

#7 5/15/12

To: The Clerk of the Board
In response to Management's petition for review regarding Rent Increase Arbitration
Nomad Village Homeowners
Nomad Village Mobile Home Park

February 6, 2012

Lazy Landing, LLC, management of Nomad Village (management), has petitioned for Review by the Board of Supervisors of the opinion and award, dated December 20, 2011, in the matter of arbitration between Nomad Village Homeowners and Nomad Village Mobile Home Park. The Homeowners response follows.

Management continues to contend that their ground lease fees have doubled. As exhibit H, management's ground lease clearly shows their contract has included a 20% revenue-sharing agreement from day one.

Management contends that, because the prior operator paid 10% of rents as a condition of that lease, their (management's) 20% term is an increase in expenses. The two leases are not comparable. One was for vacant land, leased by the prior operator on which they constructed all the infrastructure, buildings and improvements necessary to open and operate the mobile home park, and the other was for a turnkey operation including all infrastructure, buildings and improvements.

The rent-sharing agreement is a financing activity entered into in an arms-length transaction for valuable consideration. Had management wanted a 10% sharing agreement, or any other percentage, they could have negotiated a price for it. The financial structure of the lease is not an increase in an expense, but rather a cost of capital such as amounts of principal and interest on loans and depreciation excluded from consideration by the ordinance.

As far as park owners who own the land are concerned, the ordinance clearly does not allow the park owner to include as an operating expense the cost of maintaining possession of the land. Increases in the park owner's possessory cost are not includable as operating expenses that may be passed onto park residents. Management's percentage land lease costs reflect his possessory cost, the cost of maintaining his leasehold possession. His increases in the land lease payments are due to his voluntary actions and/or increased revenues, not due to involuntary factors beyond his control comparable to the involuntary increases in expenses, which are permitted by the ordinance. His increases in land lease costs are similar to increases in debt service expenses, which are specifically excluded from calculation of an owner's operating expenses and NOI. Both are possessory costs, with one representing the cost of maintaining a leasehold possession and the other the cost of maintaining a fee interest. Nothing in the ordinance indicates an intent that park owners who lease the underlying land are to be treated differently from park owners who own the land as to their possessory costs. Indeed, from the fact the ordinance treats all land-owning park owners similarly (i.e., excluding their possessory costs from operating expenses) despite their disparate possessory costs, it can be inferred the County also intended land-leasing park owners be treated similarly.

Management contends that the ordinance allows a rent increase based on any discrete expense line item without regard for total expenses, revenues and net operating income (NOI). To allow an increase based on an individual line item provides management with an economic disincentive toward cost containment,

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and is clearly not the intention of the ordinance. Moreover, the lease is a possessory cost, not an ordinary operating expense outside the control of management.

Management's contrast of lease interest versus ownership interest is a distinction without a difference. Both situations are the possession of the land, as management's citing states, and should be treated similarly. Should a lease be treated as an ordinary expense, a park owner need only create a separate entity to own the property and lease it back to the operating entity in order to circumvent the ordinance.

Management's contention that "*The performance of an MNOI analysis, and the proper inclusion of ground lease fees in the analysis is significant; the Ordinance in this case specifically prescribes a particular MNOI analysis be performed.*" (pet. P.6L.9) is baseless. The ordinance does not provide for a "MNOI" analysis, rather it relies specifically on a "fair return on their investment" standard. (Ord. §11A-1)

The arbitrator alludes to the maintenance of net operating income (MNOI) as presented by management but does not provide support as to how it was used to arrive at the increases allowed or how it conforms to the "fair return on investment" standard explicit in §11A-1 of the ordinance. Management's post-closing brief explains that "The MNOI analysis focuses solely on income and expenses, and compares a base year to a subject year in which the increased expenses have been incurred." without regard to investment, rendering it insufficient to determine "fair return on investment."

The propriety of assuring landlords a **fair return on investment**, in contrast, has been approved by every published decision that has considered the point. Return on investment has been characterized as the "governing standard" in Massachusetts (*Zussman v. Rent Control Bd. of Brookline* (1976) 371 Mass. 632 [359 N.E.2d 29, 32]; *Marshal House, Inc. v. Rent Control Bd. of Brookline* (1971) 358 Mass. 686 [266 N.E.2d 876, 888]; *World Wide Realty v. Boston Rent Control Adm'r. supra*, 387 N.E.2d at p. 601),^[8] and has been asserted by courts in Washington and New Jersey. (*Jeffery v. McCullough* (1982) 97 Wash.2d 893 [652 P.2d 9, 13]; *Mead v. Borough of Fort Lee* (1979) 170 N.J. Super. 167 [406 A.2d 177].) One authority describes as "typical" the use of return on investment standards for individual adjustments of rent ceilings. (Schoshinski, American Law of Landlord and Tenant (1980) § 7.8, p. 519.) The New Jersey Supreme Court stated in *Helmsley v. Borough of Fort Lee* that "In view of the lack of evidence concerning plaintiffs' investment, we offer no comments on investment-based criteria for determining confiscation. Our silence does not, however, denote disapproval. Other jurisdictions have employed such criteria. [Citation.] Although an investment-based standard may not be as easy to apply as some income-based criteria, there are no obvious theoretical obstacles to using an investment-based standard." (394 A.2d at p. 72 fn. 8.)

The MNOI approach is based on the premise that the Base Year NOI represented a just and reasonable return, and that, notwithstanding the annual rent increase permissible under a rent control ordinance, the park owner should be able to achieve sufficient revenue to "maintain" that Base Year NOI in future years, which would then be deemed to represent a "fair return" on the investment. Because inflation degrades the purchasing power of a given amount of money, the Base Year NOI is indexed to take inflation into account. The indexed Base Year NOI is then compared to the NOI of the park in the comparison year (in this case 2010) to see how the current year NOI compares to the Base Year NOI in constant dollars.

Management's presentation of MNOI never compares Base Year NOI in constant dollars to the current (2010) year. It is not a fairly constructed formula for arriving at a "fair return on investment." Management's MNOI analysis provides inconsistent "adjustments" and provides a formula to exaggerate differences. The conclusion in their 2007 vs. 2010 MNOI, that in order to maintain 2007 NOI of

\$145,915.54 in constant dollars, requires a "justified increase" of \$128,292.57, given the general economic environment in that timeframe, should be suspect. (See attachment 1)

Management's MNOI analysis makes no distinction between the investment of the previous owner in 2007 and the investment made to acquire the current returns. As outlined, these are very different investments. The returns on investment are not comparable and, moreover, the current management's return is not predicated on prior management's negotiations or operations. A limitation of the MNOI structure is that it assumes the same capital investment in all years (i.e. same owner, same historical investment). That is not the case in this instance.

