

Dear Los Angeles City Councilmember,

I am highly disturbed regarding Agenda item #10-0613-S3 that will be heard 12/5/2012 at 8:30 AM. This Motion was presented by Councilmember, Tony Cardenas & seconded by Jan Perry recommending that an "amendment be made to the RSO for a graduated vacancy control". This motion was within the purview of the LAHD Mobile Home Task Force members & should have been brought before the task force for discussion.

I am opposed to amending the RSO to a graduated vacancy control for mobilehomes. If anything is to be done, it should be measures to reduce the space rent in mobilehome parks, not increase it.

Under the current RSO, a buyer of a mobile home will incur a 10% increase in the existing space rent & also an increase from 3-5% in space rent which occurs on an annual basis. A sample of the impact the existing RSO has on mobilehome dwellers is as follows:

Base space rent @ \$600.00 with an annual increase of 3% = \$806.00 by the 10th year

Base space rent @ \$600.00 with an annual increase of 4% = \$887.00 by the 10th year

Base space rent of \$600.00 with an annual increase of 5% = \$997.00 by the 10th year

Base space rent @ \$800.00 with an annual increase of 3% = \$1075.00 by the 10th year

Base space rent @ \$800.00 with an annual increase of 4% = \$1194.00 by the 10th year

Base space rent @ \$800.00 with an annual increase of 5% = \$1303.00 by the 10th year

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Apartment dwellers have a choice to move when rent becomes unaffordable. People who have invested their life savings to purchase a mobilehome and then rent a space in a mobilehome park don't have that choice If they can't afford the annual increase in space rent they'll simply lose their home. It is very difficult if not impossible to relocate a mobilehome into another mobilehome park.

Being a homeowner of a regular home, could you for a moment imagine knowing what your fixed monthly mortgage payment is, then each year your monthly payment goes up by 3%, 4% or 5%. With this in mind, how many years could you afford to live in your home? In addition to space rent, like a homeowner of real property an owner of a mobilehome has all of the same responsibilities such as paying a mortgage, property taxes, plumbing/electrical repairs, interior/exterior repairs, interior/exterior painting, upkeep of their home/space, etc.

Should the existing RSO be amended to utilize the “graduated increase formula”, the affordable housing stock in mobilehome parks will cease to exist due to attrition, the City of Los Angeles would lose revenue due to those fortunate enough to relocate and there will be a higher rate of homelessness especially in the senior & disabled population.

Please help the people who have invested their life savings into their mobilehome to be able to live the “American Dream” by making/keeping space rents in mobilehome parks affordable.

Thank you for taking your time to review my correspondence & for making decisions that make mobilehome park living affordable.

Valerie Montoya, MHTF, City of Los Angeles



6101 Ball Road, Suite 202 CYPRESS, CA 90630 TEL: (714) 826-407 FAX: (714) 826-2401

Date: 12/5/12 W N E R S L E A G U ESubmitted in HCECD CommitteeCouncil File No: 10-0613-53Item No: 6~~Item No:~~ Communication from the public**To: Los Angeles Housing, Community and Economic Development Committee****From: Bruce E. Stanton, Corporate Counsel****Date: December 3, 2012****Re: Opposition to Motion Recommending Amendment to Los Angeles RSO re: Vacancy Decontrol****Hearing Date: December 5, 2012 @ 8:30 a.m.**

The Golden State Manufactured – Home Owners League, Inc. (GSMOL) is a state-wide corporation composed of thousands of manufactured and mobilehome homeowners, including homeowners residing within the City of Los Angeles. We have learned just this week of the Committee's intent to meet and discuss a motion to phase out vacancy control protection via an amendment to the Los Angeles Rent Stabilization Ordinance (RSO). On behalf of our members, we implore the Committee to fully and carefully consider this proposed action before making any recommendation for action to the City Council. For the following reasons, GSMOL opposes any amendment which attacks homeowner equity at a time when government can ill afford to see more and more of its citizens losing their property investments. We urge that the intended motion not be accepted.

GSMOL has historically opposed any legislation which has the effect of dismantling one of the most vital protections that has been adopted by many of the 110 California cities and counties which have enacted mobilehome rent stabilization ordinances. The proposed amendment which you consider today would decontrol mobilehome and manufactured home rents space upon resale, allowing for a higher and higher percentage of rent increase as time goes on. The direct consequence of higher rents is a corresponding devaluation in mobilehome equity, thus resulting in damage to the thousands of low income and senior homeowners throughout Los Angeles.

In a mobilehome rent ordinance, nothing is more vital than protecting the ability of a resident to sell his or her home for a fair market price. Many ordinances thus contain some form of what is known as "vacancy control". This provision prevents a park owner from raising rents upon resale except in certain limited situations, such as eviction, foreclosure, dealer purchase or physical removal from the space. The basic premise of "vacancy control" is founded on the factual realities of the manufactured home/mobilehome marketplace:

-Mobilehomes are a significant investment, often representing the most valuable asset owned by a senior or person on fixed income. The average cost of a new home now approximates \$100,000.00, and the costs of installation and landscaping the space only adds to the investment. The equity which results therefrom is, likewise, often substantial;

-Mobilehomes are essentially 'immobile'. While these homes are still referred to as "mobile" they are in fact a form of immobile, manufactured housing that is constructed at a factory and then transported to its site. The cost of transport is substantial; typically in the range of \$5-15,000.00. Furthermore, in metropolitan areas with tight housing markets a virtual absence of vacant spaces makes moving impossible, even if costs are not a consideration. As a result, when mobilehome owners move they have no choice but to sell their homes "in place" rather than move them elsewhere. The Department of Housing and Community Development has found that only 3% of mobilehomes are ever moved from their original location prior to being salvaged or demolished;

-The amount which a selling homeowner can obtain from an "in place" sale is directly dependent upon the amount of rent that can be charged by the park owner. Economic "paired analysis" done within the mobilehome industry, which compares space rent amounts to the amount of equity which a resident can obtain from the sale of the home, finds that for every \$100.00 increase in space rent, mobilehome equity decreases by a corresponding amount of \$10,000.00. This means a loss of equity that could be measured in the tens of thousands for the selling homeowner.

-The California Civil Code recognizes at 798.9 that mobilehome residents are “homeowners”, and not just “tenants”.

-An important way to protect the mobilehome equity of these “homeowners” is thus to regulate rent increases upon resale, and most local ordinances do just that in the form of “vacancy control” provisions. It has been left to Cities and Counties to determine whether there should be any exceptions to vacancy control, how those exceptions should be implemented or whether some limited percentage of rent increase should be allowed; there is no state regulation on the subject. This analysis is routinely conducted by each local jurisdiction as each implements or administers their mobilehome rent ordinances. Each is mindful of the unique nature of the mobilehome tenancy, and that the equity in a mobilehome is often the most substantial asset, or perhaps even the ONLY asset, that a mobilehome resident possesses. Accordingly, the protection of that equity currently afforded by the RSO should be considered paramount, and should not be lightly altered.

The history of “vacancy control” in California shows that park owners have resorted to a number of ploys to achieve their goal of raising mobilehome rents at resale. Their arguments that mobilehome residents are benefiting from “premiums” and that park owners are saddled with “perpetually below market rents” have been tried at the State level, most recently in connection with AB 761, and have failed. Park owners have also sponsored three major ballot initiatives that have been soundly defeated by the voters (Proposition 199 in 1996, Proposition 90 in 2006 and Proposition 98 in 2007). They have thus failed to convince state elected officials, or the state-wide electorate, that higher profits for park owners should be achieved at the expense of destroying the investments of homeowners.

Park owners have also litigated the issue for many years, claiming that vacancy control works an unconstitutional “taking” of their property without just compensation or due process of law. The net result of decades of lawsuits is that vacancy control is not unconstitutional, and the two-year statute of limitations prevents most ordinances from being attacked on their face. Park owners have also failed in their quest to have the courts outlaw vacancy control protection. There is now no reported case decision in either state or federal court which invalidates “vacancy control”.

It is unknown how or why this motion came to be, or what has initiated this inquiry into the RSO. But it is by its terms an effort apparently generated by park owners to deregulate the mobilehome sales market. Unlike some local ordinances, the Los Angeles RSO already contains a limited “vacancy decontrol” provision which allows a 10% rent increase at the time of resale. This is in addition to unlimited rent increases that would typically occur when there is an eviction, a foreclosure or voluntary vacancy. If this motion were to pass, mobilehome space rents will be raised to a point where the entire current generation of homeowners will lose substantial equity in their homes totaling millions of dollars. Homes will be devalued, and the lost equity will be transferred to park owners in the form of higher profit margins. This shall negatively affect the housing market at a time when California can least afford to create a new class of homeless or disadvantaged citizens.

GSMOL urges the Committee to support the protections of the RSO, and urges your “no” vote on the motion to decontrol mobilehome space rents. Any park owner who believes that its rents are not providing a fair return on investment has a remedy to seek a higher rent increase pursuant to the terms of the local RSO, and after a hearing on the matter. At such a hearing, both the income and expenses are considered, and fair return analyzed. If a rent increase is warranted, it would presumably be awarded based upon the facts. In the meantime, the currently allowed 10% increase upon turnover should provide a more than adequate “decontrol” for the benefit of park owners.

GSMOL thanks you for the opportunity to be heard on this issue, and I invite you to contact me direct at (408) 224-4000 should you have any questions about any of the above.

THE
CALIFORNIAN
GOLDEN STATE MANUFACTURED-HOME OWNERS LEAGUE

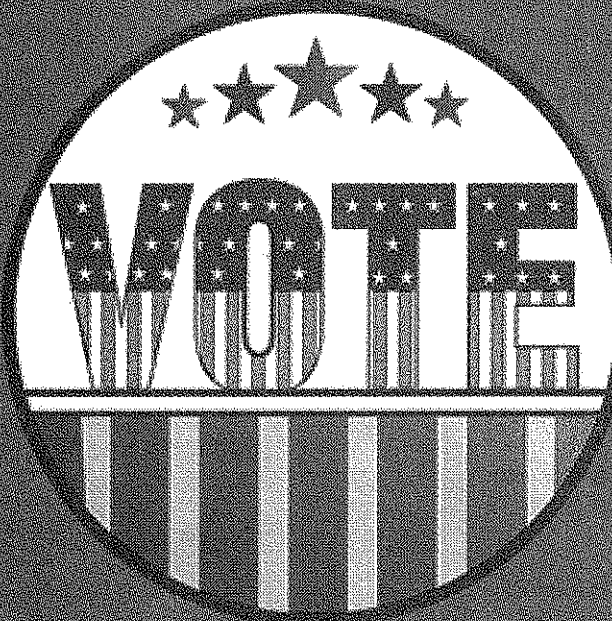
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NOVEMBER 6**

REGISTER to VOTE by October 22

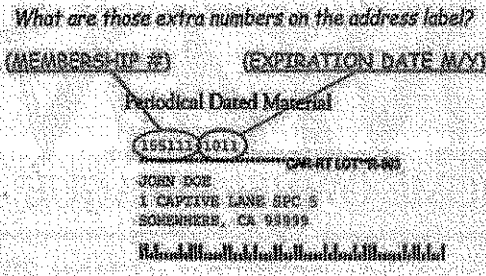
GSMOL ENDORSEMENTS - See Page 4

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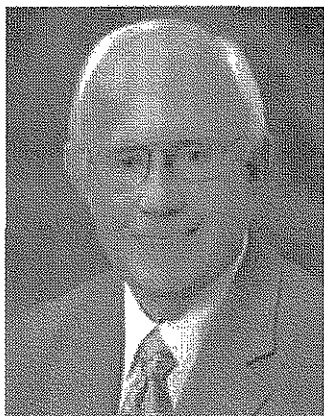
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 PS Form 3526, September 2007 (Page 2 of 3)

President's Report



*Jim Burr, GSMOL
May 2012*

How do Manufactured Homeowners Select a Candidate for Elected Office? and Who Deserves Your Vote?

To answer the first question above, the GSMOL-PAC was created under the provisions of the Fair Political Practices Commission (FPPC) to function as a separate and independent Board of Directors for vetting, endorsing and assisting candidates who are sympathetic to the interests of mobile-home owners and our members. The PAC is funded only by GSMOL member's contributions to the Fund. Your contributions to the various GSMOL legal, homeowner defense and disaster relief funds are not used for supporting candidates for public office. Members contributions to the PAC fund are critical to our support for candidates who support our interests.

As for the second question above, PAC's endorsements are intended as a guide for all of us who are confronted with choosing the right candidate to represent our interests, both in Sacramento and in our local community. It can be a tough decision until we rank our interests, from most to least important. We all care deeply about many social issues, but our paramount interest is protecting the affordability of our homes, preventing forced condo-conversions and preserving or providing a decent lifestyle in our manufactured home communities. These interests are essential to us.

We are learning a bitter lesson - with term limits and other factors that lead to frequent turnover of legislators in Sacramento it is more critical than ever that manufactured homeowners work to educate candidates on our issues and to work to elect those that support us. Yes, we are able to kill bills in the Legislature that would devastate us, but we must do more than that to protect our interests. We must work for and elect more Legislators who will champion our rights, and increase our protections, not just occasionally help to kill a particularly egregious bill. (And some purported "friends" would vote to support Assemblymember Calderon's terrible anti-rent control bill, AB 761.)

We *must* elect more leaders who will advocate for our issues! When we cast votes for legislative or local candidates, we must choose the one who has a track record of protecting our MHP affordability, lifestyle and rights. If candidates have no track record, then they must commit on the record to do so - in plain English - if elected. Too often, they make sweeping remarks about helping us, and then go to the Capitol and cast votes with the park owners.

We may be fully aware that we are casting a vote for the candidate who will protect our MHP interest, but holds different views on social issues. I certainly have participated in discussions with many of you who are troubled by a candidate who has been a staunch supporter in the past but whose stand on other issues - immigration, abortion, the environment is divergent from ours. Nevertheless, we must face it. Many of the legislators who stand with us usually hold "liberal" views on social issues, but not all of us see ourselves as "liberal." However, we have to put our interests first—and vote for those who will protect our rights and our investments in our homes, even if it means crossing party or ideological lines.

Conclusion? We must get out there and work for and vote for our interests. It's not how anyone expected to spend time their retirement, but it sure beats moving in with our children, or worse yet, finding ourselves homeless as many before us have.

My sincere thanks to Christine Minnehan, GSMOL Legislative Advisor, who contributed to this article.

LEGISLATIVE UPDATE 09/10/2012

By Brian Augusta, GSMOL Legislative Advocate

Homeowner's Fight to Put Three Bills on Governor Brown's Desk

This has been a big year for GSMOL and its members and allies, as the organization celebrates its 50th anniversary. Over those 50 years, GSMOL has built a reputation for great success for homeowners, helping them in parks, in the courts, and of course, in the Capitol. Having helped to build the MRL through its legislative advocacy, homeowners in CA have a great set of laws to protect them—some of the best in the country.

This year, homeowners fought to win passage of three GSMOL-sponsored bills and were successful in putting all three on the Governor's desk. We built strong, bi-partisan support for the measures, and the calls and letters from homeowners helped push the bills across the finish line. As of press time, the Governor has not yet acted on the bills (he has until the end of September); but homeowners are working to win his signature on all three.

Meanwhile, GSMOL and its members led the fight to defeat bills like AB 317, which would have weakened protections for homeowners living in rent controlled communities. The bill, through the advocacy of GSMOL, was eventually amended to be harmless to homeowners. Another victory secured by grassroots advocacy of homeowners.

(Continued on Page 8)

Voter Education

GSMOL Candidate Endorsements for November 6 General Election

By Ron Faas, GSMOL-PAC Chair

The GSMOL Political Action Committee (PAC) evaluates which candidates would be advocates for manufactured home owners in the Legislature. By identifying and vetting candidates, the GSMOL-PAC engaged in a process of endorsing candidates who would be friends of manufactured home owners in the Legislature. The GSMOL-PAC, which is made up of GSMOL members representing different areas of the State, has voted to make endorsements in 12 races for the November 6 General Election. These endorsements are listed in this issue of the CALIFORNIAN. Other endorsements may be pending.

