

HOMEOWNERS' EXHIBIT
A

	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

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2	MNOI ANALYSIS 2007-2010								
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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

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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	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		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									

**HOMEOWNERS' EXHIBIT
B**

NOMAD VILLAGE FAIR 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		

**HOMEOWNERS' EXHIBIT
D**

Exhibit
Comparison of Return on investment
for 2012 2016 listed Mobile Home Parks held for sale

Listing of MobileHome 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	\$1,360,000	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% with a full restaurant and bar
Country Hills	14711 Manzanita 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 Cabrillo Highlands	13500 Point Cabrillo Drive, Mendocino, CA 95460	\$1,700,000	5.60%	95,727	5.63%
Willow Glen	6155 Hwy 162 W, Willows, CA 95988	\$1,499,000	9.60%	\$144,000	9.61%
Valley Springs MHP	224 Rose St., Valley Springs, CA 95252	\$399,000	6.40%	25,677	6.44%
I & ECountry Club MHP	3900 N State St., Ukiah, CA 95482	\$3,750,000	8.08%	\$302,100	8.06%
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%
Stillman Mobile Home Park	3880 Stillman Park Circle, Sacramento, CA 95824	\$2,999,999	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	\$899,000	10.65%	95,721	10.65%
L.ake 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%	304,000	8.00%
West Lake MHP	233 West Lake Street, Cartago, CA 93549	\$299,500	7.40%	\$22,173	7.40%
Chalet MHP	856 H STREET, Oakdale, CA 95361	\$675,000	10.60%	\$81,972	12.14% 12 SPACE MHP PLUS 4 HOMES-- PLUS 3 DUPLEXS
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% Lease payments are 4% max of the total gross income (3.2% average) based upon tiered benchmarks
Hayward Park	2888 medford, Hayward, CA 94541	\$1,500,000	8.90%	\$133,500	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 Artesia Blvd., Bellflower, CA 90706	\$2,600,000	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	8.70%	\$86,500	8.87%
Foothill Mobile Home Manor	16330 Foothill Blvd., Fontana, CA 92335	\$1,798,000	8.90%	\$178,311	9.92%
Woodlawn	1096 e mision 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 95643	\$1,630,000	7.30%	\$118,990	7.30%
Northwood Park	10090 East Highway 20, Clearlake Oaks, CA 95423	\$299,000	6%	\$27,900	9.33%
Sycamore Mobile Home Park	24064 N Hwy 99, Acampo, CA 95220	\$1,699,000	5%	\$88,227	5.19%
glenview mobile home park	3850 pacific coast highway, Oxnard, CA 93036	\$1,400,000	8.68%	\$92,800	6.63%

Average:

8.17%

8.45%

**HOMEOWNERS' EXHIBIT
C**

Nomad Village Return on Capital and Net operating Income

	Initial investment	Aug. - Dec. 2008 Income	2009 Income	2010 Income	2011 Income	2012 Income	2013 Income	2014 Income	2015 Income	Through Feb. 2016 Income	Total Income:
A	From Management's lease agreement										
	\$500,000.00										
	From the income statement provided	37,763.93	148,387.91	122,821.74	245,655.41	277,947.42	331,041.17	50,616.97	315,451.88	72,408.36	1,602,094.79
	Return on Capital	7.55%	29.68%	24.56%	49.13%	55.59%	66.21%	10.12%	63.09%	14.48%	
	add back repairs to streets							276,238.76			
	Return on Capital							65.37%			
	BLS CPI	623.591	639.036	649.040	663.301	676.587	684.430	686.605	699.778		
	CPI % year over year		2.48%	1.57%	2.20%	2.00%	1.16%	0.32%	1.92%		
	Annualized Income	90,633.43									
	CPI Increase Based on prior year		2,244.79	1,453.99	2,072.71	1,931.00	1,139.91	316.12	1,914.58		
	St. John 'fair return'		92,878.23	94,332.22	96,404.93	98,335.93	99,475.84	99,791.96	101,706.54		
	Actual NOI (over) / Under St. John 'fair return'		(\$55,509.68)	(\$28,489.52)	(\$149,250.48)	(\$179,611.49)	(\$231,565.33)	(227,063.77)	(\$213,745.34)		(\$1,085,235.62)
	Management's stated Rate of return										
	9.00%										
	Actual NOI (over) / Under stated NOI	\$18,750.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00	\$45,000.00		
	Note: stated return approximates NOI on MH Parks listed for sale	(\$19,013.93)	(\$103,387.91)	(\$77,821.74)	(\$200,655.41)	(\$232,947.42)	(\$286,041.17)	(\$281,855.73)	(\$270,451.88)		(\$1,472,175.19)
	2016 Increase - Permanent								45,909.93		
	2016 Increase - 15 Years								41,418.00		
	2016 Increase - 7 Years								101,322.00		
B	Total Annual increase to NOI								188,649.93		
	Return on Capital - On increase only								37.73%		
A + B	Requested total future annual income								504,101.81		
	Requested Annual return on Capital								100.82%		

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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	\$1,360,000	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%
Country Hills	14711 Manzanita 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 Cabrillo Highlands	13500 Point Cabrillo Drive, Mendocino, CA 95460	\$1,700,000	5.60%	95,727	5.63%
Willow Glen	6155 Hwy 162 W, Willows, CA 95988	\$1,499,000	9.60%	\$144,000	9.61%
Valley Springs MHP	224 Rose St., Valley Springs, CA 95252	\$399,000	6.40%	25,677	6.44%
I & ECountry Club MHP	3900 N State St., Ukiah, CA 95482	\$3,750,000	8.08%	\$302,100	8.06%
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%
Stillman Mobile Home Park	3880 Stillman Park Circle, Sacramento, CA 95824	\$2,999,999	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	\$899,000	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%	304,000	8.00%
West Lake MHP	233 West Lake Street, Cartago, CA 93549	\$299,500	7.40%	\$22,173	7.40%
Chalet MHP	856 H STREET, Oakdale, CA 95361	\$675,000	10.60%	\$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%	\$133,500	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 Artesia Blvd., Bellflower, CA 90706	\$2,600,000	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	8.70%	\$86,500	8.87%
Foothill Mobile Home Manor	16330 Foothill Blvd., Fontana, CA 92335	\$1,798,000	8.90%	\$178,311	9.92%
Woodlawn	1096 e mision 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 95643	\$1,630,000	7.30%	\$118,990	7.30%
Northwood Park	10090 East Highway 20, Clearlake Oaks, CA 95423	\$299,000	6%	\$27,900	9.33%
Sycamore Mobile Home Park	24064 N Hwy 99, Acampo, CA 95220	\$1,699,000	5%	\$88,227	5.19%
glenview mobile home park	3850 pacific coast highway, Oxnard, CA 93036	\$1,400,000	8.68%	\$92,800	6.63%

with a full restaurant and bar

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

Average:

8.17%

8.45%

BILL FOR **Jun 2016** No 83
FROM

UTILITY READINGS	FROM	TO	DIFF	ENERGY UNITS	CHARGE
GAS CuFtx100	4095	4121	26	27	29.29
ELE KWH	79104	79248	144	144	21.34
WAT CuFtx100	410	412	2		17.01

NEW NOMAD PARK
4326 CALLE REAL
SANTA BARBARA CA 93110

Rent	420.59
SEWER	31.10
ARB AWARD	67.09
SPEC CHG 3	0.00
Prev bal	2879.42

TO

TONY ALLEN
4326 CALLE REAL SP 83
SANTA BARBARA CA 93110

ACCOUNT 43200083 BILLING FACTOR 1.04200

PLEASE PAY TOTAL \$3465.84

Bill due on first.
Paid / / Amt= Recd by Adj Tot

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**HOMEOWNERS' EXHIBIT
E**

*Fair Return
and the California Courts*

MICHAEL ST. JOHN, Ph.D.

**St. John & Associates
2121 West Street
Berkeley, California 94702**

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Biographical note

Michael St. John, educated at Harvard College (BA 1962) and the University of California at Berkeley (MA 1984, Ph.D. 1989), is an economist whose career has centered on governmental regulation of housing. Dr. St. John is also the owner and principal consultant at St. John & Associates, a property management consulting firm specializing in rent control. Dr. St. John has authored several papers and studies on the impact of rent control, focussed variously on the impact of rent control on rental property value, the socio-economic impacts of rent control, and on municipal finance. In his capacity as principal consultant at St. John & Associates, Dr. St. John has prepared hundreds of rent increase applications and managed hundreds of rent control hearings. He has also served as expert witness in several key rent control lawsuits, including Searle v. City of Berkeley, Berger Foundation v. City of Escondido, Santa Monica Beach, and Valparaiso v. City of Cotati.

1.3 The Fair Return Requirement—Economic Content

Introduction Courts have been reluctant to articulate the constitutional fair return standard or to dictate the administrative standards regulatory agencies should use. Nevertheless, in dicta or otherwise, courts have given the fair return requirement substantial economic content. This economic content is critical to a meaningful analysis of the effects of specific fair return regulations.

The Cotati decision said that

“Rent which meets the minimum standards of being fair and reasonable is that amount which will permit the property to generate income sufficient to cover the costs of operation and the servicing of reasonable financing and to ensure the return of a reasonable profit.”⁴²

“Fair” Rents Are Not Just “Breakeven” Rents Thus fair rents are not breakeven rents; expenses and debt service and profits must be allowed. Another California case (Howard) has stated that breakeven rents are not required per se, but the context is the court’s conclusion that debt service must be considered by the Board. Breakeven is not required in all cases because owners might “...encumber their properties with high interest loans and then seek...rent adjustments to cover the debt service.”⁴³ The consistent implication in this and other cases is that, barring such side issues as over-encumbrance with debt, breakeven rents are not enough; a return must be allowed, in addition to coverage of expenses and debt service.⁴⁴

The Oceanside court also provided useful economic content.

“... to be ‘just and reasonable’ a rate of return must be high enough to encourage good management including adequate maintenance of services, to furnish a reward for efficiency, to discourage the flight of capital from the rental housing market, and to enable operators to maintain and support their credit.”⁴⁵

⁴² Cotati 293.

⁴³ Howard 30.

⁴⁴ See Section 4.1 below for a more complete discussion of courts’ treatment of debt service.

⁴⁵ Oceanside 908.

Thus rents must allow properties to remain viable in the capital market: to attract capital, to avoid foreclosure, to periodically refinance. Rents must be high enough to hold investors to their housing investments and to allow appropriate management and maintenance of the property.

Significantly, Oceanside also defined the purpose of rent control in purely economic terms.

“Rent control attempts to restore free market conditions by limiting rent increases to that level which would occur under general market conditions—a competitive housing market as opposed to a monopolistic or oligopolistic one.”⁴⁶

Courts have also set economic standards for the rate of return itself.

“A just and reasonable return is one which is generally commensurate with returns on investments in other enterprises having corresponding risks.”⁴⁷

“An investment in rental property...should bear a greater rate of return than a passive investment...”⁴⁸

The courts in these cases recognize that for the rental housing market to remain viable, investors must be allowed to achieve in the regulated market returns that are similar to the returns investors can achieve through other, unregulated investments having similar risks. Rates of return capable of achieving these objectives will be greater than rates of return on passive investments, such as certificates of deposit or second mortgages.

A Basic Fair Return Standard

These judicial clarifications provide economic meaning to the otherwise abstract concept of “fair return”. Indeed, they lead us to the basic fair return standard. The courts have carefully avoided elevating any single fair return rule above all others. There can be little doubt, nonetheless, of what such a rule would be:

⁴⁶ Oceanside 905.

⁴⁷ Oceanside 908, quoting Troy Hills.

⁴⁸ Cotati 294.

Rents must be allowed which cover

- Reasonable operating expenses.
- A reasonable level of debt service.
- A return on funds reasonably invested in the property.

where ...

“Reasonable operating expenses”... means all operating expenses customarily associated with the normal, businesslike operation of similar, unregulated facilities.

“Reasonable debt service”... means interest and principal payments on property-related debt where the debt level, interest rate, and terms are all within a normal range for similar, unregulated income properties.

“A return on funds reasonably invested”... means a rate of return on invested funds where the rate and the investment amount are within a range which is normal for similar investments in unregulated markets.

Summary

Evaluated from an economic viewpoint, the basic fair return rule is just what the courts have said repeatedly: a fair return on investment. Other standards may be used as an approximation, or as an alternative calculation algorithm, but the most basic method—the method most likely to survive a judicial challenge and the method most likely to define the “constitutional minimum”—is the fair return on investment standard.⁴⁹

⁴⁹ The standards are defined in Section 3 below.

3. THE STANDARDS

Introduction The Carson decision reiterated that

“rent control agencies are not obliged by either the state or federal Constitution to fix rents by application of any particular method or formula”.¹¹²

The Fisher decision pointed out that rent control agencies

“have employed a veritable smorgasbord of administrative standards by which to determine rent ceilings”.¹¹³

And the Supreme Court said in Permian Basin,

“neither law nor economics has yet devised generally accepted standards for the evaluation of rate-making orders”.¹¹⁴

Courts have often repeated that agencies must be free to consider local economic conditions and the particular circumstances of the regulated industry in order to craft standards that fit the purpose. The fair return standards which have been employed by rent boards and/or discussed in the rent control literature are described in the following sections.

¹¹² Fisher 680, quoting Carson, citing Hope.

¹¹³ Fisher 679.

¹¹⁴ See also Helmley 209: “Satisfactory formulations of just and reasonable return...have proven to be elusive.”

True Standards There are four fair return standards which can be called “true” standards for rent regulation:

1. Fair Return on Value (FROV)
2. Fair Return on Equity (FROE)
3. Fair Return on Investment (FROI)
4. Internal Rate of Return (IRR)

All four compute a “return” as a percentage of the investment in real property. The investment is seen variously as original cash investment (FROI), current property value (FROV), current value less debt (FROE), or all investments, original and subsequent (IRR). There are conceptual and practical advantages and disadvantages to each, as will be discussed below. Debates have raged over the years about these and other fair return standards. The truth is that all of these standards are internally consistent, meaningful, and potentially useful. Applied correctly, in the manner set out below, each of these standards can establish fair return rents.

Approximation Standards There are three standards that have been called “fair return standards” even though they do not identify a “return” in the normal way:

1. Maintenance of Net Operating Income (MNOI).
2. NOI Ratio Standard.
3. CPI Standard.

These standards can be called “approximation standards” because they may approximate a fair return in some fact situations.

False Standards Incorrect standards surface from time to time. Unfortunately, some are granted temporary credibility. Three will be mentioned here:

1. Return on Book Value.
2. Gross Profit Maintenance.
3. Partial Indexing.

3.1 True Fair Return Standards, Continued

3.1.3 Fair Return on Investment (FROI)

Definition The basic Fair Return on Investment (FROI) formula is:

$$\text{Fair Rent} = \text{Expenses} + \text{Debt Service} + n\% (\text{Funds Invested} * \text{CPI})$$

where fair rent equals operating expenses plus interest on property-related debt plus a fair rate of return ($n\%$) times the funds actually invested in the property, with investment amounts adjusted by inflation.

Discussion For a newly purchased property, FROI and FROE would be identical, because the funds invested would necessarily equal the value less the debt. But as time goes on, FROE and FROI could diverge as the value of the current equity increased beyond the value of the original investment, depending on the mortgage rate and the allowed rate of return.

Caveat The FROI standard, like the FROV and FROE standards, has a potential flaw which requires careful attention. If the investment amount is recorded in nominal dollars, the investment amount diminishes over time in an inflating economy, relative to all other relevant variables. Thus two identical buildings, side by side, might have associated “investments” an order of magnitude apart if one was purchased recently and the other 50 years ago. Using these “investment” amounts, without adjustment for inflation, would lead to widely disparate “fair return” rents. Assigning different rents to buildings according to the date of purchase is fundamentally irrational and would lead to destabilization of rents upon sale of the property.

Solution

The solution to this problem is to index the nominal value of investments for inflation. This accomplished, the date of purchase will have a more moderate impact on rent calculations. As the Cotati court explained,

“The landlord who purchased property years ago with pre-inflation dollars is not limited to a return on the actual dollars invested; the Board may equate original investment with current dollar values and assure a fair return accordingly.”¹²⁵

The rate of return for a FROI formula should be 10% to 12%, higher than the FROV rate but lower than an IRR or as Cash-on-Cash rate.¹²⁶

Application of the FROI Standard

The FROI standard is based on the straightforward assumption that rent controlled properties should be allowed to make a fair return on sums invested in the property.

Correct application of the FROI standard requires the following steps:

Step	Action
1.	Identify the investment amounts.
2.	Index all investment forward at the inflation rate.
3.	Compute a fair return on the sum of indexed investments.
4.	Identify the interest on property-related debt.
5.	Identify the current (or just past) year expenses.
6.	Sum the fair return, interest on debt and current expenses.

1. Identify the investment amounts.

This might be the original investment only, if the purchase was all cash and if there have been no supplemental investments. Alternatively, it might be original investment plus payments on principal plus capital improvements plus other investments in the property including negative cash flow, if any.

¹²⁵ Cotati 289. The Cotati decision spelled out in detail how a fair return on investment system would work. See Section 4.2 below.

¹²⁶ Note that a “return on investment” computed by the FROI formula does not take into account increased property value. Increased property value would be considered explicitly in an IRR calculation (see Section 3.1.4). An IRR of 16 to 20% might correlate to a FROI of 10 to 12%.

2. Index all investment forward at the inflation rate

“Indexing” means using the local CPI to adjust investment amounts for inflation. Look up the CPI for the investment year and for the current year. Multiply the investment by the current year CPI and divide by the investment year CPI. The result will be, for each investment, a current-dollar equivalent of the actual investment amount.

3. Compute a fair return on the sum of indexed investments

The fair rate of return should be the market rate of return on investment achievable in free markets for similar investments. Several courts have approved the figure of 10%. Multiply the fair rate of return by the sum of the indexed investments. The result is the “fair return on investment”.

4. Identify the interest on property-related debt.

Property related debt would include a first and second mortgage. Debt proceeds should have been used for purchase or improvements. Debt totals should be adjusted if any proceeds went to non-property related purposes.

5. Identify the current (or just past) year expenses.

In general, the appropriate current year expenses will be all normal operating expenses, adjusted as necessary for accounting consistency. Expenses for which reimbursement was achieved through insurance or by other means should be reduced to the extent of the reimbursement. Many ordinances exclude legal fees incurred in challenging the ordinance. This may be proper prior to a decision, but there should be a mechanism for pass-through of legal fees when an owner is successful, through court proceedings, in achieving rent increases denied at the local level. In addition, legal and consulting fees incurred in the application process should be allowed along with other normal business expenses.

6. Sum the fair return, interest on debt and current expenses.

This total equals the fair return income. Allocate this total income over the units at the property and over twelve months to find the fair return rents.

3.2 Approximation Standards

3.2.1 Maintenance of Net Operating Income (MNOI)

Definition The basic Maintenance of Net Operating Income (MNOI) formula is:

$$\text{Fair Rent} = \text{Expenses} + \text{Base Year NOI} * \text{CPI}$$

where fair rent equals current operating expenses plus the net operating income achieved in the base year, adjusted for inflation.

