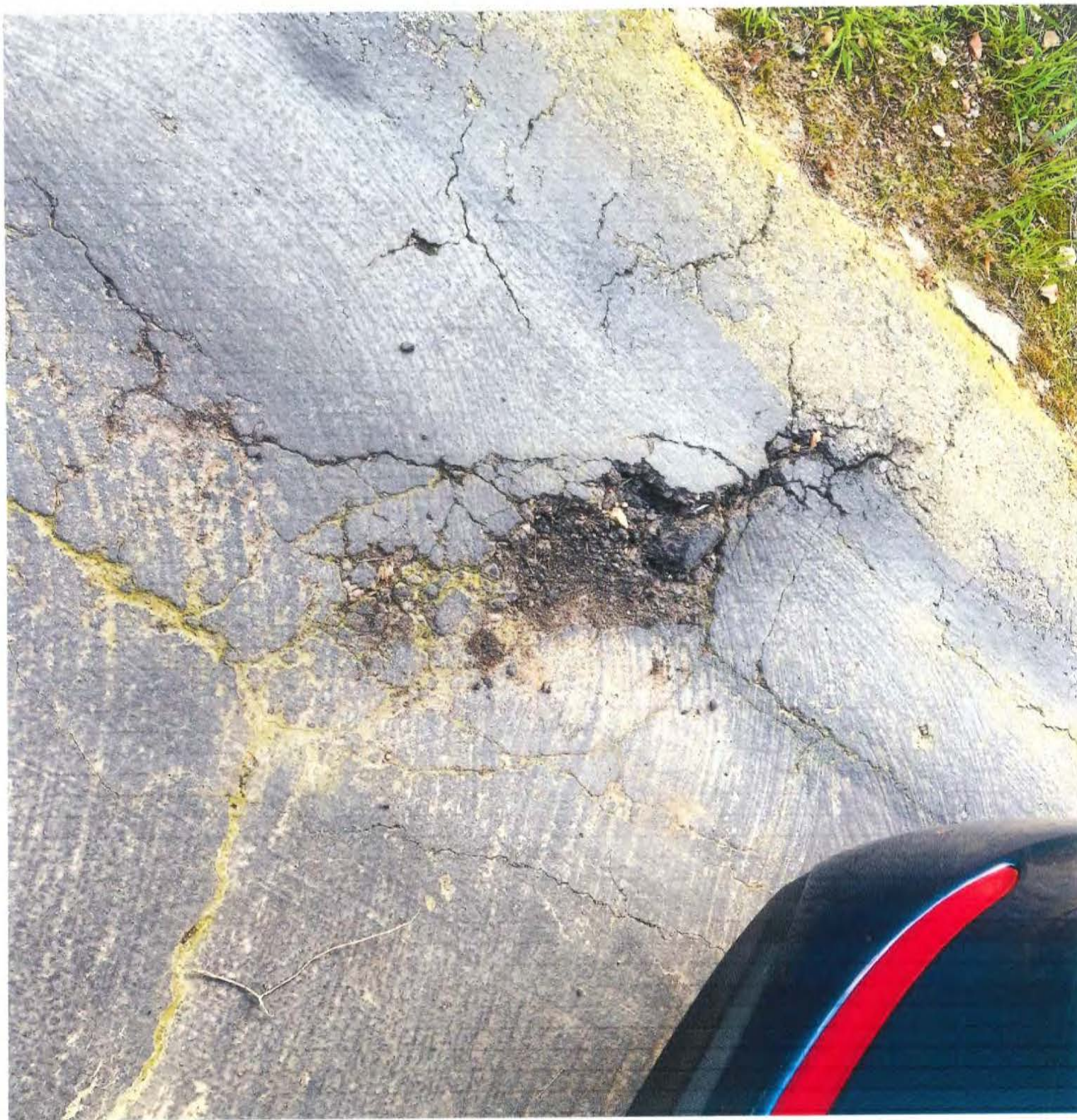
1. Which driveways were repaired? I see it happen when new units are installed to replkaxce the old. Residents' contractors have been charged for this and they have passed the charge on in their billing. I have to check with all of the residents to verify what happened to them. I know this happened on Space 211. They are still waiting for a refund of the cost. Space 211 also has had to pay for 2 retaining walls the Park failed to put in. Space 46 has been forced to live without a Covered Carport for 14 years. Six of those years they bwere forced to live with a dirt and gravel driveway (which they had to pay for). The promised and necessary Retaining Wall needed to rectify this situation was only partially installed.
I asked specifically about the Hillside behind Lots 32-36 and Lots 94-97. The resident of Lot 96 has been blocked from completing thev Sale of her home until the City approves of the Perks' Repairs to hillside are completed. This has been stalled by the Park since last July. Both hillside problems have existed for over three years.
2. Those items are just the tip of the iceberg in this Park. Standard Maintenance of the separation between spaces has been ignored during the life of this Park. It has taken calls to the City of San Marcos to get a response from the Park. Many Residents have been told that if they do not agree with the representatives of the Management Company for the Park then they can move. They have been bullied and belittled and ignored. Space 193 was forced to live with a flooded yard due to the protection not working. She had damaged sheds and damaged property inside. The sheds had to be removed and she had to Rent a Storage Unit until this was repaired and a Retaining Wall was installed between Spaces 192 and 193.
3. Palm te=rees have certain times to trim them from going to seed. That is when the first bloom appears. In the past, contractors included coming back at the time of bloom to trim that barea of the Palms if they did the full trim at a diffedrtent time of the year. Our Palm trees throughout the Park need this done now. Residents are living with the sound of falling seeds and fruit. They clog the gutters and make the Residents' lives difficult. Also the maintenance crews needed to constantly clean up after the Palms.
Why is this occurring at all? The Management Company has to know this, with all of the Prks they Manage or Own.
4. Please send me a copy of what you plan to give to the Residents about what the vPark takesv care of and what the Residents do. I have what came from your office in February 2019. It told us we were responsible for everything. This had even the drainage of the lot included. We Rent, not own the property from the Park. We are supposed to have a level pad and proper drainage and any necessary structure to maintain this. With the hills throughout the Park, every lot/space becomes its own unique case.
5. It has taken 3 yearts to get to this point. The Park has started to catch up on long needed maintenance. Previous practices of Park Management of ignoring and stalling needed maintenance should be over. The Park and its Residents are ready to move forward. We Seniors care about what happens here. We have a lifetime of experience to share. We know when something needs to happen and if it is delayed the Cost increases in step with the time delayed. Many Residents have offered their knowledge, time and materials to help our Park. Being told repeatedly that the reason work is ignored and delayed is because "This is a Low Rent Park" does not work anymore.
My wife and I have lived here since May of 2004. We have experienced differences in how current Management has taken care of the Park and Management when we moved in. Our