GSMOL strongly encourages you to vote for these candidates if you live in their districts. By supporting the candidates who support us, GSMOL will be in a much better position to pass laws that will protect manufactured home owners and also oppose bills the park owners sponsor. The GSMOL-PAC is a crucial part of our organization's legislative and political agenda, and it cannot be successful without the support of members like you. To contribute to the PAC Fund, send a check (for PAC) to GSMOL-PAC, 11021 Magnolia St., Garden Grove, CA 92841, or go online to the GSMOL website's Fund Donation Page <http://www.gsmol.org/apply/donations.php> If you would like to help your GSMOL-PAC endorsed candidate(s), please contact the respective campaign directly

Endorsements for the November 6th General Election

Zone A:

Region 14: **Ken Cooley, Assembly District 8** (Sacramento, Rancho Cordova)

Zone A-1:

Region 1: **Sally Lieber, Senate District 13** (San Mateo, Mountain View)

Bill Quirk, Assembly District 20 (Hayward)

Region 2: **Michael Allen, Assembly District 10** (San Rafael, Petaluma)

Zone B-1:

Region 8: **Hannah-Beth Jackson, Senate District 19** (Ventura, Santa Maria)

Das Williams, Assembly District 37 (Ventura, Santa Barbara)

Region 10: **Bill Monning, Senate District 17** (Santa Cruz, San Luis Obispo)

Mark Stone, Assembly District 29 (Santa Cruz, Monterey)

Zones B1 & C:

Region 3 & 8: **Fran Pavley, Senate District 27** (Simi Valley, Thousand Oaks)

Zone C:

Region 3: **Betsy Butler, Assembly District 50** (Malibu, Santa Monica)

Zone D:

Region 9: **Richard Roth, Senate District 31** (Riverside, Moreno Valley)

Region 9: **Mark Orozco, Assembly District 42** (Hemet, Palm Springs)

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Vote by October 22**

HOLDING CANDIDATES ACCOUNTABLE

By Tim Geddes, Associate Manager, Zone C Region 5

By now, the fields are set for local candidates running for office on November 6. Voters in manufactured housing communities up and down the State must make informed choices about which candidates will best represent their interests, and, which candidates have already sold themselves out to park owners, special interest allies, or partisan patrons. All candidates for public office, especially for City Councils, need to be held accountable for their views and positions on mobile home park issues and concerns.

The only way to do this is to demand responses to carefully worded questions from candidates through Candidate Questionnaires and Candidate Forums (in addition to one-on-one Town Hall meetings, interviews, and campaign appearances). Also, GSMOL Chapters, Home Owners' Associations, and mobile home park activists must make sure that candidate questionnaires are widely disseminated and candidate forums are well-attended by manufactured homeowners.

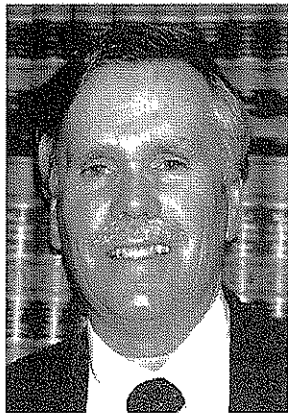
At the same time, efforts must be made to alert the electorate to the plight of mobile home park residents in their communities. Failure to become engaged in the discussion over mobile home residential property rights leaves the field open to opponents who will sway public opinion with slick, well-funded, and often misleading arguments extolling private property rights, return on investments, and the need to let "the market" dictate what manufactured housing homeowners should tolerate.

Clear and concise questions on mobile home park subdivision strategies, rent stabilization ordinances, infrastructure cost pass-throughs, and other contentious issues need to be developed and pressed on all groups developing either campaign questionnaires or candidate forums for inclusion in their efforts. It is not enough to endorse or support candidates who do share MHPers' views. Opponents, backed by special interests, must be exposed and confronted. Allies in the community must be identified and cultivated.

I have often declared that all manufactured housing homeowners in California must become single issue voters in their communities, putting residential property rights above all else in making their choices for local government leadership. The stakes are too high this year not to do so. Unless all candidates are held accountable for their positions and views, it will be much easier for opponents to game the system and hoodwink the electorate. Above all, all mobilehome owners must vote and make sure their friends, neighbors, relatives, and coworkers in the community do as well. It is the only way to stand up to the formidable forces arrayed against us.

QUESTIONS & ANSWERS

THE NUTS AND BOLTS OF PARK RULES AND REGULATIONS PART 1



By: *Bruce Stanton, Attorney*

ABOUT THE AUTHOR: MR. STANTON HAS BEEN A PRACTICING ATTORNEY SINCE 1982, AND HAS BEEN REPRESENTING MOBILEHOME RESIDENTS AND HOMEOWNERS ASSOCIATIONS AS A SPECIALTY FOR OVER 25 YEARS. HIS PRACTICE IS LOCATED IN SAN JOSE, AND HE IS THE CORPORATE COUNSEL FOR GSMOL

Mobilehome or manufactured home communities are legally classified as multi-family or high density residential housing developments, where many people typically occupy a limited amount of space. Given that residents live close to one another, and must necessarily share in the use and enjoyment of common area facilities, rules and regulations which regulate conduct within the community are both valuable and necessary. Mobilehome owners would in truth not want to live in a community with no rules. Some regulation of conduct is necessary to ensure the quiet enjoyment of all residents, and to prevent chaos from overwhelming the community. We know from reading the Mobilehome Residency Law (MRL) that the existence of rules and regulations are acknowledged by State law, and that they become a part of the rental agreement for the mobilehome space. Park owners have unilateral power to enact rules and regulations, since they own the property, and will hopefully do so in a fair and reasonable manner. But this is not always the case, and thus issues commonly arise in connection with the content and enforcement of park rules and regulations.

I am routinely asked to review rules and regulations, and to give an opinion about a number of related issues. Some common questions which GSMOL receives are:

-What makes a Rule or Regulation "legal"? Or what makes it "reasonable"?

-Can the park owner enforce a given rule or regulation? How does enforcement occur?

-What procedure does the park use to amend a rule or regulation, and when does the amendment take effect?

-Does a park owner have to meet with residents before the amendment takes place, and what is required in such a meeting?

-Are any rules or regulations void on their face?

-How can I require my park owner to enforce its rules or regulations?

-Can I be charged a fee for enforcing rules or regulations?

-Can rules or regulations be retroactively enforced?

This article, which will appear in two parts, will address these common questions.

What makes a park rule "Legal" or "Reasonable"?

The MRL does not define rules or regulation (I will collectively refer to them as "rules") or directly speak to their legality. Thus, there are no defined categories or proper or improper rules. Rather, the MRL speaks to the ability of a park owner to enforce a rule or regulation, and Civil Code sec. 798.56 (d) states that a homeowner's tenancy may be terminated for failure "to comply with a reasonable rule or regulation". Any rule or regulation which is not "reasonable" thus cannot be enforced, or by inference need not be followed. So to be "legal", the rule or regulation must be "reasonable". The immediate question thus becomes: what makes a rule or regulation "reasonable"? The word can obviously be subject to differing interpretations. But "reasonableness" is usually determined by factors such as (1) a legitimate purpose for the rule which benefits the community, (2) the ability of a homeowner to understand and comply with the rule, and (3) the monetary cost of compliance with the rule. If a rule does not serve to benefit the community in some way, is too complex or restrictive to be followed or is cost prohibitive, then it is more likely that a court would find the rule to be "unreasonable" and thus unenforceable.

For example, a rule that requires every resident to repaint their homes a certain color probably fails the reasonable test because its purpose is not rational or legitimate, and the cost would be prohibitive. Some homes may not require any painting at all, and to require only one given color would have no legitimate basis.

Time and space do not allow this article to discuss all of the different types of rules which may or may not be unreasonable. But some issues have been and will be considered separately in the future, such as rules relating to pets, speeding within the park or use of common areas facilities.

Can a given park rule be enforced? If so, how does enforcement occur?

Whether a rule can be enforced requires that "reasonableness" be determined. This is not an inquiry that homeowners should make on their own. The reasonableness test factors should be carefully applied in each case, and a homeowner should never choose not to obey a rule except in rare and very clear cases; i.e. to comply is not financially possible, or the rule is so random or arbitrary on its face that no court would find it to be reasonable. Where there is a close call, advice of an attorney should always be sought first. The reason is simple: Park rules form a part of the rental agreement with the homeowner. The failure to comply with a rule constitutes a breach of the rental agreement, and can justify eviction from the park.

Civil Code 798.56 (d) contains the procedure for terminating a tenancy based upon the failure to follow a park rule. The park owner is required to first give a 7-day notice of the violation. To be proper, such a notice

(Continued on Page 6)

Questions & Answers (continued)

(Continued From Page 5)

should quote the applicable rule and then contain a detailed description of time, date, and place of the alleged conduct. If the notice is not corrected within 7 days, the park owner must then give a 60-day notice of termination of tenancy in order to evict. Thus, two separate notices are required. Ultimately, if the 7-day notice is turned into a subsequent 60-day notice, 798.57 will require a specific statement of reasons for termination in that notice. A resident faced with a 7-day notice should always respond in writing, so that a paper trail is created in case the matter turns into a termination. The response should specify whether the violation is disputed, or if not in dispute, that compliance has occurred. Compliance within the 7-day period cures the violation. Compliance after the 7 days expires technically does not. A homeowner is entitled to receive up to three 7-day notices within a 12-month period for the same rules violation. On the fourth occasion, no 7-day notice is required, no chance to cure will be given, and the park owner could proceed directly to a 60-day notice of termination, followed by an eviction action in court. It is thus important that 7-day notices not be ignored, as serious consequences could result. And multiple violations of the same rule become increasingly risky.

If termination is pursued in court, the homeowner must be ready with photographs, documents and testimony to prove that no violation occurred. Sometimes evidence will be needed in the form of testimony from neighbors, and it can be a challenge to convince other residents to essentially testify against the park owner. Their fear of future harassment is understandable. For that reason, again, the suggested response is: When in doubt, comply with the rule, as long as it is financially or logistically possible to do so. But in the case of a minor violation, park owners know that it can be very difficult to convince a Judge that the resident should be forced to lose their home over such an issue. And there are admittedly those cases where conflict, and thus a court action, might be inevitable. But any homeowner must proceed very carefully in making that determination.

What is the procedure for amending park rules, and when do they take effect?

Pursuant to 798.25, a park owner is permitted to revise or amend its rules and regulations unilaterally, without any consent or agreement from the residents, as long as the park gives proper advance notice, waits until the time that the new rule can be enforced (60 days for rules relating to recreational facilities and 6 months for all others) and holds a meeting with residents upon 10 days notice. Until the meeting occurs, and where no consent is given the applicable time period elapses, the proposed new rule cannot be enforced. There is no waiting period, and the rule takes effect immediately, if the homeowner consents to immediate enforcement. GSMOL would never recommend that any homeowner do so, since it is beneficial to have the notice period to acquaint one's self with the new rule and the need to follow it. In addition, signing a written consent arguably amounts to a contractual obligation to follow the rule.

Park owners will often announce the proposed new rule in writing and request that the homeowner sign an acknowledgement that the notice was received. As long as the acknowledgement only says this, it is not a problem. But if the language states that the homeowner "acknowledges receipt and consent to the rule amendment", or words to that effect, the homeowner should not sign such a statement.

The only exception to the meeting and notice period is where the rule amendment is required by a change in the law. In such a case, the amendment takes effect upon 60 days' notice, with or without the homeowner's consent. The notice of any such rules amendment must specify the law which requires the amendment.

Is a meeting with the park residents required? What must take place in such a meeting?

As stated above, no rule can be amended without a meeting with residents, except where a change of law requires the amendment. This 798.25 requirement presumably exists so as to allow the residents to clearly understand the rule and its purpose. It also contemplates that the parties will communicate freely and share concerns or suggestions. In a perfect world management would call the meeting and attend in a spirit of good will, listening to comments or criticisms or answering questions. Sadly, this does not always occur. Because the statute is silent about the conduct of the meeting, it is true that management could simply show up, read the proposed rule, listen to comments and questions, say nothing and adjourn the meeting without further comment. Such a result would not, in this author's opinion, be good business practice for a park owner who should be interested in the comments of its customers, the residents. But it does happen, and in such a case it would be difficult for the residents to have any legal recourse for management with a bad attitude. Homeowners are encouraged to attend such meetings and ask whatever questions are desired. They should do so without fear of any retaliation, since this is a right given by law. And they should participate in a way that causes even the most uncooperative park owner to engage with them in a courteous manner. If you have a good attitude and show that you have the best interests of the park community in mind, management may find it difficult not to participate in a discussion of the issues.

Are any Rules or Regulations void on their face?

Yes. Civil Code 798.25.5 prohibits the enforcement of any rule which is unilaterally implemented without consent and which by its terms requires arbitration of disputes. Such clauses are typically found in the middle or near the end of rental agreements, in bold or 10-point type. Arbitration clauses require homeowners to give up their right to a trial by jury for most legal disputes, and are thus not favored by GSMOL.

Part 2 of this article will appear in the next issue of The Californian, and will address our remaining rules questions.

ATTENTION CHAPTERS CHAPTER ROSTER REMINDER

In order to keep your Chapter listed as Active in the database, and your Officers on file, you must send in an update of your Chapter Officers every two years to the GSMOL office.

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NEWS AROUND THE STATE

By Tom Lockhart
GSMOL State Secretary

Zone B-1 Region 10

An arbitrator for The City of Watsonville has denied a rent increase at Green Valley Village Mobile Home Park. The park owner requested the increase in January, 2011, under the terms of the City's Rent Stabilization Ordinance. Green Valley Village residents, many who are seniors on modest fixed incomes, fought the increase.

Three different increases, \$448, \$198 or \$158 per month, were calculated for the park, where rents now average \$350 per month.

The City's analysis, using comparisons with other mobile home parks in the State, determined an increase of \$20 to \$55 per month was appropriate, which would give a 6.5 percent rate of return on the park owners' investment. The City consultant said this was the industry standard. An Administrative Law Judge then ruled that no increase at all was justified.

The City's primary concern is keeping the park affordable for residents while allowing the park owner to make a profit.

Zone A-1 Region 1

The California 6th District Court of Appeals has upheld the decision by Santa Cruz Superior Court to deny the City of Soquel Alimur Mobile Home Park owner's request to sell off the park's individual lots to the respective home owners. The park is currently under rent-control, and selling the individual lots would have cancelled the rent control protection for many park residents.

The Santa Cruz County Board of Supervisors felt that approving the owner's request would have caused serious financial hardship for the 147 home owners, and set a very bad precedent.

The Appeals Court found no reason to prohibit the County from taking the residents' opinions into consideration.

Zone C Region 6

The City of Montclair will refinance a loan for three City parks through the Independent Cities Financing Authority, a coalition that assists cities and some nonprofits in providing financing.

The refinancing will lower the bond interest rate from 6 percent over an 18- to 25-year term to 5.5 percent over a period of 35 years, and pay for the parks' 10-year capital improvements, which include street repaving and replacing underground utilities. Affordability agreements and covenants for the park residents will remain in place.

Rents at the mobile home parks affected, Villa Montclair Mobile Home Park, Monterey Manor Home Estates and Hacienda Mobile Park, will not be raised because of the refinancing. The three parks were purchased with funds from the City's Redevelopment Agency more than ten years ago to alleviate repeated exorbitant rent raises.

