

**NOMAD VILLAGE MOBILEHOME PARK**  
**4326 CALLE REAL**  
**SANTA BARBARA, CA 93110**

By Hand Delivery and First Class U.S. Mail

To: Homeowners, Nomad Village Mobilehome Park

Date: March 31, 2016

**Re: Notice of Increase in Monthly Rent Effective July 1, 2016**

Dear Nomad Village Homeowner:

This Notice is in accordance with the Santa Barbara County Mobilehome Rent Control Ordinance ("Ordinance") and the California Mobilehome Residency Law ("MRL"), that effective July 1, 2016, pursuant to the terms of the Ordinance, your Base-Rent for your monthly Space Rent at Nomad Village Mobilehome Park will increase by 75% of the change in the Consumer Price Index – Urban Wage Earners and Clerical Workers for the Los Angeles-Riverside-Orange County, California, for the 12-month percentage changes for the period through February 2016 (CPI adjustments of 2.4% x 75% = 1.8% increase).

There have been no rent increases to Homeowners at Nomad Village for the past 2 years.

In addition to the CPI Base-Rent increase, your Space Rent is also being increased in accordance with the terms of the Ordinance by the amount of \$108.61 per space, per month; of this amount, \$79.30 will be temporary. This increase is in accordance with the terms of the Ordinance for recoupment of expenses incurred by Park Management as follows: The permanent increase is for increased operating expenses by Park Management calculated pursuant to the terms of the Ordinance, and will be permanently added to your Base-Rent. The temporary Rent increase is for costs for capital improvements and expenses that have been incurred by Park Management for the Park common area roads and common area electrical system, as well as for professional fees incurred by Park Management related to the past and ongoing Rent proceedings. These expenses incurred by the Park have been capitalized at nine percent (9%) interest, amortized over 15 years for the capital items and 7 years for the professional fees, for a temporary monthly Rent increase payable beginning July 1, 2016, and concluding May 31, 2031 in the amount of \$23.01 per space and a temporary Rent increase also beginning July 1, 2016, and concluding May 31, 2023, in the amount of \$56.30 per space.

Enclosed is a spreadsheet summarizing the categories of costs on which the Rent increase is based, the amortization period for each cost category, and the total amount of Rent increase for each cost category. Also attached is a Rent Increase Detail sheet explaining each line item of the spreadsheet.

Also enclosed is a statement showing the specific dollar amount of your Base-Rent increases, along with the other Space Rent adjustment. This new Space Rent amount will first appear on your July 2016 rent statements.

The current Rent increase also includes expenses incurred in the appeal of the initial Arbitration Award and the lawsuit that the Park Homeowners through their representative Debra Hamrick pursued against Park Management and lost, that Park Management was forced to defend. As the Homeowners were advised in 2012, Park Management was willing to accept the Arbitrators final award, but since then the Homeowners pursued an appeal that was largely unsuccessful and vigorously pursued a losing lawsuit against Park Management. There is no dispute that Park Management is entitled to recover its fees and costs for these types of proceedings through a rent increase.

The Arbitrator has recently ruled and upheld most of the Park's Rent increase as noticed, with the primary exception of capital items which were planned but had not all been directly paid by Park Management at the time of the Rent increase. All of these planned capital items have now been completed and paid and are now part of the current Rent increase in the exact amounts incurred by Park Management, as outlined in the spreadsheet.

Park Management plans to accept the Arbitrator's most recent Award. If it becomes final, then that will be the end of that proceeding and Park Management will issue rent credits to all Homeowners, after giving notice of the amount and duration of the rent credits. If the Homeowners appeal the current Arbitration Award, then Park Management will defend that appeal and seek to recover through increased rent all additional defense costs, including professional fees. Regardless of whether the current Arbitration Award becomes final, then this Rent Increase will proceed as noticed.

The Park is providing the Homeowners with an **Informational Meeting for all Homeowners** to explain the Rent Increase, to be held at the **Park recreation room on Tuesday, April 19, 2016 at 6:00 P.M.** Pursuant to the terms of the Ordinance, the Park is also providing you with the following information. The increase in this Notice is greater than 75% of the increase in the Consumer Price Indices. The Park is offering the Homeowners a Meet and Confer session at the Park recreation room on Tuesday, April 19, 2016 at 7:30 P.M., to be held immediately following the Informational Meeting, to discuss the basis for this increase. You must send representatives to this session. If you fail to send representatives to this session, you may be forfeiting your right to a hearing to contest this increase. Your representatives may obtain information upon which this Base-Rent increase is based at the Nomad Village Mobilehome Park Manager's Office and at the Waterhouse Management Office beginning April 9, 2016. If the date for meet and confer is not convenient for your representatives, it may be possible to change that date by consulting with Ruben Garcia, at Waterhouse Management Corp., 916/772-4918.

Park Management has offered on multiple occasions to sit down and try to negotiate a resolution with the Park Homeowners, but every time the Homeowners representatives have refused any meaningful negotiations, the result of which has been Park Management incurring hundreds of thousands of dollars in costs defending against the claims by the Homeowners representatives. Park Management remains willing to sit down and discuss a fair and reasonable resolution with the Park Homeowners, either as a whole or individually.

Yours very truly,

NOMAD VILLAGE PARK MANAGEMENT