According to documents presented by management, their initial cash outlay was \$500,000 and their "unadjusted" net operating income (NOI) for 2010 was \$122,821.44. This provides a return on investment of 24.56%, without subtracting management's possessory cost (land lease) disallowed by the arbitrator and Ord. (§11A-5)(f)(1). A comparison to mobile home parks currently listed for sale though-out California finds an average of less than 8.5% return on investment. (See attachment 2)

The calculations used in management's conclusion of \$32.57 and \$18.74 are a material misrepresentation. The \$32.57 is based on created events, not supported by management's financial statements, to provide an artificially high increase amount. To achieve this, management provided a contrived 2008 lease payment (\$28,383 lower than actual), then added **all** (the total of the 20% required by their lease agreement) amounts that are related to management's ability to raise revenue and all amounts related to auxiliary revenue. (See attachment 3)

The \$18.74 builds on the exaggerations above and adds more. Homeowners post-hearing brief points out that August 2008 through April 2011 is 33 months; however, management continues to use 34 months in order to calculate a higher number. Management now requests a payment based on an annual percentage yield of 10.92%, almost 2% higher than their stated 9%. (See attachment 3)

Aside from the financial malfeasance described, the ordinance does not allow management to collect their bargained-for possessory costs. Nor does the ordinance provide for retroactive collection of "uncompensated increases."

The homeowners reassert their objections set forth in issue 8 of their petition for review regarding "uncompensated increase."

We request that the Board of Supervisors:

- (A) Affirm the decision of the Arbitrator on issue 2
- (B) Affirm the decision of the Arbitrator on issue 9

Respectfully submitted,

Nomad Village Homeowners



Debra Hamrick

Homeowners Representative

Attachment 1
Review of Management's MNOI Analysis

Management's presentation of the so-called maintenance of net operating income analysis, included in their brief, 1994-2010 and 2007-2010 analysis, varies in great detail from what they presented to the homeowner representatives on February 16, 2011, 1994-2009 analysis, and from each other. Following is a non-exhaustive list of inconsistencies, errors, and omissions.

- 1994 net operating income (NOI) originally presented from 'book of records' as \$137,150.88 to the representatives changed to \$123,923.91. (1)
- 1994 total operating expenses from the 'book of records' changed from \$382,809.80 to \$396,110.60. (2)
- 1994 'adjusted' NOI changed from \$156,094.07 to \$132,399.78. (3)
- 1994 managers salary included in 'adjusted' and excluded in 'adjusted' for 2007. (4)
- 2009 'calendar year' adjustment includes the addition of property tax amount, \$121,111.12, for the 'tax year' 7/2009 through 6/2010, which includes \$54,587.91 sewer expense, in addition to the separately reported sewer expense of \$52,366.27, effectively doubling the sewer expense, as well as adding thousands more to the actual tax. (5)
- 1994 repairs and maintenance originally removed as an adjustment in 1994-2009 analysis are included in 1994-2010 analysis. (6)
- 1994-2009 analysis treats legal expenses as ordinary expense. 2007-2010 analysis removes \$74,044.78 from legal expenses in 2007 with no documentation as to the transactions and no matching transaction in 2008 profit and loss statement. 1994-2010 and 2007-2010 analyses remove 2010 legal expense and attempt to treat it as a capital item. (7)
- 2007-2010 analysis and 1994-2010 analysis have two different CPI numbers for 2010. (8)

None of the CPI numbers match Bureau of Labor Statistics numbers. 1994-2009 analysis includes a constant dollar NOI comparison while the 2007-2010 and 1994-2010 analysis never compares NOI in any manner. The calculation includes the (incorrect) CPI increase IN ADDITION to the exaggerated operating expenses as the 'justified increase' and bears no resemblance to historical net operating income. The calculation does not follow the formula set forth in the ordinance §11A-5(f) through (i)(1)-(6). The 'Increase taken' item does not reconcile to the 'taken' line items and remains constant under differing 'indexing'.

The analysis does not consider adjustments to what the courts call a 'fairly constructed formula', which throughout California, municipalities include the following:

Operating expenses shall not include the following:

- Land-lease expenses
- Any sub-metered utility expenses related to, resulting from or arising out of any utility services regulated by the PUC (including gas and electricity services).
- Attorneys fees and costs incurred in proceedings before the commission, or in connection with legal proceedings against the commission or challenging this chapter.
- Allowable legal expenses shall not include (i) attorneys' fees, costs and other legal expenses incurred in actions filed against the City, the Board or the hearing officer; (ii) attorneys' fees,

Attachment 1
Review of Management's MNOI Analysis

costs and other legal expenses incurred in connection with the form of ownership of the park; and (iii) attorney's fees, costs and other legal expenses incurred in connection with complying with applicable provisions of federal, state or local law with regard to the operation of the park (including legal expenses incurred resulting from any civil or criminal code enforcement violations by the owner, or legal expenses incurred in any pending and unresolved cases defending the owner against any alleged civil or criminal code violations).

- Fees or penalties imposed for violation of the Mobilehome Residency Law (California Civil Code Section 798, et seq.), or any other City, county, state or federal law.
- Any expenses which resulted due to the owner's failure to undertake prudent and ongoing maintenance activities or activities required by law; or costs which were caused by unnecessary and unreasonably deferred negligent, or otherwise improper repair and/or maintenance or other act or unreasonable omissions of the owner.
- Any penalties, fees or interest assessed or awarded for violation of any provision of this chapter or of any other provision of law.
- Expenses which are excessive in relation to the customary and reasonable costs of such items
- Avoidable and unnecessary expense increases
- All operating expenses must be reasonable. Whenever a particular expense exceeds the normal industry or other comparable standard, the park owner shall bear the burden of proving the reasonableness of the expense.
- When an expense item for a particular year (1) is not representative; or (2) in the case of base year expenses, is not a reasonable representation of average expenditures for that item in the years preceding and following the base year; or (3) in the case of current year expenses, is not a reasonable projection of future expenditures for that item, said expense shall be averaged with expense levels for other years or amortized or adjusted by the CPI or some other reasonable methodology in order to establish an expense amount for that item which most reasonably serves the objectives of obtaining a reasonable comparison between the recurring level of the expense(s) in the base year and the current year.

Overall, management's 'MNOI analysis' does not conform to the Santa Barbara ordinance 'fair return on investment' standard. It is sloppy and inconsistent and was prepared solely in an attempt to justify management's numbers after the fact.