ABSENTEE VOTING FOR GSMOL CHAPTERS

Many GSMOL Chapters throughout the State have members who are not full-time residents of their park. "Snow-birds" are a good example. There is a need for these chapters to use some form of absentee voting in order to include these members in the chapter operation and decision making. The following procedure for chapter absentee voting has been reviewed and approved by GSMOL Corporate Counsel Bruce Stanton.

Chapters should mail the voting ballot to absentee members. This mailing should include a description of the issue(s) being voted on, and a stamped envelope addressed to the chapter officer coordinating the election. The stamped envelope should have the word **BALLOT** on the outside, and will be the means by which absentee members return their voted ballot.

When the sealed **BALLOT** envelopes are received by the chapter, they should be opened and the ballots counted in the presence of chapter members at an official chapter meeting. This will insure the integrity of the absentee voting process.

Registered or certified mailing is not required for either the initial ballot mailing to the absentee members or the absentee members' return mailing.

A Proof-of-Service (POS) form may be used to verify return mailings, but is not mandatory. It is a standard method that is used and accepted by the Courts as proof of the mailing of a document. If it is used, the form should be included in the initial mailing to the absentee members. The form is then inserted into the **BALLOT** envelope to be returned by the absentee members. It will notice the date, time and signature of the person (over the age of 18), who certifies that she/he placed the envelope into the US Mail on (date) at the location (US Post Office, US Mail Drop Box) specified.

If used, the returned POS forms should be kept by the chapter with the record of the voting results.

Chapters may begin utilizing this absentee voting procedure immediately, and there is no requirement to change the GSMOL Bylaws or individual chapter Bylaws to implement this procedure.

USEFUL PHONE NUMBERS

211 - free connection that allows the caller to obtain information on services for social issues, health care, senior citizen assistance, legal aid, disaster relief, and employment assistance in each California county.

1-800-FREE411 (1-800-373-3411) -

Allows the caller to get free local and long distance phone number information throughout the U.S.

(Continued From Page 3)

2012 GSMOL-Sponsored Bills:

AB 2150 (Atkins): Knowing your rights as a homeowner is critical to protecting your investment in your home. This bill would mandate that parkowners provide homeowners with a one-page summary of key MRL rights and responsibilities each year. Status: On the Governor's Desk.

AB 1938 (Williams): The bill does two things: ensures that homeowners' existing right to void a long-term lease within the first 72 hours is enforceable; and prohibits pass-throughs to residents of any judgment against the park-owner for violation of the Mobilehome Parks Act. Status: On the Governor's Desk.

AB 1797 (Torres): This bill makes the Mobilehome Park Resident Ownership Program (MPROP) more useful to homeowners. MPROP is funded through a fee on certain homeowners. The program aids park residents in purchasing their parks and converting to resident ownership. However, the program is underutilized, leaving money unspent. The bill would allow for technical assistance to homeowners interested in pursuing a purchase of their park, and improve some of the terms of the loan to make it purchases more feasible. Status: On the Governor's Desk.

AB 579 (Monning): Allows local governments to recover the cost of attorney fees in abusive litigation aimed at undermining local protections for homeowners. Status: This bill did not move forward this year and is now dead.

GSMOL Supported:

SB 149 (Correa): Would require that the annual invoice sent to

park owners for the permit-to-operate fees each year include a notice indicating that the MRL exists, and where park owners can obtain a copy of the law. Status: On the Governor's Desk.

AB 1830 (V. Manuel Perez): Authorizes the PUC, where it finds that the water rates charged to residents of a manufactured housing community are unjust or unreasonable, to order the park owner to reimburse residents for the amounts overpaid. Status: On Governor's Desk.

GSMOL Opposed:

AB 317 (Calderon): Changed the rules regarding rent-controlled homes that are not the homeowner's primary residence. Amended in Senate Judiciary to eliminate those objectionable provisions, and now only requires notice to prospective homeowners of how current law limits the application of rent control to vacation homes. Status: On the Governor's Desk. GSMOL has moved to neutral.

SB 1173 (Wyland): This bill would have allowed a park owner to pass-through the cost of certain local property tax assessments. The bill would pre-empt local rent control provisions governing such pass-through, allowing the cost to be passed through to each homeowner on a pro-rata basis. Status: DEAD

GSMOL Neutral:

AB 2272 (Wanger): Made a small change to existing, but seldom used law that allows a park owner to pursue an injunction rather than an eviction in certain cases where a homeowner is violating park rules. An injunction may be less severe than eviction, since a homeowner will remain in their home. GSMOL is neutral on the bill after the author agreed to a 3-year sunset on the measure, allowing advocates to assess how the law is used. Status: Signed by the Governor.



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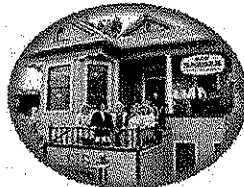
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ZONE/REGION REPORT

ZONE A Region 4

By Norma Bohannon, Zone A VP

NEWS FROM THE JULY 26, 2012 REGIONAL MEETING IN CHICO

After hearing reports from individual parks and reports of legislative issues from GSMOL VP Norma Bohannon, Region 4 Manager Anne Rucker proudly introduced her son as guest speaker. He is Chico's assistant city manager, John Rucker. Mr. Rucker presented an excellent slide show about the city.

Chico is located in the northeast part of the Sacramento Valley near the foothills of the Sierra Nevada Range and the Cascade Range. It is a beautiful place to live; a place where the air is clean and the grass is green. Local residents and tourists enjoy nearby hunting and fishing. Social activities are enjoyed by Chico State University students, and by permanent residents. Crime rates are relatively low.

Chico's most prominent landmark is Bidwell Mansion State Historic Park, an opulent Victorian home built for Chico's founders Gen. John and Annie Bidwell. The 26-room mansion was built between 1865 and 1868. Bidwell, having served in the US Congress, was well connected, and many US presidents visited the house.

After the slideshow, Mr. Rucker distributed handouts listing services available in the area to assist a variety of groups including low-income, seniors, and disabled. This information is important for local manufactured home owners and their leaders to know.

Zone B-1 Region 10

By Mardi Brick, Region 10 Associate Manager

Lots of Good News from Santa Cruz County!

The newly formed county-wide organization called "Santa Cruz County Mobile/Manufactured Homeowners Association" (SCCMMHA) has received its official "Certificate of Registration of Unincorporated Nonprofit Association" from California Secretary of State Debra Bowen.

a SCCMMHA has been meeting monthly with new members from all 70 or so non-resident owned Manufactured Home Parks. Its Board has been working to update the contact list for all County Parks. It is also planning a "Fun Fundraiser" for November, which will be

combined with a brief informational seminar on problem solving techniques for our Park Communities.

The SCCMMHA Board Members are President Bob Lamonica, Vice President John Mulhern, Secretary Carole Harris, Treasurer Clair Sawyer, and Communications Director Caren King.

Also good news from Green Valley Estates MHP in Watsonville; after a prolonged arbitration, the presiding Administrative Law Judge ruled in favor of Park residents in their attempt to avoid exorbitant rent increases.

Resident owned park activist and all-around great guy Henry Cleveland has been elected as Chairman of the SCC Mobile/Manufactured-home Commission. Long time Commissioner Jean Brocklebank will be the new Vice Chair.

Not good news: Equity Life Style park owners have instituted their plan for renting vacant units at DeAnza MHP by advertising DeAnza on the Internet as "Vacation Rentals with Amazing Ocean Views" for weekend--and/or longer--. DeAnza is a designated 55+ park, so you can imagine the consternation this new disruption has caused among its 200 homeowners.

ZONE C Region 3, Region 5

By Mary Jo Baretich, Zone C Vice President

As a precursor to the up-coming elections in November, in several mobile/manufactured-home communities in Zone C, the GSMOL Chapters and HOAs have been banding together to support "friendly" candidates at both the City level and the State level. Meetings are being coordinated for Voter Education by our GSMOL Region 5 Associate Manager, Tim Geddes.

In August, two GSMOL Chapters were reactivated by Raymond Downing, Region 5 Manager. The first was Chapter Number 0081, the Del Ray Mobile Estates in Anaheim. The Chapter Officers are Rita Lupericio, President; Ramiro Ramirez, Vice President; Maria Delcarmenapia, Secretary; and Miguel Andrade, Treasurer.

The second Chapter was Chapter Number 0141, Rancho La Siesta MHP in Fountain Valley. The Chapter Officers are James Carter, President; Larry Sheppard, Vice President; Dorinda Ross, Secretary; and Jill Van Cleave, Treasurer.

Recently, we have been successfully instru-

mental in helping to find solutions to ongoing problems in some of the parks in both Region 3 and Region 5, such as use of clubhouse, potential "failure to maintain" issues, and requests for the names of the park owners. Some of these parks include Mountain View MHP in Santa Monica, Dominguez Hills Estates in Dominguez Hills, Village Trailer Park in Santa Monica, Del Mar Estates in Huntington Beach, Western Skies in Anaheim, and Rancho Fullerton in Fullerton.

Region 5 Report

By Ray Downing, Region 5 Manager

This article is regarding how to obtain the park owner's business address and business telephone numbers. According to the Mobile Residency Law (MRL), we as homeowners have the right to request, and be given, this information by the manager or management representative of our mobilehome park. Find this in the Mobilehome Residency Law (MRL), Article 798.28, "DISCLOSURE OF MOBILEHOME PARK OWNERS NAME."

When requesting this information, take the following steps:

1. If there is an on-site manager, request in writing the business addresses and telephone numbers of the park owner. Always keep copies of your request and copies of the manager's response.
2. If the above effort is not satisfactory, a request to the off-site management representative should be sent by registered mail, because not only is the receipt which you will be given by the Post Office proof that you made a request, but it is also proof of mailing if your case goes to court. Again, site the MRL Article 798.28, "DISCLOSURE OF MOBILEHOME PARK OWNERS NAME."
3. If no response, or a denial, is received, send a second request to the management representative citing both the MRL Article 798.28 and Article 8, Page 45, Section 798.86, "MANAGEMENT PENALTY FOR WILLFUL VIOLATION."

Should the above steps fail to get positive results, it's time for legal assistance.

We have encountered the above issue in our park. There had been no response to our many meetings, phone calls and registered letters.

(Continued on Page 10)

ZONE/REGION REPORT (continued)

Continued from Page 9

However, once the management company received a letter from our attorney, six days later there was a reply.

The above three steps may work in your park. If not, you have the option to take legal action. Again, see Article 798.86 of the MRL. Please keep all receipts for your registered letters, and any responses from the management representative because this information will serve as your documents of proof.

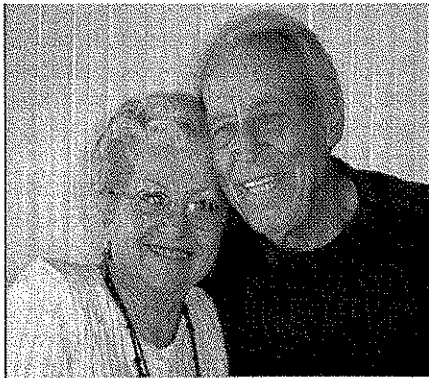
REMEMBER:

We as GSMOL Members have rights and responsibilities both to ourselves and to our neighbors. Do not be intimidated and simply accept what management has to say...WITHOUT A FIGHT!!!

Zone D Report

By Tim Sheahan, Zone D Vice President

Farewell Frank Merrifield, You Will Be Missed



Carrie and Frank Merrifield

It is with deep sorrow that I report the passing of GSMOL Region 7 Associate Manager, Frank Merrifield. Frank was born in Montana on February 25, 1927 and died August 29, 2012 in Oceanside. His loving memory will live on through his wife of 28 years, Carrie, his three children, three step-children, eleven grandchildren, thirteen great-grandchildren and two great-great-grandchildren.

Frank dedicated his life to being of service to others, whether it was paving a driveway, building a new home, remodeling an old home, or driving a tractor for Operating Engineers for twenty years.

When he could no longer be as physical as

he once was, he re-invented himself, learning the computer and getting involved with organizations dedicated to manufactured home issues. He became a Region 7 Associate Manager in 2002 and received the GSMOL Legacy Award in 2004. In 2003 he was principally responsible for the re-activation of Oceanside Manufactured Homeowners Alliance (OMHA) and on July 9, 2004 Frank was elected OMHA President, where he served until 2011.

Frank was one of those special leaders from the "Greatest Generation" who was liked and respected by all. He was a reluctant leader, which made his willingness to serve that much more commendable. His integrity, humility, sense of fairness and tireless effort were a selfless devotion that will be impossible to replace. Thank you Frank, I will always cherish your friendship and service.

GSMOL Leader Running for Escondido City Council

For the past several months, GSMOL Region 7 co-manager, Don Greene, has been fully involved in an election campaign for a spot on the Escondido City Council. In the past, Escondido was one of the most supportive cities for residents of manufactured home communities, even winning the 1992 landmark *Yee v. City of Escondido* lawsuit in which the U.S. Supreme Court ruled unanimously that "rent control" was a legal exercise of local government protection of its citizens.

For the past several years, however, after MH community owners in Escondido formed a Political Action Committee (PAC) to support their targeted candidates, support for homeowners has waned dramatically. We wish Don success in his quest and hope that Escondido City Hall will soon become supportive of the rights of manufactured home owners once again.

Zone D Region 9

*By Ivan McDermott, President,
GSMOL Chapter 1539*

GSMOL Chapter 1539, Country Lake Mobile Home Park Community, has been fighting the annexation of our unincorporated area into the City of San Jacinto since about February 2007. Things got to the point where we held a protest hearing on June 28, 2012, but we did not get enough signatures to stop the annexation. We did get enough to

require an election by the registered voters.

The City of San Jacinto now seeks to call a special municipal election on the annexation issue, and requested that the Riverside County Registrar of Voters consolidate this special election with the statewide General Election, scheduled for Tuesday, November 6, 2012. This means we will get another chance to stop the annexation.

We now are under Riverside County Rent control and the park owner and the City of San Jacinto say they will afford us the same Rent Stabilization Ordinance (RSO) that we currently have. However, they are taking away the most important part. They are tying the RSO to the types of properties in the park. All empty lots, all lots with empty mobilehomes on them, and lots having longer than 12 month leases will not be covered under the new RSO. Next, the section that says they can only raise the rent to new residents no greater than the average of the three highest rentals then currently being charged will be removed and will now say new residents will not be covered by the new RSO. This would make it very difficult to sell our mobilehomes. They also have put in the RSO that the City can cancel the new RSO.

By Donna Banks, VP At Large

New GSMOL Managers for Zone D, Region 9

Marcia Scott – New Associate Manager for the Hemet Valley Area

Marcia Scott, is the VP for the Hemet and San Jacinto MH Parks Coalition, Valley Mobilehome Residents Association and the new GSMOL Associate Manager for the Hemet Valley MHP residents.

She brings a wealth of information on mobilehome MRL Laws, Health & Safety and Code Enforcement issues that have surfaced in the Hemet Valley in recent months.

Barbara Rish – New Associate Manager for the Riverside Area

Barbara Rish will serve the Riverside area MH Residents. Barbara is the Secretary/Treasurer for her Mobilehome Park GSMOL Chapter in Riverside. Barbara is well versed in the MRL, Health & Safety and Code Enforcement Laws. She has worked in fund raising efforts to defend against a forced condo conversion at her mobilehome park.

(Continued on Page 11)

ZONE/REGION REPORT (continued)

(Continued From Page 10)

Gail Mertz – New Assistant Region 9 Manager Gail brings 30+ years of GSMOL manager experience to the Riverside County area. Gail has experience in setting up new GSMOL Chapters, assisting new Chapters in establishing legal defense funds, and working with the City of Riverside City Council in their yearly review of the City approved Rent Review Stabilization Act and ensuring that the area residents are notified of the important meetings at City Hall that could impact their mobilehome lifestyles.

Grant Yoders – GSMOL Associate Manager recently retired.