Discussion The MNOI standard is often referred to as a “fair return on investment” standard, although that nomenclature is puzzling since neither a rate of return nor an investment feature in the formula. Nevertheless, the MNOI standard is the standard of choice for the majority of rent control jurisdictions in California. All of the jurisdictions having restrictive rent control for apartments (Berkeley, Santa Monica, East Palo Alto, Cotati, Palm Springs, and West Hollywood) use a MNOI system, as do many of the moderate rent control programs for apartments and a majority of the jurisdictions having mobilehome space rent control.¹³⁰

The MNOI standard has several advantages. It relates to the past smoothly, allowing rent increases based on the rents prevailing just prior to the imposition of rent control. It is relatively simple to compute, requiring no complex logic or mathematics. The data requirements are major but not insurmountable.

**Caveat:
Inflation** But the MNOI standard, like the other standards, has its Achilles heels. The first is the matter of inflation, treated in detail in Section 2 above. The base year NOI must be indexed for inflation for this standard to function as a fair return standard. Failing to index for inflation, or indexing for a part of the actual inflation, makes a MNOI standard confiscatory as a matter of mathematical necessity. It is only a matter of time.

¹³⁰ The distinction between “restrictive” and “moderate” rent control programs is based most fundamentally on whether rents are controlled through voluntary vacancies. Moderate rent control programs allow rents to return to market levels periodically when the tenant leaves. Restrictive rent control programs never allow rents to return to market levels, controlling the rent continuously irrespective of the identity of the residents. The Costa-Hawkins Act of 1995 mandated that, by 1/1/99, all rent control programs covering apartments incorporate a “vacancy decontrol” feature whereby the rent for vacant units may be set by negotiation, without reference to previous rent ceilings, between the owner and the new tenant. These new rules do not apply, however, to mobilehome rent control.

**Caveat:
Base Year
Rents**

The other Achilles heel of the MNOI standard is that it depends on rents that happen to have been in place during the base year. The MNOI standard is based on a presumption that the base year net operating income afforded the owner a fair return. Since base year rents were typically set in a free market, without regulatory constraints, it is not unreasonable to expect that base year NOI met the fair return requirement in most cases. If rents are allowed to increase so that the base year NOI is then adjusted to account (fully) for the effects of inflation, a fair return will presumably be allowed in future years.

But the presumption that rents were at fair return levels during the base year may be incorrect in some cases. If the MNOI rule is to insure a fair return for all properties, the base year fair return presumption must be rebuttable.

**Reasons for
Below-Market
Base Year
Rents**

There are many possible reasons for below-market base year rents. Some owners may have been away or inattentive, or may have left the property in the hands of an incompetent manager. Other owners may have chosen consciously to leave rents below market because they didn't at that time need the income, because it was their policy not to raise rents for long-term tenants, or because they were relying on the investment for tax relief, not cash flow.¹³¹

Prior to rent control, a decision to leave rents below market meant only a temporary loss of income. The advent of rent control, on the other hand, freezes below market rents into the rate structure in a MNOI system. Low base year rents mean low base year NOI, which translates into low NOI and low rents forever. Rents not granting a fair return in the base year would become rents not granting a fair return in all future years, even if inflation were handled correctly. A mechanism allowing adjustment of base year rents is required if the system is to provide all owners a fair return.

Courts have recognized the logic in the proposition that the fair return presumption must be rebuttable. The Birkenfeld court said that

“... an adjustment mechanism is constitutionally necessary to provide for ... situations in which the base rent cannot reasonably be deemed to reflect general market conditions.”¹³²

¹³¹ Operating rental property at a loss for tax benefits made sense when many of California's rent laws began, in the late 1970s and early 1980s, but does not make sense today. The Tax Reform Act of 1986, by dropping special treatment for capital gains and by other changes, decreased the tax benefits from ownership of rental property to near zero.

¹³² Birkenfeld 169.

In Vega, the court said that

“After base date rents are established which reflect general market conditions, then the Commission should apply and maintain the net operating income formula of the Ordinance.”¹³³

In City of Berkeley, the court ruled that

“... the comparable rents regulation ... [is] necessary to eliminate long continued unreasonable delay in terminating confiscatory rental rates in City and in providing a just and reasonable return on investment to City's landlords.”¹³⁴

The Oceanside court said, with evident approval, that

“... if for some reason the park owner was behind the general market in [the base year], the ordinance permits him to increase the [base year] rents to reflect the market conditions.”¹³⁵

These comments indicate that some courts understand, in principle, that base rent adjustments must be allowed. Rent control jurisdictions, however, have in general not implemented the spirit of these opinions. Several jurisdictions have limited base rent adjustments to situations matching the examples given in the Birkenfeld and Vega decisions. No rent increases have been allowed in these jurisdictions when base year rents were low for other reasons or when, through the passage of time or because of sale of the property, the reasons are simply unknown.

¹³³ Vega 1351.

¹³⁴ City of Berkeley 985. Judge King's passionate dissent, however, criticized the majority for “permitting half of all base year rents to be increased automatically to the median,” commenting that “This increase has no direct relationship to fair return on investment, the rationale the lead opinion uses to uphold it.” (King Dissent @ 20) Judge King's understanding of the actual impact of the regulation is incorrect; nothing in the regulation in question suggests that half of all Berkeley rents will be increased under the regulation, nor has the regulation in fact been implemented in this way. Nevertheless, his dissent indicates that there are major differences of opinion on the question of below market base rents.

¹³⁵ Oceanside 902.

A careful reading of the Birkenfeld decision reveals that the Supreme Court had intended the situations mentioned in the decision as warranting base rent increases (seasonal fluctuations and special relationship between landlord and tenant) to be illustrative, not exclusive. Replying to critics of the list of factors in Berkeley's 1972 rent law, the court said that “[the] factors are not exclusive but illustrative of the ‘relevant factors’ to be considered.”¹³⁶

Following the same assumption, the Malibu court struck down the procedure by which base rent adjustments were limited to those mentioned in Birkenfeld, saying that

“...the procedure...to adjust the base rent in order to assure a fair return is too restrictive. The ordinance allows the park owner to apply for a rent increase from base rent only if ‘the park owner’s operating and maintenance expenses in the base year were unusually high or low in comparison to other years,’ or the rent on the base date was disproportionate because it was artificially high or low due to a lease provision, a seasonal variation, or some special circumstance. The park owner is given no recourse for changes due to other economic conditions or occurrences...”

“The effect of this narrow procedure is that the park owner is not allowed to adjust the base rent to a level that provides it a reasonable return under all circumstances. Consequently, it violates the Due Process Clause of the Fourteenth Amendment.”¹³⁷

Unfortunately, other courts have not agreed with these propositions. The court in Apartment Association of Greater Los Angeles (AAGLA) v. Santa Monica Rent Control Board ruled in a facial case, contrary to the apparent meaning of Birkenfeld, Vega, and Malibu, that

“... there is no general entitlement to an increase in base date rents predicated on market conditions.”¹³⁸

Hopefully, courts will in time accept that the MNOI standard, unlike the FROV, FROE, or FROI standards, is tied directly to the rents charged on the base date, and that base rent adjustments are therefore a mandatory feature if the MNOI system is to reliably provide all owners a fair return.

¹³⁶ Birkenfeld 167.

¹³⁷ Malibu 1493.

¹³⁸ AAGLA 1737.

**Application of
the MNOI
Standard**

The MNOI standard says that property owners will receive a fair return if they are able to maintain the net operating income achieved in the base year. This proposition will, in general, be correct, so long as the system is correctly applied. Correct application of the a MNOI system would always provide for:

- Indexing of base year NOI.
- Base Year NOI adjustments, when applicable.
- Inclusion of all normal business expenses for the comparison year.
- Separate calculation of appropriate amounts for capital improvements.

The MNOI standard, correctly applied, can be a reasonable guide to a fair return, even though the MNOI standard does not use a “rate of return” in the usual sense.

Step	Action
1.	Identify the income and expenses in the base year.
2.	Adjust base year expenses, if necessary.
3.	Adjust base year income, if necessary.
4.	Subtract adjusted base year expenses from adjusted base year income.
5.	Index the base year NOI forward at the CPI.
6.	Identify and adjust the comparison year expenses.
7.	Identify and amortize capital improvements from all years from the base year forward.
8.	Sum the adjusted comparison year expenses, the sum of amortized capital improvements, and the indexed, adjusted base year NOI.

1. Identify the income and expenses in the base year.

The base year should be chosen such that rents are not affected by rent control. The base year might therefore be the year prior to the imposition of rent controls. The objective should be to select a base year in which rents reflected the local, unregulated housing market. Income for the base year should be hypothetical, full-rent, no-vacancy income.

2. Adjust base year expenses, if necessary.

Base year expenses should be adjusted to make sure that they are representative of a typical full year's expenses. If, for example, 13 payments were made to the local utility company in the base year, the utility total should be adjusted to reflect 12 payments. If maintenance expenses were unusually high or low in the base year, base year figures should be adjusted up or down (considering the trend of these expenses) to make the figures used for the MNOI calculations as representative as possible. Capital improvements, as defined in the local ordinance, should not be included in base year expense figures.

3. Adjust base year income, if necessary.

In some cases base year income will not be representative of market rents just prior to the imposition of rent control. If so, adjustments should be made.¹³⁹ Adjustments to base year rents should not be confined to cases in which the reason for unusually low rents is known. The objective should be to increase base rents in all cases in which base year rents were objectively low, irrespective of the reason. Rents should be adjusted to match market rents within and outside of the rent-controlled jurisdiction.

4. Subtract adjusted base year expenses from adjusted base year income.

Adjusted base year expenses are then subtracted from adjusted base year income. The result is adjusted base year net operating income, the base on which all future rent increases will be computed under the MNOI system. Note that, in general, the base year net operating income need be computed only once.

5. Index the base year NOI forward at the CPI.

"Indexing" means using the local CPI to adjust the base year NOI for inflation. Look up the CPI for the base year and the CPI for the comparison year, presumably the latest full year prior to the date of computation. Multiply the base year NOI by the comparison year CPI and divide by the base year CPI. This will result in presumptively fair NOI for the comparison year.

¹³⁹ Such adjustments have become known as "Vega" adjustments after the Santa Monica case addressing this issue.

6. Identify the comparison year expenses.

In general, the comparison year expenses will be all normal operating expenses for the comparison year, but adjustments may be necessary, as in the base year. Expenses for which reimbursement was achieved through insurance or by other means should be reduced to the extent of the reimbursement. Many ordinances exclude legal fees incurred in challenging the local ordinance. This may be proper prior to a decision, but there should be a mechanism for pass-through of legal fees when an owner is successful, through court proceedings, in achieving rent increases denied at the local level. In addition, legal and consulting fees incurred in the application process should be allowed along with other normal and reasonable business expenses.

7. Identify and amortize capital improvements from all years from the base year forward.

Most ordinances define capital improvements, some ordinances more inclusively than others. The definition is not critical because expenses that don't qualify as capital improvements qualify as maintenance expenses. Every expense should be covered, one way or another. Amortization is typically accomplished by spreading the investment over several years and including interest. A particularly straightforward system, used in Berkeley and some other jurisdictions, is to allow a permanent, monthly rent increase that is 1% of the capital amount.

8. Sum the adjusted comparison year expenses, the sum of amortized capital improvements, and the indexed, adjusted base year NOI.

This sum of the adjusted comparison year expenses, the sum of amortized capital improvements, and the indexed, adjusted base year NOI, equals the comparison year fair return rents. If the ordinance provides for an annual, permissive adjustment, that should be added as well. The result is the total allowable income for the current year.

**HOMEOWNERS' EXHIBIT
F**

IN THE MATTER OR ARBITRATION BETWEEN

NOMAD VILLAGE MOBILE HOMEOWNERS,

Petitioner

and

OPINION AND AWARD
(On Remand)

NOMAD VILLAGE MOBILE HOME PARK

Respondent.

ARBITRATOR	Stephen M. Biersmith Attorney at Law
DATE OF THE ORIGINAL AWARD	December 20, 2011
HEARING SITE	County Administration Building County of Santa Barbara
HEARING DATES	Sept. 19 -20 2011 & July 13, 2012
RECORD CLOSED	October 19, 2011
REPRESENTING THE PETITIONER	Ms. Debra Hamrick Homeowners Representative
REPRESENTING THE RESPONDENT	Mr. James Ballantine Attorney at Law 329 East Anapamu Street Santa Barbara, CA. 93101

08-10-12A08:50 RCVD

PROCERURAL HISTORY

On December 20, 2011 the Arbitrator issued an “Opinion and Award” (“Award”) in the above-referenced matter. On May 15, 2012 the Board of Supervisors remanded two parts of the Award back to the Arbitrator for reconsideration. Per the letter dated June 15, 2012 from Ms. Sharon Friedrichsen, Deputy Director for the Community Services Department, another hearing date was scheduled and then held on July 13, 2012. Both parties were informed by the arbitrator during that additional day that no new evidence would be accepted given that the record had been closed on October 19, 2011. Both parties submitted additional briefs, but any new evidence referenced in the same as to fact and/or in support of an argument was not considered by the arbitrator.

ISSUES FOR RECONSIDERATION

The issues remanded by the Board of Supervisors were as follows:

- 1) Opinion and Award #3: “The Homeowners are to pay the Park Owners for all real property taxes assessed by the County”
- 2) Opinion and Award #12. “The Permanent increase is to be \$25.59 and the Temporary Increase \$67.09 as supported by the Respondent’s Exhibit I.”

DISCUSSION

It was unclear from the June 15, 2012 letter as to why the first question was remanded back to the arbitrator for reconsideration. Absent any such direction, the earlier record was once again reviewed and the oral arguments presented by the parties during the remand hearing considered.

It should be noted once again there was conflicting testimony during the evidentiary hearing as to whether or not the Homeowners had been asked by Waterhouse and/or Garcia, representatives of the Park Owner, if they wanted to participate in appealing the tax assessment. In order to make sure there was clarity as to whether or not they had actually been given such an opportunity, prior to the issuance of the Award the Homeowners were asked if they wanted to participate in and pay for the appeal of the County’s property tax reassessment. This reassessment had been initiated by the County based on what it perceived had been a change of ownership with the inauguration of the new lease between the Landowner and the Park Owner. The arbitrator was subsequently informed that the Homeowners did not wish to do so.

There was no persuasive evidence that there had been an abuse of discretion by the arbitrator in making the Award. The County of Santa Barbara's Mobile Home Park Ordinance clearly allows the Park Owner to pass along real property taxes as an expense. The Homeowners argued that had the Landowner decided to operate the park themselves at the expiration of the lease, there would not have been a reappraisal of the property. Besides not presenting any legal authority to support the same, this argument also did not address why for years the Homeowners had not only paid the previous tax assessments, but also the regular annual increases in the property taxes without protest.

From the record it appears as if the mobile home property has always been operated by a management company. The great majority of most if not all of the homeowners moved into the park knowing full well the lease was going to expire and with it the probability that a new management company might once again take over. Neither the Park Owner nor the Homeowners were aware of the possibility that such a change would result in a reassessment. Despite the Homeowners contention to the contrary, without such notice there was no reason to believe such an item needed to be dealt with during the new lease negotiations with the Landowner. Precedent as to this matter appeared to have been well established. The County of Santa Barbara alone was responsible for the reassessment and the Homeowners, as in the past, should pay the Park Owner the full amount of the property tax assessment.

As to the second question, the Board made it clear that all of those items in the Award which would have led to a temporary increase in the monthly amount to be charged to the Homeowners were not to be allowed.

In reviewing the amount of any permanent increase, the only item left for consideration in that category after the Board's review of the earlier award was the portion attributable to real property taxes. Based on the factual determinations above that number would be \$25.59 each month per the calculations submitted by the Park Owners.

AWARD

1. The amount of the Temporary Increase is \$ -0- per month.
2. The amount of the Permanent Increase is \$25.59 per month.

Dated:

8/6/2012



Stephen M. Biersmith, Esq.
Arbitrator

BILL FOR Jun 2016 No 83
FROM

UTILITY READINGS	FROM	TO	DIFF	ENERGY UNITS	CHARGE
GAS CuFtx100	4095	4121	26	27	29.29
ELEC KWH	79104	79248	144	144	21.34
WATER CuFtx100	410	412	2		17.01

NEW NOMAD PARK
4326 CALLE REAL
SANTA BARBARA CA 93110

Rent 420.59
SEWER 31.10
ARB AWARD 67.09
SPEC CHG 3 0.00
Prev bal 2879.42

TO

TONY ALLEN
4326 CALLE REAL SP 83
SANTA BARBARA CA 93110

ACCOUNT 43200083 BILLING FACTOR 1.04200

PLEASE PAY TOTAL \$3465.84

Bill due on first.
Paid / / Amt= Recd by Adj Tot

© PARK BILLING CO., INC. • P.O. BOX 610, DIXON, CA 95620 • 707-586-0160

Jul 2016 No 83

	5/ 6	6/ 7			
CuFtx100	4121	4146	25	26	32.21
KWH	79248	79431	183	183	27.46
CuFtx100	412	417	5		40.56

NEW NOMAD PARK
4326 CALLE REAL
SANTA BARBARA CA 93110

Rent 457.15
SEWER 31.10
ARB AWARD 39.44
TEMP-15YR 23.01
TEMP-7YR 56.30
Prev bal 2946.51

TONY ALLEN
4326 CALLE REAL SP 83
SANTA BARBARA CA 93110

43200083 BILLING FACTOR 1.04300

\$3653.74

BILL DUE ON FIRST.
ARB AWARD CHARGE TO BE BILLED THROUGH 5/1/18. TEMPORARY-15YR CHARGE TO BE BILLED THROUGH 7/1/31. TEMPORARY-7YR CHARGE TO BE BILLED THROUGH 7/1/23.
Paid / / Amt= Recd by Adj Tot