NOMAD VILLAGE AIR RETURN ANALYSIS

	BOOKS OF RECORD		MNOI ANALYSIS	
	1994	2009	1994	2009
INCOME				
Rental Income	394,164.95	563,090.16	394,164.95	563,090.16
Utility Income				
Electric Income	44,216.62	55,011.02	REMOVED	REMOVED
Gas Income	34,520.47	42,688.28	REMOVED	REMOVED
Sewer Income	19,990.32	50,549.74	19,990.32	50,549.74
Water Income	17,875.36	34,361.48	17,875.36	34,361.48
Other Income				
Late / Bounce Ck Charges	184.46	1,944.77	184.46	1,944.77
Laundry Income	4,671.14	3,225.21	4,671.14	3,225.21
Misc./ Other income		1,375.59		1,375.59
Surcharge-Road Work	4,337.36		REMOVED	
Total Income	519,960.68	752,246.25	436,886.23	654,546.95
EXPENSES				
Administrative Expenses				
Accounting		1,915.00		1,915.00
Accounting & Legal	6,979.32		6,979.32	
Bank Charges	73.42	660.47	73.42	660.47
Credit Checks		132.00		132.00
Donations	200.00		REMOVED	
Dues & Subscriptions	294.61	4,230.80	294.61	4,230.80
Education & Seminars		850.00		850.00
Insurance-Prop & Liab	9,797.24	14,899.54	9,797.24	14,899.54
Insur-Work Comp	8,844.44	7,714.86	8,844.44	7,714.86
Legal-Evictions		1,728.00		1,728.00
Legal-General		6,001.59		⑦ 6,001.59
Licenses & Permits		948.00		948.00
Meals & Entertainment	663.25	60.90	663.25	60.90
NSF Cks & Coll. Fees	9.00		9.00	
Office Supplies	1,506.42	874.33	1,506.42	874.33
Payroll Service		1,788.83		1,788.83
Postage	290.00	1,635.66	290.00	1,635.66
Promotional	2,585.41		2,585.41	
Telephone	2,695.08	2,979.28	2,695.08	2,979.28
Tenant Expense/Services	30.00	57.60	30.00	57.60
Total Admin	33,968.19	46,476.86	33,768.19	46,476.86
Employee Expenses				
P/R Tax-FUTA		223.99		223.99
P/R Tax-Medicare		1,099.81		1,099.81
P/R Tax-Soc Sec		4,702.63		4,702.63
P/R Tax-Suta		988.11		988.11
Taxes - Payroll	8,589.46		8,589.46	
Wages	47,103.68		47,103.68	
Wages-Maintenance		42,519.71		42,519.71
Wages-Managers		33,236.42		33,236.42
Total Employee	55,693.14	82,770.67	55,693.14	82,770.67
Operating Expenses				
Auto Expense	4,578.74		4,578.74	
Casual Labor	184.00		184.00	

NOMAD VILLAGF FAIR RETURN ANALYSIS

	BOOKS OF RECORD		MNOI ANALYSIS	
	1994	2009	1994	2009
Clubhouse Supplies		65.21		65.21
Common Area Supplies		177.18		177.18
Janitorial Supplies		498.35		498.35
Management Fees	57,388.96	32,850.69	④ 57,388.96	32,850.69
Outside Services		5,028.76		5,028.76
Protective Service		8,621.50		8,621.50
Rent (employee housg.)		3,446.30		3,446.30
Rent (land lease)	39,338.45	113,526.95	39,338.45	113,526.95
Taxes & Licenses	25,527.17		25,527.17	
Taxes - Property		59,255.26		⑤ 121,111.12
Taxes/Franchise	2,428.00		2,428.00	
Travel/Lodging	107.00	2,651.02		
Total Operating	129,552.32	226,121.22	129,445.32	285,326.06
Repair and Maintenance				
Equipment Gas		232.43		232.43
Pool/Spa Supplies		21.50		21.50
R&M-Common Areas		974.39		974.39
R&M-Electrical		28,970.69		
R&M-Fences		21.73		21.73
R&M-Gas System		10,017.01		
R&M-Landscape		364.17		364.17
R&M-Lights		173.25		173.25
R&M-Park Owned Homes/Bldgs		4,808.81		4,808.81
R&M-Pool & Spa		3,621.93		3,621.93
R&M-Sewer System		14,637.58		
R&M-Street Sweeping		935.00		935.00
R&M-Streets		117.26		117.26
R&M-Tools & Equip.		876.78		876.78
R&M-Vehicles		1,400.21		1,400.21
R&M-Water System		4,410.67		
Repair & Maintenance	30,325.60			
Supplies	9,108.85		9,108.85	
Vehicle Gas		1,207.15		1,207.15
Total R&M	39,434.45	72,790.56	9,108.85	14,754.61
Utility Expenses				
Cable TV		640.99		640.99
Electricity	45,513.30	49,296.45	REMOVED	REMOVED
Gas Expense	25,871.74	20,850.16	REMOVED	REMOVED
Garbage Expense		9,343.99		9,343.99
Park Utility	6,518.74		6,518.74	
Sewer Expense	20,928.50	52,366.27	20,928.50	⑤ 52,366.27
Water Expense	25,329.42	43,200.73	25,329.42	43,200.73
Total Utilities	124,161.70	175,698.59	52,776.66	105,551.98
Total Income	519,960.68	752,246.25	436,886.23	654,546.95
Total Operating Expenses	② 382,809.80	603,857.90	280,792.16	534,880.18
Net Operating Income	⑦ 137,150.88	148,388.35	⑧ 156,094.07	119,666.77

NOMAD VILLAGE (AIR RETURN ANALYSIS)

	BOOKS OF RECORD		MNOI ANALYSIS	
	1994	2009	1994	2009
MNOI ANALYSIS:				
CPI			152.30	223.22
Base Year NOI			156,094.07	
Base Year NOI, Indexed				228,779.79
Comparison Year NOI				119,666.77
Justified Space Rent Increase				109,113.02
Justified Increase per Month			12	9,092.75
Justified Increase per Space			150	60.62
MNOI @ 75% INDEXING:				
Base Year NOI, Indexed				210,608.36
Comparison Year NOI				119,666.77
Justified Space Rent Increase				90,941.59
Justified Increase per Month			12	7,578.47
Justified Increase per Space			150	50.52
OTHER INCOME				
Interest Income	73.83			
Total Other Income	73.83			
OTHER EXPENSE				
Cash <Over>/Short	-0.20	0.54		
Depreciation	1,301.00			
Pension	12,000.00			
Total Other Expense	13,300.80	0.54		
OVERALL CASH FLOW	123,923.91	148,387.81		

NOMAD VILLAGE FAIR RETURN ANALYSIS					
		BOOKS OF RECORD		MNOI ANALYSIS	
		1994	2009	1994	2009
NOTES:					
8	H,I	Electric Income deleted - regulated by PUC			
9	H,I	Gas Income deleted - regulated by PUC			
16	H	Surcharge deleted - doesn't apply to income going forward			
25	H	Donations deleted - not appropriate for fair return analysis			
66	I	Property Taxes for 2009-2010, net of sewer service			
68	H,I	Travel/Lodging removed - personal expense			
75	I	Capital Improvement or Repair Work - deleted, PUC regulated			
77	I	Capital Improvement or Repair Work - deleted, PUC regulated			
82	I	Capital Improvement - removed, handled separately			
87	I	Capital Improvement - removed, handled separately			
88	H	Capital Improvement - removed, handled separately			
95	H,I	Electric expense deleted - regulated by PUC			
96	H,I	Gas expense deleted - regulated by PUC			
129	E	Interest Income - not relevant to fair return analysis			
134	E	Depreciation - not a cash expense			
135	E	Pension - not relevant to fair return analysis			