Grant Yoders, a GSMOL Manager for 35+ years and served the Sun City area mobilehome parks, has retired from GSMOL. We will miss Grant's input at our monthly Valley Mobilehome Residents Association Meetings.

Park Meetings:

Green/River Village MHP in Corona continues to hold weekly meetings to get their MHP organized and reach their goals. They have a difficult parking situation and the residents and park management are working together to resolve the issue. They have been plagued with some vandalism in their pool court-yard area and are working on resolving the problem within the Community.

Hemet Park Estates continue to amaze the Hemet area MHP communities with their innovative way they bring their Community residents together. They held a GSMOL sponsored Block Party for the families in the park. They gained two new family memberships. Good work on the part of Troy Evans, President, and Rick Jenkins, VP, of the GSMOL Chapter 1211.

The Hacienda MHP Park in downtown Hemet had a special problem when the residents were locked out of their MHP Clubhouse during the extreme high heat in the Hemet Valley. After a few phone calls and e-mails, the problem was resolved with-in two hours and the residents were given keys to the clubhouse and a new park manager was assigned to the park. Do not forget that your MHP Clubhouse is one of your amenities that you pay for. There should be regular clubhouse hours posted. If you do not have access to your MHP Clubhouse, call a GSMOL Manager for help immediately.

Hidden Spring County Club in Desert Hot Springs will have a Road Show/MRL Update meeting on November 29 from 1 – 3:30 to discuss new changes in the laws that could affect MH residents. There will be a question and answer period also. Bruce Stanton, GSMOL

Corporate Counsel and Henry Heater, ELT&H, LLP will be presenting the Road Show. Shirley Bales will be hosting the event at her MHP and invites all area Desert Hot Springs mobilehome residents to attend. For directions to the Hidden Springs Country Club MHP, email: Shirley.Bales@gmail.com
Hidden Springs Country Club
15500 Bubbling Wells Rd
Desert Hot Springs, CA

A Road Show/MRL Update will be given in Santee for the MHP area residents on November 30, 2012. Bruce Stanton and Henry Heater, ELT&H, LLP will be giving the presentation. A question and answer period will follow the presentation. For additional information contact Karen at smoac@juno.com or Donnabanksgsmol@aol.com.

The time and location will be available at a later date. Please mark your calendar and send an email to verify the time and location.

Another Road Show and MRL Update is planned for the Riverside area in November. Location and date to be announced later. Please mark your calendar and to confirm date, location and time., e-mail g.mertz@sbcglobal.net or gsmol1111@yahoo.com

Hemet had their Town Hall meeting on August 9 at the Hemet City Library and had a great attendance with over 250 residents attending. Bruce Stanton, GSMOL Corporate Attorney and Henry Heater, ELT&H, LLP gave the presentation and followed with the question and answer period. We also had our City Council Member, Linda Krupa and City Code Enforcement attend the meeting. It was announced that the City of Hemet Code Enforcement will be taking over the HCD duties of Mobilehome Park Inspections in the City of Hemet in the near future.

New Procedure introduced for:

Absentee Ballot Voting for GSMOL Chapters,

Please review the article in the Californian which explains the procedure to be followed for those GSMOL Chapters that which to use the Absentee Ballot Voting Procedure to ensure your Chapter can have a year-round active GSMOL Chapter.

If you need assistance in organizing your first Absentee Ballot Voting Procedure, please contact Donna Banks at (951) 927-3397 or e-mail me at donnabanksgsmol@aol.com.

Zone D Region 7

By Karen Bisignano,
Associate Manager Region 7

The Santee Mobilehome Owners' Action Committee (SMOAC) is organizing a Candidate's Forum to have a question and answer evening with the two candidates running for Mayor and the two candidates running for a City Council seat. The League of Women Voters will be moderating the forum on Tuesday, September 18 at the Santee City Hall, Room 7, from 6:30 - 8:30 p.m. with refreshments served after the forum. It will be held in the City's Event Hall, Building 7 of the City Complex at 10601 N. Magnolia. Incumbent Mayor Randy Voepel is being challenged by Rudy Reyes for the Mayor's seat. Jack Dale, running for reelection as a Council member, is being challenged by Maggie Acerra. Both the Mayor and the City Councilman have had a long history with the City of Santee. Mr. Dale has previously served as Mayor and Mr. Voepel has served as a Councilman. These are very important positions to park residents as these are the people that uphold our Fair Practices Ordinance.

In August, the Santee Fair Practices Commission denied a request for an exorbitant rent increase for residents of Cameron's Mobilehome Park. The park owner was originally asking for an increase of \$557 per space, per month, and then "went down" to just \$422.19. Their argument was that they did not take all the permitted annual increases through the years that the Ordinance has been in effect, and therefore their rents are too low. They appealed the denial of their request to the City Council at the August 22 meeting. The room was packed to overflowing with supporters as many of Cameron's residents and some from other Santee parks showed up at this Council meeting. The Council heard Cameron's attorney for 20 minutes of arguments for the increase and then numerous resident speakers opposed it. Cameron's appeal was denied by the Council 5 to 0, much to the relief of the residents present. The park's attorney actually said that granting the appeal would save the City from another lawsuit. We know the City is currently pressed financially due to the economy and loss of redevelopment funds. But there must be a way for all the City's mobilehome residents to show the City that we support their efforts to defend the Fair Practices Ordinance. We realize that just up the road a bit at Terrace View MHP on North Main St, El Cajon, residents are paying \$1100 to \$1400 a month just for the dirt their home sits on. We need to support one another and our City defending the Fair Practices Ordinance. We are exploring ways to ensure the survival of our Santee Ordinance.

HCD UPDATE

PARK-OWNED AND RENTAL MANUFACTURED HOMES: SPECIAL LANDLORD-TENANT LAW RIGHTS AND OBLIGATIONS

By Ron Javor

(Ronald Javor, now retired, is a former General Counsel and Assistant Deputy Director at the California Department of Housing and Community Development; and has 40 years of legal practice in the area of mobilehome park law and general landlord-tenant law. This article is written to be made available to the leading mobilehome park owners and resident advocacy associations for reproduction for their members.)

While park operators and residents often focus primarily on park maintenance issues and rents, the increasing number of tenants in park-owned manufactured homes requires a careful look at unit standards and the rights and obligations of tenant/residents and landlord/owners of rental manufactured homes in mobilehome parks. Both the tenants and owners of these homes should be clear as to their rights, obligations, and liabilities in order to avoid unnecessary costs and trouble and responsibly perform them in order to avoid unnecessary litigation or penalties. These issues arise in both the Mobilehome Residency Law (MRL) and general landlord-tenant law.

What are the MRL Rights of Tenants in Park-Owned Manufactured Homes?

Generally, the written (or oral) rental agreement between the tenant of a manufactured home and its owner is subject to the "conventional" landlord-tenant law, starting at section 1940 of the Civil Code (CC). This landlord-tenant law applies to any "dwelling unit" that is a structure used as a home, residence or sleeping place by one or more persons comprising a household (CC Sec. 1940(c)). It provides a number of rights, restrictions, procedures, and standards, some of which apply only to conventional housing; however, some apply to rental manufactured homes.

A number of advocates and attorneys believe that portions of the MRL apply to both a "homeowner", who is a person with a tenancy in a park (CC Sec. 798.9), or a "resident", who is a person who lawfully occupies a manufactured home (CC Sec. 798.11). A "resident" can include not only a legal sub-lessee or other legal occupant, but also the tenant in a park-owned unit. Thus, wherever the MRL provides a right or obligation to a "resident" rather than only to a "homeowner", they assert that the MRL applies to residents of park-owned or homeowner-owned rental units. An example of how the Legislature distinguishes between a "homeowner" and a "resident" is in CC Section 798.29.6, in which the MRL states "The management shall not prohibit a homeowner or resident from installation accommodations for the disabled..." Similarly, Civil Code Section 798.42 states "management shall provide, by posting notice on the mobilehomes of all homeowners and residents... advance notice of an interruption in utility service of more than two hours". This distinction between the terms "homeowner" and "resident" has existed since the terms were added to the MRL in 1982, and the legislative history, found in the State Archives, indicates that it was identified during passage of the law by legislative committee analyses, Executive Branch analyses, and even comments by at least one lobbyist with significant understanding of the MRL.

Some of the resident/tenant rights as a result of this distinction include the right to use common areas (CC Section 98.24), the right to assemble and communicate (CC Section 798.50), and the right to install accommodations for disabilities. On the other hand, resident/tenant obligations include being subject to vehicle removal (CC Section 798.26.5), being subject to management entry into mobilehomes in

the event of an emergency (CC Section 798.26(b)), and being subject to injunctions for violating park rules (CC Sections 798.87-88)

The anti-waiver provision of CC Section 798.19 expressly only applies to protect homeowners. Conventional tenants and manufactured home resident tenants have a separate anti-waiver protection in CC Section 1953 which is more limited. Finally, it is clear that MRL Section 798.55 (a) provides limited cause eviction protections only for "homeowners", not tenants; similarly, restrictions on fees, lease provisions, and similar critical matters in the MRL expressly only apply to "homeowners", and not to "residents/tenants".

What Standards Apply to the Habitability of Manufactured Homes?

We all know that mobilehomes and manufactured homes are built to a different code than conventional housing. Before 1976, mobilehomes were built to a specific building code, under the jurisdiction of the California Department of Housing and Community Development (HCD), a State agency. Starting in 1976, manufactured homes were built to standards (often called the "HUD-Code") of the U.S. Department of Housing and Urban Development (HUD), a federal agency. HCD and HUD should not be confused with one another. Both federal and state laws and regulations govern the construction and "maintenance" of manufactured homes, including what is considered "substandard". Conventional housing is built to a "California Building Code", which is derived from various national model codes, and "maintenance" of conventional housing is subject to the State Housing Law (Health & Safety Code Sections 17910, and following, particularly Section 17920.3) and to Title 25 of the California Code of Regulations, beginning with Section 1).

While the Civil Code has certain requirements for determining whether a non-mobilehome rental unit is "untenable" or "substandard", manufactured homes are subject to the HUD or HCD standards discussed above. Also, there is a specific definition for a "substandard manufactured home" in Title 25, California Code of Regulations, Section 1606, and another similar definition for substandard accessory buildings and structures (e.g., cabanas, garages, etc.) in Title 25 California Code of Regulations, Section 1608.

Finally the Civil Code has certain maintenance standard requirements which are not covered by, and do not interfere with, the state or federal laws governing manufactured homes, and therefore may be applicable to rental manufactured homes. These include providing copies of pest control services (CC Sec. 1940.8), installing and maintaining operable dead-bolts and window security (CC Sec. 1941.3), and properly installing and maintaining at least one telephone jack and inside telephone wiring (CC Sec. 1941.4). Smoke alarm and carbon monoxide detectors are covered by HCD regulations.

What Consequences May Occur for Rental of Substandard Manufactured Homes?

Landlord-tenant law requires that a conventional rental unit such as an apartment be initially provided and always maintained in a habitable condition, unless there is an agreement to contrary (CC Sec. 1941). But the laws governing manufactured homes are different. It is "unlawful" under Health and Safety Code (H&SC) Section 18025 to rent a manufactured home unless the structural, fire safety, plumbing, heat-producing or electrical systems and equipment meet the state or federal requirements! Similarly, the home must be maintained in a "habitable condition." Also, H&SC Section 18550 (Mobilehome Parks Act) makes it "unlawful" to rent a mobilehome in a park that is unsafe, unsanitary, or improperly

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HDC UPDATE (continued)

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connected to utilities. Criminal and civil penalties under H&SC Section 18700 may be imposed if the mobilehome is in violation.

Failure of a park owner to properly provide or maintain a rental manufactured home also may result in rent-withholding, deduction from rent to pay for repairs to the unit, and a defense to eviction for nonpayment of rent, among other civil penalties. In addition, the failure may be prosecuted as a misdemeanor (H&SC Sec 18020.5), subject to civil penalties (H&SC Sec. 18021), or other penal penalties. Further, just as a tenant in a conventional rental unit may call a local building department or health department to complaint of residential defects, a tenant in a manufactured home may call HCD or the Mobilehome Parks Act local enforcement agency to complaint about a defective manufactured home, triggering all of the procedures and penalties in the Mobilehome Parks Act.

What Landlord-Tenant Procedures Apply to Rental Manufactured Homes?

Both the MRL and conventional landlord-tenant law contain many procedures governing the relationship between the manufactured home owner and the tenant. Some of these may be complicated by the fact that the park owner may have certain obligations as "park owner" to "residents" and other obligations as "home owner/landlord" to "tenants".

The MRL Section 798.39 provides that park management must return the security deposit if the homeowner pays rent properly for twelve consecutive months. Conversely, CC Section 1950.5 allows the unit owner to retain the deposit until the tenant vacates and use it for damages during a tenancy, but includes very lengthy procedures for use and return, including additional penalties of up to twice the amount of the security deposit in the event of bad faith claims or retention of security deposit when the tenant moves.

While the general Civil Code covers right of entry into a tenant's unit (Section 1954), the MRL severely restricts the park owner's right of entry into a mobilehome to cases of emergency, abandonment or by prior written agreement or for agreed-upon repairs, and other purposes after reasonable notice. CC Section 798.26 covers "residents" and not just "homeowners", and therefore arguably is the section covering entry.

Conventional tenants have broad statutory anti-retaliation protections in CC Section 1942.5. Since "anti-retaliation" is not covered by the MRL, these provisions would apply to all homeowners as well as residents. In addition there are constitutional protections which protect any tenant from retaliation by a landlord for the tenant's exercise of constitutional rights (speech, assembly, complaints to government officials, etc.).

What Special Remedies and Liabilities Exist for Rental Manufactured Homes?

Most eviction procedures and requirements for tenants of park-owned manufactured homes are too lengthy to cover here; the MRL 60-day notice procedures in CC Section 798.56, with limited grounds for eviction, do not apply to these rental mobilehome tenants. However, the rental agreement used may include specific requirements, and a local rent control ordinance may provide restrictions or procedures. In addition, the Civil Code provides that in a month-to-month tenancy, the landlord does not need to prove any violations only if the tenant is being evicted by a 30-day notice where the tenant has lived in the home for less than a year, or by a 60-day notice if more than a year.

The Civil Code applicable to all tenants states that an owner/lessor of a home has no duty to make repairs if the tenant has substantially contributed to the existence of dilapidating or interferes substantially with efforts to make repairs, including not keeping the premises clean and sanitary not disposing of rubbish properly; not properly using and operating

all electrical, gas, and plumbing fixtures or violating other duties listed in CC section 1941.2. In addition, rental mobilehome tenants may have the automatic statutory habitability defense of CC Section 1942.3 available to them, since that section requires unit owner noncompliance with both generic obligations or specified Civil Code and Health & Safety Code standards applicable only to conventional housing.

In addition, rental mobilehome tenants may not be obligated to pay rent pursuant to CC Section 1942.4 since that section, too, requires landlord compliance with both generic habitability obligations as well as specific standards applicable only to conventional housing. This right may be raised as a defense to an eviction, as well as being pursued affirmatively with a claim for damages.

Both homeowners and tenant/residents may bring a failure to maintain action under MRL Section 798.88, which expressly applies to both residents and homeowners; however, the prior notice requirement of CC Section 798.84 covers only homeowners, not residents. In addition, since it is likely that the common areas of a park are an integral part of the rental of a home in that park, a failure to maintain could result in similar defenses and affirmative actions as those related to the home's habitability. Furthermore, the authorization for attorney's fees and costs may be applicable to residents, since CC Section 798.85 makes it applicable to "any action arising out of the provisions of this chapter", if the violation alleged and proven relates to the MRL rather than merely general landlord-tenant law.

What Special Requirements Are There for Rental Mobilehomes Titling, Registration, Installation, and Repairs?