NOMAD VILLAGE CAPITAL EXPENSES INCURRED

ITEM	VENDOR	DATE	AMOUNT	CAT. TOTAL
<u>Capital Improvement Expenses Incurred by Waterhouse Management, Inc.:</u>				
Gate & Fence	S.B. Fence	9/10/08	\$3,800.00	
Fencing Improvements	S.B. Fence	9/15/08	\$6,367.50	
Front & Pool Fencing	S.B. Fence	9/26/08	\$5,450.00	
Improvements	Cusac Construction	11/29/08	\$20,760.00	
Consulting and Regulatory	Dan Fitzgerald Consulting Services	1/15/09	\$1,854.46	
Sewer Repairs	Roto-Rooter	2/8/09	\$6,575.00	
Consulting and Regulatory	Dan Fitzgerald Consulting Services	3/16/09	\$56.25	
Consulting and Regulatory	Dan Fitzgerald Consulting Services	4/15/09	\$1,219.98	
Permit	S.B. County Planning & Development	8/14/09	\$1,557.49	
Consulting and Regulatory	Dan Fitzgerald Consulting Services	2/16/10	\$767.20	
Plans and Consulting	JMPE	11/30/10	\$3,070.00	
Permit	S.B. County Planning & Development	1/10/11	\$1,222.97	
Permit	S.B. County Planning & Development	1/19/11	\$251.08	
Permit	S.B. County Planning & Development	1/19/11	\$971.65	
Permit	S.B. County Planning & Development	1/19/11	\$2,000.00	
Plans and Consulting	JMPE	4/2/11	\$2,060.00	
Plans and Consulting	JMPE	7/28/11	\$2,940.00	
Permit	S.B. County Planning & Development	7/29/11	\$971.65	
Permit	S.B. County Planning & Development	7/29/11	\$250.32	
TOTAL:				\$62,145.55
<u>Legal Work Re: Park Infrastructure, Capital Improvements, Regulatory Issues, Etc.</u>				
Legal Fees and Expenses	James Ballantine	12/1/10	\$50,973.00	\$50,973.00
<u>Capital Improvement Expenses Incurred by Nomad Village Inc.:</u>				
Engineering and Surveying Work Re: Infrastructure:				
Engineering and Surveying	Penfield & Smith	6/18/04	\$9,148.40	
Engineering and Surveying	Penfield & Smith	7/13/04	\$6,730.28	
Engineering and Surveying	Penfield & Smith	9/15/04	\$6,826.65	
Engineering and Surveying	Penfield & Smith	10/12/04	\$4,083.00	
Engineering and Surveying	Penfield & Smith	11/16/04	\$3,615.00	
Engineering and Surveying	Penfield & Smith	1/14/05	\$1,013.25	
Engineering and Surveying	Penfield & Smith	2/16/05	\$2,109.75	
Engineering and Surveying	Penfield & Smith	3/17/05	\$859.00	
Engineering and Surveying	Penfield & Smith	6/6/05	\$1,791.00	
Engineering and Surveying	Penfield & Smith	7/5/05	\$3,195.75	
Engineering and Surveying	Penfield & Smith	8/9/05	\$3,472.76	
Engineering and Surveying	Penfield & Smith	9/14/05	\$940.25	
Engineering and Surveying	Penfield & Smith	11/15/05	\$2,036.75	
Engineering and Surveying	Penfield & Smith	12/7/05	\$121.75	
Engineering and Surveying	Penfield & Smith	1/6/06	\$1,186.50	
Engineering and Surveying	Penfield & Smith	2/16/06	\$2,556.30	
Engineering and Surveying	Penfield & Smith	3/15/06	\$308.37	
Engineering and Surveying	Penfield & Smith	4/13/06	\$455.50	
SUBTOTAL			SUBTOTAL	\$50,450.26
Pipeline Engineering	Mechanical Engineering Consultants		\$11,564.00	
Plans and Consulting	JMPE		\$7,920.00	
Plan and Review	S.B. County Planning & Development		\$3,100.25	
Plan and Review	S.B. County Planning & Development		\$1,700.00	
Permit Fees	S.B. County Road		\$320.00	
Plan and Review Fees	Goleta Sanitary District		\$7,257.34	
Plan and Review Fees	Goleta Water District		\$6,900.00	
TOTAL				\$89,211.85

	A	B	C	D	E	F	G	H	I
1	NOMAD VILLAGE SPACE RENT INCREASE (May, 2011)								
2									
3	PERMANENT INCREASES:								
4						2008	2009	Increase	Notes
5	1 Property Tax Increase								
6					Tax Bill	70,598	121,111		1
7					Sewer Fees	-50,145	-54,588		1
8					Taxes per se	20,453	66,523	46,070	1
9									
10	2 Lease Payment Increase				Rental Income	549,053	563,090		
11					Rate	10%	20%		
12					Lease Payment	54,905	113,527	58,622	2
13	Total Permanent Increases							104,692	
14									
15									
16	TEMPORARY INCREASES:								
17									
18	Amortization:				rate:	0.09	years:	7	3
19									
20	3 Capital Improvements								
21					A&E Fees	90,000			4
22					Professional Fees	50,000			5
23					Infrastructure	320,000			6
24					Total	460,000			
25	Amortization:							91,398	
26									
27	4 Uncompensated Increases				Annual	Monthly	Total		
28					Supplemental Tax Increase	46,070	3,839.15	130,531	7
29					Increased Land Lease	58,622	4,885.15	166,095	8
30					Uncompensated for (X) months:	34	296,626		9
31	Amortization:							58,937	
32									
33	5 Anticipated professional fees relating to Property Taxes						50,000		10
34	Amortization:							9,935	
35									
36	6 Anticipated professional fees relating to rent increase						125,000		11
37	Amortization:							24,836	
38	Total Temporary Increases				931,626			185,105	
39									
40	Total Permanent and Temporary Increases							289,797	
41									
42	TOTAL PER MONTH PER SPACE - PERMANENT				(150 spaces)			58.16	12
43	TOTAL PER MONTH PER SPACE - TEMPORARY				(150 spaces)			102.84	13
44	TOTAL PER MONTH PER SPACE - PERMANENT AND TEMPORARY							161.00	
45									

EXHIBIT C

BERKADIA™

Commercial Mortgage

Messages

Property: NOMAD VILLAGE MHC

BALANCE INFORMATION AS OF 01/18/2011

PAYMENT INFORMATION FOR 02/01/2011

Interest Paid YTD	16,437.33	Principal	2,921.51
Deferred Int to Date		Interest	16,420.89
Tax Escrow Balance	42,426.40	R.E. Taxes	10,294.46
Insurance Escrow Balance	20,002.80	Property Insurance	1,000.14
Reserve Balance	327,245.08	Reserves	438.00
MIP Escrow Balance		FHA/MIP	
Other Escrow Balance		Other Escrow	
Late Charge of	1,553.75	Late Fee Due	
Due if not paid by	02/10/2011	IRP/Subsidy	

Total Payment Due \$ 31,075.00

ACCOUNT ACTIVITY 12/17/2010 thru 01/18/2011

Date	Desc	Total	Principal	Interest	Escrows	Reserves	Late Fee	Other
12/30/2010	RESERV DR	12.76				-12.76		
12/30/2010	IOI CREDIT	51.02				51.02		
01/07/2011	PMT REC'D	31,075.00	-2,905.07	16,437.33	11,294.6	438.00		

For general inquiries please call your Client Relations Manager at 1 (888) 334-4622.

MAIL THIS PORTION WITH YOUR PAYMENT

Last Installment Made	Due Date	Amount Due
01/01/2011	02/01/2011	31,075.00

Ensure Remittance address shows through window envelope

NOMAD VILLAGE MHC

BERKADIA

LAZY LANDING MHP LLC
 WATERHOUSE MANAGEMENT
 500 GIUSEPPE COURT SUITE 2
 ROSEVILLE CA 95678

P.O. BOX 308
 HORSHAM PA 19044
 ATTN:FUNDS APP-A

**HOMEOWNERS' EXHIBIT
G1**

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This SETTLEMENT AGREEMENT AND MUTUAL RELEASE (referred to as "AGREEMENT" herein) is made and entered into between LAZY LANDING, LLC, WATERHOUSE MANAGEMENT CORPORATION, and ROBERT M. BELL and RANDY J. BELL, Individually and as Successor Co-Trustees of THE BELL TRUST DATED 8/12/91, (all collectively referred to as "NOMAD" herein) on the one hand, and THE PLANNING AND DEVELOPMENT DEPARTMENT OF THE COUNTY OF SANTA BARBARA (referred to as "DEPARTMENT" herein) on the other hand, (each party individually referred to as "Party" and all parties collectively referred to as "Parties" herein) and is made for the purpose of settling and resolving in full any and all disputes and claims between the Parties hereto pertaining to the subject matters set forth herein.

RECITALS:

A. NOMAD constitutes the owners and operators, the management, of Nomad Village Mobile Home Park ("Park") located at 4326 Calle Real, Santa Barbara, California 93110. LAZY LANDING, LLC, is the ground lessee of the Park; WATERHOUSE MANAGEMENT CORPORATION is the operator of the Park and ROBERT M. BELL and RANDY J. BELL, Individually and as Successor Co-Trustees of THE BELL TRUST DATED 8/12/91 are the land owners and ground lessors of the land on which the Park is located. The DEPARTMENT is the regulatory authority responsible for regulating the condition of the Park.

B. The DEPARTMENT has made certain claims regarding the condition of the infrastructure and improvements of the Park. In addition, the DEPARTMENT has issued certain Notices of Violation and Notices of Determination of Fine, as well as making certain administrative determinations. NOMAD disputes the accuracy of those claims and Notices and has provided the DEPARTMENT with a September 24, 2010 letter, by John Maloney, PE, principal of JMPE Electrical Engineering and Lighting Design (whose reports NOMAD contends are the sole basis of the DEPARTMENT's claims) disputing each of the DEPARTMENT's claims. NOMAD has contended that the DEPARTMENT had not properly served its Notices of Violation and Notices of Determination of Fine, in violation of the express requirements of the governing provisions of the County Code, and that the Notices of Violation and the administrative determinations made by the DEPARTMENT were factually and legally incorrect.

C. NOMAD has filed several administrative appeals with the DEPARTMENT pursuant to County Code ("Administrative Appeals"), as well as a civil lawsuit, Santa Barbara Superior Court Case No. 1343495, challenging the DEPARTMENT's Notices of Violation and Notices of Determination of Fine, as well as its administrative determinations ("Civil Complaint").

D. The Parties now wish to resolve all matters in dispute between them with respect to all outstanding Notices of Violation and Notices of Determination of Fine relating to the Park, as well as with respect to the Administrative Appeals and the Civil Complaint.

AGREEMENT:

THE PARTIES HERETO AGREE AS FOLLOWS:

1. In consideration for the promises and covenants described herein, the Parties agree that they shall perform as set forth herein, and each Party shall release all claims as to the other Party as set forth in this AGREEMENT. The Parties agree to do the following:

A. NOMAD will replace three (3) transformers in the Park identified as PH, PI and PF, pursuant to plans to be prepared and submitted by John Maloney, PE, principal of JMPE Electrical Engineering Lighting Design.

B. NOMAD will have John Maloney, PE, principal of JMPE Electrical Engineering Lighting Design, submit load calculations for transformer PG to include the estimated electrical loads for the recreation hall and pool; if the DEPARTMENT does not ultimately accept these calculations, then NOMAD will replace transformer PG.

C. NOMAD will establish a permanent service connection for the 100-amp service s to Space 92 (this was not requested by the DEPARTMENT, but the DEPARTMENT had previously approved a temporary service connection and the Park will make this permanent).

D. The DEPARTMENT already has an electrical plan that accurately shows the location of the transformers, in prior submittals to the DEPARTMENT, as pointed out by Mr. Maloney, but NOMAD will provide copies again if requested

E. NOMAD will submit to the DEPARTMENT the plans for the Work set forth in §§ 1.A,B, & C herein (the "Work") prepared by Mr. John Maloney, P.E., of JMPE Electrical Engineers and Lighting Design ("Plans"), by January 14, 2011, and will provide any corrections or clarifications reasonably requested by the DEPARTMENT within ten (10) business days of receipt of such a request by the DEPARTMENT. Plans submitted under this agreement will meet requirements specified in Attachment 1.

F. NOMAD will pay the DEPARTMENT the sum of \$2,000 upon its initial submission of its Plans as provided for herein, and pay the permit cost required under the current fee ordinance. The cost for the required permit is \$1,221.97. The penalty fee requirement under the Building Fee Ordinance will be waived. Payment will be made upon submittal of plans as described in this on or before January 14, 2011. Said payments shall be in full and complete satisfaction of all costs and abatement or compliance pursuant to Santa Barbara County Code § 10-2.12.

G. NOMAD will complete the Work set forth in the Plans within four (4) months following approval of the Plans and Permit issuance by the DEPARTMENT, which approvals shall not be unreasonably withheld. NOMAD will schedule inspections for all work completed under the permit. DEPARTMENT will conduct inspections within two (2) business days. Upon satisfaction of all inspections the requirements of the permit will be satisfied.

H. The Administrative Appeals and Civil Complaint by NOMAD will be held in abeyance pending completion of the Work. If necessary, the Parties will stipulate to toll any time requirements or deadlines under any of these proceedings. NOMAD has waived, and will continue to waive pending its performance of the Work, the 45-day deadline for holding an administrative hearing on NOMAD's administrative appeal as provided for under Santa Barbara County Code Chapter 24A, §24A-7(b).

I. Upon completion of the Work, written notice of which completion shall be given by NOMAD, the DEPARTMENT will permanently and forever withdraw all outstanding Notices of Violation and Notice of Determination of Fine and vacate all outstanding fines, and shall give written notice of confirmation of such withdrawals within ten (10) business days of its receipt of notice of completion of Work by NOMAD. In the event that the Work is not completed, then the administrative fines will be reinstated and pursued by the DEPARTMENT.

J. Within ten (10) business days of its receipt of written notice of the withdrawals by the DEPARTMENT as provided for in § 1.I herein, NOMAD will

dismiss with prejudice its Administrative Appeals and the outstanding Civil Complaint, and shall concurrently provide the DEPARTMENT with written notice of said dismissals.

2. The Parties agree that in consideration for the performance of the terms and conditions of this AGREEMENT by the other, each of them, on behalf of the Party, the Party's, agents, employees, attorneys, successors, assigns, directors, officers, shareholders, partners, members, managers, heirs, executors and administrators, hereby absolutely and forever discharges and releases the other Party and that Party's agents, employees, attorneys, successors, assigns, directors, officers, shareholders, partners, members, managers, heirs, executors and administrators, of and from any and all rights, claims, actions, demands, damages, debts, liabilities, accounts, reckonings, obligations, costs, expenses, liens, actions and causes of action of every kind and nature whatever, whether now known or unknown, suspected or unsuspected, which each now has or may have against the other Party in any way, or at any time heretofore ever had, based on any matter, fact or omission whatever occurring or existing at any time to and including the date hereto, with respect to all outstanding Notices of Violation and Notices of Determination of Fine relating to the Park, as well as all costs of abatement and compliance with respect to NOMAD or the PARK, as well as with respect to the Administrative Appeals and the Civil Complaint.

3. This is intended as a full and complete release and discharge of any claims that any Party may have against the other, whether the same or any circumstances pertaining thereto are now known or unknown to the Parties or anyone else or have already appeared or developed, or may be latent, or may in the future appear or develop, with respect to all outstanding Notices of Violation and Notices of Determination of Fine relating to the Park, as well as all costs of abatement and compliance with respect to NOMAD or the PARK, as well as with respect to the Administrative Appeals and the Civil Complaint. The Parties expressly waive any rights which any Party may have against the other Party under California Civil Code Section 1542, or any other statute of similar import. Section 1542 provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known to him must have materially affected his settlement with the debtor."

4. Each of the Parties hereto hereby warrants and represents that they have not filed or initiated any legal, administrative or other action or proceeding against the other, not set forth herein, nor have they assigned or transferred any causes of action, defenses, or claims against the other, and agrees to indemnify and hold the other Party harmless

from any claims based upon any such action, proceeding, or any such assignment or other transfer. The DEPARTMENT further represents and warrants that there are no other claims by the DEPARTMENT against NOMAD relating to the condition of the Property that are not provided for and released herein.

5. Each of the Parties hereto hereby warrants and represents that no promise, inducement or agreement exists other than those stated herein, and that this AGREEMENT contains the entire agreement between the parties. Each Party will cooperate in the fulfillment of this AGREEMENT by executing documents and doing any other acts necessary to effect the provisions of this AGREEMENT.

6. This AGREEMENT, the releases contained herein, and the consideration referred to herein, effect the settlement of claims which are denied and contested and nothing contained herein shall be construed as an admission by any Party hereto of any liability of any kind to any other Party. Each Party expressly denies that he or she or it is any way liable or indebted to any other Party.

7. The Parties agree that each Party shall bear his or her own fees and costs incurred to date with respect to the matters covered by this AGREEMENT or the other Party, other than the payment to the DEPARTMENT by NOMAD as full satisfaction of all outstanding costs of abatement and compliance fees claimed by the DEPARTMENT, as provided for herein. Notwithstanding the foregoing, in the event any Party hereto incurs attorney's fees and costs to enforce or interpret any terms or provisions of this AGREEMENT, the prevailing party in any such action or proceeding shall be entitled to recover from the other party reasonable costs incurred, including reasonable attorney's fees. The Parties hereby agree that the Superior Court for Santa Barbara County shall retain jurisdiction for the purpose of hearing any legal proceeding initiated to enforce the terms of this settlement agreement.

8. Each of the Parties hereto, and the signatories below, hereby represents warrants and represents that he or she or it has full authority to execute this AGREEMENT and settle and compromise any and all claims set forth herein, and fully bind such Party thereby to the terms thereto, and shall fully indemnify the other Party from any such claim that the Party or signatory did not have such authority. The DEPARTMENT further represents and warrants that it has full and complete authority to act on behalf of the County of Santa Barbara with respect to this AGREEMENT.

9. The Parties each acknowledge and agree that they have had the opportunity to be represented by independent counsel in the negotiation, execution, and performance of this AGREEMENT, and that this AGREEMENT shall not be construed in favor of or

against any Party. Each Party will be responsible for their attorney's fees and court costs incurred to date, as set forth herein.

10. This AGREEMENT may be executed in multiple counterparts and shall become effective when each party has executed at least one counterpart, which, when comprised together, constitute a fully executed copy hereof. Counterparts bearing photocopied and faxed signatures shall be deemed equally valid as original, ink-signed originals.

IN WITNESS WHEREOF, executed by the Parties as set forth herein.

NOMAD

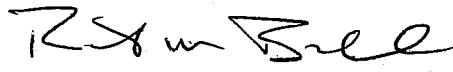
Dated: January __, 2011

By: Ken Waterhouse, Manager
Lazy Landing, LLC

Dated: January __, 2011

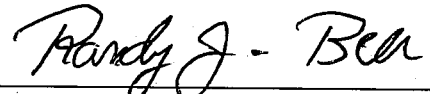
By: Ken Waterhouse, President
Waterhouse Management Corporation

Dated: January 19, 2011



By: Robert M. Bell, Individually and
as Successor Co-Trustee of
The Bell Trust dated 8/12/91

Dated: January 19, 2011



By: Randy J. Bell, Individually and
as Successor Co-Trustee of
The Bell Trust dated 8/12/91


DEPARTMENT:

Dated: January __, 2011

By: Steve Mason,
Interim Building Division Manager
Planning and Development Department
County of Santa Barbara

Approved as to form and content:

Dated: January 19, 2011



STEVE VON DOLEN, Esq.
Attorney for ROBERT M. BELL and
RANDY J. BELL, Individually and as
Successor Co-Trustees of The Bell

Trust dated 8/12/91

Dated: January __, 2011

JERRY CZULEGER, Esq.
Deputy County Counsel
Attorney for Planning and Development
Department
County of Santa Barbara

Dated: January __, 2011

JAMES P. BALLANTINE, Esq.
Attorney for Lazy Landing,
LLC, and Waterhouse
Management Corporation

Attachment 1

Plan Submittal Requirements:

The plan requirements listed below are required to verify existing field conditions and to document the proposed changes to the overall electrical system. Provide three sets of the following plans, signed and stamped by the Electrical Engineer of Record.