	A	B	C	D	E	F	G	H	I
1	NOMAD VILLAGE - TABLE 3-B								
2	MNOI ANALYSIS 1994-2010								
3					BOOKS OF RECORD			MNOI ANALYSIS	
4					1994	2010		1994	2010
5									
6	INCOME								
7				Rental Income					
8				4100 - Rental Income	394,164.95	564,327.90		394,164.95	564,327.90
9				Utility Income					
10				4310 - Electric Income	44,216.62	56,143.53	1		
11				4300 - Gas Income	34,520.47	47,546.22	1		
12				4340 - Sewer Income	19,990.32	54,230.04		19,990.32	54,230.04
13				4320 - Water Income	17,875.36	33,805.52		17,875.36	33,805.52
14				Other Income					
15				4510 - Laundry Income	4,671.14	2,775.30		4,671.14	2,775.30
16				4590 - Clubhouse & Event Fees		120.00			120.00
17				4620 - Returned Ck Charges	184.46	55.00			55.00
18				4630 - Late Charges		1,272.00			1,272.00
19				4660 - Other Interest Income	73.83	650.22	1		
20				4710 - Write Off Bad Debt		443.45	1		
21				Credit Checks					
22				Misc. Income					
23				Recycle Fee					
24				Refund					
25				Surcharge - Road Improvement	4,337.36			4,337.36	
26				Total Income	520,034.51	761,369.18		441,039.13	656,585.76
27									
28	EXPENSE								
29				Employee Costs					
30				5200 - Wages-Managers		40,960.34			40,960.34
31				5210 - Wages-Maintenance		39,680.68			39,680.68
32				5241 - P/R Tax-Soc Sec		4,999.78			4,999.78
33				5242 - P/R Tax-Medicare		1,169.38			1,169.38
34				5243 - P/R Tax-FUTA		167.99			167.99
35				5244 - P/R Tax-Suta		730.30			730.30
36				5260 - Insur-Work Comp	8,844.44	7,814.32		8,844.44	7,814.32
37				5270 - Rent (employee housing)		3,342.24			3,342.24
38				Wages	47,103.68			47,103.68	
39				Payroll Taxes	8,589.46			8,589.46	
40				Total Employee Costs	64,537.58	98,865.03		64,537.58	98,865.03
41									
42				Utility Expenses					
43				5310 - Electricity	45,513.30	47,467.92	1		
44				5300 - Gas	25,871.74	25,649.72	1		
45				5320 - Water Expense	25,329.42	38,905.57		25,329.42	38,905.57
46				5330 - Sewer	20,928.50	54,587.92		20,928.50	54,587.92
47				5360 - Trash		11,144.53		0.00	11,144.53
48				5380 - Cable TV		666.45			666.45
49				Park Utility Expense	6,518.74			6,518.74	
50				Total Utility Expenses	124,161.70	178,422.11		52,776.66	105,304.47

	A	B	C	D	E	F	G	H	I
1	NOMAD VILLAGE - TABLE 3-B								
2	MNOI ANALYSIS 1994-2010								
3					BOOKS OF RECORD			MNOI ANALYSIS	
4					1994	2010		1994	2010
5									
51									
52				Repair and Maintenance					
53				5400 - R&M-Common Areas		1,728.34			1,728.34
54				5420 - R&M-Electrical		1,417.92	1		
55				5430 - R&M-Tools & Equip.		145.80			145.80
56				5450 - R&M-Gas System		930.06	1		
57				5460 - R&M-Landscape		248.02			248.02
58				5470 - R&M-Laundry, Showers, etc.		49.89			49.89
59				5480 - R&M-Lights		1,365.49			1,365.49
60				5490 - R&M-Park Owned Homes/Bldgs		43.95			43.95
61				5510 - R&M-Pool & Spa		5,228.53			5,228.53
62				5520 - R&M-Sewer System		2,706.44			2,706.44
63				5530 - R&M-Streets		327.22			327.22
64				5540 - R&M-Street Sweeping		2,340.00			2,340.00
65				5560 - R&M-Vehicles		1,198.62			1,198.62
66				5570 - R&M-Water System		566.53			566.53
67				Repair & Maintenance	30,325.60			⑥ 30,325.60	
68				Total Repair & Maintenance	30,325.60	18,296.81		30,325.60	15,948.83
69									
70				Operating Supplies					
71				5600 - Clubhouse Supplies		862.41			862.41
72				5610 - Common Area Supplies		619.63			619.63
73				5615 - Equipment Gas		679.46			679.46
74				5620 - Janitorial Supplies		369.48			369.48
75				5650 - Tools, Equip, Vehicles		79.20			79.20
76				5655 - Vehicle Gas		1,724.04			1,724.04
77				Supplies	9,108.85			9,108.85	
78				Total Operating Supplies	9,108.85	4,334.22		9,108.85	4,334.22
79									
80				Office & Administration					
81				5710 - Advertising -	2,585.41	126.70			126.70
82				5730 - Bank Charges	73.42	781.59		73.42	781.59
83				5740 - Credit Checks		88.50			88.50
84				5750 - Dues & Subscriptions	294.61	13,923.88		294.61	13,923.88
85				5760 - Education & Seminars		850.00			850.00
86				5470 - Insurance-Prop & Liab	9,797.24	10,959.15		9,797.24	10,959.15
87				5785 - Land Lease Payments	39,338.45	113,340.74		39,338.45	113,340.74
88				5790 - Legal-Evictions		1,176.00			1,176.00
89				5800 - Legal-General		51,045.00	2		⑦
90				5810 - Licenses & Permits		2,379.00			2,379.00
91				5820 - Management Fees	57,388.96	35,309.73		④ 57,388.96	35,309.73
92				5830 - Meals & Entertainment		80.97			80.97
93				5860 - Office Supplies	1,506.42	1,006.68		1,506.42	1,006.68
94				5870 - Outside Services - Consulting		6,562.50	2		
95				5870 - Outside Services - Other		4,683.29			4,683.29

	A	B	C	D	E	F	G	H	I
1	NOMAD VILLAGE - TABLE 3-B								
2	MNOI ANALYSIS 1994-2010								
3					BOOKS OF RECORD			MNOI ANALYSIS	
4					1994	2010		1994	2010
5									
96				5885 - Payroll Service		1,710.40			1,710.40
97				5890 - Postage	290.00	1,826.93		290.00	1,826.93
98				5900 - Taxes - Property	25,527.17	66,485.84		25,527.17	66,485.84
99				5900 - Taxes - Property - Supplemental		15,766.98	3		
100				5907 - Security Patrol		5,998.50			5,998.50
101				5910 - Telephone	2,695.08	3,476.17		2,695.08	3,476.17
102				5940 - Travel	107.00	1,048.00		107.00	1,048.00
103				5945 - Cash Over/Short	-0.20	3.02	1		
104				Accounting & Legal	6,979.32			6,979.32	
105				Auto Expense	4,578.74			4,578.74	
106				Casual Labor	184.00			184.00	
107				Depreciation	1,301.00		1		
108				Donations	200.00		1		
109				Meals & Entertainment	663.25			663.25	
110				NSF & collection fees	9.00			9.00	
111				Pension	12,000.00		1		
112				Taxes - Corporation/Franchise	2,428.00			2,428.00	
113				Tenant Services	30.00			30.00	
114				Total Office & Administration	167,976.87	338,629.57		151,890.66	265,252.07
115									
116				Total Operating Expenses	396,110.60	638,547.74		308,639.35	489,704.62
117									
118									
119				Space Rent Income	394,164.95	564,327.90		394,164.95	564,327.90
120				Total Income	520,034.51	761,369.18		441,039.13	656,585.76
121				Total Operating Expenses	396,110.60	638,547.74		308,639.35	489,704.62
122				Net Operating Income	123,923.91	122,821.44	③	132,399.78	166,881.14
123									
124									
125	NOTES:								
126	1			Item removed - inappropriate for MNOI calculations					
127	2			Legal and Consulting Services are included in another section of the increase notice					
128	3			Supplemental Property Taxes are included in another section of the increase notice					
129									
130									
131									
132									
133									
134									
135									
136									
137									