A common source of rental units for park management is homes which previously have been abandoned, acquired at warehouse lien sales, or otherwise purchased. Renting the units without properly completing the registration and titling requirements may produce adverse consequences for the unit owner. While contesting ownership generally is not permitted as a defense in an eviction lawsuit, an aggrieved resident/tenant may report the rental of an improperly titled unit to HCD or the Mobilehome Parks Act enforcement agency as an "unlawful activity" under H&SC Section 18550 ("unit not registered to lessor"), subjecting the owner to possible criminal and civil penalties. In addition, it may be reported to the HCD Occupational Licensing Program and be subject to administrative civil remedies as well as criminal and civil proceedings. A "pattern and practice" of flaunting these laws may result in major civil lawsuits by aggrieved tenants or local public prosecutors claiming unfair business practices, fraud, misrepresentation, and other assertions with the potential for liability far in excess of the cost of proper registration, as well as "consolidation" and delay of any eviction lawsuit into this larger lawsuit.

Similarly, renting a "move-on" unit, without having it properly installed—without an installation permit, inspection, and "certificate of occupancy"—may have adverse impacts. It not only raises possible Mobilehome Parks Act violations such as those listed above, but some court decisions have refused to allow property owners to evict tenants if they have rented units without proper certificates of occupancy.

Similar to conventional housing, most repairs, modifications, and improvements to manufactured homes require a building permit and inspection, all from HCD rather than the local enforcement agency. Failure to obtain a permit, if discovered, may require the work be performed again, with an inspection and permit with multiple financial penalties; aggrieved tenants may report the violation to HCD as well. In addition, if an improper repair or modification without a permit results in tenant personal or property harm, the financial consequences may be greater. A "matrix" of when permits are required is on HCD's website.

GSMOL "Who's Who" (Leaders in Your Area-Refer to Map on Page 15 for Zones and Regions)

ZONE A

REGION 4

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ZONE B-1

REGION 8

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REGION 7

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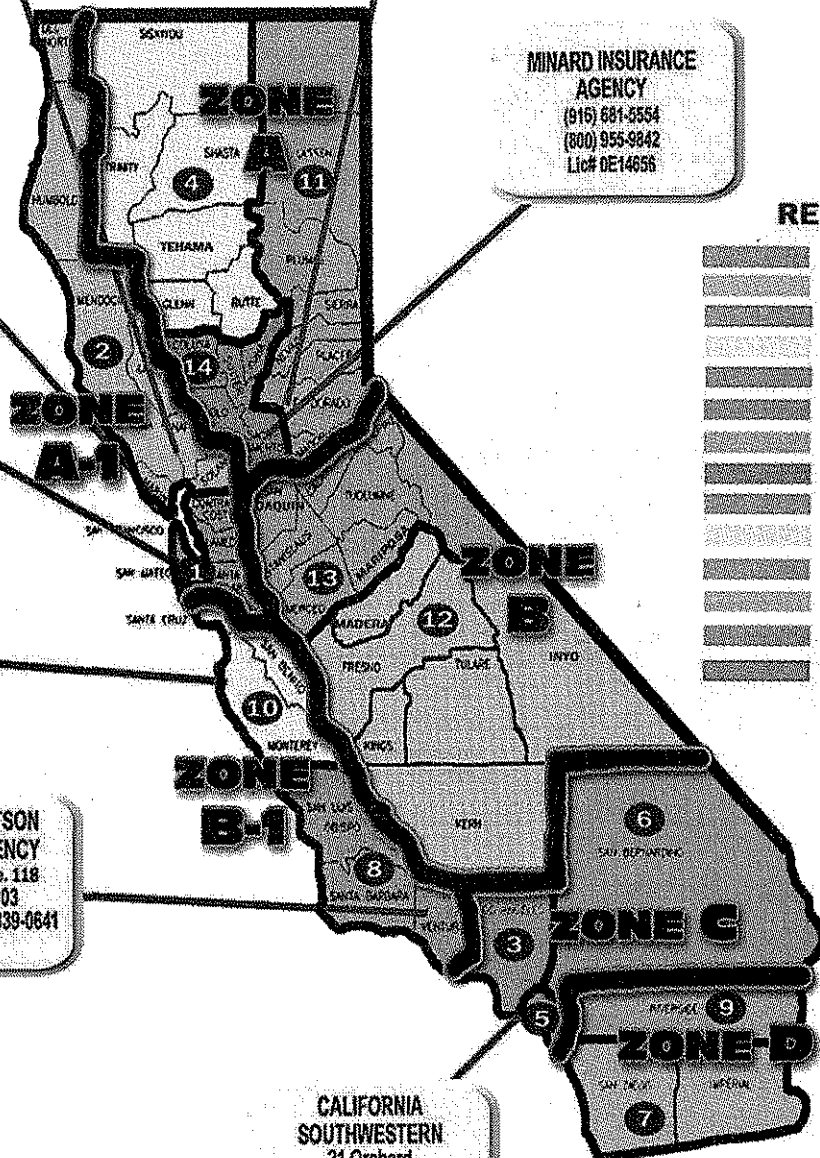
REGION

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 Ventura, CA 93003
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(New members only - no renewals)

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Please fill in new members' names, park, space number, and when they joined, below and mail or fax to the home office. After verifying by the home office, a \$5 reward check will be mailed to the individual or chapter named at the bottom of this form. Please send in all new membership applications as soon as you receive them. Do not hold them for this program. This program only requires that you keep track of who they are, and list them on this form.

(More than one person living in the same home and paying one membership dues count as one member for this program.)

PLEASE PRINT LEGIBLY

<u>NEW MEMBERS' NAMES</u>	<u>PARK NAME</u>	<u>SPACE NO.</u>	<u>MONTH AND YEAR JOINED</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Please send \$5 reward check to:

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(DUES ARE NON-REFUNDABLE)

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First Name	Initial	Last Name
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Park Name	Park Owner	MGMT. Co.
Street Address	Space Number	
City	State	Zip Code
Daytime Phone Number	Alternate Phone Number	
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Signature	Membership Recruiter (if applicable)	

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DETACH AND KEEP FOR YOUR RECORDS Thank you!
Check# _____ Amount _____ Date _____



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Submitted in ACEV Committee
Council File No: 10-0613-53
Item No.: 6

➤ Thumbnail sketches of informational packets presented. ~~Category:~~ Communication from
re Kable

- Tim Sheahan, immediate past president of GSMOL, letter outlining the effects of rent raises on mobilehome owners and mobilehome parks.
- Mobilehome Loan Funding - refusal to loan to certain parks due to rent ratios
- William Constantine, Attorney representing many facets of mobilehome law, letter describing the predatory actions by some park owners in raising rents and forcing mobilehome owners to sell at a loss to raise rents on spaces
- Bay Federal Credit Union describing how 'fair market value' and 'fair market rent' are circular and can destroy the ability to issue mortgages if 'fair market rent' goes up
- Alpert, Barr & Grant, Professional Law Corporation delineates negative impact of rent raises described in the defeated AB 761 on the home market and consumers in California. Includes educated opinion of appraiser.
- Examples of negative effects (financial and physical plant) of rent raises. Prices of homes way down, empty homes and degradation of physical plant.

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60	1998	CHAMPION	24x40	3/2	\$ 32,900
64	1990	SILVERCREST	24x56	2/2	\$ 37,900
74	1991	SILVERCREST	26x56	3/2	\$ 40,300
75	2001	CAVCO	32x60	3/2	\$ 46,900
117	1972	KAUFMAN	12x48	2/2	\$ 12,900
121	1971	NEWPORT	20x40	2/2	\$ 17,900
137	1972	CASA VEGA	24x56	2/2	\$ 19,900
148	1997	FLEETWOOD	24x52/53	3/2	\$ 34,400
182	1971	GUERDON	24x60	2/2	\$ 20,600
184	1997	FLEETWOOD	24x56	3/2	\$ 36,800
198	1986	SKYLINE	20x52	2/2	\$ 25,900
203	1992	SKYLINE	24x56	2/2	\$ 31,900

Serial numbers are: 13: S6848XX/XU (17: S7061U/X (60) 090940610150A/B (64) A/B1765C9018CA (74) A/B1765C9182CA (75) CAVAZLPO111913X/U (117) S9115 (121) S2859X/G (137) 11226X/U (148) CAFV08A/B209625H12 (182) S2455XX/XXU (184) CAFV08A/B209625H12 (198) 25710695A/BV (203) 1V710410FA/6

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13162 Highway 8, Business, El Cajon, CA 92021



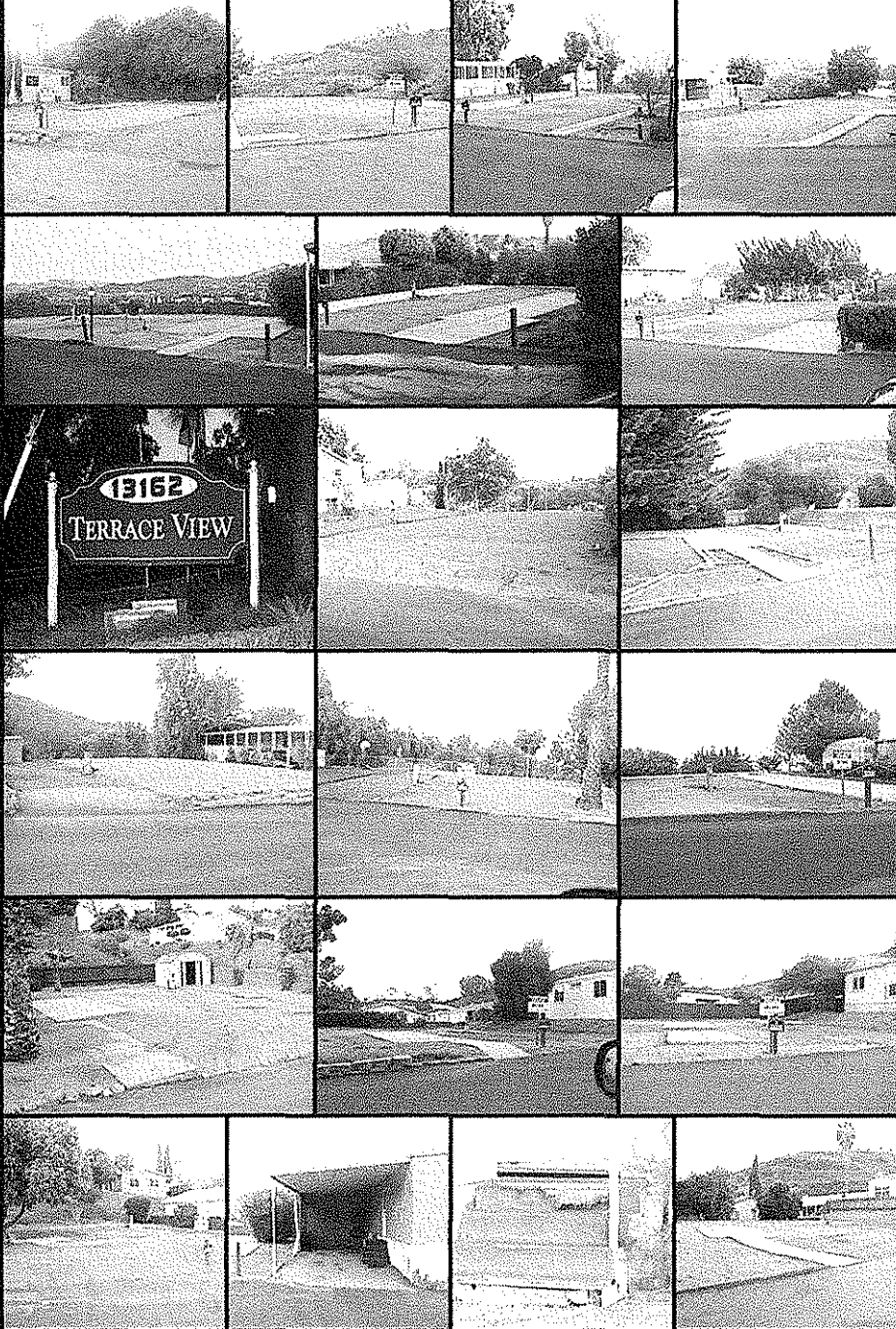
All information deemed reliable although not guaranteed. Subject to Prior Sale Offer. All sizes are approximate. Sales Price does not include other fees such as escrow, filing fees, taxes, or fees incurred due to financing such as appraisal, closing costs, insurance. All homes sold as is, where is, with all faults. Buyer must obtain independent approval to reside in the Community.

Community Mobile Home Sales Lic#92704

January 1, 2012

(Prices good for 45 days)

*Terrace View MHP, San Diego County—30 vacant lots, dozens of homes
confiscated by park owner for resale (14 currently for sale), several abandoned homes*





Tim Sheahan

Volunteer mobile/manufactured home owner advocate

2907-2 South Santa Fe Avenue San Marcos, CA 92069

Telephone and FAX: (760) 727-4495

E-mail: tpsheahan@cox.net

February 1, 2012

United State House of Representatives
Financial Services Committee
Subcommittee on Insurance, Housing and Community Opportunity

Re: "Implementation of the Manufactured Housing Improvement Act of 2000"

Honorable Chairperson Biggert and fellow Committee members:

My name is Tim Sheahan and I am immediate past President of Golden State Manufactured-home Owners League (GSMOL), which represents over 350,000 mobile/manufactured home owners and their families living in California. GSMOL is a non-profit organization that has been working for 50 years with the goal of improving conditions for households who own their homes but not the land under them. I am contacting you as an individual rather than on behalf of GSMOL but am doing so at this time because GSMOL and myself personally are members of the Manufactured Home Owners Association of America (MHOAA) and I understand that Ms. Ishbel Dickens, MHOAA's Executive Director, will be testifying before your Financial Services Sub-committee on Insurance, Housing and Community Opportunity.

As a consumer (user) member of the HUD Manufactured Housing Consensus Committee (MHCC) the past three years, I've come to learn and appreciate the many concerns of producers of manufactured homes in the United States. That, coupled with the knowledge I've gained in over 40,000 hours of volunteer service the past 15 years serving owners of mobile/manufactured homes and considering current disturbing trends in the industry, I fear for the survival of manufactured housing as a continuing viable source of unsubsidized affordable housing in the United States as we look to the future. I do feel industry concerns/complaints that HUD, along with regulatory constraints, is responsible for the devastating downturn in production and sales of new homes are misdirected, however.

The current dire condition of the industry has resulted largely from a perfect storm of factors, including, but not limited to the following; the financial crisis and shortage of loan products available to home buyers, classification of manufactured homes as "chattel", the real estate meltdown that made foreclosed conventional homes on fee-simple land more attractive as an investment compared to placement of new manufactured homes in land-lease communities with little security of tenure, the lack of new MH communities being built and finally, rapidly escalating lot rents that have caused economic eviction of homeowners from their own homes, placing a greater number of devalued used MHs on the market and making prospective purchasers of new MHs leary of the great risk to their investments if placed in an investor owned land-lease community. **The greatest continued threat to the industry is that of escalating rents.** Unreasonable lot rents, now surpassing rent for three-bedroom apartments in some areas, adversely affect not only homeowners but also manufacturers, dealers, lenders, contractors and a number of other related interests.

Community owners have a three-pronged motivation to raise lot rents in land-lease communities. First, any rent increase naturally creates more monthly revenue and profit. Second, any increase in revenue raises the value of the property (business) itself. And third, if lot rents are raised to a point beyond the ability of the



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captive homeowner to pay, the community owner is able to seize the home for little or no money and then either resell the home at a big profit or rent the home and lot together.