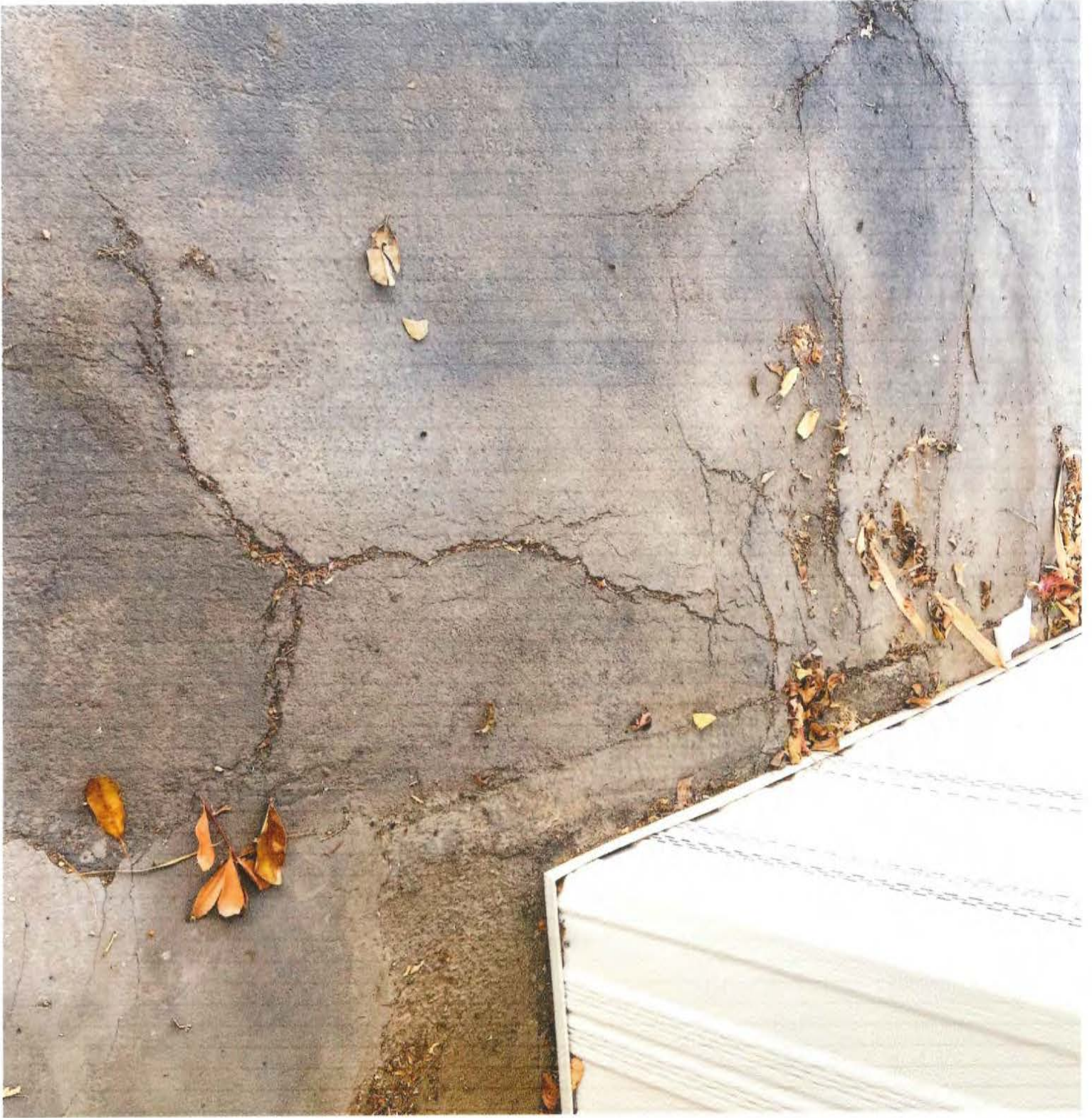
Space Rent has increased about \$110 a month. We are just under the average space rent in the Park. The Park was Maintained well in 2004 at those prices, with the exception of the County required Utility Meter Ten year Test and Recertification requirement. It took a resident calling the County for help because of old meters and overcharges to Residents on their Utility Bills. The Park was Cited for failure to have all of the Utility Meters tested and recertified once every ten years.

The question is Why? Our sister park in Escondido does not have this problem. Why do we? San Diego Gas & Electric gives all Mobile Home Parks a good discount on their monthly bills when they take responsibility for the system installed in the Park. Those funds are for Maintenance of the system as well as proper meter maintenance. Just like SDG&E takes care of its meters and system. What happened to those funds? Why haven't the meters been taken care of from the beginning?