1. Provide an updated electrical site plan showing the entire electrical distribution system, the location of the new and existing electrical transformers, and Southern California Edison Electrical Service to the park.
 - a. Provide an updated electrical single line diagram of the entire park.
 - i. Label new and existing transformers and call out the size and capacity.
 - ii. Please show and call out all proposed lateral feeder sizes, wire type, pull box's, and distribution paths.
 - iii. Please show the spare conduits and conduits that will be used for additional telephone, cable or data lines.
 - b. Provide similar details on the electrical site plan for the proposed work.
2. Provide electrical load calculations for transformer PG to comply with California Title 25 and California 2007 Electrical Code.
3. Provide a separate permit application and submittal package for the Space 92, 100 amp service upgrade.
 - a. Provide electrical load calculations for the transformer that services Space 92.

**HOMEOWNERS' EXHIBIT
H**

Ground Lease Agreement

This agreement entered into this 31st day of July, 2008, by **LAZY LANDING MHP LLC**, herein referred to as Ground Lessee, and **John R. Bell, Trustee of The Bell Trust UDT dtd 8/12/91, Randy J. Bell, and Robert M. Bell**, herein referred to as Ground Lessor, in regard to the property consisting of a 150 space mobile home park commonly known as **4326 Calle Real, Santa Barbara, CA 93110**, as more fully described in Exhibit A attached hereto and made a part hereof (the "Property").

Term. The Ground Lessee rents from the Ground Lessor and the Ground Lessor rents to the Ground Lessee the said Property for the term of **thirty-four (34) years** commencing concurrently with the expiration of the current lease between Ground Lessor and Nomad Village, Inc. (expires July 31, 2008) and ending July 31, 2042.

Rent. Rent for these Property shall be:

1. An initial payment of five hundred thousand dollars (**\$500,000.00**) due upon commencement of the lease term; and

2. An amount equal to **twenty percent (20%) of all collected rents** from the Property (including laundry, tenant rent, etc.), (specifically including Capital Improvements pass-throughs, or any other pass-throughs, but excluding all utility and tax or other mandated government assessments or fees pass-throughs from which Ground Lessee derives no profit); which shall be due and payable on or before the tenth (10th) day of the calendar month in which such fees and/or pass-throughs are actually collected.

3. In addition to said monthly rental, Ground Lessee agrees to continue to pay before delinquency any and all real estate taxes assessed, including any sewer or similar assessments, against the leased premises, including improvements made to or upon said real property by Ground Lessee,

together with all personal property taxes which may be assessed against the personal property belonging to Lessee and located upon and used by Lessee in connection with said real property.

4. The intent of this lease is to be net-net-net to Ground Lessor with Ground Lessee paying all utilities, taxes, and insurance and other expenses connected with the Property.

5. The rents provided for herein shall be paid in lawful money of the United States. Rent not paid when due shall bear interest from the date due until paid at the maximum rate an individual is permitted by law to charge.

6. Ground Lessee shall provide a monthly accounting and rent roll showing gross rents received from the Property, and make available to Ground Lessor or his agents, all books, accounts and records as are reasonably requested for verification. Ground Lessor shall have the right to conduct an audit annually at his expense concerning these matters, with which Ground Lessee shall cooperate; if the result of said audit increases the amount of rent that should have been paid to Ground Lessor for the period audited by more than 5%, Ground Lessee shall reimburse Ground Lessor the cost of the audit.

Subordination. Ground Lessor agrees to subordinate its interest to any financings of the Ground Lease in an amount not to exceed seventy percent (70%) of the Fair Market Value of the Property (appraised at the time of the loan as if this Ground Lease did not exist), and with terms of amortization of repayment of such financings not to exceed thirty (30) years. Funds obtained by Ground Lessee from any such financing shall be used first, to reimburse Ground Lessee for sums expended to bring the Property into compliance with and maintain the Property at the standards of California Housing and Community Development Department (HCD) Title 25 regulations or its successor regulations; and second, to reimburse Ground Lessee for sums expended for defense and/or indemnity of Ground Lessor in pending lawsuit (Santa Barbara Superior Court Case No. 1264917) or any further related lawsuits. The remaining balance of any such loan shall be held in escrow by Ground Lessee until the above-

mentioned pending lawsuit and any further related lawsuits are completed and any resulting judgments or settlements are satisfied in full. At such time any remaining balance of the loan funds may used and distributed at the discretion of the Ground Lessee.

Further, on any such financings of the Ground Lease, the loan shall be repaid in full, and the Ground Lease shall be unencumbered on or before the date *six months before* the end of the term of the Ground Lease. The individuals or entities listed in Exhibit B, which is not required to be recorded as part of this Ground Lease, agree to personally guarantee the repayment of any sums required so that the Ground Lease shall be unencumbered on or before the date *six months before* the end of the term of the Ground Lease. Ground Lessor agrees to approve and execute any and all such documents evidencing the validity of the Ground Lease and the assent of Ground Lessor to subordination to any such financings as reasonably may be required by the entity financing the Ground Lease. Ground Lessor shall provide any such approval and/or execution of subordination documents within a reasonable time.

Ground Lessor agrees that the terms and conditions of this Ground Lease shall be interpreted to the maximum extent possible, without materially altering the rights of the Ground Lessor, to comply with FNMA ("Fannie Mae") requirements for underwriting financing of a ground lease including but not limited to the following:

1. The Ground Lease does not terminate as to a leasehold mortgagee because of conveyance of the Ground Lessee's leasehold interest to the Ground Lessor or conveyance of the Ground Lessor's interest to the Ground Lessee.

2. Both the Ground Lessee's leasehold estate under the Ground Lease and the Ground Lessee's option to purchase the fee interest in the land, if any, are assignable or transferable without the consent of the Ground Lessor, including assignment or transfer to the leasehold mortgagee (i.e., Fannie Mae) assignment or transfer by the leasehold mortgagee (after a foreclosure or a

deed-in-lieu of foreclosure) to a purchaser at a foreclosure sale (other than the leasehold mortgagee) without the Ground Lessor's consent is permitted.

3. The Ground Lease allows for written notice of default from the Ground Lessor to the leasehold mortgagee and a reasonable time (in addition to the time given to the Ground Lessee) and opportunity for the leasehold mortgagee to cure any default under the Ground Lease that may allow the Ground Lessor to terminate the leasehold, including, in the case of a default that can be cured by the leasehold mortgagee only by obtaining possession, a sufficient period of time for the leasehold mortgagee to obtain possession. The Ground Lease also obligates the Ground Lessor to enter into a new lease on the same terms with the same priority with the leasehold mortgagee if the original lease terminates because of default not curable by the leasehold mortgagee. The Ground Lease does not include any obligations or requirements that the leasehold mortgagee could not cure, such as the Ground Lessee's bankruptcy, or condemnation or casualty loss or a change in management.

4. The Ground Lease permits payment to the leasehold mortgagee of any condemnation award to which the Ground Lessee is entitled. This payment will not be less than the total award minus the value of the remainder interest in the land considered as unimproved up to an amount equal to the remaining outstanding mortgage balance. In the event of a partial taking, the Ground Lease permits the Ground Lessee to rebuild and restore the improvements on the mortgaged premises unless the leasehold mortgagee consents to distribution of the proceeds. In that event, the proceeds must be applied first toward reduction of the Mortgage.

5. The Ground Lease provides for the leasehold mortgagee's right to acquire the lease in its own name or in the name of a nominee upon foreclosure or assignment in lieu of foreclosure.

6. The Ground Lease provides that it cannot be amended or modified without the consent of the leasehold mortgagee for any period of time during which the mortgage remains outstanding.

7. The Ground Lease provides that the Ground Lessor agrees not to accept a voluntary surrender of the lease at any time when the leasehold estate is encumbered by a leasehold mortgage.

8. If the Ground Lease is amended to contain a renewal option or an option to purchase, the leasehold mortgagee must have the right to receive notice from the Ground Lessor in the event the Ground Lessee fails to exercise the option and, for 30 days thereafter, to exercise the option itself.

9. The Ground Lease obligates the Ground Lessor to provide "estoppel" certificates when requested by the Lender, to establish that there have been no unapproved changes in the Ground Lease, that the Ground Lease is in full force and effect, that there are no known defaults, and the date through which rent has been paid.

10. In the event of a partial casualty or condemnation, the Ground Lease provides that it cannot be terminated and that the insurance proceeds or condemnation award will be paid to the leasehold mortgagee or an insurance trustee to be used to restore the improvements at the option of the leasehold mortgagee.

11. If a recorded Memorandum of Lease is deemed insufficient record notice of the respective parties' interests by a leasehold mortgagee, then the Ground Lease shall be recorded.

Indemnity, Insurance and Condemnation. Ground Lessee shall indemnify, defend, protect and hold harmless Ground Lessor, its principals, agents and beneficiaries (collectively, the "Indemnified Parties"), from and against any and all causes of action, claims or expenses, including, without limitation, attorney's fees, incurred by any of the Indemnified Parties in connection with or arising out of or relating to Ground Lessee's control, use or maintenance of the Property, or arising from the actions of Ground Lessee, its principals, agents, employees or guests on the Property throughout the term of the Ground Lease. Ground Lessee's obligations set forth in the preceding sentences shall survive the termination of the Ground Lease.

END OF PERTINENT PART

HOMEOWNERS' EXHIBIT

I

Conclusions of Law

1. The joint recommendation is, in essence, a settlement.
2. Pursuant to Rule 51.1(e) of the Commission's Rules of Practice and Procedure, the Commission will not approve settlements or stipulations, whether contested or not, unless they are reasonable in light of the whole record, consistent with law, and in the public interest.
3. The joint recommendation is reasonable in light of the whole record, consistent with law, and in the public interest.
4. The joint recommendation should be adopted.
5. The decision should be effective immediately so that Phase 2 of the proceeding can be resolved in a timely manner.

INTERIM ORDER

IT IS ORDERED that the joint recommendation filed on November 20, 2003, is approved. The Phase 1 Handouts proposed for adoption in the joint recommendation, and adopted herein, are included as Attachments A and B to this decision.

This order is effective today.

Dated April 22, 2004, at San Francisco, California.

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners

ATTACHMENT A
Page 1

PHASE 1 HANDOUT – ELECTRIC

November 20, 2003

Agreed to by Pacific Gas and Electric Company (PG&E), Southern California Gas Company, San Diego Gas & Electric Company, Southwest Gas Company, Southern California Edison Company, the Western Manufactured Housing Community Association, and The Utility Reform Network.

1. Definitions.

- ◆ Common areas: facilities available for use by all tenants such as: swimming pools, buildings, recreation rooms, clubhouses, parking lots, laundry facilities, and street and common area lighting. This excludes utility-owned load control devices, such as air conditioning cycling mechanisms, where applicable.
- ◆ Pedestal: The pedestal is a rectangular metal box that sits near the concrete pad on which the mobile home is placed. It supports the service panel that contains the meter socket, breaker, and receptacle to connect the electric supply to the mobile home. In a directly-metered MHP, this is a component of the required service equipment (Applicant's responsibility) as specified in Electric Rule 16.D.1.c.
- ◆ Distribution Line Extension Allowance: Distribution Line Extension and Service Extension allowances are granted to Applicants requesting electric service based on expected revenues from permanent loads in accordance with Electric Rules 15 and 16. The allowances for residential electric service are set as a fixed amount per meter or residential dwelling unit.

ATTACHMENT A
Page 2

2. **Boundaries of the distribution system and services within the master-metered mobile home park (MHP) whose costs are recovered through the sub-metering discount.** - Distribution system and service facilities running from the master meter to, and including, the tenant's meter that are used to deliver electricity to the sub-metered tenant. This does not include required service equipment that would otherwise be owned and maintained by a directly-metered MHP owner pursuant to Electric Rule 16.D.1.c. (including but not limited to: the meter pedestal, its foundation and the meter panel). It also does not include, where applicable, the excavation and supporting substructures of the required service equipment that would otherwise be owned and maintained by a directly-metered MHP owner pursuant to Electric Rule 16.D.1.a.

3. **Utility avoided costs** - Categories of costs the utility incurs when directly serving MHP tenants that are avoided by the utility when a master-metered MHP is sub-metered. These categories of costs are those for which the owner of a master-metered MHP is reimbursed through the discount provided pursuant to the utility tariff for service to master-metered mobile home parks (to the extent these costs do not exceed the average costs the utility would have incurred in providing direct service), and may not be separately charged to MHP tenants by the MHP owner. The following is a general list of costs incurred in the provision of direct service that are avoided in a sub-metered MHP, i.e., utility avoided costs (electric):
 - ◆ Operations and maintenance expenses including, but not limited to, meter reading, billing, maintenance, and repair of the distribution system and service facilities, including distribution and service trenching, distribution and service conduit, distribution and service substructures, and distribution protective structures maintenance, where appropriate, as defined in the applicable utility tariffs, e.g., Electric Rules 15 and 16.

ATTACHMENT A
Page 3

- ◆ Administrative and general expenses.
- ◆ Uncollectibles.
- ◆ Unaccounted for loss of electrical energy.
- ◆ Capital Investment Costs: Utility cost portion of initial and subsequent capital investment, including capital expenditures for replacement, and improvement of the distribution system and service facilities.
- ◆ This may include, but is not limited to:
 - Capital investment for maintenance-related trenching, conduit (maintenance), transformers, poles, service lines, service drops, and meters as specified in the applicable utility tariffs.
- ◆ Capital investment-related cost components include:
 - depreciation,
 - return on investment (rate base)
 - taxes related to capital investment (including property taxes).
- ◆ Other taxes (not related to capital investments) associated with operations and maintenance, as well as meter reading and billing, that are the utility's responsibility under the applicable tariffs, e.g., Electric Rules 15 and 16.

ATTACHMENT A
Page 4

4. **Costs not covered by the discount** - Categories of costs related to electric utility service that are either not incurred by the utility when it directly serves MHP tenants or are not reflected in utility rates for direct service, but are incurred by the owners or operators of master-metered MHPs. This may include Applicant (MHP owner) responsibility service equipment required by utilities to provide service to the MHP (Electric Rule 16) and equipment to hook-up the mobile home to the MHP's electric service. The following are the categories of electric costs for which the owners of master-metered MHPs are not compensated through the electric sub-metering discount provided pursuant to a utility tariff. Such costs may only be separately charged to sub-metered tenants if doing so can be shown not to violate any of the following: (1) Public Utilities Code Section 739.5(a), (2) related case and statutory law that owners of sub-metered MHPs may not pass through to tenants as rent increases costs related to the repair and maintenance of their sub-metered electric utility systems if such cost components are covered by the sub-metering discount, or (3) other local rent control ordinances:

- ◆ Costs related to common area
- ◆ Purchase and capital-related installation, repair and maintenance costs for: pedestals, meter sockets, circuit breakers, service panels, and support pads.
- ◆ Trenching (excavation) for (1) underground service reinforcements, as defined by Rule 16.F.1; and (2) expansion of sub-metered distribution and services under Rules 15.B.1.a and 16.D.1.a(2).¹ (Trenching for maintenance and repair is included in the discount)

¹ PG&E's policy is that master-metered mobile home parks cannot be expanded by the addition of additional sub-metered spaces.

ATTACHMENT A
Page 6

- ◆ Other taxes (not related to capital investments) not otherwise directly recovered by the MHP owner associated with operations and maintenance that are the responsibility of the owner of the master-metered mobile home park under the applicable tariffs, e.g., Electric Rules 15 and 16.

The inclusion on the above list of any cost category does not warrant automatic approval by a rent board of related rent increases for the sub-metered tenants of a master-metered MHP. The MHP owner must first demonstrate that costs incurred properly fall within the categories of costs set forth above. Then, the rent board would need to determine that any related recovery of these costs through rent is not prohibited by (1) Public Utilities Code Section 739.5(a), (2) related case and statutory law, and (3) other local rent control ordinances.

(END OF ATTACHMENT A)



Schedule DMS-2
DOMESTIC SERVICE

Sheet 1

MOBILEHOME PARK MULTIFAMILY ACCOMMODATION - SUBMETERED

APPLICABILITY

Applicable to domestic service including lighting, heating, cooking, and power use or combination thereof in a mobilehome park multifamily accommodation on a single premises where all of the single-family mobilehome accommodations are separately submetered. This Schedule is closed to new mobilehome parks and manufactured housing communities for which construction has commenced after January 1, 1997. (T)

TERRITORY

Within the entire territory served.

RATES

The rates of the single-family domestic rate schedule, Schedule D, shall be adjusted as follows: (T)

Energy Charge:

The baseline quantity to be billed under rates designated as applicable to Baseline Service shall be determined by multiplying the applicable baseline quantities set forth in the Preliminary Statement, Part H, Baseline Service, by the appropriate number of submetered single-family mobilehome accommodations.

If any submetered single-family accommodation qualifies for CARE rate assistance as set forth in Schedule D-CARE, the Baseline quantity shall be prorated among the applicable CARE Baseline rate and the regular Baseline rate according to the proportion of qualifying and nonqualifying accommodations. Nonbaseline usage, if applicable, shall be prorated among the applicable CARE Nonbaseline rate and the regular Nonbaseline rate according to the same proportion as the Baseline quantity.

DMS-2 Discount:

The total daily DMS-2 Discount is \$0.249 per single-family mobilehome accommodation. This is the amount of the submetering discount of \$0.280 per day per single-family mobilehome accommodation reduced by a diversity factor of \$0.009 per day and reduced by a Basic Charge of \$0.022 per day for each such accommodation. (I) (R) (R)

In no event shall the total daily DMS-2 discount of \$0.249 per single-family mobilehome accommodation exceed the product of the Annualized Base Rate in effect on June 10, 1996, as shown on Schedule D, multiplied by the daily number of kilowatthours used. Also, the daily Minimum Charge shown on Schedule D shall apply. (I)

(Continued)

(To be inserted by utility)

Advice 1724-E
Decision 03-07-029

Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jul 23, 2003
Effective Sep 1, 2003
Resolution _____



Southern California Edison
Rosemead, California

Revised Cal. PUC Sheet No. 34734-E
Cancelling Revised Cal. PUC Sheet No. 34498-E

Schedule DMS-2 Sheet 2
DOMESTIC SERVICE
MOBILEHOME PARK MULTIFAMILY ACCOMMODATION - SUBMETERED

(Continued)

RATES (Continued)

Minimum Charge:

The Minimum Charge shall be the same as set forth in Schedule D.