	A	B	C	D	E	F	G	H	I
1	NOMAD VILLAGE - TABLE 3-B								
2	MNOI ANALYSIS 1994-2010								
3					BOOKS OF RECORD			MNOI ANALYSIS	
4					1994	2010		1994	2010
5									
138	Rent Increase Following Method Set Out In The Ordinance:								
139									
140	1	CPI Base and Comparison Years						152.300	② 223.220
141		CPI increase from base to comparison year							46.6%
142		75% CPI increase from base to comparison year							34.9%
143		Base Year Space Rent Income						394,164.95	
144		CPI-justified space rent increase						137,660.10	
145		One-half CPI-justified increase = fair return on investment							68,830.05
146									
147	2	One-half CPI-justified increase against cost increases							68,830.05
148									
149	3	Base Year Operating Costs						308,639.35	
150		Comparison Year Operating Costs						489,704.62	
151		Increase in Operating Costs						181,065.27	
152		Excess over #2							112,235.22
153									
154	4	Justified Rent Increase (Sum 1, 2, and 3)							249,895.32
155		Increase Taken Already							170,162.95
156		Net Justified Increase							79,732.37
157		Space Rent Increase per space per month (divide by 150 spaces and 12 months)							44.30
158									
159									
160									
161	Rent Increase Following Method Set Out In The Ordinance @ 100% Indexing:								
162									
163	1	CPI Base and Comparison Years						152.30	223.22
164		CPI increase from base to comparison year							46.6%
165		Base Year Income						394,164.95	
166		CPI-justified space rent increase						183,546.80	
167		One-half CPI-justified increase = fair return on investment							91,773.40
168									
169	2	One-half CPI-justified increase against cost increases							91,773.40
170									
171	3	Base Year Operating Costs						308,639.35	
172		Comparison Year Operating Costs						489,704.62	
173		Increase in Operating Costs						181,065.27	
174		Excess over #2							89,291.87
175									
176	4	Justified Rent Increase (Sum 1, 2, and 3)							272,838.67
177		Increase Taken Already							170,162.95
178		Net Justified Increase							102,675.72
179		Space Rent Increase per space per month (divide by 150 spaces and 12 months)							57.04
180									
181									
182	2007-2010MNOI-080911								

	A	B	C	D	E	F	G	H	I
1	NOMAD VILLAGE - TABLE 3-A								
2	MNOI ANALYSIS 2007-2010								
3					BOOKS OF RECORD			MNOI ANALYSIS	
4					2007	2010		2007	2010
5									
6	INCOME								
7				Rental Income					
8				4100 - Rental Income	535,997.58	564,327.90		535,997.58	564,327.90
9				Utility Income					
10				4310 - Electric Income	55,861.63	56,143.53	1		
11				4300 - Gas Income	53,157.45	47,546.22	1		
12				4340 - Sewer Income	30,199.32	54,230.04		30,199.32	54,230.04
13				4320 - Water Income	32,960.72	33,805.52		32,960.72	33,805.52
14				Other Income					
15				4510 - Laundry Income	4,014.65	2,775.30		4,014.65	2,775.30
16				4590 - Clubhouse & Event Fees		120.00			120.00
17				4620 - Returned Ck Charges		55.00			55.00
18				4630 - Late Charges	-165.11	1,272.00		-165.11	1,272.00
19				4660 - Other Interest Income	736.16	650.22	1		
20				4710 - Write Off Bad Debt		443.45	1		
21				Credit Checks	210.00			210.00	
22				Misc. Income	209.70			209.70	
23				Recycle Fee	120.00			120.00	
24				Refund	59.00			59.00	
25				Surcharge - Road Improvement	4,751.93			4,751.93	
26				Total Income	718,113.03	761,369.18		608,357.79	656,585.76
27									
28	EXPENSE								
29				Employee Costs					
30				5200 - Wages-Managers		40,960.34			40,960.34
31				5210 - Wages-Maintenance		39,680.68			39,680.68
32				5241 - P/R Tax-Soc Sec		4,999.78			4,999.78
33				5242 - P/R Tax-Medicare		1,169.38			1,169.38
34				5243 - P/R Tax-FUTA		167.99			167.99
35				5244 - P/R Tax-Suta		730.30			730.30
36				5260 - Insur-Work Comp	8,043.00	7,814.32		8,043.00	7,814.32
37				5270 - Rent (employee housing)		3,342.24			3,342.24
38				Wages	113,198.81			113,198.81	
39				Payroll Taxes	12,656.77			12,656.77	
40				Total Employee Costs	133,898.58	98,865.03		133,898.58	98,865.03
41									
42				Utility Expenses					
43				5310 - Electricity	48,071.14	47,467.92	1		
44				5300 - Gas	31,514.01	25,649.72	1		
45				5320 - Water Expense	38,779.12	38,905.57		38,779.12	38,905.57
46				5330 - Sewer	33,854.31	54,587.92		33,854.31	54,587.92
47				5360 - Trash	11,179.93	11,144.53		11,179.93	11,144.53
48				5380 - Cable TV		666.45			666.45
49				Park Utility Expense	527.92			527.92	
50				Total Utility Expenses	163,926.43	178,422.11		84,341.28	105,304.47