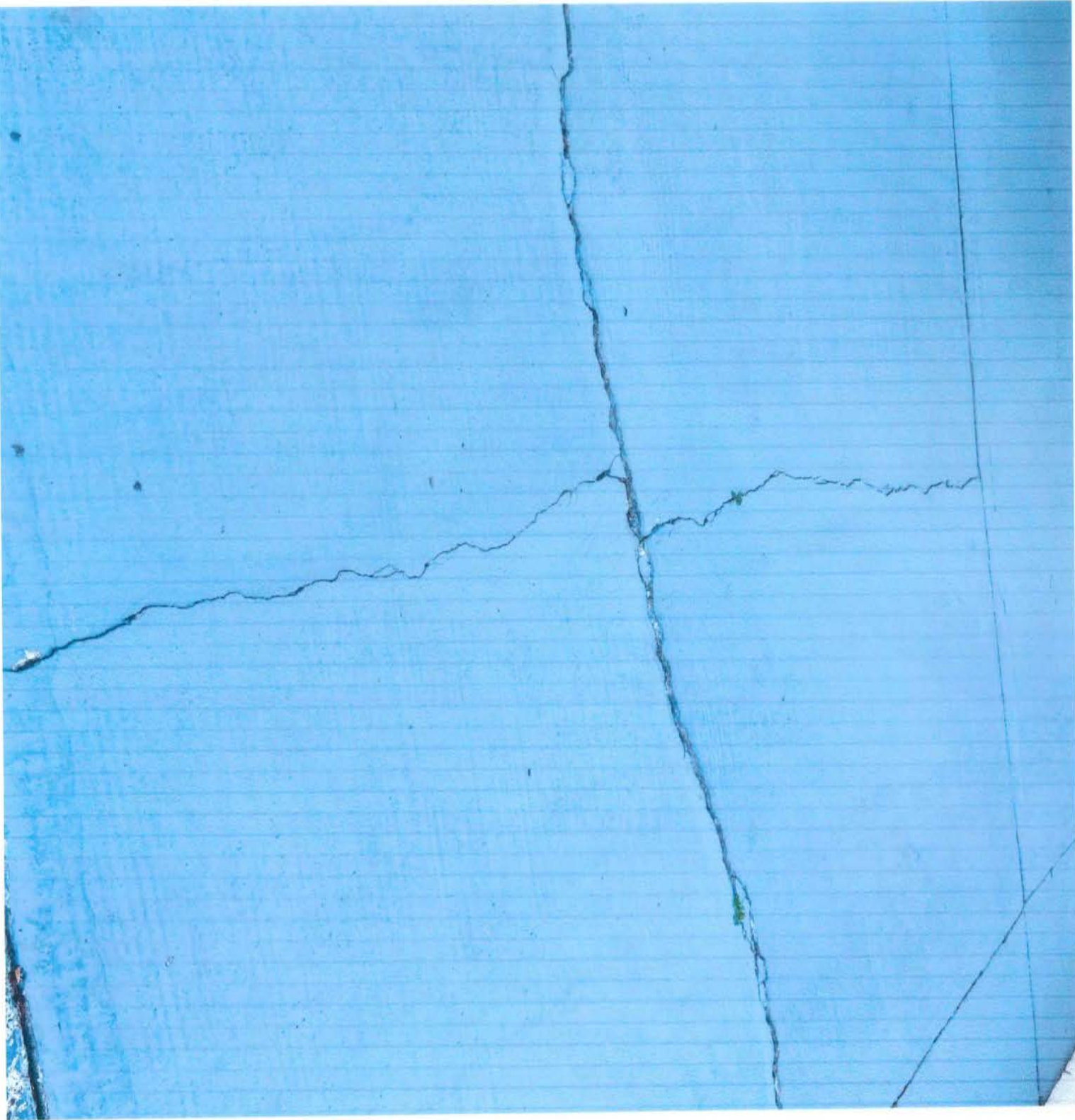










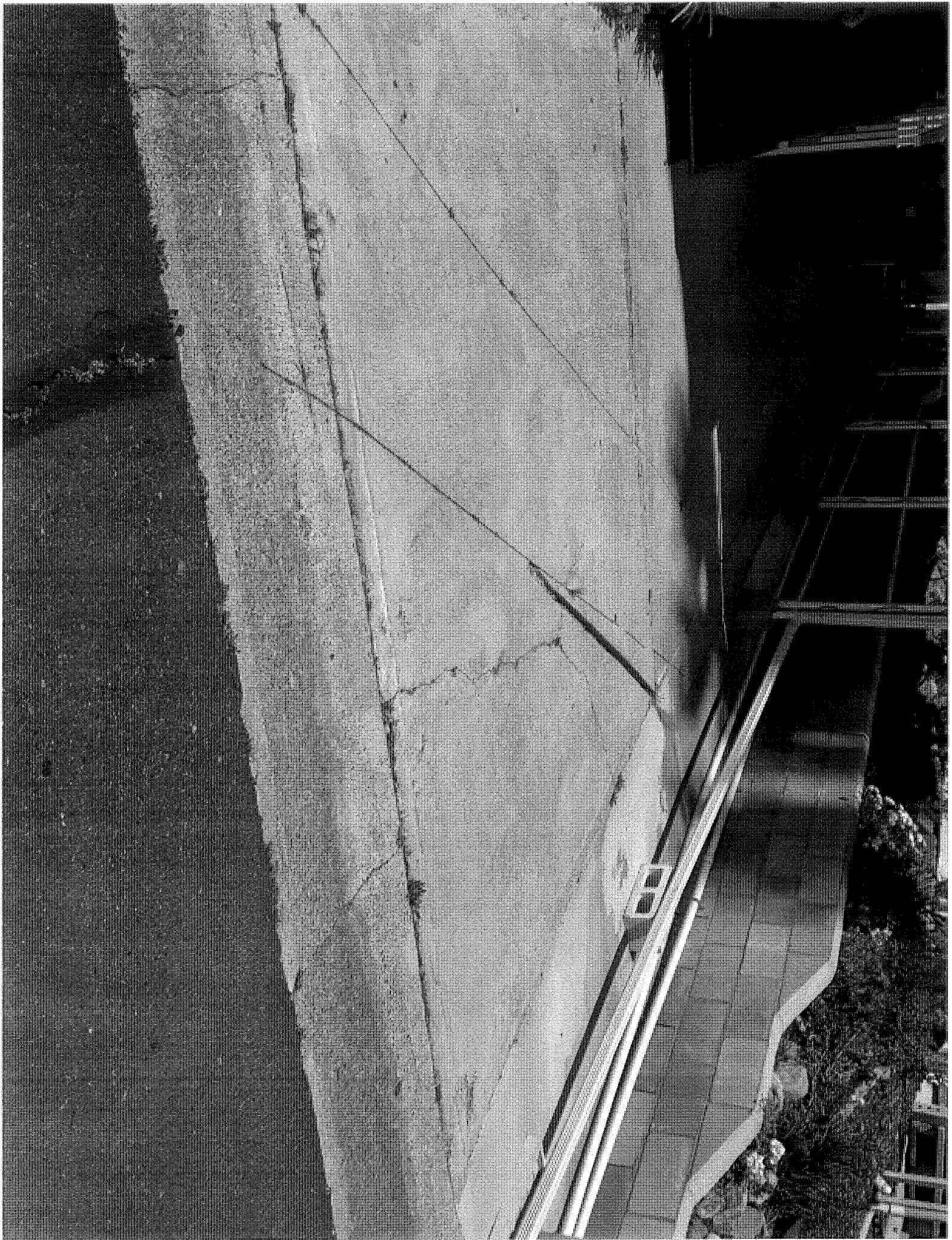


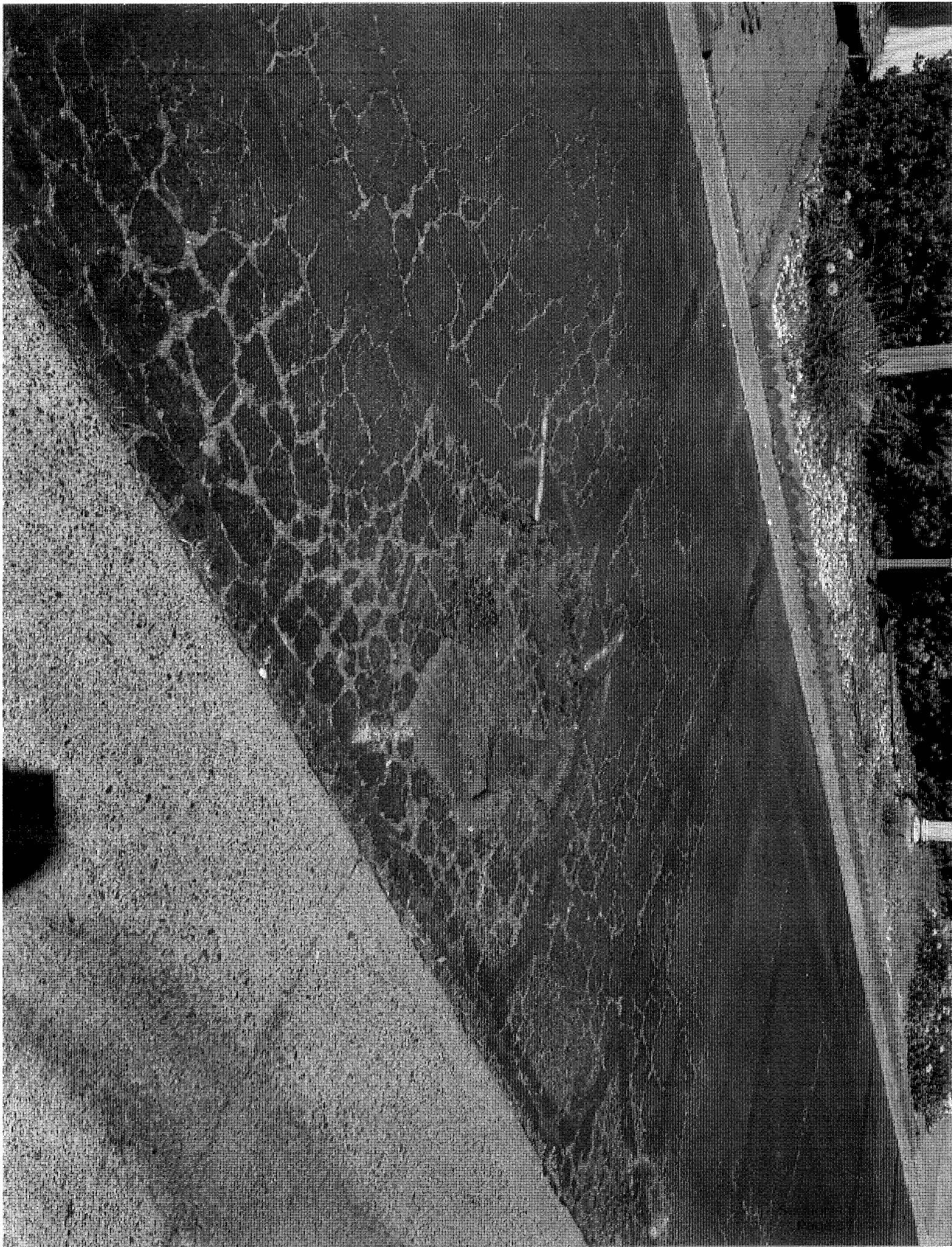


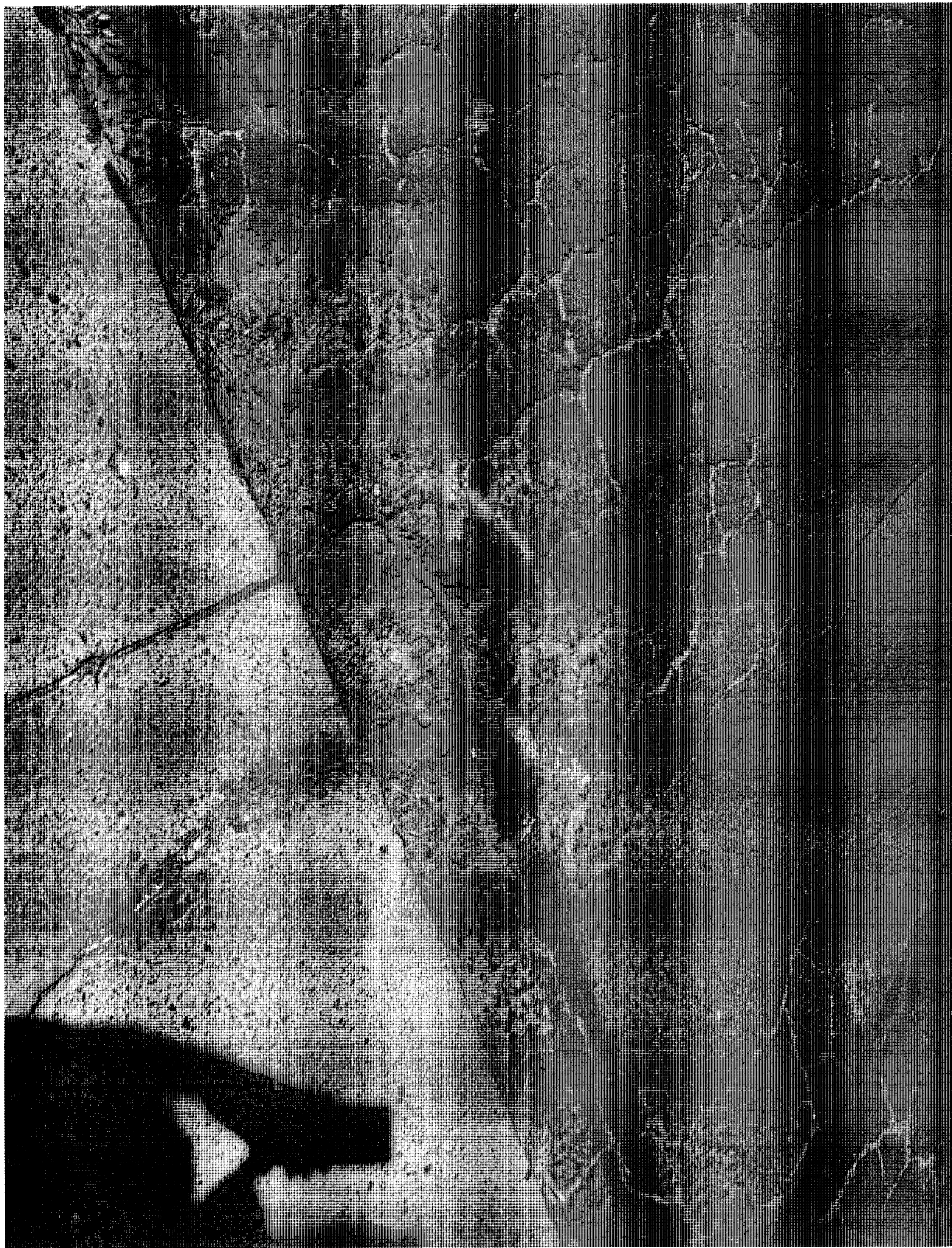


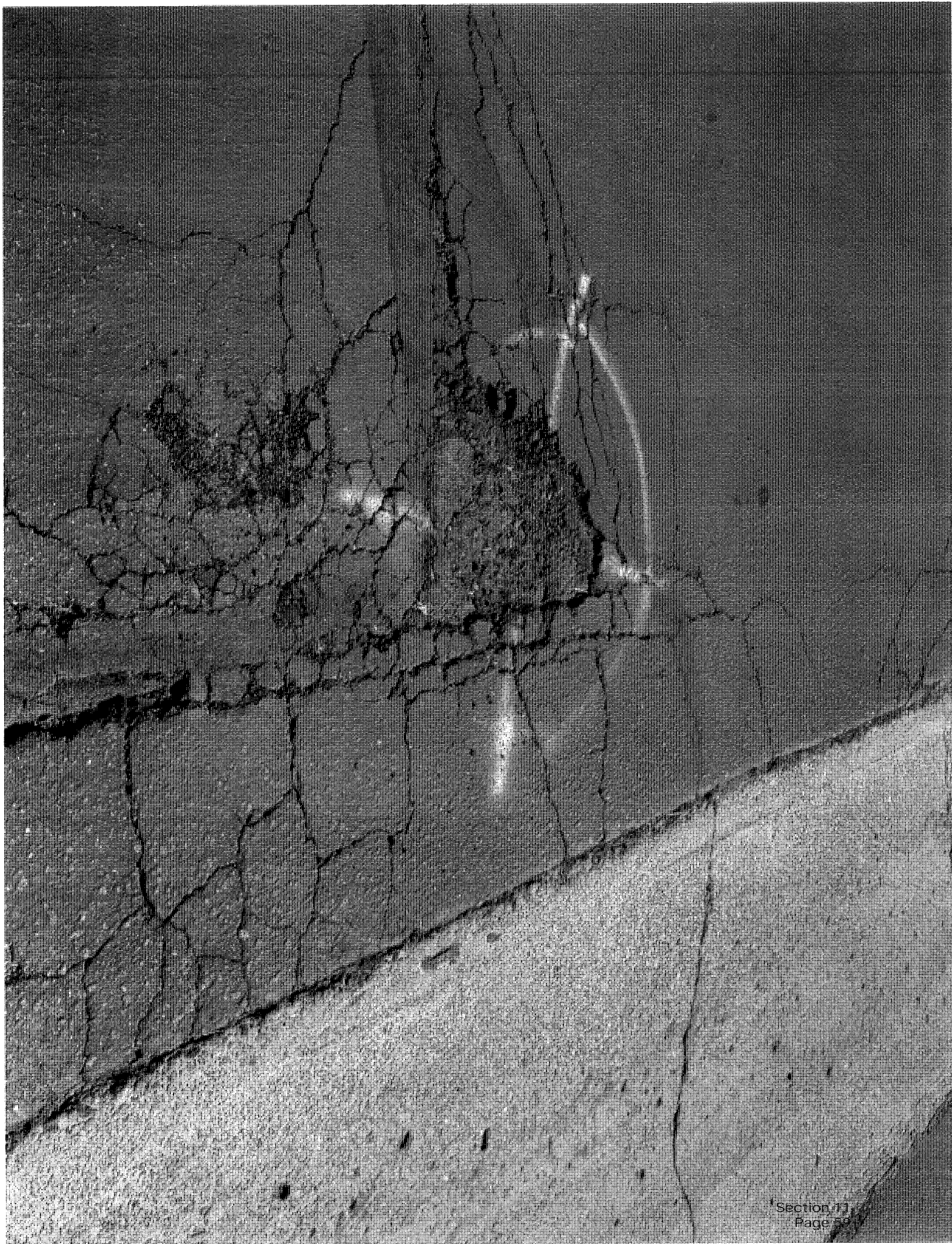




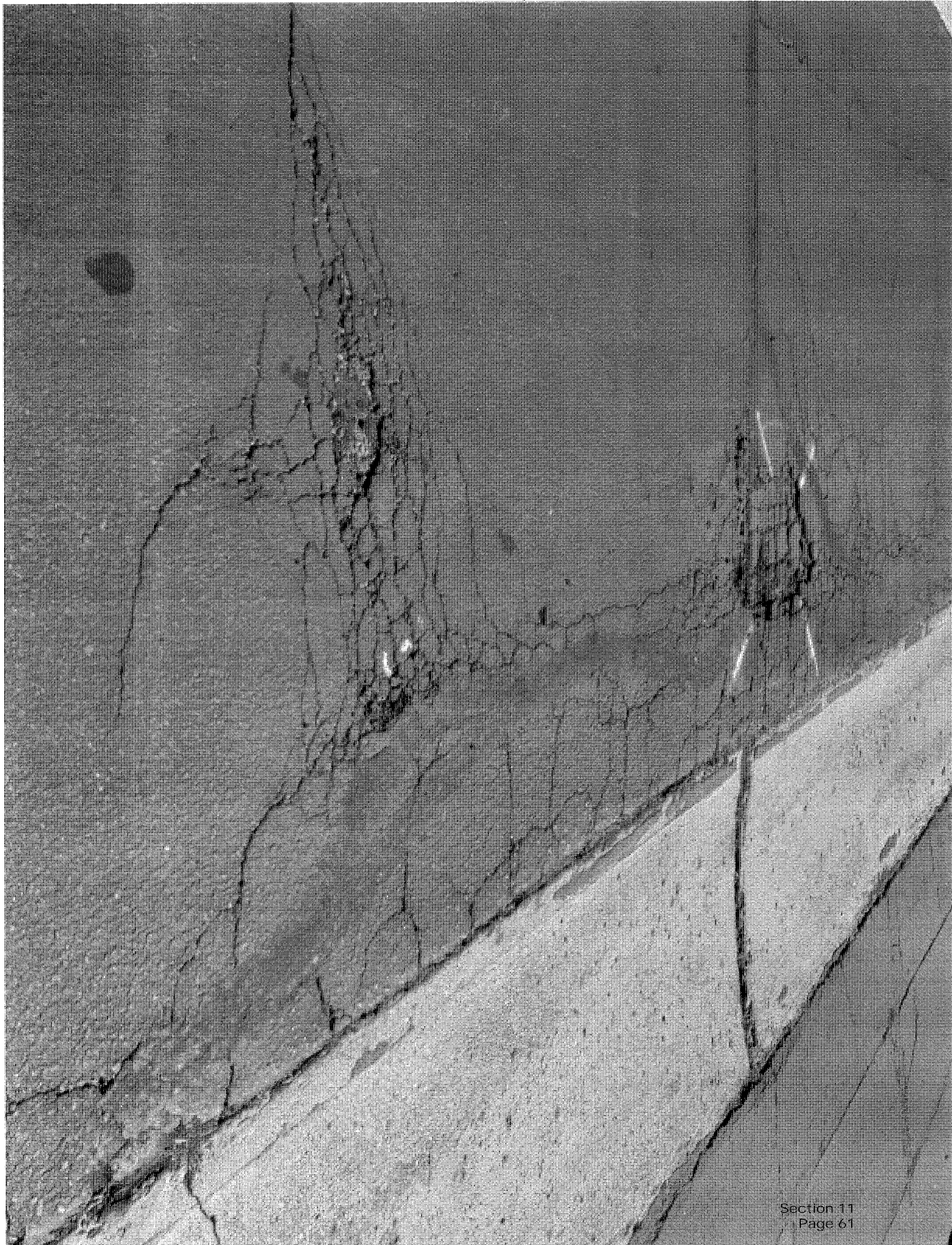




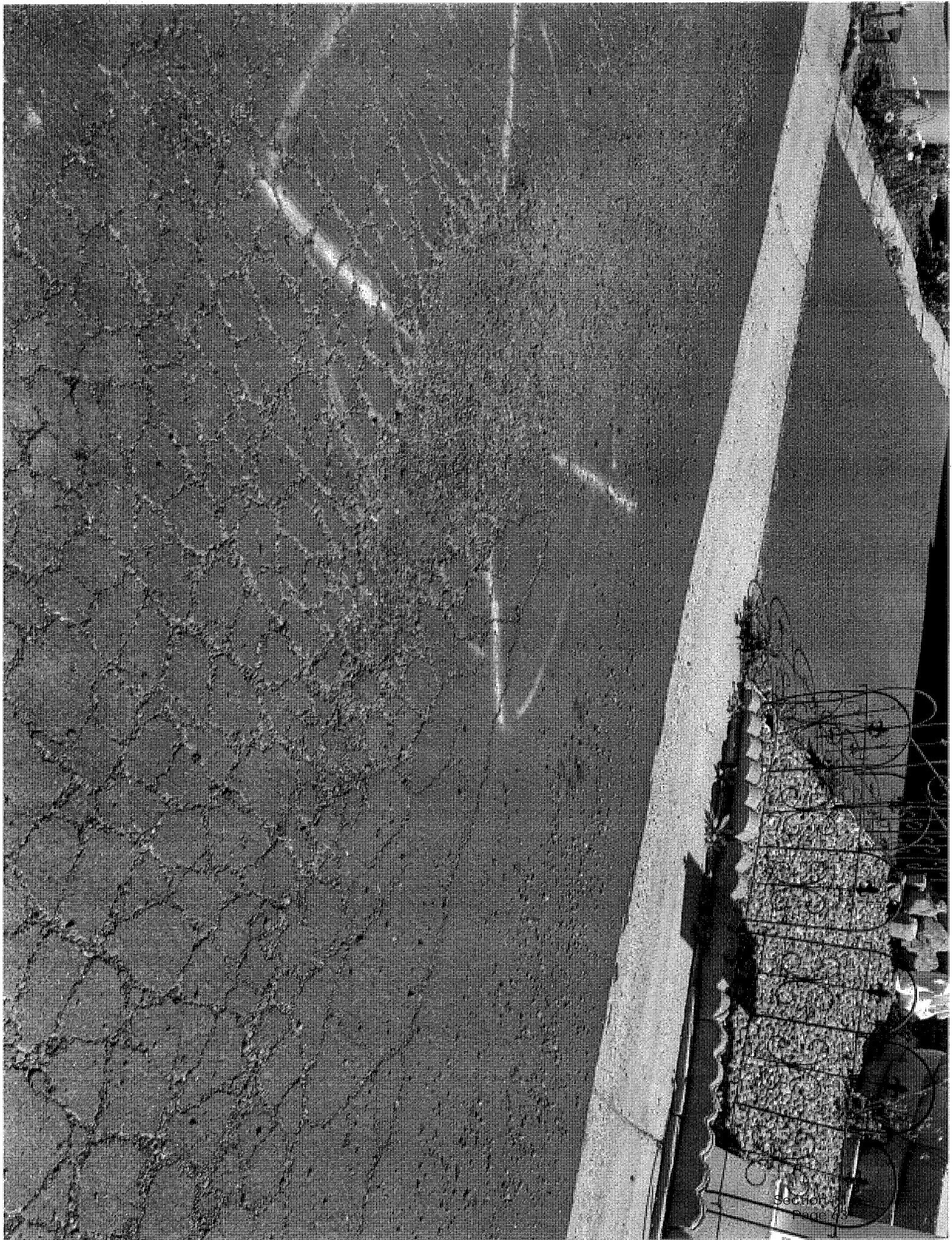


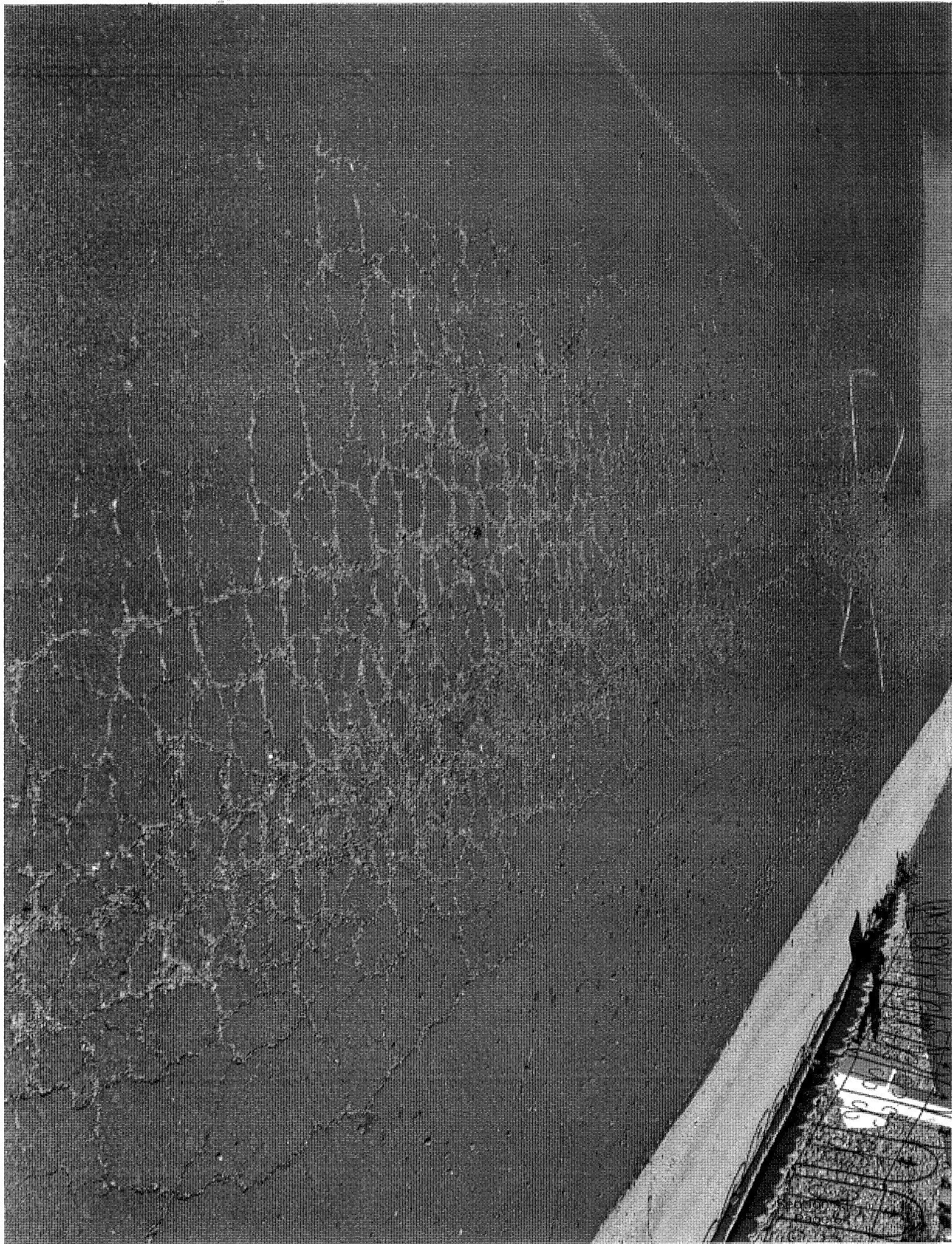








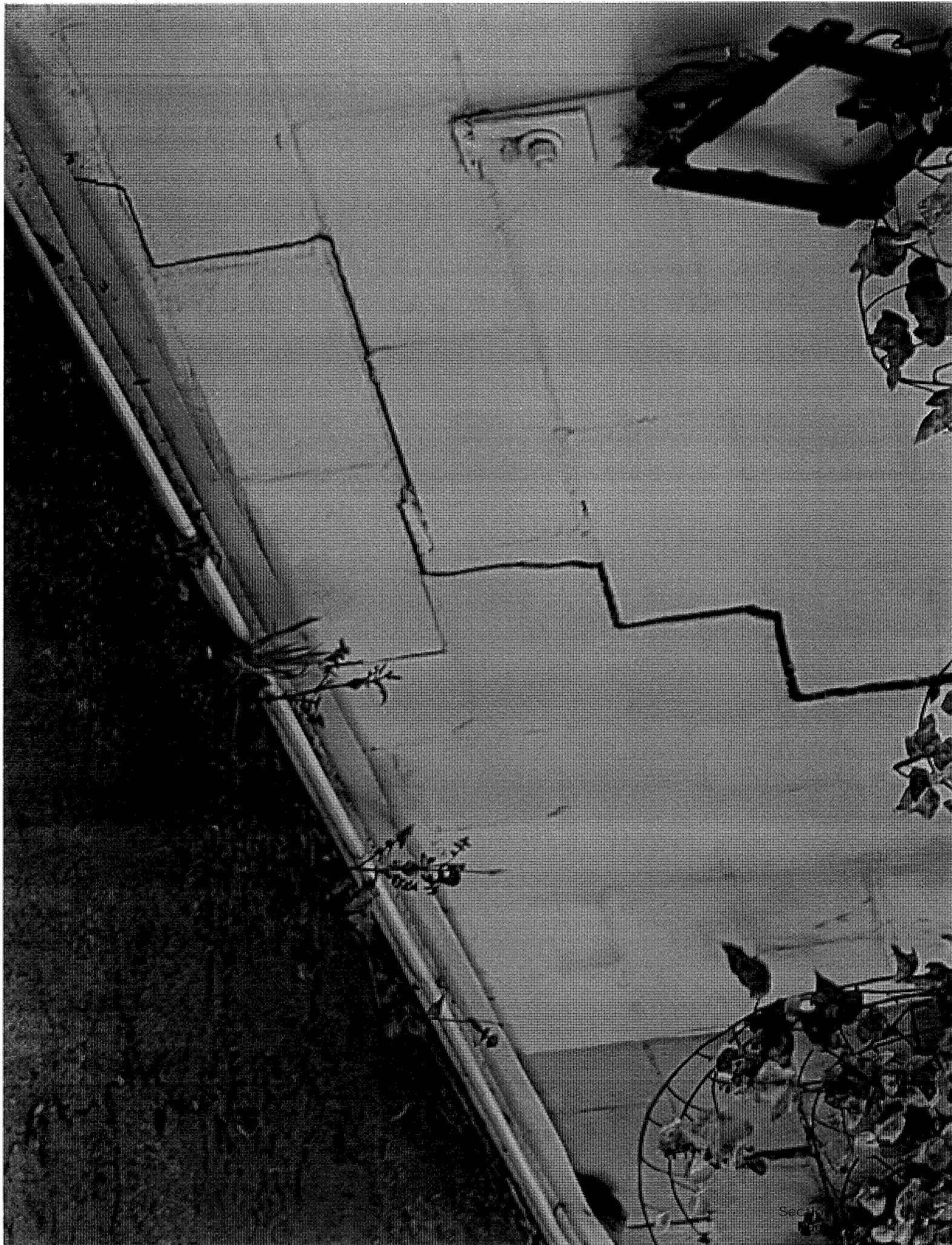


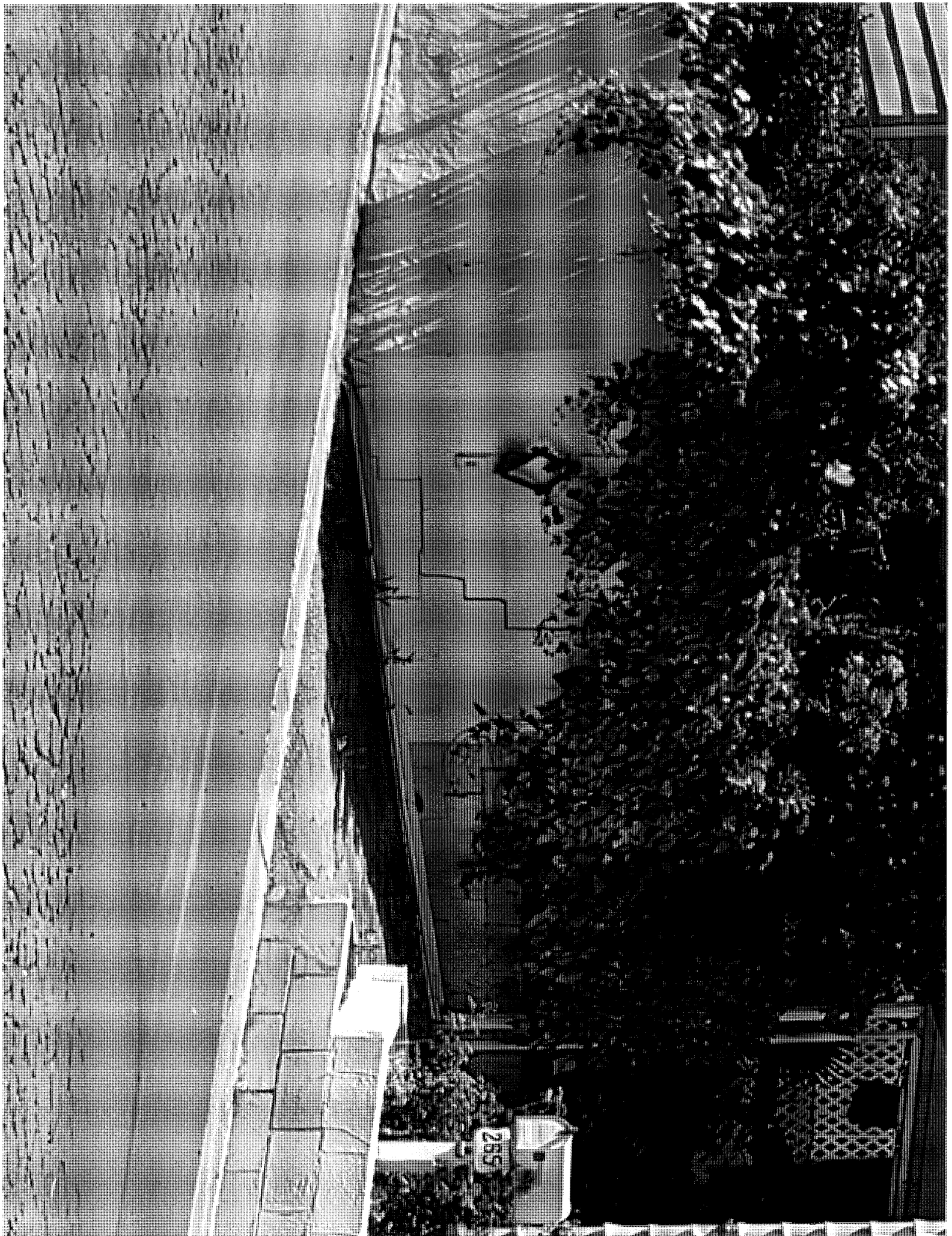