Minimum Average Rate:

A Minimum Average Rate of \$0.04078 per kWh shall apply where the Minimum Average Rate exceeds the average cents per kWh of a master-metered customer's total electric bill (including CARE Surcharge as set forth in Preliminary Statement, Part O, Section 5, and PUC Reimbursement Fee, but excluding local surcharges such as Franchise Fees and City Taxes. The higher of the bills calculated under the Minimum Average Rate or the otherwise applicable rate is then reduced by the applicable Domestic CARE discount.

(D)

SPECIAL CONDITIONS

1. Seasonal Service: For mobilehome park multifamily accommodation customers who normally require service for only part of the year, service under this Schedule may be applicable only on annual contract. (T)
2. Notification: It is the responsibility of the customer to advise SCE within 15 calendar days following any change in the number of submetered mobilehome single-family accommodations and any change in qualifications for baseline allocations. (T)
3. Miscellaneous Loads: Miscellaneous electrical loads on the same meter such as general lighting, laundry rooms, mobilehome park office, general maintenance, and other similar usage incidental to the operation of a mobilehome park multifamily accommodation will be considered as domestic usage.
4. Nondomestic Enterprises: Electric energy used for nondomestic enterprises such as offices (other than an office used only for the mobilehome park), stores, shops, restaurants, service stations, and other similar establishments will be separately metered and billed under applicable schedules.
5. An Eligibility Declaration may be required for service under this Schedule. (T)

(Continued)

(To be inserted by utility)

Advice 1724-E

Decision 03-07-029

Issued by

John R. Fielder

Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Jul 23, 2003

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Resolution _____



Southern California Edison
Rosemead, California

Revised Cal. PUC Sheet No. 34735-E*
Cancelling Revised Cal. PUC Sheet No. 33650-E*
34499-E*, 23741-

Schedule DMS-2
DOMESTIC SERVICE

Sheet 3

MOBILEHOME PARK MULTIFAMILY ACCOMMODATION - SUBMETERED

(Continued)

SPECIAL CONDITIONS (Continued)

- 6. CARE Rate Assistance:
 - a. Customers receiving service under this Schedule shall comply with the provisions of Public Utilities Code Section 739.5 in providing service to their submetered tenants. This includes, among other things, providing electric service to CARE tenants under the provisions of Schedule D-CARE of SCE's tariffs. (T)
 - b. Customers served under this Schedule shall provide application and declaration forms for the CARE rate to their submetered residential tenants. The completed application forms of eligible CARE tenants shall be mailed by the tenant to SCE. (T)
 - c. When SCE receives an application from a qualifying CARE submetered tenant, the information will be forwarded to SCE's customer receiving service under this Schedule. (T)
 - d. The proration of the DMS-2 customer's bill by SCE under the provisions of the Energy Charge shall commence no later than one billing period after receipt and approval by SCE of a qualifying tenant's application. (T)
 - e. It is the responsibility of the DMS-2 customer to notify SCE immediately of the date each CARE tenant is no longer receiving service from the DMS-2 customer. In addition, if the DMS-2 customer has good reason to suspect that a tenant is not eligible, the DMS-2 customer shall notify SCE. (T)
- 7. Failure of a DMS-2 customer to abide by SCE's tariffs may result in rebilling or discontinuance of service in accordance with SCE's tariffs. The DMS-2 customer's account may also be rebilled consistent with Rule 17. (T)
- 8. Condition for Receiving Submeter Rate Discount: The submetering discount provided herein prohibits further recovery by mobile home park owners for the costs of owning, operating, and maintaining their electric submetered system. This prohibition also includes the cost of the replacement of the electric submetered system. (T)

This language was authorized by Ordering Paragraph 4 of Decision 95-02-090, dated February 22, 1995.

(D)

(To be inserted by utility)
Advice 1724-E
Decision 03-07-029

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John R. Fielder
Senior Vice President

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HOMEOWNERS' EXHIBIT
J

OFFICIAL NOTICE REQUESTED FOR THE FOLLOWING CALIFORNIA CODE SECTIONS:

California Constitution, Article XV, Usury:

SECTION 1. The rate of interest upon the loan or forbearance of any money, goods, or things in action, or on accounts after demand, shall be 7 percent per annum but it shall be competent for the parties to any loan or forbearance of any money, goods or things in action to contract in writing for a rate of interest:

Code Of Civil Procedure, Part 3, Title 9 (California Arbitration Act):

1284.2. Unless the arbitration agreement otherwise provides or the parties to the arbitration otherwise agree, each party to the arbitration shall pay his pro rata share of the expenses and fees of the neutral arbitrator, together with other expenses of the arbitration incurred or approved by the neutral arbitrator, not including counsel fees or witness fees or other expenses incurred by a party for his own benefit.

Health and Safety Code, Part 2.1, Section 18200 et seq. (Mobilehome Parks Act):

18410.1(a)(3) The owner or operator of the mobilehome park shall be responsible for the correction of any violations for which a notice of violation has been given pursuant to this subdivision.

Civil Code, Part 2, Chapter 2.5 (Mobilehome Residency Law):

798.31: AUTHORIZED FEES CHARGED

A homeowner shall not be charged a fee for other than rent, utilities, and incidental reasonable charges for services actually rendered.

798.39.5: FINES AND FORFIETURES NOT CHARGEABLE

(a)(1) The management shall not charge or impose upon a homeowner any fee or increase in rent which reflects the cost to the management of any fine, forfeiture, penalty, money damages, or fee assessed or awarded by a court of law or any enforcement agency against the management for a violation of this chapter or Part 2.1 (commencing with Section 18200) of Division 13 of the Health and Safety Code, including any attorney's fees and costs incurred by the management in connection therewith.

798.87. PUBLIC NUISANCES AND ABATEMENT

(a) The substantial failure of the management to provide and maintain physical improvements in the common facilities in good working order and condition shall be deemed a public nuisance. Notwithstanding Section 3491, this nuisance may only be remedied by a civil action or abatement.

Civil Code, Division 4, Part 3, Title 1:

3480. A public nuisance is one which affects at the same time an entire community or neighborhood, or any considerable number of persons, although the extent of the annoyance or damage inflicted upon individuals may be unequal.

3483. Every successive owner of property who neglects to abate a continuing nuisance upon, or in the use of, such property, created by a former owner, is liable therefor in the same manner as the one who first created it.

**OFFICIAL NOTICE REQUESTED FOR
THE FOLLOWING BLACK’S LAW DICTIONARY DEFINITIONS:**

WHAT IS RESPONSIBILITY?

The obligation to answer for an act done, and to repair any injury it may have caused.

WHAT IS PENALTY?

2. A punishment; a punishment imposed by statute as a consequence of the commission of a certain specified offense.

**OFFICIAL NOTICE REQUESTED FOR
THE FOLLOWING COURT EXCERPTS:**

Regarding “nine percent interest” and the California Constitution

Boerner v. Colwell Co., California Supreme Court, 1978

specifically the following quotations from the court decision:

The law of usury in this state is based upon the provisions of article XV, section 1 of the state Constitution. That section provides: “The rate of interest upon the loan or forbearance of any money, goods or things in action, or on accounts after demand or judgment rendered in any court of the State, shall be 7 per cent per annum but it shall be competent for the parties to any loan or forbearance of any money, goods or things in action to contract in writing for a rate of interest not exceeding 10 per cent per annum. [¶] No person, association, copartnership or corporation shall by charging any fee, bonus, commission, discount or other compensation receive from a borrower more than 10 per cent per annum upon any loan or forbearance of any money, goods or things in action.”

Although the constitutional and statutory provisions dealing with usury speak only in terms of a “loan” or a “forbearance” of money or other things of value, the courts, alert to the resourcefulness of some lenders in fashioning transactions designed to evade the usury law, have looked to the substance rather than the form of such transactions in assessing their effect and validity, and in many cases have struck down as usurious arrangements bearing little facial resemblance to what is normally thought of as a “loan” or a “forbearance” of money. In all such cases the issue is whether or not the bargain of the parties, assessed in light of all the circumstances and with a view to substance rather than form, has as its true object the hire of money at an excessive rate of interest. The existence of the requisite intent is always a question of fact.

It has long been the law in this jurisdiction, as well as in the vast majority of other jurisdictions, that a bona fide credit sale is not subject to the usury law because it does not involve a “loan” or “forbearance” of money or other things of value. ...“A sale is the transfer of the property in a thing for a price in money. The transfer of the property in the thing sold for a price is the essence of the transaction.”...A loan, on the other hand, is the delivery of a sum of money to another under a contract to return at some future time an equivalent amount with or without an additional sum agreed upon for its use; and if such be the intent of the parties the transaction will be deemed a loan regardless of its form....” (*Milana v. Credit Discount Co.*, *supra*, 27 Cal.2d 335, 339.)

In any event, it is our view that the instrument of the usury laws has no place in the field of bona fide credit sale financing, and that its use must be limited to those cases in which the record clearly reveals that the substantial intent of the parties was to effect the hire of money at an excessive rate of interest rather than to finance a bona fide sale of property.

Regarding “MNOI Increase”

Kavanau v. Santa Monica Rent Control Board, California Supreme Court, 2001

specifically the following quotations from the court decision:

Thus, a rent control law that merely allows a landlord to recoup the bare cost of a necessary capital improvement runs the risk of being confiscatory and thereby violating the landlord’s right to due process of law.

...a fair return over the course of several years will offset a confiscatory return during a particular year. Recognizing that Kavanau has a continuing right under the due process clause to future rent adjustments that will enable him to earn a fair return, we believe he has not suffered a taking. Put another way, the ongoing process of setting rent ceilings dispels the due process violation, which in this case is the sole basis for a potential takings clause violation.

Galland v. City of Clovis, California Supreme Court, 2001

specifically the following quotations from the court decision:

Although the term “fair rate of return” borrows from the terminology of economics and finance, it is as used in this context a legal, constitutional term. It refers to a constitutional minimum within a broad zone of reasonableness. As explained above, within this broad zone, the rate regulator is balancing the interests of investors, i.e., landlords, with the interests of consumers, i.e., mobilehome owners, in order to achieve a rent level that will on the one hand maintain the affordability of the mobilehome park and on the other hand allow the landlord to continue to operate successfully. (*Kavanau*, *supra*, 16 Cal.4th at pp. 778-779, 66 Cal.Rptr.2d 672, 941 P.2d 851.) For those price-regulated investments that fall above the constitutional minimum, but are nonetheless disappointing to investor expectations, the solution is not constitutional litigation but, as with nonregulated investments, the liquidation of the investments and the transfer of capital to more lucrative enterprises.

Regarding “Capital Improvements”

Morgan v. City of Chino, California Court of Appeals, 4th Appellate District, 2nd Division, 2004
specifically the following quotations from the court decision:

The California Supreme Court has actually rejected *Guaranty* insofar as it may require a profit, noting: “In *Guaranty*, there is language that may be read to erroneously state that the producer is constitutionally `guarantee[d]’ a ‘fair and reasonable return[,]’ and that such a return must necessarily be above the `break even’ level. We will not indulge in such a reading.” (*Garamendi, supra, 8 Cal.4th at p. 294, fn. 18.*) The Supreme Court explained that “[a] regulated [firm] has no constitutional right to a profit...” Instead, the interest in profits is only one consideration to be weighed against, among other things, the interest in protecting consumers from exploitation. (*Id. at pp. 293-296.*)

In summary, there is no support for the proposition that regulatory agencies are constitutionally required to grant a rent increase for every capital improvement. Instead, due process merely requires that the agency take capital improvements into account when evaluating whether the owner is receiving a fair return on the property as a whole. If the existing rents are sufficient to provide the owner with a fair return on the overall project even after the capital improvement, then due process is satisfied.

In conclusion, neither the state or federal Constitutions, nor the ordinance, require the city to give Morgan a rent increase just because Morgan made a capital improvement. Instead, the capital improvement is only one relevant factor to be considered when determining whether Morgan is earning a fair return on the park as a whole.

Regarding “Attorney Fees”

Galland v. City of Clovis, California Supreme Court, 2001

specifically the following quotations from the court decision:

We further consider whether unreasonable costs, in the form of administrative and attorney fees, imposed on landlords seeking rent increases, may themselves be the basis of a section 1983 claim. We conclude that they may if either of two conditions is present: (1) the costs imposed are part of a government effort to deliberately flout established law, e.g., deliberately obstruct legitimate rent increases; or (2) the landlord suffers confiscation as a result of the imposition of such costs.

The Court of Appeal...found as to the first item of damage that Clovis’s actions during the rent-setting process were indeed arbitrary and irrational and sufficient to sustain the award of damages for substantive due process violations. Clovis made demands on them [the Gallands] as a condition of obtaining a rent increase that, in addition to being costly, were intrinsically arbitrary and irrational...

More than 12 years ago, the Gallands sought a modest rent increase amounting to only pennies per day. Clovis and its rent commission responded by forcing the Gallands into a bloated regulatory process that was “so time consuming, burdensome, and expensive that the potential benefits of participating in [it] were nonexistent and illusory.”

Here, it is Clovis that violated due process, not the tenants, and Clovis should pay the damages. This is particularly true, because the source of the violation was in large part the imposition of excessive procedural costs that did not benefit the tenants.

Colony Cove Properties, LLC v. The City Of Carson Mobilehome Park Rental Review Board, California Court of Appeals, Second Appellate District, Division Two 2009

specifically the following quotations from the court decision:

Disallowing attorney fees as part of a rent increase calculation is permissible. Addressing a more restrictive ordinance that required a city to exclude from a mobilehome park owner's "operating expenses [a]ttorneys fees and costs incurred in proceedings before the Commission, or in connection with legal proceedings against the Commission or challenging this [ordinance]," the court, in *Oceanside Mobilehome Park Owners' Assn. v. City of Oceanside (1984) 157 Cal.App.3d 887, 909*, observed that the provision reasonably prevented park owners from passing the burden of those fees to their tenants in the form of higher rents and mirrored the traditional American Rule denying litigants attorney fees in the absence of express authority.

Carson Harbor Village Ltd. v. City of Carson Mobilehome Park Rental Review Board, California Court of Appeals, Second District, Division Seven 1999

specifically the following quotations from the court decision:

While the [Carson] ordinance does not address the Board's authority to distinguish between extraordinary non-recurring expenses and normal operating expenses, it is within the Board's authority to make such a distinction if it relates to the impact of a rent increase on mobilehome park residents....Attorneys' fees incurred in connection with challenging the Ordinance or actions of the board in court are not allowable operating expenses.

Karrin v. Ocean-Aire Mobile Home Estates, California Court of Appeals, Second District, Division Six 1991

specifically the following quotations from the court decision:

California Constitution, article XI, section 7 states, in pertinent part: "A...city may make and enforce...all...ordinances and regulations not in conflict with general laws." Article 4 of the California MRL entitled *Fees and Charges*. "Section 798.31 thereof states: 'A homeowner shall not be charged a fee for other than rent, utilities, and incidental reasonable charges for services actually rendered.'"

Oceanside Mobile Home Park Owners' Association v. City of Oceanside, California Court of Appeals, Fourth District, Division One 1984

specifically the following quotations from the court decision:

Section 16B.14.B.4 of the ordinance excludes from operating expenses "[a]ttorneys fees and costs incurred in proceedings before the Commission, or in connection with legal proceedings against the Commission or challenging this [ordinance]." The trial court incorrectly determined this provision unconstitutionally impedes park owners from seeking legal redress and representation to protect their property interests. The provision only prevents park owners from passing the burden of those fees to their tenants in the form of higher rents regardless of the outcome of the proceedings. The exclusion has no more of a "chilling effect" on park owners' rights to pursue their legal remedies than does the traditional American rule denying litigant attorney fees in the absence of express authority. Further, the burden on park owners is likely to be less than on the tenants, because the park owners are able to treat these attorney fees as business deductions for income tax purposes.

**HOMEOWNERS' EXHIBIT
K**

123 E. Anapamu Street
Second Floor, Building & Safety Div.
Santa Barbara, Ca 93101
Phone: (805) 568-3030
Fax: (805) 568-3103

**County of Santa Barbara
Department of
Planning and Development
Building and Safety Division**

Fax Cover

To: Sherry	From: Curtis Jensen
Fax: (916) 772-4923	Pages: 02 + cover
Phone: (916) 772-4918	Date: January 28, 2009
Re: Transfer of Operator	CC: 03BDV-00000-00241 file

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

● **Comments:**

Attn: Sherry

In response to your request, I called HCD in Riverside and was informed that the State receives HCD form 500 (see attached) for a change in park operators. This form will be adequate for submittal to the County.

Whereas the County of Santa Barbara has jurisdiction regarding Nomad Village, please return the completed form to the address shown at the top of this cover sheet. Please mark the letter: ATTN: Jenny Songer.

After a review, we will forward a copy of the completed form to the proper parties.

Please call me if you have additional questions.

Respectfully,

Curtis Jensen
Building Inspector
(805) 884-6842

**HOMEOWNERS' EXHIBIT
L**

NOMAD VILLAGE MOBILEHOME PARK

4326 Calle Real
Santa Barbara, CA 93110

RENTAL AGREEMENT

This Rental Agreement (hereafter referred to as "Agreement") made and executed this _____ day of _____, 20____ between NOMAD VILLAGE Mobilehome Park (hereafter designated "Park") and _____ (hereinafter collectively designated as "Resident") for the mobilehome located at 4326 Calle Real, Space #____, Santa Barbara, CA 93110 (hereafter referred to as "premises") consists of the following agreements:

1. **Definitions:** The following definitions will apply in this Agreement unless otherwise provided hereafter:

- a) Mobilehome: For purpose of this Agreement, mobilehome shall be as defined by the statutes of the State of California, and shall include a manufactured home.
- b) Space Rent: The rent paid by the Resident for the use of the space in the Park. Nothing herein, however, shall be construed to prevent the Park from establishing and increasing such fees and charges as may be authorized by the Mobilehome Residency Law (California Civil Code Sections 798 et seq.).
- c) Manager/Management: Any reference to Manager or Management refers to the owners or operators of the Park, including the On-Site Manager.

2. **Term:** The term of this Agreement shall be for a period of _____ and is to begin on the _____ day of _____, 20____ and continue until _____. Resident is entitled to a Rental Agreement term of twelve (12) months. If the term of this Rental Agreement is less than twelve months, it is because Resident has requested such a lesser term. If Resident, with or without Park's consent, remains in possession of the above premises after expiration of the initial term of this Agreement, or any extension thereto, and has not executed a new Rental Agreement with respect to the premises, said possession of the premises by Resident shall be deemed a month-to-month tenancy on the same terms and conditions as contained herein, which may be terminated in accordance with the provisions of the Mobilehome Residency Law or any other applicable law.