I don't envy the **Manufactured Housing Institute's** (MHI's) mission of representing both manufacturers and community owners because some of its own members are the most aggressive and opportunistic community operators, adversely impacting new home sales the most. Operators such as **Equity Lifestyle Properties** (ELS), **Tatum & Kaplan Financial** and **Kort & Scott Financial/Sierra Management** are today's version of the Robber Barons, comparable to both the medieval feudal lords who collected unjust tolls from captive merchant ships along the Rhine river, and the 19th Century Industrialists who had so much money they could buy virtually unlimited power and influence. Attempts by homeowners to assert their rights usually prove futile against such adversaries that flaunt their near absolute power. The word "Vulture Capitalist" has been widely used in the media in recent days and while that term certainly applies to many community owners, a great number of them operate in an even more focused and predatory manner, targeting the elderly and others facing economic, physical or psychological challenges living in manufactured home communities. Too many community owners and their operatives are masters of capitalizing on the trust and lack of sophistication of their "customers," enabling widespread abuse of vulnerable homeowners. These Predatory Capitalists, some of which are Real Estate Investment Trusts that don't even have to pay Federal Corporate Income Tax, seem to have no scruples and are determined to maximize profits, no matter the impact on their captive customers.

One of MHI's members is the California law firm of **Hart, King and Coldren** who has been suing cities throughout California that have rent stabilization ordinances. One of their attorneys, Mark Alpert, has even publicly declared that part of their strategy is to run-up the legal costs of defending local ordinances until the local jurisdictions abandon their ordinances because they can no longer afford the litigation, even when the cities are successful in court. This devious legal strategy by park owner attorneys makes a mockery of the legal system by making it a war of attrition rather than a search for justice, especially in these economic times where many community owners have deeper pockets financially than many cities. The text box below includes an excerpt of an Alpert presentation in 2004.

Speech from *Proceedings of the Eighth Annual New York Conference
on Private Property Rights* (2004)

HOPE FOR PEOPLE FIGHTING RENT CONTROL

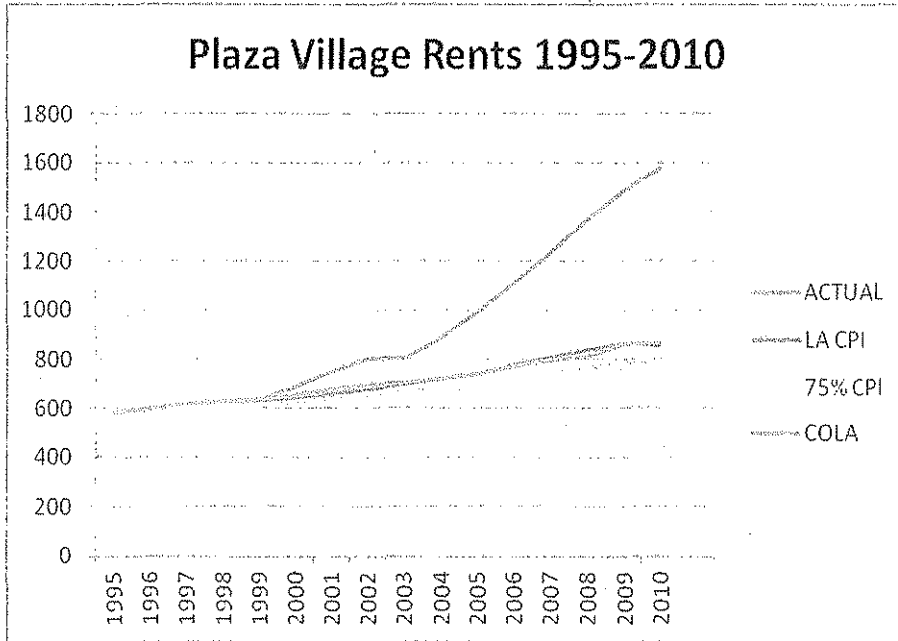
Attorney Mark Alpert

"Third is actually make it expensive. Litigation is a strategy that works especially when cities are strapped for money. That often brings them to the table. It has worked for us. It has worked even in places like New Jersey where we have challenged rent control. In essence, What happens is that the cities just get tired of fighting litigation. They can't afford to protect the small group's interest and bust the budget."

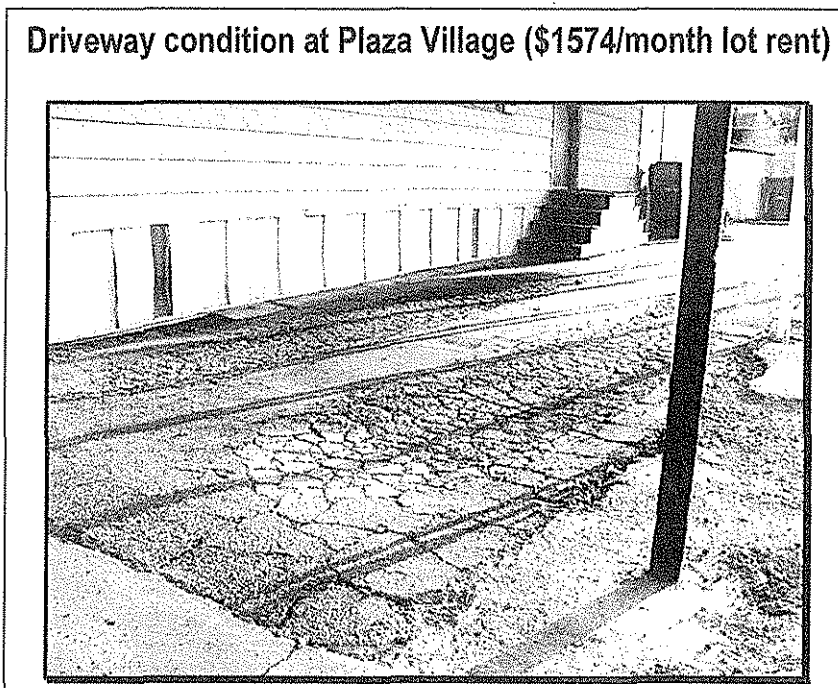
Another member of MHI is the **California Mobilehome Parkowner Alliance** (CMPA), of which **Equity Lifestyle Properties** (ELS) and **Tatum & Kaplan Financial** are members.

ELS, which owns hundreds of MH communities nationwide, has spent millions of dollars in California with a goal of deregulating the industry by wiping-out rent protections for homeowners. After suing the City of Santa Cruz into submission, they have since told residents of De Anza Mobilehome Park that when they try to sell, lot rent to their buyers could be as high as **\$5,000 per month!** Needless to say, such high rent makes the

homes nearly worthless. In the rent control city of Santee, CA, ELS recently tried to raise lot rents by over \$400/month to over \$1,100/month at Meadowbrook MHP, claiming that was “fair market” for the area. ELS failed to disclose that in another one of their parks, less than six miles away and not subject to rent control, they were charging \$950/month to rent brand new manufactured homes on lots. In that same park of fewer than 160 lots, many homes remain unsold or rented and there were roughly 25 vacant lots, as of last week.



Tatum&Kaplan, which doesn't even own the land at some of their communities, has been relentlessly raising rents for years. The graph above shows rent increases for a resident of one of their communities, Plaza Village MHP located in Santa Ana, CA. **After the lot rent approached \$1,600/month, the homeowner abandoned her MH and found a three-bedroom apartment for \$100 less than her lot rent at Plaza Village!**



The following article describes the deplorable conditions at a Tatum & Kaplan community in El Monte, CA.

Councilwoman angered by conditions, rent prices at El Monte mobile home park

by Daniel Tedford, San Gabriel Valley Tribune
September 22nd, 2011

Councilwoman Norma Macias is speaking out against what she calls "shameful" conditions at a local mobile-home park.

Macias recently visited Brookside Mobile Country Club, next to Mountain View High School, after receiving complaints from some residents of deplorable conditions and exorbitant rents. The councilwoman said she intends to do whatever she can, including raising the issue with her council colleagues, to support residents of the park. "What is taking place here is nothing short of criminal, to take advantage and gouge these people," Macias said. "I, for certain, want to make an issue of what is going on here. We need to do our best to protect our residents."

Officials with Tatum-Kaplan Financial Group, which owns the park through its subsidiary Brookside Investments LTS, declined an interview request for this story. The park's management company, Mobile Community Management Co., a Santa-Ana based group also owned by Kaplan, responded with a fact sheet about the property and company.

Macias, who is considering running for the new 32nd Congressional District, said mobile-home residents are naturally placed in a tough situation when it comes to renting spaces for their homes. Despite the name, mobile homes are often difficult to move because they are damaged or a transfer is too costly. Park owners take advantage, Macias said.

"These people are stuck," she said. "The landlord knows these people are stuck. It really breaks my heart." One resident, who asked to remain anonymous for fear of retaliation, said his family has lived in the community for more than 30 years and has seen their rent skyrocket. When they first lived there, rent was \$100. Now, it is \$1,160 a month "just for the dirt," he said. According to the U.S. Census American Community Survey, the median rent for apartments and homes in El Monte from 2005 to 2009 was \$1,003. The man said he would move from Brookside but doesn't have the money. "It can cost \$10,000 to move one of these," he said. "We live on a fixed income, and (the landlords) know it. It is all for the money."

Some people have moved away. Walking through the more than 400-space mobile home park at 12700 Elliot Ave., it is easy to tell the park has numerous vacancies. Bare, gray cement slabs are scattered throughout as homes have been removed or transferred. Other homes have been left behind, now boarded up to prevent transients from squatting. "They have an astonishing rate of vacancy," El Monte redevelopment attorney Dave Gondek said. Roads are cracked and in one area of the park a former retaining wall is broken and buried beneath a hill of sand.

The park's poor appearance also stems from some residents' lack of concern or an inability to perform maintenance, officials said. Some homes are cracked and worn, and others have overgrown brush and weeds. Police Capt. Santos Hernandez said police and city staff helped an elderly resident by cutting back overgrown shrubs in the back of her property. Code-enforcement officers said they are reviewing the property, including the retaining wall, but had no determinations on violations.

Rent control

Like the feudal system in medieval England in which a free man owned his cottage and a feudal lord owned the land and charged a fee for using it, most mobile-home residents own their homes but rent the land beneath the property. Renters at the Brookside property said rent ranges from \$1,000 to \$1,500. Officials with other local cities said mobile-home spaces rent for about \$800 or less. Glendora has rent control that keeps rents at about \$800. Advertisements show rents in Palmdale, Riverside and Pomona for more than 1,000-square-foot lots are about \$450. The Whittier East Community rents lots at \$593 a month. In Laguna Beach, a 2,400-square-foot lot is advertised at \$1,876.

Unlike Glendora, El Monte doesn't have rent control because of a 1990 ballot initiative. That same initiative also prevents the city from even trying to revisit the issue, which was passed with the help from the owners of Brookside, the Tatum-Kaplan Financial Group, Gondek said. In 1988, in an effort to stymie rapidly increasing rents for mobile-home parks, the City Council adopted a rent-control ordinance, Gondek said. It established an avenue for rent review between tenant and park owner with mediators overseeing the review. Park owners challenged the ordinance with a referendum, but narrowly lost.

Two years later in 1990, the Tatum-Kaplan group, led by Jeffrey Kaplan, brought forth an initiative that proposed to abolish the rent-control ordinance, Gondek said. The selling point of the new plan was rental assistance for low-income senior citizens. Those who qualified would receive a 10 percent discount on rent. Voters passed the ordinance, and it has been the rule of law ever since.

And if the city ever wanted to challenge it, it couldn't, Gondek said. The redevelopment attorney said Kaplan's team was "clever," and within the language of the voter-approved ordinance, the city is forbidden from contributing any staff time or city funds toward efforts to overturn the law or establish rent control. For the city to get involved, a new ballot initiative must overturn the law to free the city, Gondek said. "The language of the ordinance pretty much puts the city of El Monte, as a unit of local government, in a straitjacket," he said.

The mobile home market

A \$1,200 rent at a mobile home park should pay for a top-of-the-line, large space in a well-to-do neighborhood, according to mobile home expert Jim Anderson. Anderson is the vice president of Golden State Manufactured-home Owners League, a group that advocates for mobile home residents. He lives in a mobile home in La Verne. He said the most expensive lot for rent where he lives is \$925. That is the biggest lot at the property, which is well-maintained and includes several amenities, he said. Anderson said Brookside's rates are out of whack with the market. "For El Monte, that seems like an excessive amount," he said. It is a common problem for mobile home residents to get caught in gouging situations, Anderson said. In some instances of older mobile homes, owners must get clearance from the city to move the home and are sometimes denied if the building isn't structurally sound, Anderson said. Park owners are often aware which homes can and can't be moved. "They know they can squeeze," Anderson said. Anderson's group tries to help mobile home owners understand their rights. For instance, all owners should know they have options secured by law when renting a space for their home, including a month-to-month program or a long-term lease. In addition, if a resident has a lease, they are entitled to 90 days' notice for a rent increase, Anderson said.

Mobile Community Management said they have programs to assist residents with their rent, including a voluntary emergency rent stabilization it initiated in 2008. The park will give a discount on annual rent increases through the program, which 30 percent of residents have opted for, according to the company's fact sheet. The resident has to submit to a modified contract to get the discount.

Tatum-Kaplan's history

Anderson said he is familiar with the Tatum-Kaplan Financial Group, the firm that owns numerous mobile-home parks under several business names, including Brookside.

"They have a tendency to look at the bottom line. A lot of them are that way," he said. Jeffrey Kaplan and Thomas Tatum own Mobile Community Management Company. Although that company runs Brookside, the land at Brookside is owned by First National Finance, another organization run by Kaplan and Tatum, according to company officials and the Los Angeles County Assessor's Office. Kaplan, a lawyer who heavily invested in the mobile-home business in the 1980s, owns more than a dozen mobile-home parks in Southern California, according to records from the California Secretary of State's office. He purchased the Brookside park in the 1980s and initially leased the land, including a 2.1-acre parcel from El Monte Union High School District, city officials said. He later bought the property, including a 2004 deal to buy the school district property for \$450,000, according to the purchase agreement.

Kaplan also led a failed state initiative in 1996, similar to the El Monte ordinance, to do away with rent control for mobile homes. Kaplan and his companies have had their share of lawsuits regarding mobile home parks. Kaplan, Tatum or Mobile Community Management are named in 11 civil suits in San Bernardino County dating back to 1998 and another 10 in Orange County from 1989 to 2010, including fraud, unfair business practices and breach of contract. A lawsuit has also been filed by residents at Brookside, but attorneys representing the group did not return phone calls seeking comment.

Objecting to rent increases, some Brookside residents formed an association in 2008 and threatened a rent strike, according to the fact sheet provided by Mobile Community Management. In 2009, about one-third of Brookside residents filed a lawsuit against their landlords after meetings with them dissolved, according to the sheet. Park managers deny any wrongdoing, according to the fact sheet. Residents disagree.

"They are finding the fastest way to get money out of people's pockets," a resident said.

Below is an article from a park owner trade newsletter (WMA Reporter) from 1994 celebrating "Slaying the Dragon of Rent Control in San Diego County" and showing an attorney awarding a sword to his park owner client. The real "Dragons" who were slain were the helpless homeowners victimized by escalating rents that economically evicted them from their own homes! The article and photo below demonstrate that operating a MH community is as much a GAME as a business to many millionaire and billionaire park owners.

At a WMA Unit S-6 meeting on April 21, Unit Vice President John Baldwin received one of the biggest surprises of his life: a 4'-long sword adorned with a dragon, in honor of his long-standing battle against rent control in San Diego County.

The idea for the award was Mike Walters', a WMA-member attorney (also from San Diego County) and long-time friend of John's. In addition to the sword, John also received a plaque with the following inscription: "Presented with honor to John L. Baldwin for slaying the dragon of rent control in San Diego County. A.D. 1994."

The sword's brass dragon relief, complete with ruby-colored eyes, breathes fire onto the shaft of the sword. There is even a removable dagger at the hilt. Mike decided that the sword would be an appropriate award for John, symbolizing John's battle of many years against the ugly monster of rent control in this Southern California county. According to reports, the unexpected honor left John feeling overwhelmed.