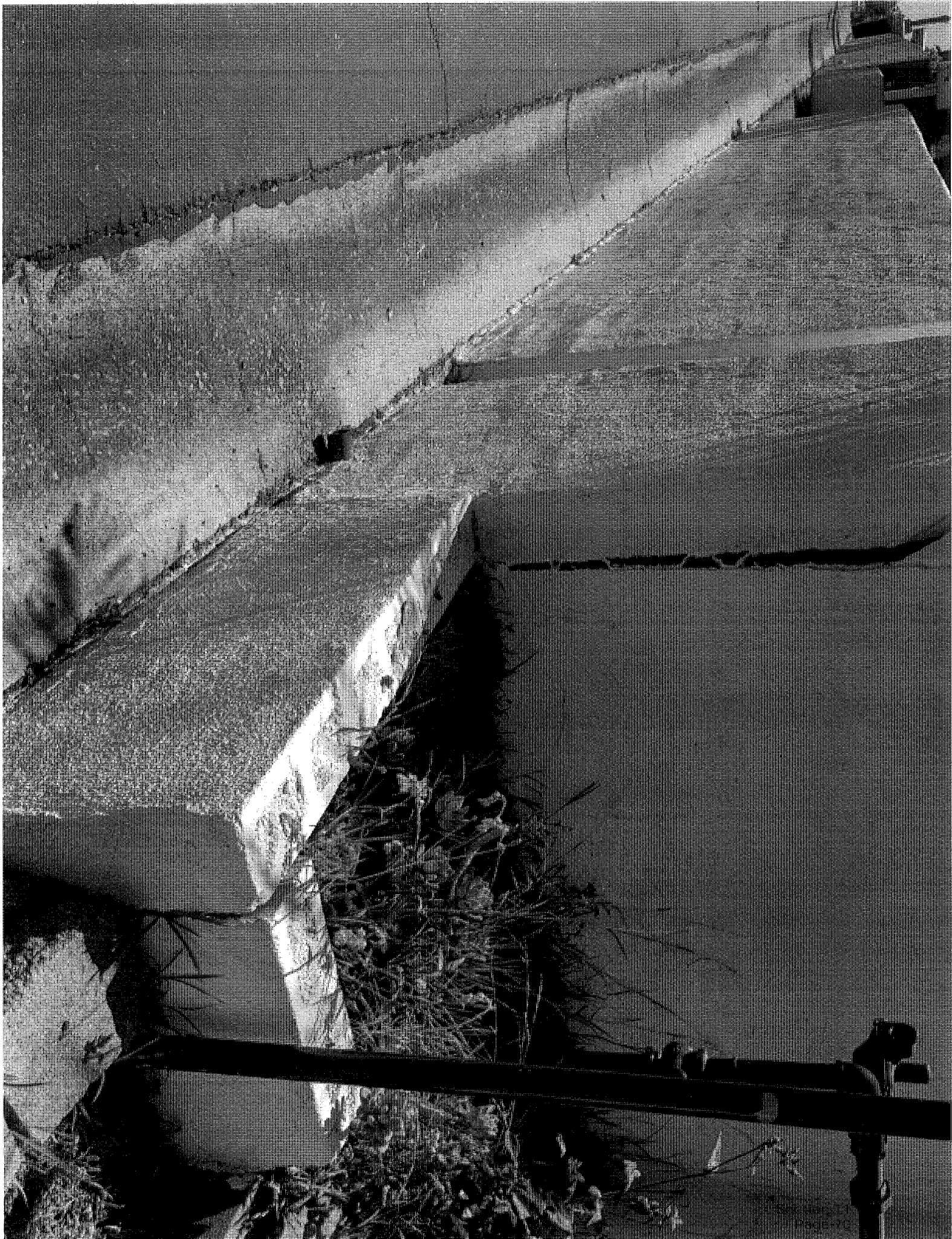














Sp. #	Name	Streets	Driveway	Palm Trees	Pine Trees	Lot Drainage	House drain to street	Retaining Wall	Lot Border	Bushes/Shrubs	Sm/Med Trees	Swimming Pool	Swimming Pool Deck	Hot Tub & Area	Clubhouse Chairs	Pool Room Sticks & Chalk	Gophers/Rats	Street Lighting	Utility Meters	Electric Power	Water	Work Requests	Park Security	Park Safety	Speeding	Park Rules	Clubhouse	Other Concerns
1		1		1	1									1			1								1			