Resident Initials:

3. **Rent:** Resident shall pay rent in the amount of \$ _____
_____ on the first day of each month commencing at the start of the term of this Agreement.
4. **Utilities:** Resident shall pay to Park for *gas, electricity, water and sewer* on the first day of each month upon presentation of a written billing to Resident from Park. The following utilities are presently included in rent: *trash*, but Park reserves the right to separately charge for any or all of the above-listed utilities as allowed by Civil Code Section 798.41.
5. **Payment of rent:** Payment of rent is due on the first day of each month in advance at the Park office or at such other location as the Park designates, and must be made without deduction, offset, or counterclaim whatsoever. All payments must be made in the form of personal check, money order, or cashier's check. Resident and Park agree that due to security reasons, cash is not an acceptable form of payment under this Agreement. A late charge of \$25.00 will be imposed if rent is not paid by the sixth (6th) day of the month. This charge does not, in any way, relieve Resident of his/her obligation to pay rent by the first of the month, and is deemed a reasonable incidental service charge levied to cover the costs of additional accounting and collection expenses. Additionally, there will be a \$25.00 handling charge on all checks dishonored by Resident's bank for any reason. In the event Resident has two checks dishonored by Resident's bank for any reason, Resident will be required to make all payments to Park for the remainder of Resident's tenancy in the form of cashier's check or money order only.
6. **Rental Adjustments:** The Park adjusts the rental rates annually. In the event that there is a rental adjustment during the term of this Agreement, Park shall provide Resident with written notice in accordance with the terms of California Civil Code Section 798.30.
7. **Facilities:** Subject to the hours and rules posted at such facilities, the following facilities will be provided by Park during the term of this Agreement unless modified or changed as provided by law:

Clubhouse, Swimming Pool, Jacuzzi, Coin-Operated Laundry.

Resident Initials:

8. **Services:** The following services will be provided by Park during the term of this Agreement unless modified or changed as provided by law: *On-Site Management*
9. **Mobilehome Residency Law:** Resident hereby acknowledges receipt of the Mobilehome Residency Law, a part of the Civil Code of the State of California, a copy of which is attached hereto as Exhibit 'A'. The terms and provisions of the Mobilehome Residency Law are specifically made a part of this Agreement, and are incorporated herein by reference as though fully set forth at this point.
10. **Park Rules and Regulations:** The Park Rules and Regulations are attached hereto as Exhibit 'B' and are a part of this Agreement. Resident, by signing this Agreement, acknowledges receipt of the Park Rules and Regulations and agrees to comply with all Park Rules and Regulations that now exist and such additional Rules and Regulations as may be promulgated by Park from time to time in accordance with State Law.
11. **Amendment to Rules and Regulations:** The Park Rules and Regulations may be amended at any time with Residents written consent. If Resident does not consent, amendment shall take place six (6) months after written notice to Resident of the change, unless the change is made pursuant to Civil Code Section 798.25(d), in which case only a Sixty (60) Day Notice is required. The Park will meet and consult with Residents about any changes or amendments as provided by law. Amendments pertaining solely to Rules and Regulations applicable to recreational facilities shall be come effective sixty (60) days after written notice to Resident of the change.
12. **Responsibility of the Park:** It is the responsibility of the Park to provide and maintain the physical improvements set forth above and the common areas of the Park in good working order and condition. With respect to a sudden or unforeseeable breakdown or deterioration of the physical improvements in the common facilities, the management shall have a reasonable period of time to repair the sudden or unforeseeable breakdown or deterioration and bring the improvements into good working order and condition after Management knows or should have known of the breakdown or deterioration. For purpose of this subdivision, a reasonable period of time to repair a sudden or unforeseeable breakdown or deterioration shall be as soon as possible in situations affecting a health or safety condition and shall not exceed thirty (30) days in any other case except where exigent circumstances justify a delay.

Resident Initials:

13. **Changes in Rules, Standards of Maintenance, Services, Equipment, or Physical Improvements:** The Park Rules and Regulations, standards of maintenance of physical improvements in the Park, together with services (including utilities), equipment and physical improvements within the Park may be changed from time to time as provided by the California Civil Code.
14. **Entry upon Residents Space:** Resident hereby acknowledges that Park has the right of entry upon the premises for maintenance of utilities or in case of emergency. Management may charge a reasonable fee for services relating to the maintenance of the land and premises upon which the mobilehome is situated if Resident fails to maintain the land or premises in accordance with Park rules and regulations after written notice to Resident and Resident's failure to comply within fourteen (14) days.
15. **Termination of Tenancy:** Resident understands that this Rental Agreement will remain in effect and Resident will be liable to pay rent as set forth in this Agreement whether or not Resident occupies the space. The tenancy created herein may only be terminated by Resident upon the giving of written notice to the Park not less than sixty (60) days before vacating the tenancy, and the actual physical removal of Resident's mobilehome within said sixty (60) day period, or an approved on-site resale or other transfer of the mobilehome.
16. **Removal on Sale:** Park may, at its option, exercise its rights under the Mobilehome Residency Law to require removal of the mobilehome upon resale to a third party, under the conditions specified therein.
17. **Approval of Purchaser and Subsequent Residents:** Resident may sell his or her mobilehome at any time pursuant to the rights and obligations of Resident and Park under the Mobilehome Residency Law. Resident must, however, immediately notify the Park in writing of Resident's intent to sell his or her mobilehome if the prospective purchaser intends for the mobilehome to remain in the Park. If the Park does not exercise its rights pursuant to the Mobilehome Residency Law to require the removal of the mobilehome from the Park, and in order for the prospective purchaser to reside in the Park, the prospective purchaser must: (1) complete an application for tenancy; (2) qualify for acceptance by the Park; and (3) execute a new Rental Agreement and Rules and Regulations.

Resident Initials:

18. **Subletting:** Resident may not sublease or otherwise rent all or any portion of Resident's mobilehome or the space unless required by Civil Code Section 798.23.5. Any other subleasing will be void, and deemed a violation of this Agreement and the Park Rules and Regulations. Any purported assignment of the space or mobilehome will be void unless done per the terms of this Agreement. Any assignment of the space alone without the mobilehome situated thereon will be void and the space will revert to Park. Any sublease which Park must, by law, allow will result in a rent increase in an amount to be determined by Park in its sole discretion, to the extent allowed by law.
19. **Use Prohibited:** Resident shall not use or permit the demised premises or any part thereof to be used for any purpose other than a personal and actual residence to the person(s) listed above. No other person may make his or her permanent residence at the premises without the prior written consent of Park. Such consent may be granted or withheld in the Park's sole discretion and depending upon availability of existing facilities to handle the number of permanent residents in the Park.
20. **Fixtures:** 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, and any structures attached to the ground shall become the property of the Park as soon as they are installed, and may not be removed by Resident without the prior written consent of the Park. Except where Park is responsible under Civil Code Section 798.37.5, Resident, at Resident's sole expense, shall maintain, replace, remove, or repair where necessary all such plants, shrubs, trees, and structures and damage caused by such structures during the term of the tenancy, whether or not such item was planted or installed by Resident or a prior Resident, or by Park.
21. **Waiver:** The waiver by the Park of, or the failure of the Park to take action in any respect by any breach of any term, covenant or condition contained herein or the violation of a Park Rule or Regulation shall not be deemed to be a waiver of such term, covenant, condition, or rule contained herein. The subsequent acceptance of rent by the Park shall not be deemed to be a waiver of any preceding breach by Resident of any term, covenant, condition or rule of this Agreement other than the failure of Resident to pay the particular rent so accepted, regardless of the Park's knowledge of such preceding breach at the time of accepting such rent and whether or not the breach is continuing in nature.

Resident Initials:

22. **Indemnification:** Park shall not be liable for any loss, damage, or injury of any kind, whatsoever, to the person or property of any Resident or any of the employees, guests, invitees, permittees, or licensees of any Resident, or of any other person whomsoever, caused by any use of the Park or homesite, or by any defect in improvements erected thereon, or rising from any cause whatsoever, unless resulting from the negligence or willful act of Park. Resident acknowledges that Park is not a “security park”. Park makes no representation that the Park is secure from theft or any other criminal act perpetrated by any Resident or other person.
23. **Waiver of Liability:** The Park shall not be liable to Resident or his or her family for any damage by or from any act or negligence of any residents or their guests, or by any owner or occupant of adjoining or contiguous mobilehomes. Resident shall pay for all damage to the Park and space, as well as all damages to other residents, their guests and families thereof caused by the Resident or his or her family’s or guests’ negligence or misuse of the Park.
24. **Attorneys’ Fees and Costs:** If an action at law or equity shall be brought to recover any rent or any utilities due under this Agreement or on account of any breach of, or to enforce or interpret any of the covenants, terms or conditions of this Agreement or the rules attached hereto for the recovery of possession of the demised premises, the prevailing parties shall be entitled to recover from the other as part of the prevailing party’s costs, reasonable attorney’s fees, the amount of which shall be fixed by the court and made a part of any judgment or decree rendered and the Park shall be entitled to receive as court costs the cost of the service of any notice required to be served upon the Resident in relationship to the legal action.
25. **Time is of the Essence:** Time is of the essence of this Agreement.
26. **Savings Clause:** Each provision of this Agreement is separate and distinct and individually enforceable. In the event any provision is declared to be unlawful, the enforceability of all other provisions shall not be affected.

Resident Initials:

27. Inspection of the Premises:

- a) By signing this Agreement, Resident acknowledges that Resident has carefully inspected the space to be rented and all the Park's facilities and has found them to be in every respect as represented by Park to the Resident, either orally or in writing, and to the extent that they are not exactly as represented, either orally or in writing, accepts them as they are.
- b) If at any time Resident believes that there exists a deficiency in the maintenance, repair, or upkeep of the common areas or utility systems of the Park, Resident agrees to notify Park, in writing, as soon as reasonably practicable, of the specific nature of such deficiency, and to request that such deficiency be remedied. For purpose of this Agreement, 'common areas or utility systems' shall be defined as those items for which Park is responsible for maintenance as specified in California Civil Code Section 798.15(d) including, but not limited to, the items listed in paragraph 4 above, and the utility systems up to and including the utility pedestal on Resident's space.
- c) Upon receipt of the written notice specified in paragraph 28 (b) above, Park shall have 45 days to investigate same and, if necessary, remedy the deficiency. On or before the expiration of said 45 day period, Park shall notify Resident, in writing, of the results of its investigation and the status of any remedial work done or to be done.

28. ARBITRATION OF DISPUTES:

A. IF, UPON RECEIPT OF PARK'S RESPONSE SPECIFIED IN PARAGRAPH 28 (C), ABOVE, A DISPUTE BETWEEN RESIDENT AND PARK STILL EXISTS REGARDING THE ALLEGED DEFICIENCY, RESIDENT OR PARK MAY REQUIRE ARBITRATION OF THE MATTER BY FOLLOWING THE PROCEDURES SET FORTH HEREIN. IT IS HEREBY AGREED THAT SAID ARBITRATION PROCEDURE IS THE SOLE AND EXCLUSIVE LEGAL REMEDY FOR DISPUTES REGARDING CLAIMED DEFICIENCIES AS SET FORTH IN PARAGRAPH 28 (B) ABOVE. MATTERS OF EVICTION, UNLAWFUL DETAINER, OR ITEMS OTHER THAN DEFICIENCIES DESCRIBED IN PARAGRAPH 28 (B) ABOVE, ARE NOT SUBJECT TO ARBITRATION.

Resident Initials:

- B. IN ORDER TO INVOKE THE ARBITRATION PROCESS, THE PARTY DESIRING ARBITRATION SHALL NOTIFY THE OTHER PARTY, IN WRITING, WITHIN THE APPLICABLE STATUTE OF LIMITATIONS UNDER CALIFORNIA LAW. SAID NOTICE SHALL SPECIFY THE ELECTION TO ARBITRATE AND SHALL SET FORTH THE ISSUES TO BE ARBITRATED. SAID NOTICE SHALL FURTHER INCLUDE THE NAME OF AN ARBITRATOR SELECTED BY THE PARTY DESIRING ARBITRATION TO RULE UPON THE DISPUTE.
- C. UPON RECEIPT OF THE NOTICE SPECIFIED IN PARAGRAPH 29 (B) ABOVE, THE RESPONDING PARTY SHALL WITHIN 10 DAYS NOTIFY THE REQUESTING PARTY OF ITS SELECTION OF A SECOND ARBITRATOR TO RULE UPON THE DISPUTE. THEREAFTER, AND WITHIN 30 DAYS, THE TWO NAMED ARBITRATORS SHALL MUTUALLY SELECT A THIRD ARBITRATOR AND THE MATTER SHALL BE ARBITRATED BEFORE THE THREE-MEMBER ARBITRATION PANEL. IF THE TWO NAMED ARBITRATORS ARE UNABLE TO AGREE UPON A THIRD ARBITRATOR, THE THIRD ARBITRATOR SHALL BE APPOINTED BY THE PRESIDING JUDGE OF THE SANTA BARBARA COUNTY SUPERIOR COURT.
- D. THE ARIBTRATION SHALL BE CONDUCTED IN ENGLISH BEFORE THE THREE-MEMBER ARBITRATION PANEL PURSUANT TO THE PROVISIONS OF TITLE 9 OF PART 3 OF THE CALIFORNIA CIVIL CODE OF PROCEDURE COMMENCING WITH SECTION 1288. ANY PERSON REQUIRING AN INTERPRETER FOR THE PROCEEDINGS MUST DO SO AT HIS OR HER OWN EXPENSE. ANY PARTY TO THE ARBITRATION MAY CAUSE THE PROCEEDING TO BE TRANSCRIBED BY A CERTIFIED SHORTHAND REPORTER AT SUCH PARTY'S SOLE EXPENSE, AND SUCH TRANSCRIPT SHALL BE DEEMED THE OFFICIAL RECORD OF THE PROCEEDINGS, ALONG WITH SUCH PLEADINGS AND EXHIBITS WHICH THE ARBITRATION PANEL ACCEPTS BY MAJORITY VOTE. IN THE EVENT THAT NO PARTY ELECTS TO HAVE THE PROCEEDINGS TRANSCRIBED BY A CERTIFIED SHORTHAND REPORTER, THE OFFICIAL RECORD OF THE PROCEEDINGS SHALL CONSIST OF THE PLEADINGS AND WRITTEN EXHIBITS ACCEPTED BY THE ARBITRATION PANEL. A WRITTEN AWARD INCLUDING FINDINGS OF FACT AND CONCLUSIONS OF LAW SHALL BE PROVIDED TO THE PARTIES WITHIN

Resident Initials:

20 CALENDAR DAYS OF THE CONCLUSION OF THE ARBITRATION PROCEEDINGS. ANY DECISION OF THE ARBITRATION PANEL SHALL BE FINAL AND BINDING, BUT SHALL HAVE NO RES JUDICATA OR COLLATERAL ESTOPPEL EFFECT, AND SHALL BE BINDING ONLY BETWEEN THE ACTUAL PARTIES TO SUCH ARBITRATION. THE ARBITRATION PANEL SHALL HAVE THE JURISDICTION AND AUTHORITY TO AWARD ANY RELIEF THAT A SUPERIOR COURT JUDGE WOULD HAVE THE AUTHORITY AND JURISDICTION TO AWARD, AND NO MORE. THE ARBITRATION AWARD IS REVIEWABLE BY PETITION TO THE SUPERIOR COURT IN THE COUNTY IN WHICH THE ARBITRATION WAS CONDUCTED IN THE EVENT THAT EITHER RESIDENT OR PARK BELIEVE THAT THEY WERE DENIED A FAIR HEARING, THERE WAS A PREJUDICIAL ABUSE OR DESCRETION BY THE ARBITRATION PANEL, OR THE FINDINGS OF THE ARBITRATION PANEL ARE NOT SUPPORTED BY THE EVIDENCE. SAID PETITION TO THE SUPERIOR COURT SHALL BE IDENTICAL BOTH SUBSTANTIVELY AND PROCEDURALLY TO THE PROCEDURES PRESCRIBED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1094.5 THROUGH AND INCLUDING SECTION 1097.

- E. IF A DISPUTE BETWEEN RESIDENT AND PARK INVOLVES BOTH ARBITRABLE AND NONARBITRABLE ISSUES, THE ARBITRABLE ISSUES SHALL PROCEED THROUGH THE ARBITRATION PROCESS PRIOR TO ANY JUDICIAL ACTION BEING COMMENCED ON THE NONARBITRABLE ISSUES. HOWEVER, IF THE NONARBITRABLE ISSUES INVOLVE AN ACTION FOR TERMINATION OF TENANCY PUSUANT TO CALIFORNIA CIVIL CODE SECTION 798.56 OR CALIFORNIA CIVIL CODE SECTIONS 798.87(B), OR 798.88, OR TO PRESERVE A PARTY'S EQUITABLE RIGHTS APPERTAINING TO ANY ARBITRABLE DISPUTE PRIOR TO RESOLUTION BY ARBITRATION, SUCH NONARBITRABLE MATTERS SHALL PROCEED TO JUDGMENT EVEN THOUGH RELATED TO AN ARBITRABLE DISPUTE.

- F. EACH PARTY SHALL BEAR THE COST, IF ANY, OF THE ARBITRATOR THEY SELECT. COSTS FOR THE THIRD ARBITRATOR, AND OTHER COSTS ACTUALLY INCURRED BY THE ARBITRATION PANEL SUCH AS COPYING OF DOCUMENTS, LONG DISTANCE TELEPHONE CHARGES, POSTAGE, AND OTHER SUCH ITEMS NECESSARY TO ALLOW THE

Resident Initials:

ARBITRATION PANEL TO CONFER AND ISSUE ITS AWARD SHALL BE BORNE EQUALLY BY THE PARTIES, AND SHALL BE SET BY THE THREE MEMBER ARBITRATION PANEL. HOWEVER, SAID COSTS SHALL BE REASONABLE AND WILL BE PAYABLE UPON DEMAND OF THE ARBITRATION PANEL. IN THE EVENT THAT RESIDENT IS ABLE TO DEMONSTRATE TO THE ARBITRATION PANEL THAT RESIDENT IS FINANCIALLY INCAPABLE OF PAYING ALL OR ANY PORTION OF THE ARBITRATION COSTS TO BE BORNE EQUALLY BY THE PARTIES, AS DETERMINED IN THE SOLE DISCRETION BY MAJORITY VOTE OF THE THREE MEMBER ARBITRATION PANEL, THEN SAID COSTS, OR THAT PORTION OF THE COSTS WHICH RESIDENT IS UNABLE TO PAY, SHALL BE BORNE BY PARK IN ORDER TO PERMIT RESIDENT TO PARTICIPATE IN THE ARBITRATION PROCEEDINGS. IN ORDER TO BE RELIEVED OF THE OBLIGATION TO PAY RESIDENT'S PORTION OF THE ARBITRATION COSTS, OR TO REDUCE THE AMOUNT THEREOF, RESIDENT SHALL SUBMIT SUCH REQUEST TO THE ARBITRATION PANEL AT THE COMMENCEMENT OF THE ARBITRATION PROCEEDINGS, AND RESIDENT SHALL PROVIDE SUCH FINANCIAL OR OTHER INFORMATION AS THE ARBITRATION PANEL DEEMS APPROPRIATE IN ORDER TO MAKE A DETERMINATION ON THIS ISSUE. WHENEVER REASONABLY POSSIBLE, THE ARBITRATION PROCEEDINGS WILL BE CONDUCTED AT THE MOBILEHOME PARK PREMISES. IN THE EVENT THAT IT IS NOT REASONABLY POSSIBLE TO CONDUCT THE PROCEEDINGS AT SAID PREMISES, A NEUTRAL LOCATION SHALL BE SELECTED BY MAJORITY VOTE OF THE THREE MEMBER ARBITRATION PANEL, AND ANY COSTS ASSOCIATED WITH CONDUCTING THE HEARING AT SUCH OTHER LOCATION SHALL BE BORNE BY PARK. ATTORNEY'S FEES AND OTHER COSTS INCURRED IN PARTICIPATING IN THE ARBITRATION PROCEEDINGS SHALL NOT BE AWARDED BY THE ARBITRATION PANEL, BUT SHALL BE BORNE BY EACH PARTY SEPARATELY. HOWEVER, ATTORNEYS' FEES AND COURT COSTS INCURRED IN ANY JUDICIAL PROCEEDING TO COMPEL ARBITRATION OR TO OBTAIN INJUNCTIVE RELIEF WHICH THE RESPONDING PARTY REFUSED TO STIPULATE TO IN ADVANCE, OR TO ABATE SUBSEQUENT DISPUTES, OR TO CONFIRM AN ARBITRATION AWARD, SHALL BE AWARDED TO THE PREVAILING PARTY.