In addition to being unit vice president, Baldwin is also a regional director on the WMA Board of Directors. ■



WMA-member attorney Mike Walters (kneeling) presents the dragon sword to Unit S-6 Vice President John Baldwin. The sword was given in recognition of Baldwin's hard work in fighting rent control in San Diego County.

WMA Reporter

WMA "Dragon Slayers"
Sir John Baldwin and Sir Michael Walters

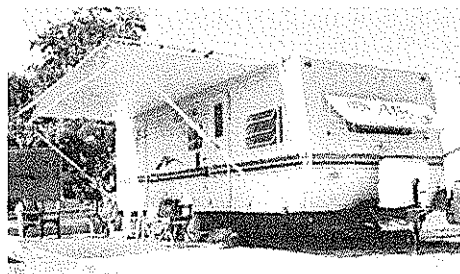
In closing, I do appreciate a seat at the table of the MHCC and serving in an advisory capacity with the goal of helping to improve the construction standards and image in general, of manufactured housing in the United States. To remind you, we are homeowners who often pay property tax at the same rate as owners of conventional homes. New manufactured homes can cost over \$200,000, which is a large amount to risk when placing such homes in a land-lease communities. Our homes are not mobile, making our way of life extremely precarious and vulnerable to the monopolistic whims of greedy community owners. While there are many good and upstanding community owners, homeowners need and deserve protections at the local, state and **federal** levels to provide them with **home/land security** from the growing number of unscrupulous operators. That will never be as important as the days ahead as a growing number of the baby-boomer generation enter the retirement years and seek to downsize to affordable retirement communities.

Please do not hesitate to contact me at: tpsheahan@cox.net /760 727-4495 if you would like more information regarding manufactured housing issues in California.

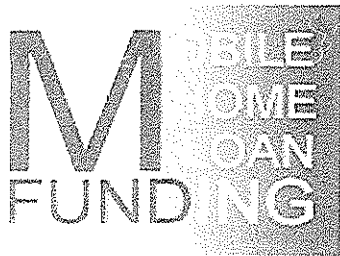
Sincerely,



Tim Sheahan
 Vice President Zone D and immediate past President, GSMOL
 Board member, Manufactured Home Owners Association of America (MHOAA)
 HUD Manufactured Housing Consensus Committee (MHCC)



There IS a difference between a motor home, Trailer and Mobile/Manufactured Home!



PARKS WE WILL NOT LEND IN

TATUM AND KAPLAN PARKS

COMMUNITY NAME	ADDRESS	CITY	STATE	ZIP	PHONE	MANAGERS
Casa Del Lago Mobile Home Park	2151 Oakland Road #A	San Jose	CA	95131	408-432-1323	
Del Prado -Anaheim	1615 S Euclid Street	Anaheim	CA	92802	714-635-2322	
Del Prado-Garden Grove	12851 West Street	Garden Grove	CA	92840	714-636-3323	
Del Prado-Bolsa	8200 Bolsa Avenue	Midway City	CA	92655	714-891-0604	
Lake Cadena Family MH Park	2851 S La Cadena Drive	Colton	CA	92324	909-783-2700	
Lamplighter San Jose	4201 N 1st Street	San Jose	CA	95134	408-321-9331	
Orange Mobile Home Park	1931 E Meats Avenue	Orange	CA	92865	714-637-5151	
Park Terrace	4080 W 1st Street	Santa Ana	CA	92703	714-839-3880	
Plaza Mobile Estates	3101 S Fairview Street	Santa Ana	CA	92704	714-545-4205	
Rancho Monte Vista	15050 Monte Vista Avenue	Chino	CA	91709	909-597-2511	
Swan Lake Mobile Country Estates	5800 Hamner Avenue	Mira Loma	CA	91752	951-685-7044	
Terrace View Mobile Home Estates	13162 Highway 8 Business	El Cajon	CA	92021	619-561-5409	
Tokay Manor Mobile Park	7908 Tokay Avenue	Fontana	CA	92335	909-823-9527	

CAL AM PROPERTIES

COMMUNITY NAME	ADDRESS	CITY	STATE	ZIP	PHONE	MANAGERS
Bermuda Palms	80-870 Highway 111	Indio	CA	92201	760-347-0103	
Crestview Estates	1120 E Mission Road	Fallbrook	CA	92028	760-728-2962	
Hidden Springs Country Club	15500 Bubbling Wells Road	Desert Hot Springs	CA	92240	760-329-9333	

Kona Kai Estates	1853 Ives Avenue	Oxnard	CA	93033	805-487-5181
La Quinta Ridge	51-555 Monroe Street	Indio	CA	92201	760-398-6333
Niles Canyon	711 Old Canyon Road	Fremont	CA	94536	510-792-7303
Southlake Mobile	4343 Auto Mall Parkway	Fremont	CA	94538	510-651-0990
Villa Vista Estates	2907 S Santa Fe Avenue	San Marcos	CA	92069	760-727-0115

KINGSLEY

COMMUNITY NAME	ADDRESS	CITY	STATE	ZIP	PHONE	MANAGERS
Coach Royal	215 S Sullivan	Santa Ana	CA	92704	714-541-2124	
Country Club	518 S Sullivan	Santa Ana	CA	92704	714-543-7080	
Country Meadows	1855 E Riverside Drive	Ontario	CA	91761	909-947-3918	
Stoneridge	12300 Lilac Ave #304	Santa Ana	CA	92704	714-775-6662	
Woods	1001 Sylmar	Clovis	CA	93612	559-299-9261	

SIERRA MANAGEMENT

COMMUNITY NAME	ADDRESS	CITY	STATE	ZIP	PHONE	MANAGERS
Arrowhead MHP	201 E Arrow Highway	Glendora	CA	91740	626-963-2295	Trudy Jacobs
Bayshore Village MHP	3499 E Bayshore Road	Redwood City	CA	94063	650-368-1587	Jose De Jesus
Blue Star MHP	12401 Filmore Street	Sylmar	CA	91342	818-896-7100	Mark & Jamie Spurlock
Continental Mobile Manor	2804 W First Street	Santa Ana	CA	92703	714-543-3464	Mars & Claudio Arocho
Corona West	995 Pomona Road	Corona	CA	92882	951-737-7979	Janey Davila
Emerald Meadows MHP	3700 Antelope Road	Antelope	CA	95843	916-344-4414	Jose De Jesus
Granada Villa MHP	18540 Soledad Canyon Road	Santa Clarita	CA	91351	661-252-3515	Sonja & Joe Rodriguez
Greenfield MHP	400 Greenfield Drive	El Cajon	CA	92021	619-444-7752	Gayle & Terry
Hollydale MHP	5700 Carbon Canyon Road	Brea	CA	92823	714-528-7779	Norma Rose
Knolls Lodge	23701 S Western Avenue	Torrance	CA	90501	310-326-1000	Pat Cox
Knolls Manor	24200 Walnut Street	Torrance	CA	90501	310-326-1100	Pat Cox
Lincoln Center MHP	9080 Bloomfield Street	Cypress	CA	90630	714-826-6211	Shelly Green & Neil Van Leir
Mobile Aire Estates	716 N Grand Avenue	Covina	CA	91724	626-331-2717	Angela Nunez
Rio Vista Mobile Home Estates	320 N Park Vista Street	Anaheim	CA	92806	714-630-7704	Christina/Eric Molengraf
Royal Oak MHC	500 Artis Lane	Davis	CA	95616	530-753-5616	Griselda De Jesus
Royal Western	17705 S Western Avenue	Gardena	CA	90248	310-323-6703	Virginia Frank

Thunderbird MHP	13102 Partridge Street	Garden Grove	CA	92643 714-534-3478	Jennifer Granados
Tustin Village MHP	15352 Williams Street	Tustin	CA	92780 714-542-0637	Sandra
Vista Diablo MHE	2901 Somersville Road	Antioch	CA	94509 925-757-9321	Simone & Donald Lowman

MHC PARKS

COMMUNITY NAME	ADDRESS	CITY	STATE	ZIP	PHONE	MANAGERS
California Hawaiian	3637 Snell Avenue	San Jose	CA	95136	408-227-0330	
Concord Cascade	245 Aria Drive	Pacheco	CA	94553	925-687-9331	
Contempo Marin	400 Yosemite Road	San Rafael	CA	94903	415 479-6816	
Coralwood	331 Coralwood	Modesto	CA	95356	209- 577-3981	
Date Palm Country Club	36-200 Date Palm Drive	Cathedral City	CA	92234	760-328-1315	
De Anza Santa Cruz	2395 Delaware Avenue	Santa Cruz	CA	95060	831-423-8660	
Four Seasons	3138 West Dakota	Fresno	CA	93722	559-224-4034	
Laguna Lake Mobile Estates	1801 Perfumo Canyon Road	San Luis Obispo	CA	93405	805-543-5500	
Lamplighter Village	10767 Jamache Blvd	Spring Valley	CA	91978	619-660-0400	
Las Palmas	1025 S Riverside Avenue	Rialto	CA	92376	909-820-0255	
Meadowbrook	8301 Mission Gorge Road	Santee	CA	92071	619-448-9033	
Modesto (Colony Park)	3939 Central Avenue	Ceres	CA	95307	877-570-2267	
Monte Del Lago	13100 Monte Del Lago	Castroville	CA	95012	831-633-3729	
Palm Springs Oasis RV Resort	36-100 Date Palm Drive	Cathedral City	CA	92234	760-328-4813	
Parque La Quinta	350 S Willow Avenue	Rialto	CA	92376	909-820-4610	
Quail Meadows	5901 Newbrook Circle #147	Riverbank	CA	95367	209-869-6840	
Rancho Mesa	450 East Bradley Avenue	El Cajon	CA	92020	619-937-0164	
Rancho Valley	12970 Highway 8 Business	El Cajon	CA	92021	619-443-4443	
Royal Holiday	4400 W Florida Avenue	Hemet	CA	92545	951-658-6109	
Royal Oaks	415 Akers Drive North	Visalia	CA	93291	559-733-1431	
Santiago Estates	13691 Gavina Avenue #632	Sylmar	CA	91342	818-364-2776	
Sea Oaks	1675 Los Osos Valley	Los Osos	CA	93402	805-528-2234	
Sunshadow	1350 Panoche Avenue	San Jose	CA	95122	408-293-9317	
Village of the Four Seasons	200 Ford Road	San Jose	CA	95138	408-225-7255	
Westwinds	295 Nicholson Avenue	San Jose	CA	95134	408-432-7440	

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May 5, 2009

Sent by US mail and fax (faxed to 916-319-3182)

Hon. Norma J. Torres, Committee Chairwoman and
Hon. Members of the Assembly Committee on Housing
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0058

**Re: Documentation on consequences of mobilehome vacancy decontrol, submitted in
opposition to AB761.**

Dear Assemblywoman Torres and Members of the Assembly Housing Committee:

My office represents the non-profit Bay Federal Community Credit Union in assisting them in managing the risks of their mobilehome mortgage portfolios, formulating their mobilehome mortgage lending policies and in advocating on behalf of their membership for the protection of their memberships' investments in their mobilehomes. For the past twenty years, my office has also been representing groups of mobilehome owners in litigation throughout the state regarding issues relating to mobilehome rent control and unfair business practices that many mobilehome park owners have used to prevent the sales of mobilehomes in their parks to outside purchasers so that the park owners could unfairly purchase the mobilehomes for a fraction of the amount that the homeowners paid for them. This deprives these low and moderate income mobilehome owners of their most substantial asset, their investment in their mobilehomes, and prevents many of them from being able to move into larger housing, as their families grow, or, in the case of senior citizen households, it often deprives them of the resources that they need to move into needed managed-care facilities since, as often is the case, a large portion of their retirement savings is invested in their mobilehomes.

My clients have asked me to document some of the consequences of vacancy decontrol that many mobilehome owner clients of my office have experienced, particularly in two mobilehome parks that have been subjected to vacancy decontrol: DeAnza Mobilehome Park in the City of Santa Cruz and Pacific Skies Mobile Estates in the City of Pacifica. In both of these parks, the homeowners' original investments in their mobilehomes greatly exceeded the mobilehome park owner's investments in the mobilehome parks but, through vacancy decontrol, the park owners were able to later capture most of the investments that the homeowners had made in their mobilehomes leaving the homeowners with almost nothing. Because of consequences like these, the Bay Federal Community Credit Union, and many other lending institutions in California, have had to adopt strict policies of only offering mobilehome mortgages, in rental mobilehome parks, in jurisdictions that

have mobilehome rent control with full vacancy decontrol. The consequences of having adopted vacancy decontrol at these two mobilehome parks illustrates why these mortgage policies are required and also why the vacancy decontrol provisions of AB761 should be rejected.

A. Summary of the Consequences of Vacancy Decontrol Documented at These Two Parks:

Summary of Consequences at DeAnza Mobile Home Park:

1. The homeowners' combined investments (*in 2008 - present dollars*) in this park, in purchasing their mobilehomes, totaled \$42 million compared to the park owner's out-of-pocket investment of \$2.3 million to purchase the park for \$11.6 million (*in 2008 - present dollars*).
2. After vacancy decontrol was enacted in October of 2003, **vacancy decontrolled rents of \$1,600 to \$5,000 per space (compared with the Park's rent controlled rents of approximately \$650 per space)** were adopted by the Park. This caused mobilehomes with an average invested purchase price, prior to the enactment of Santa Cruz's vacancy decontrol, of \$213,000 per mobilehome (*in 2008 - present dollars*) to begin selling for as low as \$10,000 to \$20,000 (*many being sold to the park owner*), with many of the mobilehomes simply being abandoned to the park owner. Eventually, for an out-of-pocket investment of only a \$2.3 million down payment, this park owner, out of state MHC Corporation, will be able to capture most of the homeowners' \$42 million investments in their mobilehomes, leaving many of them with no assets to purchase needed alternative housing with.

Summary of Consequences at Pacific Skies Estates Mobile Home Park:

1. **Vacancy decontrolled space rents of \$1,200 to \$1,350 per month (more than double the non-decontrolled average rents, \$560.00 per month in Pacific Skies)** prevented the sales of mobilehomes in Pacific Skies. Later, the Park owner, himself, could only rent out these captured homes for \$1,000 per month (*for both the captured mobilehome and its space combined*) after the homeowners were forced to sell to him because no one else would buy their mobilehomes after their rents were more than doubled. Thus, vacancy decontrol allowed this Park owner to capture these mobilehomes from the homeowners by charging decontrolled rents for the spaces alone that were higher than the market rent for the homes and spaces combined.
2. Through November of 2004, these high vacancy decontrolled rents prevented the sale of almost all of the mobilehomes that were for sale in the park to outside purchasers enabling the Park owner to then purchase almost half of them for an average purchase price of \$20,000 per mobilehome even though comparable mobilehomes in comparable parks in San Mateo County, including those without rent control, were selling for an average purchase price of \$89,000 per mobilehome (*in 2008 - present dollars*).

Conclusion: Even though the mobilehome park owners' investments in these two mobilehome parks were less than 25% of the investments of the mobilehome owners in their mobilehomes in the parks,

the two park owners have been able to use vacancy decontrol to capture almost all of the homeowners' original investments in their mobilehomes, thereby, making a profit of almost quadruple their original investments in the mobilehome parks at the expense of the homeowners' lost investments. These two parks provide an example of why the Bay Federal Credit Union was forced to adopt a strict mobilehome mortgage lending policy of only offering mortgages, in rental mobilehome parks, in cities that have mobilehome rent control with full vacancy control. These examples also show why the consequences of AB 761's passage will be devastating to both California's mobilehome owners and to the financial institutions who have supported them with reasonably priced affordable mortgages. According to Carrie Birkhofer, the president and CEO of the Bay Federal Credit Union, those consequences reach beyond the low and moderate income mobilehome owners whom AB 761 will devastate:

“If vacancy decontrol passes, the current value of the mobile homes in rent control parks will plummet and it will create a deeper economic crisis in California, especially along the coast where mobile homes are the main source of affordable housing for low-income residents, including retirees on a fixed income. **This will also further impact financial institutions at a time when money has already been restricted due to losses due to the overall economic recession.”** Carrie Birkhofer, the president and CEO of the Bay Federal Credit Union in an e-mail, dated April 22, 2009, to Aaron Moreno, staff person to Assemblymember Calderon, responding to a request from Assemblymember Calderon's office regarding why financial institutions are so strongly opposed to AB 761.