	A	B	C	D	E	F	G	H	I
1	NOMAD VILLAGE - TABLE 3-A								
2	MNOI ANALYSIS 2007-2010								
3					BOOKS OF RECORD			MNOI ANALYSIS	
4					2007	2010		2007	2010
5									
51									
52				Repair and Maintenance					
53				5400 - R&M-Common Areas		1,728.34			1,728.34
54				5420 - R&M-Electrical		1,417.92	1		
55				5430 - R&M-Tools & Equip.		145.80			145.80
56				5450 - R&M-Gas System		930.06	1		
57				5460 - R&M-Landscape		248.02			248.02
58				5470 - R&M-Laundry, Showers, etc.		49.89			49.89
59				5480 - R&M-Lights		1,365.49			1,365.49
60				5490 - R&M-Park Owned Homes/Bldgs		43.95			43.95
61				5510 - R&M-Pool & Spa		5,228.53			5,228.53
62				5520 - R&M-Sewer System		2,706.44			2,706.44
63				5530 - R&M-Streets		327.22			327.22
64				5540 - R&M-Street Sweeping		2,340.00			2,340.00
65				5560 - R&M-Vehicles		1,198.62			1,198.62
66				5570 - R&M-Water System		566.53			566.53
67				Repair & Maintenance	13,882.85			13,882.85	
68				Total Repair & Maintenance	13,882.85	18,296.81		13,882.85	15,948.83
69									
70				Operating Supplies					
71				5600 - Clubhouse Supplies		862.41			862.41
72				5610 - Common Area Supplies		619.63			619.63
73				5615 - Equipment Gas		679.46			679.46
74				5620 - Janitorial Supplies		369.48			369.48
75				5650 - Tools, Equip, Vehicles		79.20			79.20
76				5655 - Vehicle Gas		1,724.04			1,724.04
77				Supplies	1,578.16			1,578.16	
78				Total Operating Supplies	1,578.16	4,334.22		1,578.16	4,334.22
79									
80				Office & Administration					
81				5710 - Advertising -		126.70			126.70
82				5730 - Bank Charges	71.60	781.59		71.60	781.59
83				5740 - Credit Checks		88.50			88.50
84				5750 - Dues & Subscriptions	140.00	13,923.88		140.00	13,923.88
85				5760 - Education & Seminars		850.00			850.00
86				5470 - Insurance-Prop & Liab	11,944.01	10,959.15		11,944.01	10,959.15
87				5785 - Land Lease Payments	53,614.70	113,340.74		53,614.70	113,340.74
88				5790 - Legal-Evictions		1,176.00			1,176.00
89				5800 - Legal-General		51,045.00	3		
90				5810 - Licenses & Permits		2,379.00			2,379.00
91				5820 - Management Fees		35,309.73	2		35,309.73
92				5830 - Meals & Entertainment		80.97			80.97
93				5860 - Office Supplies	1,243.83	1,006.68		1,243.83	1,006.68
94				5870 - Outside Services - Consulting		6,562.50	3		
95				5870 - Outside Services - Other		4,683.29			4,683.29

	A	B	C	D	E	F	G	H	I
1	NOMAD VILLAGE - TABLE 3-A								
2	MNOI ANALYSIS 2007-2010								
3					BOOKS OF RECORD			MNOI ANALYSIS	
4					2007	2010		2007	2010
5									
96				5885 - Payroll Service		1,710.40			1,710.40
97				5890 - Postage	201.00	1,826.93		201.00	1,826.93
98				5900 - Taxes - Property	37,966.32	66,485.84		37,966.32	66,485.84
99				5900 - Taxes - Property - Supplemental		15,766.98	4		
100				5907 - Security Patrol	3,230.50	5,998.50		3,230.50	5,998.50
101				5910 - Telephone	4,958.42	3,476.17		4,958.42	3,476.17
102				5940 - Travel		1,048.00			1,048.00
103				5945 - Cash Over/Short		3.02	1		
104				Accounting & Legal	84,290.47		5	⑦ 10,245.69	
105				Amortization Expense	457.00		1		
106				Auto Expense	6,382.80			6,382.80	
107				Casual Labor	500.00			500.00	
108				Cleaning Expense	1,348.50			1,348.50	
109				Depreciation	4,577.00		1		
110				Donations	150.00		1		
111				Professional Services	2,546.26			2,546.26	
112				Officers Salary	43,560.00		④ 1		
113				Taxes - Corporation	1,617.00			1,617.00	
114				Tenant Services	112.06			112.06	
115				Total Office & Administration	258,911.47	338,629.57		136,122.69	265,252.07
116									
117				Total Operating Expenses	572,197.49	638,547.74		369,823.56	489,704.62
118									
119									
120				Space Rent Income	535,997.58	564,327.90		535,997.58	564,327.90
121				Total Income	718,113.03	761,369.18		608,357.79	656,585.76
122				Total Operating Expenses	572,197.49	638,547.74		369,823.56	489,704.62
123				Net Operating Income	145,915.54	122,821.44		238,534.23	166,881.14
124									
125									
126	NOTES:								
127	1			Item not included in MNOI calculations					
128	2			Management fees in 2007 included in Wages. (Wages in 2007 = \$113,199. Wages + Management in					
129				2010 = \$115,951.)					
130	3			Legal and Consulting Services are included in another section of the increase notice					
131	4			Supplemental Property Taxes are included in another section of the increase notice					
132	5	⑦		2007 Legal Expenses for Taylor lawsuit - \$74,044.78 - was reimbursed later. Legal & Accounting for 2007					
133				is residual. As comparison, average Legal & Accounting for ten years 1994-2003 was \$9,619.08 per year.					
134									
135									
136									
137									

	A	B	C	D	E	F	G	H	I
1	NOMAD VILLAGE - TABLE 3-A								
2	MNOI ANALYSIS 2007-2010								
3					BOOKS OF RECORD			MNOI ANALYSIS	
4					2007	2010		2007	2010
5									
138	Rent Increase Following Method Set Out In The Ordinance:								
139									
140	1	CPI Base and Comparison Years						209.661	⑧ 218.435
141		CPI increase from base to comparison year							4.2%
142		75% CPI increase from base to comparison year							3.1%
143		Base Year Space Rent Income						535,997.58	
144		CPI-justified space rent increase						16,823.02	
145		One-half CPI-justified increase = fair return on investment							8,411.51
146									
147	2	One-half CPI-justified increase against cost increases							8,411.51
148									
149	3	Base Year Operating Costs						369,823.56	
150		Comparison Year Operating Costs						489,704.62	
151		Increase in Operating Costs						119,881.06	
152		Excess over #2							111,469.55
153									
154	4	Justified Rent Increase (Sum 1, 2, and 3)							128,292.57
155		Increase Taken Already							28,330.32
156		Net Justified Increase							99,962.25
157		Space Rent Increase per space per month (divide by 150 spaces and 12 months)							55.53
158									
159									
160									
161	Rent Increase Following Method Set Out In The Ordinance @ 100% Indexing:								
162									
163	1	CPI Base and Comparison Years						209.66	218.44
164		CPI increase from base to comparison year							4.2%
165		Base Year Income						535,997.58	
166		CPI-justified space rent increase						22,430.70	
167		One-half CPI-justified increase = fair return on investment							11,215.35
168									
169	2	One-half CPI-justified increase against cost increases							11,215.35
170									
171	3	Base Year Operating Costs						369,823.56	
172		Comparison Year Operating Costs						489,704.62	
173		Increase in Operating Costs						119,881.06	
174		Excess over #2							108,665.71
175									
176	4	Justified Rent Increase (Sum 1, 2, and 3)							131,096.41
177		Increase Taken Already							28,330.32
178		Net Justified Increase							102,766.09
179		Space Rent Increase per space per month (divide by 150 spaces and 12 months)							57.09
180									
181									
182	2007-2010MNOI-080911								



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Consumer Price Index - Urban Wage Earners and Clerical Workers

Series Id: CWURA421SA0
 Not Seasonally Adjusted
 Area: Los Angeles-Riverside-Orange County, CA
 Item: All items
 Base Period: 1982-84=100