Resident Initials:

G. SHOULD ANY OF THESE ARBITRATION PROVISIONS BE HELD UNENFORCEABLE FOR ANY REASON, IT IS AGREED THAT ALL ARBITRABLE ISSUES IN ANY JUDICIAL PROCEEDING SHALL BE SUBJECT TO A REFEREE ON MOTION BY ANY PARTY FOR HEARING AND DECISION BY A REFEREE AS ALLOWED BY STATE LAW, INCLUDING CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 638, ET SEQ. IN SUCH EVENT, SAID REFEREE SHALL BE APPOINTED BY THE COURT.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

THIS ARBITRATION AGREEMENT IS VOLUNTARY, NOT A CONDITION OF RESIDENCY IN THE PARK, AND IS BINDING ONLY IF INITIALED BELOW BY RESIDENT AND PARK.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT THE DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

Resident Initials: _____

Park's Initials: _____

Resident Initials:

29. **Captions, et al.:** The captions of the various articles and paragraphs of this Agreement are for convenience and ease of reference and do not define, limit, augment, or describe the scope, content, or intent of this Agreement or any of its parts. Additionally, the neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the neuter and masculine, and each includes a corporation, partnership or other legal entity when the context so requires and the singular number includes the plural whenever the context so requires.
30. **Mechanics Liens:** If any lien is placed upon the premises or any improvement thereon by reason of work undertaken by or at the request of Resident, Resident, within ten (10) days from recordation of said lien shall cause the same to be discharged or released by posting of a bond. Resident shall defend and indemnify and hold Park harmless against all liability or claims arising out of any work or installation caused to be performed by Resident on the leased premises. In the event Resident fails to so act, Park may, but shall not be required to, pay all such sums as are required to cause the release of such lien and deliver to Resident written notification of such payment and Resident shall pay said sum to Park within five (5) days of receipt thereof.
31. **Entire Agreement:** This Agreement contains the entire Agreement between the parties. No promise, representation, warranty or covenant, whether written or oral, not included in this Agreement has been or is relied on by either party. Each party has relied on his own examination of this Agreement, a counsel of his own advisors, and the warranties, representations and covenants in the Agreement itself. Failure or refusal of either party to inspect the premises or improvement, to read the Agreement or other documents, or to obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on such reading, inspecting or advice. Additionally, in any interpretation of this Agreement it shall be deemed that this Agreement and its exhibits were written by both parties, or by Park where allowed by law.
32. **Alteration of this Agreement:** This Agreement may be altered only by written Agreement signed by both parties, by operation of law, or in any manner provided for by the California Civil Code.

Resident Initials:

**MANAGEMENT'S EXHIBIT
Q (2011)**

STATEMENT OF ACCOUNT

Client: Waterhouse Management Corporation
 Matter: Representation in matters concerning Nomad Village Mobilehome Park
 Infrastructure, building, and related regulation Issues
 Period: August 12, 2008 - November 30, 2010

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
12-Aug-08	Conferences w/ Ken Waterhouse and Ruben Garcia of Waterhouse Management regarding Infrastructure, building, and related regulation Issues ; Notes to file	N/C	
26-Sep-08	Review e-mails from and T-call: Ken Waterhouse regarding his meeting at County and reports	N/C	
13-Oct-08	Detailed review and analysis of file documents related to Jerrie Taylor and Tracy Taylor's tenancy in Space 11; Review and analyze Space 11 file from Nomad Village, Inc.; Review and analyze Civil Code sections 798 et seq., relating to Taylor violations relative to Park infrastructure and Park rules	1.0	
14-Oct-08	T-calls: Ken Waterhouse and Ruben Garcia regarding status	N/C	
15-Oct-08	Outlining and drafting of letter to Waterhouse Management regarding proceeding against Waterhouse Management	1.0	
16-Oct-08	Further drafting of letter to Waterhouse Management, etc.	1.0	
17-Oct-08	Further drafting, revise and finalize letter to Ken Waterhouse regarding proceeding against Taylor and Taylor tenancies in Spaces 11 and 23 relating to their abuse of electrical infrastructure; T-call: Ruben Garcia; E-mail to Ruben Garcia	1.5	
23-Oct-08	Review and analyze letter from attorney Raymond Chandler for Jerrie Taylor; Drafting of letter response to Taylor attorney Chandler; Review file documents regarding letter, Motion for Summary Judgment decision, County letter, etc.	1.0	
24-Oct-08	Further drafting of letter to Taylor attorney Chandler regarding Spaces 11 and 23; Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding draft letter and notice and opinion regarding CPMS ; Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding dealing with County; Review and respond to Ruben Garcia's e-mail regarding	1.5	
27-Oct-08	T-call: Ken Waterhouse regarding notice to Taylor and proceeding, etc. ; Notes to file	N/C	
1-Nov-08	Costs: Personal service of Notices on Taylor by Associated Attorney Services		\$110.00
3-Nov-08	Revise letter to Chandler to reflect issue regarding 3/60 and 7-Day Notice and related issues; Assemble exhibits to letter; Arrange for service on Chandler; Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding confirming service of notices on Chandler letter	1.0	
3-Nov-08	Courier: Hand service letter and exhibits on Attorney Chandler		\$25.00
5-Nov-08	Review and analyze letter from attorney Dennis Shea regarding Jerrie Taylor and Space 23; Review voice mail from Miguel regarding he received check from Taylor; T-call: Miguel; Review and analyze letter from Shea regarding Space 11; T-call: Shea (L/M)	1.2	
6-Nov-08	Draft & finalize letter to Shea; Draft & finalize fax transmittal to client	0.3	
12-Nov-08	Return call to Ken Waterhouse regarding status	N/C	
12-Nov-08	T-call: Dennis Shea regarding status of his client's placement of new mobilehome on Space 11 and related issues	0.2	
12-Nov-08	Review Dennis Shea's voice mail; T-call: Dennis Shea (lengthy) to discuss case background and status of his client's efforts to purchase mobilehome for Space 23; T-call: Ken Waterhouse to update on status, etc.	0.8	
13-Nov-08	Travel to and from Nomad Village Mobilehome Park for Site visit with mobilehome dealer and Taylor and Taylor's attorney and Taylor's daughter-in-law	1.5	

JAMES P. BALLANTINE, ATTORNEY AT LAW

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
14-Nov-08	Review and analyze documents delivered by Taylor's attorney regarding proposed mobilehome Plot Plan; etc; Fax transmittal to client; T-call: Ken Waterhouse regarding same; T-call: Neil	1.0	
17-Nov-08	Travel to and from Nomad Village Mobile Home Park to meet with Neil to review plot plan with him; Review Park Rules and architectural standards regarding the Plot Plan compliance, etc.; Review voice mail and e-mail from Ruben Garcia, Norm Bremer regarding Norm Bremer regarding ; T-call: Ruben Garcia regarding status; Check Jerrie Taylor rental agreement on Space 23; Review and respond to Ruben Garcia's e-mails (several)	2.0	
18-Nov-08	Draft & finalize letter to Dennis Shea transmitting Plot Plan by hand-delivery with instructions regarding Plot Plan and dealing with County, etc.; T-call: Shea in response to his client's calls to the Park manager and regarding status; Draft & finalize e-mail to client	1.0	
18-Nov-08	Courier: Hand-deliver: Package to Shea		\$25.00
20-Nov-08	Review and analyze letters (2) from Taylor's attorney regarding mobilehome on Space 23; Draft & finalize fax transmittal to client; T-calls: Shea, installer Tom Minkel, Ken Waterhouse regarding status; Notes to file	1.2	
21-Nov-08	Review e-mails from Ruben Garcia; Prepare for t-call with County Building Inspector Philip Oates: review Plot Plan, his April 13, 2007 letter, Notice of Violation, etc.; T-call: Oates (L/M); T-call: Darren Epps; Draft of letter to Shea in response to his correspondence	1.0	
24-Nov-08	T-call: County Building Inspector Philip Oates (L/M)		N/C
25-Nov-08	Review voice mail from County Building Inspector Philip Oates		N/C
26-Nov-08	T-call: County Building Inspector Philip Oates regarding Nomad notices of violations, why Taylor Plot Plan not approved, schedule meeting, etc.; Notes to file; T-call: Ruben Garcia regarding Oates' call, plan for meeting, etc.; T-call: Norm Bremer (L/M); Review letter from Taylor's attorney	0.8	
30-Nov-08	T-call: Norm Bremer regarding copies of plans (L/M); Draft, revise and finalize letter to Taylor's attorney regarding status, etc.; Draft & finalize e-mail to client	1.0	
2-Dec-08	Prepare for meeting w/ County Building Inspector Philip Oates at Santa Barbara County; Meeting w/ Philip Oates at Santa Barbara County Planning and Development Department (lengthy); Review and analyze documents in his file; Notes to file; T-call: Ken Waterhouse regarding meeting; T-call: Maloney (L/M); Review letter from Shea	2.5	
3-Dec-08	T-call: John Maloney (L/M); Draft & finalize correspondence to electrical engineer Maloney	0.3	
4-Dec-08	Review John Maloney's voice mail; T-call: Maloney (L/M)		N/C
5-Dec-08	T-call: John Maloney to review background and report that I need; Notes to file	0.4	
9-Dec-08	T-call: John Maloney regarding status of his report L/M with Assistant		N/C
10-Dec-08	Review draft letter from electrical engineer John Maloney; T-call: John Maloney to review his letter and discuss additions; Review prior Maloney reports; Draft & finalize e-mail to Maloney regarding providing additional language for his letter	1.0	
12-Dec-08	Review e-mail from electrical engineer John Maloney and attached revised report; Draft & finalize e-mail back to Maloney regarding revisions to Letter regarding Space capacities; Review and analyze further revised report by John Maloney; T-call: Norm Bremer regarding Norm Bremer regarding Norm Bremer regarding ; Draft & finalize e-mail to John Maloney and additional language regarding the 100-amp service	1.0	
13-Dec-08	T-call and meeting w Norm Bremer to review document regarding electrical permit for 100 amp service		N/C

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DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
15-Dec-08	E-mail to and from electrical engineer John Maloney regarding status of revised letter; Review e-mail from Maloney office with letter copy; T-call: Maloney office - letter still needs revision; Review and finalize letter	0.5	
15-Dec-08	Courier: Pick-up letter from Maloney's office; Deliver to County Planning and Development Department		\$25.00
16-Dec-08	T-call: electrical engineer Philip Oates; Draft & finalize e-mail regarding status and forwarding final Maloney letter; Review Garcia e-mail	N/C	
17-Dec-08	Drafting, revise and finalize letter to Philip Oates at County urging approval of Plot Plan; Draft & finalize e-mails to Ruben Garcia with letter, etc.	1.5	
18-Dec-08	Review e-mails: Ruben Garcia, Norm Bremer; T-call: Norm Bremer	0.2	
19-Dec-08	T-call: electrical engineer Philip Oates (L/M) (no return call)	0.2	
27-Jan-09	Lengthy conversation with Taylor attorney Dennis Shea regarding status; Conversation with former attorney Marty Cohn	0.3	
2-Feb-09	Review and analyze motion to compel inspection of Nomad Village infrastructure against Lazy Landing and Waterhouse Management Corp. as third parties by Plaintiff in Failure to Maintain Action; Outlining and drafting of Opposition	2.0	
2-Feb-09	Review and analyze letter from Oates at Santa Barbara County responding to correspondence; T-call: Maloney regarding Oates letter; Draft & finalize fax transmittal: Maloney, Waterhouse Management Company; Review letter from Shea	0.5	
3-Feb-09	T-calls: David Dunbar, Ken Waterhouse regarding status; Further drafting and revision of Opposition to Motion to Compel; Drafting of Declarations of Ken Waterhouse and David Dunbar	2.5	
4-Feb-09	Further drafting, revise and finalize Opposition to motion to compel and declarations in support of motion; T-calls to and e-mails to and from Ken Waterhouse and David Dunbar; Arrange for service	1.5	
5-Feb-09	Draft & finalize fax and e-mail response to electrical engineer John Maloney; T-call Dan Fitzgerald regarding electrical issue and County is not a proper grounds, etc.	0.4	
5-Feb-09	Paralegal: assemble exhibits to Opposition to motion to compel		\$90.00
5-Feb-09	Fax, copy and mailing costs of Opposition to motion to compel		\$22.50
5-Feb-09	Courier: file Opposition at Santa Barbara Superior Court		\$25.00
9-Feb-09	Review J. Maloney e-mail regarding County letter; Draft & finalize e-mail to John Maloney with draft language for County letter	0.8	
12-Feb-09	Draft and finalize letter to Reich regarding subpoenas; Review voice mail from David Dunbar and return call regarding Heater call; Review e-mail; Draft & finalize e-mail to David Dunbar regarding subpoenas	1.2	
16-Feb-09	Review and analyze Reply and Reply documents; Outline objections to declarations	1.0	
17-Feb-09	Draft & finalize e-mail to Reich; Draft & finalize Objections to Heater declaration and supplemental declaration; Draft & finalize objections to Reich declaration and supplemental declaration	1.5	
17-Feb-09	Courier: file Objections in Santa Barbara Superior Court		\$25.00
18-Feb-09	Draft & finalize e-mail to Linda Reich; T-call: Ken Waterhouse; Check Court website for tentative ruling on motion	0.5	
19-Feb-09	Review and analyze Court's tentative ruling; Prepare for and appear at hearing in Santa Barbara Superior Court	2.0	
22-Feb-09	T-calls: Ken Waterhouse, Juanita	0.3	
23-Feb-09	Travel to and from Nomad Village to check on status of inspection and observe inspectors; Draft & finalize e-mail to Linda Reich; Fax documents to Linda Reich	2.0	

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24-Feb-09	Drafting of letter to County regarding Park infrastructure; Draft e-mail to Maloney regarding need him to revise his letter to delete reference to 100 Amp; T-calls: Ken Waterhouse, DF regarding meeting	1.0	
25-Feb-09	Meeting w/ Ken Waterhouse to prepare for his deposition; Represent Ken Waterhouse at his deposition; Meeting: Darren Epps, Dan Fitzgerald, Ken Waterhouse, etc. regarding status, condition of Nomad infrastructure	5.0	
25-Feb-09	Host lunch meeting at University Club		N/C
26-Feb-09	Review revised letter by Maloney; Attend depositions of County officials Mike Zimmer and Philip Oates; Notes to file	4.0	
3-Mar-09	Return t-call: CopyPro regarding document subpoena	0.2	
3-Mar-09	Finalize letter to Oates	0.3	
4-Mar-09	Courier: Personal delivery of letter to Oates and Zimmer at County		\$25.00
4-Mar-09	T-call: Ken Waterhouse	N/C	
5-Mar-09	Outline questions to Jerrie Taylor at deposition; Review file documents; Draft & finalize e-mail to client (1/2 of time spent)	1.0	
6-Mar-09	Attend continued deposition of Jerrie Taylor; Notes to file (1/2 of time spent)	2.0	
12-Mar-09	Brief review of deposition transcript; Arrange to have it copied and sent to client; Draft & finalize letter to Ken Waterhouse transmitting deposition transcript by overnight mail	0.5	
12-Mar-09	Overnight mailing costs		\$26.50
12-Mar-09	Courier to overnight mail		\$25.00
16-Mar-09	Return call: Juanita	N/C	
17-Mar-09	T-call: Juanita to discuss situation w/ Taylor: Space 23 not maintained, no payment of rent on Space 23 or 11; Review bills faxed from Juanita; T-call: Mike Zimmer, Santa Barbara County Building Department	0.3	
19-Mar-09	Review Ruben's e-mail and attachments regarding bills from County; Review documents; Draft & finalize response e-mail to Ruben Garcia; Conference with Darren Epps regarding: does he have any knowledge of prior billings to be paid by Nomad	0.4	
20-Mar-09	Review and analyze Ken Waterhouse deposition transcript	1.0	
31-Mar-09	Attend Jerrie Taylor deposition; Notes to file; Conference w/ Darren Epps	N/C	
2-Apr-09	Review Kelly's voice mail; T-call: Ruben Garcia; T-call: Goleta Water District Jim Henderson	0.4	
6-Apr-09	Review Juanita's voice mail T-call: Juantia regarding Space 23, 11; T-call: Jim Henderson at Goleta Water District	0.3	
27-Apr-09	T-call: Ken Waterhouse (L/M); T-call: Norm Bremer regarding Goleta Water District issue	N/C	
30-Apr-09	Return Juanita call; T-call: Juanita regarding status of various park issues, etc.; Notes to file	0.5	
1-May-09	T-call: Carrie at Goleta Water District (L/M)	N/C	
4-May-09	T-call: Mike Zimmer (L/M); T-call: Carrie Bennett at Goleta Water District; T-call: Juanita	0.2	
5-May-09	T-call: Mike Zimmer regarding potential meeting; Notes to file	0.2	
6-May-09	Site visit to Space 23	1.0	
12-May-09	T-call: Ken Waterhouse	N/C	
13-May-09	T-call: Zimmer	0.2	
15-May-09	T-call: Juanita	N/C	
18-May-09	T-call: Zimmer (L/M); regarding meeting; Review fax from Juanita	0.2	
19-May-09	T-call: Mike Zimmer	0.2	
21-May-09	Review voice mail from Zimmer's office regarding meeting; T-calls: Zimmer's office regarding schedule, Maloney's office	0.3	
22-May-09	Review voice mail from Zimmer's office; T-call: Zimmer's office	N/C	