2		1		1	1									1			1								1	1		
3																								1	1	1		
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5																		1					1	1	1			
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42						1								1					
43																			

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2021 SMME Resident Concerns

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Spc.#	Name	St iv re e t w s	Dr ay n	Tr e	Lot	Ho Re	Lo Lo	Bu Sm	Sw Sw	Ho Sw	Cl Po	Go Str	Ut Ele	W W	Pa Pa	Sp Pa	Cl Cl	Other	Concerns
44		1						1	1				1			1	1		
45																			
46		1	1	1		1	1		1				1	1			1		
47																			
48		1	1											1					
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51		1	1			1	1							1					
52																			
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118		1			1	1				1						1						
119																						
120		1	1											1		1	1	1			1	
121																						
122		1		1	1					1	1				1	1	1	1	1	1	1	
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126									1						1		1	1				
127		1		1				1		1					1		1		1	1		
128		1	1	1											1	1		1	1	1	1	
129		1	1																	1		

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Spc.#	Name	Dr	Stlv	re e	et w	s	ay	h	T	Tr	Lot	Ho	Re	Lo	Bu	Sm	Sw	Sw	Sw	Ho	Cl	Po	Go	Str	Ut	Ele	W	W	Pa	Pa	Sp	Pa	Cl	Other	Concerns	
130		1	1								1						1	1							1	1	1				1					
131		1		1	1							1		1						1	1	1	1	1	1	1			1	1	1					
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Spec#	Name	Dr	St	lv	re	e	et	w	s	ay	n	Te	Tr	Lot	Ho	Re	Lo	Bu	Sm	Sw	Sw	Ho	Cl	U	Go	Str	Ut	E	E	W	W	W	Pa	Pa	Sp	Pa	Cl	U	Other	Concerns
259																																								
260																																								
261																1																								
262																			1			1										1			1					