Download: .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1993	144.4	145.0	144.8	144.9	145.1	144.8	144.8	144.9	145.0	145.7	146.4	146.7
1994	146.8	146.9	147.0	146.6	146.2	146.1	146.5	146.8	147.3	148.0	147.7	148.1
1995	149.0	149.2	149.3	149.5	149.8	149.7	149.3	149.2	149.3	149.9	149.2	149.4
1996	150.4	150.9	151.9	152.4	152.3	151.5	152.3	151.9	152.7	153.2	152.9	152.7
1997	153.6	153.6	154.2	154.3	154.0	153.8	153.8	154.0	154.7	155.4	154.9	155.3
1998	155.1	155.0	155.1	155.6	156.2	156.1	155.9	156.1	156.1	156.8	157.0	157.2
1999	157.8	158.1	158.3	160.1	159.7	158.9	159.2	159.8	160.7	160.7	160.6	160.9
2000	161.3	162.4	163.9	164.0	164.4	164.3	165.0	165.3	166.3	166.9	166.6	166.7
2001	167.3	168.3	169.1	169.6	170.5	171.9	171.3	171.1	171.5	171.0	170.7	169.7
2002	171.5	172.8	173.8	174.8	175.4	174.7	175.0	175.6	176.3	176.5	177.0	176.7
2003	177.8	179.6	181.6	180.9	179.9	179.6	179.6	180.5	181.9	181.2	180.5	180.2
2004	181.7	183.4	184.9	185.2	186.8	187.4	186.8	186.5	187.8	189.8	190.3	188.5
2005	188.5	190.3	192.1	194.2	194.6	193.7	194.6	196.4	199.0	200.0	198.4	196.5
2006	198.3	199.9	200.8	202.9	205.0	204.2	204.5	205.0	205.3	203.5	203.3	202.9
2007	204.498	206.632	208.929	210.195	211.145	209.614	209.444	209.240	209.849	211.259	212.844	212.282
2008	213.825	214.231	216.493	217.914	219.702	222.435	223.245	221.230	220.285	218.726	214.083	211.007
2009	212.454	213.234	213.013	213.405	214.446	216.145	216.128	216.628	217.302	217.474	216.618	216.233
2010	217.290	217.090	218.157	218.475	218.787	218.222	218.367	218.752	218.427	219.339	218.694	219.619
2011	221.540	222.814	225.770	227.051	226.842	225.461	224.277	224.665	226.096	226.116	225.786	

1-Month Percent Change


Series Id: CWURA421SA0

Not Seasonally Adjusted

Area: Los Angeles-Riverside-Orange County, CA

Item: All items

Base Period: 1982-84=100

Download:  .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1993	0.6	0.4	-0.1	0.1	0.1	-0.2	0.0	0.1	0.1	0.5	0.5	0.2			
1994	0.1	0.1	0.1	-0.3	-0.3	-0.1	0.3	0.2	0.3	0.5	-0.2	0.3			
1995	0.6	0.1	0.1	0.1	0.2	-0.1	-0.3	-0.1	0.1	0.4	-0.5	0.1			
1996	0.7	0.3	0.7	0.3	-0.1	-0.5	0.5	-0.3	0.5	0.3	-0.2	-0.1			
1997	0.6	0.0	0.4	0.1	-0.2	-0.1	0.0	0.1	0.5	0.5	-0.3	0.3			
1998	-0.1	-0.1	0.1	0.3	0.4	-0.1	-0.1	0.1	0.0	0.4	0.1	0.1			
1999	0.4	0.2	0.1	1.1	-0.2	-0.5	0.2	0.4	0.6	0.0	-0.1	0.2			
2000	0.2	0.7	0.9	0.1	0.2	-0.1	0.4	0.2	0.6	0.4	-0.2	0.1			
2001	0.4	0.6	0.5	0.3	0.5	0.8	-0.3	-0.1	0.2	-0.3	-0.2	-0.6			
2002	1.1	0.8	0.6	0.6	0.3	-0.4	0.2	0.3	0.4	0.1	0.3	-0.2			
2003	0.6	1.0	1.1	-0.4	-0.6	-0.2	0.0	0.5	0.8	-0.4	-0.4	-0.2			
2004	0.8	0.9	0.8	0.2	0.9	0.3	-0.3	-0.2	0.7	1.1	0.3	-0.9			
2005	0.0	1.0	0.9	1.1	0.2	-0.5	0.5	0.9	1.3	0.5	-0.8	-1.0			
2006	0.9	0.8	0.5	1.0	1.0	-0.4	0.1	0.2	0.1	-0.9	-0.1	-0.2			
2007	0.8	1.0	1.1	0.6	0.5	-0.7	-0.1	-0.1	0.3	0.7	0.8	-0.3			
2008	0.7	0.2	1.1	0.7	0.8	1.2	0.4	-0.9	-0.4	-0.7	-2.1	-1.4			
2009	0.7	0.4	-0.1	0.2	0.5	0.8	0.0	0.2	0.3	0.1	-0.4	-0.2			
2010	0.5	-0.1	0.5	0.1	0.1	-0.3	0.1	0.2	-0.1	0.4	-0.3	0.4			
2011	0.9	0.6	1.3	0.6	-0.1	-0.6	-0.5	0.2	0.6	0.0	-0.1				

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Attachment 2
 Comparison of Return on Investment
 for currently listed Mobile Home Parks for sale

Listing of Mobile Home Parks in California Per:
http://www.loopnet.com/California_Mobile-Home-RV-Parks-For-Sale/