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DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
4-Jun-09	Preare for and represent client at meeting with County Building official Mike Zimmer and his staff and electrical engineer John Maloney at County of Santa Barbara relating to all our electrical connections at Park; Confer with John Maloney; Notes to file	2.0	
15-Jun-09	Review Philip Oates' voice mail, return call (L/M)	N/C	
16-Jun-09	Review Philip Oates' e-mail, return call (L/M); Draft & finalize letter to Maloney regarding status, response to memo draft	0.2	
17-Jun-09	T-call: Philip Oates (L/M)	N/C	
18-Jun-09	Review Philip Oates' voice mail	N/C	
23-Jun-09	Review and analyze letter from County building inspector Oates allowing mobilehome installation at Space 23; Review and respond to e-mail from Ruben Garcia regarding same	0.4	
24-Jun-09	Review voice mail; e-mail from Ruben Garcia; T-calls: Ruben Garcia regarding water district issues(2); Draft & finalize e-mail to Ruben Garcia	0.4	
25-Jun-09	Review e-mail from Ruben Garcia; T-calls: Shari at Waterhouse Management, Ruben Garcia; Review and analyze e-mail fro Shari and attachments: Power of Attorney document, Title Report for leasehold interest; Review and analyze Ground Lease regarding maintenance duties, etc.; T-call: Norm Bremer regarding GWD status, contact with Bells; T-call: Jim Henderson at GWD; T-call: Von Dolen (L/M); Prepare Authorization of Agent document	2.0	
26-Jun-10	Review and respond to e-mail from Ruben Garcia regarding Bell authorization; T-calls: John Bell (L/M), Robert Bell (L/M) Von Dolen's office (He's N/A); John Bell (2), Ruben Garcia (2); Draft & finalize e-mail to Ruben Garcia regarding Authorization form and status; Review e-mail document from Ruben Garcia; Review voice mail from Bob Bell and return call	1.5	
29-Jun-09	Review Ground Lease; Review original Authorization sent by overnight delivery by Waterhouse Management; Draft letter to Von Dolen; Draft e-mail to Ruben Garcia transmitting Von Dolen letter draft	2.0	
1-Jul-09	T-call: Von Dolen regarding status of Authorization; T-call; Ruben Garcia regarding status update, etc.	0.5	
8-Jul-09	Review check from client; T-call: P & D (N/A); T-call: Von Dolen regarding status - where is the Authorization	0.2	
9-Jul-09	Review and analyze letter from Bell attorney Von Dolen regarding side agreement regarding Goleta Water District authorization; Review Ground Lease; Prepare response letter with revisions to agreement; Draft & finalize e-mail for Ruben Garcia and Ken Waterhouse	1.0	
10-Jul-09	T-call: Ruben Garcia regarding Von Dolen response; Finalize Von Dolen response; Draft & finalize e-mail to Ruben Garcia	0.8	
13-Jul-09	Review Goleta Water District report sent by Norm Bremer; T-call: Norm Bremer regarding Goleta Water District test results; Fax Goleta Water District document to client, etc.	0.4	
27-Jul-09	Review and respond to Ruben Garcia's e-mail; T-call: Von Dolen regarding authorization	0.2	
28-Jul-09	Draft & finalize letters to Von Dolen, Carrie Bennett at Goleta Water District	0.2	
28-Jul-09	Courier: Von Dolen's office		\$20.00
28-Jul-09	Courier: Goleta Water District		\$40.00
31-Jul-09	Brief conference w/ Dennis Shea re: condition of Space 23	N/C	
7-Aug-09	Review and analyze Shea correspondence; T-call: Dennis Shea regarding status Confer with Miguel Lopez; view Space 23; Review Jerrie Taylor bills	1.5	
12-Aug-09	T-call: Shea; Review Jerrie Taylor bills	0.2	
14-Aug-09	Conference at S.B. County Building and Safety personnel regarding issues regarding approval for Space 23, etc.; Notes to file; Review and analyze Shea correspondence	1.0	
17-Aug-09	Review Shea letter and plot plan; analyze Nomad bills regarding rent due	0.4	
21-Aug-09	Review letter from Taylor to Waterhouse forwarded by Ruben Garcia; Draft & finalize e-mail to Ruben Garcia regarding status; T-call Ruben Garcia (L/M)	0.6	

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DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
24-Aug-09	T-call: Ruben Garcia (L/M)		N/C
25-Aug-09	T-call: Ruben Garcia regarding status regarding Taylor issues and Nomad infrastructure issues; Notes to file	0.3	
27-Aug-09	Draft & finalize letter to Shea regarding will approve a plot plan and have further response for him	0.4	
31-Aug-09	Review Shea letter		0.2
1-Sep-09	Return Shea call (L/M)		N/C
2-Sep-09	Review file documents; Drafting of letter to Shea regarding history regarding Space 23 and 11 and status of Space 23 plot plan	1.0	
3-Sep-09	Return t-call: Miguel Lopez; Further drafting of letter to Shea; e-mail draft to Ruben Garcia	1.5	
4-Sep-09	Finalize Shea letter; Review documents	1.0	
5-Sep-09	Review voice mail from Ken Waterhouse; Review documents delivered by Shea's office; T-call: Ken Waterhouse regarding status: settlement, Taylor, County, moving forward with the Park improvements, etc.	0.5	
9-Sep-09	Brief conference w/ Shea regarding status		N/C
16-Sep-09	Review and analyze correspondence documents regarding new mobilehome forwarded by Shea; Review Taylor documents regarding prior application for approval; Notes to file; T-call: Shea (N/A)	1.0	
18-Sep-09	Review Shea's voice mail; T-call: Shea; Review Shea voice mail; T-call: Shea (L/M)	0.2	
22-Sep-09	Draft & finalize e-mail to Ruben Garcia and Ken Waterhouse regarding status and latest correspondence; T-call: Ruben Garcia, T-call: Shea (L/M)	0.8	
23-Sep-09	Draft & finalize letter to Ruben Garcia transmitting Taylor check; Review Shea's voice mail; T-call: Shea (L/M)	0.3	
24-Sep-09	Lengthy t-call: Shea to review status, deficiencies with his documents submitted, etc.; Review and analyze documents; T-call: Shea	0.8	
25-Sep-09	Review letter from dealer submitted by Shea and Shea e-mail; Draft & finalize e-mail to Shea regarding infrastructure	0.6	
28-Sep-09	Review and analyze additional documents regarding Taylor's proposed 30-amp mobilehome sent by Shea; T-call: Shea to review documents and discuss deficiencies	1.0	
29-Sep-09	Review and analyze further documents sent by Shea: Plot Plan and letter from installer; Draft & finalize e-mail to Ruben Garcia regarding same	0.5	
30-Sep-09	Review Miguel's voice mail; T-call: Miguel; T-call: Ruben Garcia (L/M); Review letter from Shea	0.2	
1-Oct-09	T-call: Ruben Garcia (L/M); T-call: Shea	0.2	
2-Oct-09	T-call: Ruben Garcia, Shea	0.2	
5-Oct-09	Brief conference w Miguel; T-call: Shea (L/M)	0.2	
6-Oct-09	T-call: Miguel; T-call: Shea (L/M)	0.2	
7-Oct-09	Return call: Shea (L/M); Draft & finalize letter to Shea regarding plot plan and installation issues, etc.	1.5	
8-Oct-09	Return e-mail to Shea	0.2	
8-Oct-09	Courier: correspondence and plot plan to Shea		\$25.00
9-Oct-09	Draft & finalize e-mail to Ruben Garcia regarding status		N/C
12-Oct-09	Review Ruben Garcia's e-mail		N/C
21-Oct-09	Review analyze correspondence from Shea; Review voice mail from installer; Return call (L/M); Draft & finalize e-mail to Ruben Garcia	0.5	
22-Oct-09	Review voice mail from installer, return call (L/M)		N/C
26-Oct-09	Review voice mail from installer; T-call: installer	0.3	
27-Oct-09	Review e-mails from Ruben Garcia; T-call: Ruben Garcia	0.2	

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DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
19-Mar-10	Confer w/ Taylor attorney Shea regarding status of mobilehome installation in Space 23	0.3	
25-Mar-10	Review and respond to Ruben Garcia's e-mail regarding notice from County regarding Park infrastructure ; Review Von Dolen letter to County; T-call: Ruben Garcia; Draft & finalize e-mail to Von Dolen; E-mails to and from Ruben Garcia	1.0	
31-Mar-10	Review and analyze e-mails from and forwarded by Ruben Garcia regarding County's issue of fine regarding condition of Park infrastructure (asphalt) ; T-call: Ruben Garcia regarding status, how to proceed, etc.	0.5	
1-Apr-10	Further review documents/e-mails forwarded by Ruben Garcia regarding issue of fine regarding condition of Park infrastructure; Legal research: review and analyze SB County Code regarding procedures regarding issuance of administrative fines and appeals; Outline letter of appeal to County	1.5	
2-Apr-10	Further drafting, revise and finalize letter to County Planning & Development Director regarding appeal of administrative fine for condition of Park infrastructure; Draft & finalize supplemental letter of Appeal; Draft & finalize letter to Kevin Greene regarding notices, etc.; Draft & finalize e-mail to Von Dolen	2.0	
2-Apr-10	Draft & finalize e-mail to Ruben Garcia and Ken Waterhouse regarding copies, status, etc.	0.5	
2-Apr-10	Courier: Hand-deliver letter to Planning & Development		\$25.00
5-Apr-10	Return t-call to Ruben Garcia; Discussion w/ Ruben Garcia regarding status of appeal, infrastructure issues	N/C	
4-May-10	Review e-mails and voice mail from Ruben Garcia, Norm Bremer to review what financial records he has, etc.; he will review and call back; Notes to file	1.0	
5-May-10	T-calls: Norm Bremer regarding record review; Review e-mail: Ruben Garcia to Mr. St. John; Review voice mail from Mr. St. John; Lengthy t-call: Mr. St John regarding a number of background issues regarding Santa Barbara County Mobilehome Rent Control Ordinance, background of prior rent control arbitrations, potential issues regarding rent increase and approaches to rent increase application regarding follow-up conference, Park infrastructure	1.5	
6-May-10	Review and analyze County letter responding to notice of appeal; Legal research: Government Code section cited in letter; Review and analyze cases citing relevant Government Code section, including Santa Paula case	1.5	
7-May-10	Review legal research and County documents and preparation of outline of proceeding; T-calls: St. John (L/M), Ruben Garcia (L/M)	0.5	
8-May-10	Outlining and begin drafting Petition for writ of mandate and appeal of County decision regarding appeal of Notices of Determination of Fine, etc., regarding Park infrastructure	2.5	
10-May-10	Further drafting of Petition for writ	1.0	
11-May-10	Revise and finalize Writ Petition; T-calls and e-mail to Ruben Garcia; e-mails to and from St. John; Lengthy t-call with Mr. St. John regarding rent increase and rent control issue; Notes to file	3.0	
11-May-10	Courier: Filing Writ of Mandate in Santa Barbara Superior Court		\$30.00
11-May-10	Copies of Writ of Mandate		\$15.50
11-May-10	Santa Barbara Superior Court Fee for filing Writ of Mandate		\$355.00
12-May-10	Review and analyze memo from Michael St. John regarding rent increase issues; Draft & finalize response; Draft & finalize e-mail to County regarding appeal hearing; T-call: Von Dolen; Review e-mail from Co.; Calendar date, etc.	1.5	
24-May-10	T-call: :Von Dolen regarding preparation fro County appeal hearing	0.2	
25-May-10	Review e-mail from Ruben Garcia and from Mr. St. John's office; T-call: Norm Bremer; Prepare for hearing at County; review and analyze County Code provisions, documents provided by County; Prepare outline of arguments at appeal hearing; Review file documents: Maloney's reports, etc.	2.0	

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DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
26-May-10	Copies: exhibits for hearing		\$10.00
26-May-10	Further preparation for hearing; T-call: Von Dolen; Represent client at hearing at County on issue regarding administrative fine and violations; Review County documents; Notes to file; Confer w/ Von Dolen; Confer w/ County Counsel	3.5	
4-Jun-10	T-call: Norm Bremer regarding Nomad financial documents	0.3	
11-Jun-10	T-call: Norm Bremer	0.3	
29-Jun-10	Lengthy t-call: Von Dolen regarding status; County Hearing issue, appeal, property tax issue, etc.	0.5	
10-Sep-10	Review e-mail from Ruben Garcia; Draft & finalize reply e-mail to Ruben	0.3	
15-Sep-10	T-call: Ruben Garcia; T-call: Miguel; Further review of documents from Ruben Garcia: Taylor issue	0.7	
17-Sep-10	Brief review of e-mail from St. John	0.2	
17-Sep-10	Review and analyze documents sent by County regarding Park infrastucture: Notice of Violation; Notice of Determination of Fine; E-mail County document to John Maloney; T-call: John Maloney, electrical engineer; T-call: Ruben Garcia regarding Taylor, property tax, County documents	2.0	
21-Sep-10	T-call: Richard Abbott at D.A.'s office (N/A); T-call: Ruben Garcia (L/M); T-call: Ruben Garcia; T-call: Ken Waterhouse regarding status of various matters; Notes to file	1.0	
22-Sep-10	Review and analyze County notices; Review County Code and file documents; Drafting of memo regarding potential responses to County notices	1.5	
23-Sep-10	Review and analyze memo from St. John regarding rent increase issues; T-conference w/ St. John regarding rent increase issues and additional information needed etc.; Notes to file; Draft & finalize e-mail from Ruben Garcia; T-calls: Maloney, Ruben Garcia regarding _____ ; T-call: Norm Bremer regarding accounting issues	2.0	
24-Sep-10	T-call: Von Dolen on Notice of Determination of Fine, NOV asnd property tax issue; Further draft, revise and finalize memo on NOV issue to client	1.0	
27-Sep-10	Review and analyze e-mail from Michael St. John regarding the rent control issues and attached spreadsheets; Review and analyze letter draft prepared by John Maloney and forwarded by e-mail; Draft Amended Petition against County regarding electrical issues, etc.	3.5	
28-Sep-10	Courier: File Amended Petition at Santa Barbara Superior Court		\$25.00
30-Sep-10	Draft & finalize appeal letter to Santa Barbara County regarding infrastructure issue	0.5	
30-Sep-10	Courier: Hand-serve appeal letter to Planning Department of Santa Barbara County		\$25.00
1-Oct-10	Return call to Von Dolen regarding application; Draft & finalize e-mails to Von Dolen transmitting appeals; Draft & finalize e-mail from motion for summary judgment regarding rent increase, etc.	0.5	
2-Oct-10	Review and analyze e-mail from Michael St. John regarding rent increase, etc.	0.2	
8-Oct-10	Drafting of memo on property tax issue	1.0	
22-Oct-10	Review Ruben Garcia's e-mail; Review file documents; Review St. John documents; T-call: St. John (L/M); T-call: Norm Bremer; T-call: Eric Snyder at County; T-call: Maloney (L/M); Draft & finalize e-mail to Ruben Garcia (L/M)	1.0	
25-Oct-10	T-calls: John Maloney, Michael St. John, Eric Snyder at County (L/M); Ruben Garcia regarding status; Conference w/ Norm Bremer regarding capital costs	0.5	
26-Oct-10	Further drafting, revise and finalize memo on property tax issue; Review and respond to Ruben Garcia's voice mails and e-mails; T-calls: Eric Snyder at County, Maloney regarding meeting regarding electrical; Prepare for conference call: Ken Waterhouse, St. John; Review documents; prepare notes; Conference call with Ken Waterhouse and Michael St. John; Notes to file; Review Michael St. John analysis regarding increase; T-call: Ken Waterhouse	2.5	

JAMES P. BALLANTINE, ATTORNEY AT LAW

DATE	DESCRIPTION OF PROFESSIONAL SERVICES PERFORMED/EXPENSE INCURRED	HOURS	EXPENSE
27-Oct-10	Review voice mail from Snyder; T-call: Von Dolen regarding property tax, County fine issue; Return call: Richard Abbott at District Attorney's office (L/M); T-calls: St. John (L/M), Ruben Garcia, Ken Waterhouse, Michael St. John; Review St. John's e-mails; Notes to file; Draft & finalize e-mail regarding recent history of rent increases at Nomad; Research CPI	2.0	
28-Oct-10	Return t-call: Ken Waterhouse; Review and analyze e-mails and documents forwarded by Ruben Garcia; e-mail to Ruben Garcia; T-call: County Counsel Jerry Czuleger regarding settlement of Planning & Development issues; Review voice mail from Eric Snyder regarding application hearing; T-call: Snyder (L/M); T-call: Abbott (L/M)	1.0	
1-Nov-10	Assemble files for meeting w/ John Maloney and Eric Snyder at Santa Barbara County Building & Safety Department and attend meeting; Notes to file; Confer with John Maloney; T-call: County Counsel Czuleger (L/M); T-call: Richard Abbott; T-call: Ken Waterhouse; Review voice mail from Eric Snyder	1.5	
2-Nov-10	Draft letter to Eric Snyder regarding resoluition of County issues; Draft e-mail to client; T-call: Jerry Czuleger (L/M); T-call: Ruben Garcia; T-call: Ken Waterhouse	2.0	
3-Nov-10	Finalize letter to County; Assemble exhibit	0.4	
4-Nov-10	Courier: deliver letter to County		\$25.00
8-Nov-10	Review Ruben Garcia's e-mail; T-call: Michael St. John regarding status and proceeding	0.3	
10-Nov-10	Return call to Jerry Czuleger regarding status; Draft letter to Czuleger regarding waiver of time limit; E-mail to client; Drafting of letter to lender; Review file documents for drafting of letter to lender	1.5	
11-Nov-10	Reivew Czuleger e-mail; Review and respond to Ruben Garcia's e-mail; Drafting of letter to lender	1.0	
12-Nov-10	Draft & finalize revised letter to Czuleger regarding waiver of fine limit; Finalize draft of letter to lender; E-mails to Ruben Garcia and Ken Waterhouse; T-call: Czuleger (L/M)	1.5	
17-Nov-10	Review and analyze letter from Czuleger regarding County settlement; T-call: Maloney; Review Ruben Garcia e-mail regarding revision to lender letter; Draft & finalize revision to lender letter and e-mail to Ruben Garcia, Ken Waterhouse; Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding County settlement	1.5	
22-Nov-10	T-call: Jerry Czuleger regarding status and agreement	0.3	
23-Nov-10	T-call: John Maloney regarding status: Review plans forwarded by John Maloney; Drafting of Agreement with County regarding Infrastructure improvements	2.0	
24-Nov-10	Further drafting of Settlement Agreement with County; Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding Settlement Agreement draft	1.5	
29-Nov-10	Draft & finalize e-mail to Ken Waterhouse and Ruben Garcia regarding status	0.3	
30-Nov-10	Review and respond to e-mail from Ruben Garcia; Draft & finalize e-mail to Von Dolen; T-calls: Czuleger (L/M), St. John (L/M)	0.5	
	Toll charges - for entire period		\$98.50
	Miscellaneous copies, postage, facsimile charges - for entire period		\$42.50
	TOTAL HOURS	153.4	HOURS
	TIMES	\$325.00	PER HOUR
	TOTAL FOR HOURS	\$49,855.00	
	TOTAL FOR EXPENSES	\$1,118.00	
	TOTAL FOR HOURS AND EXPENSES FOR PERIOD	\$50,973.00	