Park Name	Address	Price	Listed Cap. Rate	Net Operating Income	Calculated ROI
Oasis Mobile Home Park	1943 W Ramsey, Banning, CA 92220	\$795,000	9.00%	\$71,550	9.00%
RV PARK OF SAN RAFAEL	742 W. FRANCISCO BLVD., San Rafael, CA 94901	\$2,200,000	6.04%	\$132,880	6.04%
colton mobile home park	574 H St, Colton, CA 92324	\$475,000	10.00%	\$48,000	10.11%
Fairgrounds Village MHP	1025 Martin Street, Lakeport, CA 95453	\$1,350,000	8.40%	\$114,240	8.40%
Lovey's Landing	3474 N. Meridian Rd., Meridian, CA 95957	\$1,110,000	16.00%	\$180,540	16.26%
County Hills	14711 Manzanilla Road, Beaumont, CA 92223	\$2,100,000	7.40%	\$155,400	7.40%
Black and White Mobile Lodge	721 Oswell St., Bakersfield, CA 93306	\$799,900	6.48%	\$51,834	6.48%
Mirage Estates Manufactured Housing Community	220 S. Elk Street, Hemet, CA 92543	\$4,800,000	7%	\$336,000	7.00%
Rancho Corona	1225 W. 8th Street, Corona, CA 92882	\$3,500,000	2.45%	245,000	7.00%
Point Caballo Highlands	13500 Point Caballo Drive, Mendocino, CA 95460	\$1,700,000	5.60%	95,727	5.63%
Willow Glen	6155 Hwy 162 W. Willows, CA 95988	\$1,495,000	9.50%	\$144,000	9.51%
Valley Springs MHP	224 Rose St., Valley Springs, CA 95252	\$389,000	6.40%	25,677	6.44%
1 & E County Club MHP	3900 N Siatale St., Ukiah, CA 95482	\$3,750,000	8.08%	\$302,100	8.05%
Grand View Park	4025 Grand View Blvd, Los Angeles, CA 90066	\$2,000,000	4.83%	\$96,600	4.83%
Modesto Mobile Home Park	4024 McHenry Ave, Modesto, CA 95356	\$8,100,000	6.85%	\$554,850	6.85%
Royal Crest Mobile Home Park	7484 Kickapoo Trail, Yucca Valley, CA 92284	\$1,625,000	7.74%	\$125,775	7.74%
Brookside Mobile Home Park	10129 Harley Leighton Road, Redding, CA 96003	\$1,395,000	11%	\$152,763	10.95%
Little Pine Mobile Home Park	141 E. Park Street, Independence, CA 93526	\$297,000	6%	\$18,000	6.06%
Joshua Mobile Estates	62475 29 Palms Hwy, Joshua Tree, CA 92252	\$1,100,000	10.00%	\$110,000	10.00%
Silliman Mobile Home Park	3880 Silliman Park Circle, Sacramento, CA 95824	\$2,959,999	8.40%	\$251,844	8.39%
Shiloh River Resort	2724 Shiloh Road, Modesto, CA 95358	\$579,000	8.70%	\$50,615	8.74%
CLAREMONT MOBILE VILLAGE	1968 E. Claremont Way, Quincy, CA 95971	\$699,000	10.65%	95,721	10.65%
Lake Morena Park	2332 Lake Morena Dr, Campo, CA 91906	\$1,450,000	7.40%	\$70,890	4.89%
Corkill Park	17989 Corkill Road, Desert Hot Springs, CA 92241	\$3,800,000	8%	\$94,000	8.00%
West Lake MHP	233 West Lake Street, Carlsbad, CA 93549	\$299,500	7.40%	\$22,173	7.40%
Chalet MHP	856 H STREET, Oakdale, CA 95361	\$675,000	10.50%	\$81,972	12.14%
Salton Sea Mobile Home Park	336 Salton Bay Drive, Salton City, CA 92275	\$3,000,000	11.64%	\$365,329	12.18%
Riverfront Resort	453 Parker Road, Parker Dam, CA 92267	\$14,000,000	10.10%	\$1,414,000	10.10%
Hayward Park	2888 medford, Hayward, CA 94541	\$1,500,000	8.90%	\$135,500	8.90%
Hidden Valley Trailer Park	21581 Phoenix Lake Rd, Sonora, CA 95370	\$400,000	7.10%	\$31,950	7.99%
Homeward Trailer Court	9122-9204 Atesia Blvd., Beilflower, CA 90706	\$2,500,000	7.14%	\$181,000	6.96%
Rancho Las Palmas MHP	61320 Pierce Street, Thermal, CA 92274	\$790,000	7.40%	\$81,400	10.30%
Meadows Mobile Home Park	16 Ohio Dr. Bakersfield, CA 93307	\$510,000	9.90%	\$50,500	9.90%
Westlake Mobile Home Park	2791 Lakeshore Blvd., Lakeport, CA 95453	\$530,000	8%	\$50,750	9.58%
A & A Mobile Home Park	1453 S. Plano St., Porterville, CA 93257	\$1,950,000	8.45%	\$164,763	8.45%
Sierra View Mobile Home Park	109 North E. Street, Porterville, CA 93257	\$975,000	6.70%	\$86,500	8.87%
Foothill Mobile Home Manor	16330 Foothill Blvd., Fontana, CA 92335	\$1,798,000	8.90%	\$176,311	9.92%
Woodlawn	1096 e mission blvd, Pomona, CA 91766	\$2,195,000	7%	\$153,650	7.00%
Village Mobile Home Park	140 Klamath Blvd, Klamath, CA 95548	\$830,000	9%	\$74,700	9.00%
Arbor Glen Mobile Home Park	16400 Highway 101, Klamath, CA 95548	\$1,450,000	9%	\$130,500	9.00%
Alpine MHP	1824 21st Street, San Pablo, CA 94806	\$1,875,000	9.60%	\$180,000	9.60%
Sierra Mobile Home Park	9461 Highway 193, Placerville, CA 95663	\$1,530,000	7.30%	\$118,990	7.30%
Northwood Park	10090 East Highway 20, Clearlake Oaks, CA 95423	\$299,000	6%	\$29,000	9.33%
Sycamore Mobile Home Park	24064 N Hwy 99, Acampo, CA 95220	\$1,699,000	5%	\$88,227	5.19%
blenview mobile home park	3850 pacific coast highway, Orland, CA 93008	\$1,400,000	8.56%	\$92,800	6.63%

Average: 8.17%

8.45%

12 SPACE MHP PLUS 4 HOMES--
 PLUS 3 DUPLEXS
 Lease payments are 4% max of the
 total gross income (3.2% average)
 based upon tiered benchmarks

Attachment 3
Recalculation of management's stated
lease increase

NOMAD VILLAGE SPACE INCREASE (MAY, 2011)

PERMANENT INCREASES:

		2008	2009	Increase	Notes
2	Lease Payment Increase	Rental Income	549,053	563,090	
		Rate	10.00%	20.00%	
		Lease Payment	54,905	113,527	Actual for 2008 \$83,288.42
	Total Permanent Increase			<u>58,622</u>	

Base year times additional 10%	\$ 54,905.30
Revenue Increase (567,090-549,053) X 20%	\$ 2,807.40
Difference of presented 113,527 and (563,090*20%)	\$ 909.00
Total:	\$ 58,621.70
Total per month per space (Total / 12 / 150)	\$ 32.57

TEMPORARY INCREASES:

Amortization:	Rate:	9.00%	Years:	7
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4 Uncompensated Increases	Annual	Monthly	Total	
Supplemental Tax Increase				
Increase Land Lease	58,622	4,885.14	166,095	
Uncompensated for (X) months:		34	166,095	
Amortization:				-33,001

Actual interest rate	Compound Periods:	12	
	Number of years:	7	
	nper:	84	
	pmt: \$	2,811.00	Equals \$18.74 X 150
	pv: \$	(166,095.00)	
	fv:	0	
	Type:	1 end = 0 begin = 1	
	RATE(nper,pmt,pv,fv)*per =	10.92%	

PROOF OF SERVICE
(C.C.P. 1013a & 2015.5)

STATE OF CALIFORNIA, COUNTY OF SANTA BARBARA

I am employed in the County of Santa Barbara, State of California. I am over the age of 18 and not a party to the within action; my business address is: P.O. Box 1082 Santa Barbara, California. 93116

On February 06 , 2012, I served the foregoing document's described as,

Homeowners Response to Managements Appeal of Arbitration,

on interested parties in this action:

JAMES BALLANTINE, ESQ.

329 East Anapamu Street
Santa Barbara, CA. 93101

Attorney For : Defendants

By fax. to number

(BY PERSONAL SERVICE) I caused such document to be delivered by hand to the addressee at above physical address.

(XX) By enclosing a true copy in a sealed envelope addressed as shown above by placing said envelope(s) for collection and mailing on the date and at the place shown above following ordinary business practices form Santa Barbara County. I am "readily familiar with the firm's practice of collecting and processing correspondence for mailing. On that same day that the correspondence is placed for collection and mailing, it is deposited with the U.S. Postal Service with postage thereon fully prepaid at Santa Barbara, California.

(XX) (STATE) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

(FEDERAL) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on February 06, 2012, at Santa Barbara, California.


Abel Pizano