B. The Consequences of Vacancy Decontrol at DeAnza Mobile Home Park in Santa Cruz:

DeAnza Mobilehome Park (DeAnza) is a 198 - space mobilehome park located in the City of Santa Cruz. In 1994, Mobile Home Communities Inc. (MHC), now renamed Equity Lifestyles, purchased DeAnza for \$8.1 million. At that time, the rents in DeAnza were controlled by the City of Santa Cruz's Mobilehome Rent Stabilization Ordinance, which had full vacancy control. The price that MHC paid for DeAnza was based on the expected return that MHC could achieve at DeAnza through the space rents that it could collect, under Santa Cruz's Mobile Home Rent Stabilization Ordinance. DeAnza's purchase price was based on a capitalization rate of 7.67%. That purchase price did not include the amount that the homeowners had paid for the in-place purchase of their mobilehomes. In October of 2003, as part of a settlement to a lawsuit filed by MHC challenging Santa Cruz's Ordinance, DeAnza became subjected to full vacancy decontrol.

In present 2008 - dollars, MHC's \$8.1 million purchase price is \$11,655,000. However, assuming the typical mobilehome park financing arrangements, MHC's out-of-pocket investment was only their 20% down payment of \$1,620,000, or \$2,331,000 in 2008 - present dollars. The remainder of that amount, which was financed, was being paid for by the rents that MHC collected from the homeowners.

In contrast, the average DeAnza homeowners' investment in purchasing their mobilehomes in DeAnza, prior to the establishment of full vacancy decontrol in October 2003, was \$213,000, for a total homeowner investment of \$42 million (*both figures in 2008 - present dollars*). Thus, the total homeowner investment in DeAnza, in just purchasing their mobilehomes, is almost 400% larger than

Hon. Norma J. Torres & Members of the Assembly Committee on Housing
May 5, 2009

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the full amount that MHC paid for DeAnza (**\$42,174,000 vs. \$11,655,000**) and it is 18 times larger than MHC's out-of-pocket investment in DeAnza (*i.e., MHC's down payment of \$2,331,000 in 2008 - present dollars*).

After vacancy decontrol was enacted in October 2003, MHC Corporation began charging **vacancy decontrolled rents of \$1,600 to \$5,000 per space (compared with the Park's rent controlled rents of approximately \$650 per space)**. See attached May 5, 2009 - Herb Rossman letter. This is resulting in the DeAnza homeowners eventually losing most of their forty two million dollar investment in their mobilehomes due to these outrageously high decontrolled rents that MHC began charging to persons purchasing their mobilehomes, making it impossible for the homeowners to recover even a small fraction of their original investments in their mobilehomes. For example, just two months prior to the adoption of vacancy decontrol, the mobilehome in space number 79 of DeAnza was purchased, in August of 2003, for \$200,000 (*\$232,000.00 in 2008 - present dollars*). After the adoption of vacancy decontrol, it sold for only \$10,000 in December 2007. Other mobilehomes sold for practically nothing (*for example, the mobilehome in space 23 sold for \$500 in May of 2008 and the mobilehome in space number 49 sold for one dollar, \$1.00, in June of 2008*) and still others were simply abandoned when their owners, due to personal circumstances (*i.e., senior citizens no longer able to live on their own, needing managed-care facilities*), had to move out of DeAnza and could not find any buyers who were willing to purchase their mobilehomes and pay the outrageously high decontrolled rents that MHC began charging. See attached May 5, 2009 - Herb Rossman letter.

Thus, through vacancy decontrol, for an out-of-pocket investment of only \$2,331,000, MHC will be able to eventually capture most of the DeAnza homeowners' \$42,000,000 investments in their mobilehomes. Since DeAnza is a senior citizen mobilehome park, much of this \$42 million profit, represents MHC capturing many of these senior citizens' only retirement asset that they no longer have to use for obtaining residency in needed managed care facilities.

C. The Consequences of Vacancy Decontrol at Pacific Skies Estates Mobilehome Park in Pacifica:

Eighty miles up the coast from DeAnza, is another mobilehome park, Pacific Skies Estates Mobilehome Park (Pacific Skies) in the City of Pacifica that further illustrates the disastrous consequences of vacancy decontrol. The City of Pacifica's mobilehome rent control ordinance has always had full vacancy decontrol. The park owner of Pacific Skies began using vacancy decontrol in the early 90s to prevent the sales of mobilehomes in that park to outside purchasers so he could then purchase those homes for a fraction of what the homeowners paid for them. Between October of 1995 and October of 2005, my office represented several of these homeowners at Pacific Skies, and their Homeowners Association, who were prevented from selling their mobilehomes on the open market by the park owner's exorbitant vacancy decontrolled rents. During that time period, the park owner charged decontrolled resale space rents of **\$1,200.00 to \$1,350.00 per month (more than double the average non-decontrolled space rents in that park of \$560 per month)**. In contrast, a rent comparison analysis conducted for litigation by my office demonstrated that the average resale space rents for comparable mobilehome spaces in the San Mateo County area, even those located in cities without rent control, was \$598.00 to \$852.00 per month. Pacific Skies' decontrolled resale space rents even exceeded the market rents that this park owner was later able to achieve when he

later rented out both the mobilehomes and the spaces, together, after he purchased the mobilehomes after no outside purchasers were willing to purchase them at those high rents.

For example, one of my former individual clients in Pacific Skies had listed her mobilehome for sale for \$52,000.00, a fraction of its true fair market value. Her current space rent was exorbitant to begin with, at \$1,027.40 per month (*i.e., it had already been subjected to one de-controlled rent increase, as the average rents in Pacific Skies were only approximately \$560 per month*) and the Park owner still gave her a new notice stating that her rent would be increased even greater to \$1,350.00 per month upon its sale. Many interested purchasers contacted her real estate agent. However, as soon as they learned of her homes' unconscionably high space rent, and its even higher decontrolled resale rent, they all lost interest. Finally my client found one interested buyer who was willing to purchase her mobilehome but for substantially less than her listing price. However, when this buyer contacted the park owner to obtain their required residency approval, the park owner prevented even that sale by convincing this buyer to, instead, rent one of his mobilehomes, by offering to rent her both one of his mobilehomes and its space for a combined rent of only \$1,100.00 per month. In contrast if this interested buyer purchased my client's mobilehome, the park owner told her that she would have to pay \$1,350.00 per month for just its space rent alone. Obviously, this reduced the in place sales value of my client's home to less than zero and my client was, then, forced to sell her home to this park owner for a fraction of its market value.

Another example is provided by the circumstances under which the park owner of Pacific Skies purchased the mobilehome located at 105 - First Street in Pacific Skies Estates. That mobilehome's previous owner left it to her church in her will. The church listed it for sale and the park owner then notified the church's real estate agent that the home's decontrolled resale space rent would be doubled and increased to \$1,200.00 per month. This enormous rent increase prevented that sale and the Park owner then later purchased it, himself, for \$10,000.00. After purchasing that mobilehome, the Park owner began renting it out for a combined rent of \$1,000.00 per month for both the mobilehome and its space, \$200 less than the space rent he would charge to anyone directly purchasing it from the church.

Records maintained by the San Mateo County Tax Assessor's Office and the California Department of Housing and Community Development (HCD) documented that, through using this vacancy decontrol scheme, this park owner had been able to purchase dozens of mobilehomes in Pacific Skies at prices that were a fraction of their true fair market values. This documentation demonstrated that, through October of 2005, this park owner purchased at least 37 of the park's 93 mobilehomes using this scheme. Eight of these mobilehomes were purchased by the park owner between March 22, 2001 and November 27, 2004 at an average price of only \$20,618.00 per mobilehome. In comparison, the average price that these homeowners had paid for these mobilehomes (*in present 2004 - dollars*) was \$82,000 per mobilehome, which was close to the average sales price for comparable mobilehomes in the San Mateo County area in the comparable time period (*January 1, 2003 thru April 30, 2004*), which was \$89,800.00. Thus, this park owner used vacancy decontrol to capture these mobilehomes for one-fifth of the homeowners' original investments in these homes capturing 80% of their invested equity in their mobilehomes.

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When the consequences of vacancy decontrol were brought before a judge, in a legal challenge to the decontrolled rent scheme that MHC was pursuing, the judge ruled that, since the mobilehomes were no longer under vacancy control, that it was lawful for MHC to charge these vacancy decontrolled rents regardless of how high they were and regardless of the devastating impact that the rents are having on the homeowners' investments in their mobilehomes or of the unfairness of the circumstances and that there was nothing that he could do about it. Unfortunately, I have also heard the same conclusion from other judges: that these park owners are doing nothing unlawful. The judges then often apologetically explain that their hands are tied because this is simply the lawful consequences of vacancy decontrol.

Accordingly, the above consequences of vacancy decontrol at DeAnza and Pacific Skies mobilehome parks illustrates why vacancy control is essential and why financial institutions, such as the Bay Federal Community Credit Union, have been forced by these circumstances to enforce policies of only offering mobilehome mortgages, in rental mobilehome parks, that are under rent control with full vacancy control. Accordingly, in order to protect the investments of these vulnerable, mostly senior citizen, homeowners in their mobilehomes and to also avoid further damage to the affordability California's mobilehome mortgage market, which likely disappear if AB 761 is enacted, my clients' and I strongly urge you to reject AB 761.

Please feel free to contact my office if you have any questions or need further documentation.

Sincerely,

William J. Constantine

William J. Constantine

c: Hon. Assemblymember William W. Monning

enclosure: May 2, 2009 - letter from Herb Rossman, a homeowner in DeAnza letter

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GARY L. BARR, ESQ
gbarr@alpertbarr.com

June 4, 2009

VIA FACSIMILE ONLY
916/319-2158

Assembly Member Charles M. Calderon
State Capitol
Room 2117
Sacramento, CA 94249-2058

Re: *Assembly Bill 761*

Dear Assembly Member Calderon:

The undersigned represents numerous manufactured housing lenders in the State of California. I am a Past Chair of the California Manufactured Housing Institute and am active in the manufactured housing field – both in the State of California and nationally. I am writing this letter in my individual capacity and on behalf of some mobilehome lenders in California. I am not writing this letter on behalf of the California Manufactured Housing Institute or any other organization.

Some mobilehome lenders have asked me to write to you to express opposition to AB 761.

The proposed legislation would permit substantial rent increases in mobilehome communities which are currently subject to rent control. Thus, as the bill is currently written, when any form of transfer takes place, substantial increases in rent would be permitted – anywhere from 20% to 100% - depending upon the year of sale. The proposal would injure a substantial percentage of the consumers who purchase homes in mobilehome communities subject to rent control. The proposal would injure those consumers who already own mobilehomes in mobilehome communities and those consumers who are attempting to enter the housing market for the first time. Finally, the proposal would even harm many senior citizens on fixed incomes.

If AB 761 passes, and the substantial rent increases proposed are permitted, there will be several negative results which will adversely impact the home market and consumers in California, including the following:

1. If there are substantial rent increases, as proposed and permitted under the legislation, homeowners will lose substantial value in their homes. In one case I am aware of, an expert appraiser testified that the value of the mobilehome decreased \$100 for each \$1 rent increase. Thus, when a homeowner attempts to sell the home, the value he or she thought would be received, will be diminished or eliminated.

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Assembly Member Charles M. Calderon

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Homeowners in rent controlled communities purchased their homes and signed their rental agreements with the knowledge and understanding that rent control was in place. The value they placed on their home, at purchase, was partially based on the rent they were paying and that rent increases would be limited. Under AB 761, these homeowners would be faced with a change in circumstances for which they had no control – substantial increases in rent that were not contemplated. The value of their homes would be diminished. The homeowners will lose all or a substantial portion of their equity and they may not be able to sell their homes. Many will lose all of their equity and their original purchase price. This, of course, will result in increases in the ever-growing default and foreclosure rate on homes in mobilehome communities in California. This is a no-win situation for the homeowners and the lenders.

The negative impact is further exasperated by the unfair bargaining position between the homeowner and the mobilehome community. The home itself cannot be easily moved to another location. It costs thousands of dollars to move a mobilehome. Thus, the homeowner attempting to sell a mobilehome cannot just move the home to avoid these large rent increases – they are forced to sell their homes at lower prices and suffer the losses.

2. Currently in California, lenders on mobilehomes in mobilehome communities are given rights upon a default by the homeowner under the Mobilehome Residency Law. In particular, Civil Code Sections 798.56 and 798.56a (and other sections in the Law), provide that under most circumstances, if the homeowner defaults either on the payment of their loan, or in their space rent, the lender may cure the default in the space rent, continue to pay the homeowner's responsibilities and resell the home in the Mobilehome Community without having to move the home. This is a substantial right and an important incentive for lenders to lend on these homes in California.

If this legislation passes, it will allow the mobilehome communities in rent control jurisdictions to substantially raise the rent charged to the consumer who purchases a foreclosed home from a lender. This will hurt the consumer who is most likely seeking to enter the home market for the first time.

This result will also hurt lenders. Since the rent will be higher to the consumer who purchases the home from the lender, the lender will be forced to sell the home for less and, therefore, will have a smaller recovery. Since the lenders already suffer a loss on virtually every foreclosed mobilehome in a mobilehome community, this will serve to substantially increase those losses.

The impact on lending on mobilehomes in California could be significant if these rent increases are permitted. Already, most national mobilehome lenders either do not lend in California or have restricted their lending. In fact, there are very few national lenders remaining in the marketplace. If AB 761 passes, the existing lenders will suffer larger losses which will result in some lenders leaving the California market, those lenders who are not in the market refusing to return, and for those that do stay, increased interest rates charged to consumers on new loans.

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Assembly Member Charles M. Calderon

June 4, 2009

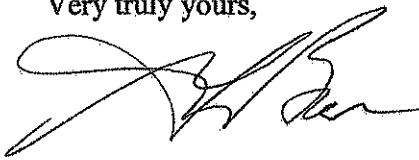
Page 3

On behalf of several mobilehome lenders I represent, I urge that AB 761 be withdrawn or defeated. This is not the time to injure homeowners in California.

I would be happy to discuss this matter with you or any member of your staff to provide more detailed explanations and information.

Thank you for your consideration.

Very truly yours,



GARY L. BARR
for ALPERT, BARR & GRANT
A Professional Law Corporation

- c: Assembly Housing Committee Members (via facsimile only)
- Norma J. Torres, Chair (916/319-3182)
 - Diane L. Harkey, Vice Chair (916/319-2173)
 - Hon. Mike Eng (916/319-2149)
 - Hon. Nathan Fletcher (916/319-2175)
 - Hon. Fiona Ma (916/319-2112)
 - Hon. Lori Saldana (916/319-2176)



June 3, 2009

Sent by Fax and US Mail (Faxed to: 916 -319 -3182)

Norma J Torres, Chairperson Assembly Committee on Housing
Assembly Committee on Housing
State Capitol
Sacramento, CA 95814

Re: **The May 28, 2009 Amendment to AB 761 Does Not Address the Concerns of Financial Institutions Offering Affordable Mobile Home Mortgages. Bay Federal Credit Union Still Strongly Opposes AB 761.**

Dear Assemblymember Torres:

I am writing on behalf of Bay Federal Credit Union to inform you that we have reviewed the May 28, 2009 amendment to AB 761 and it is our firm opinion that it has not addressed our concerns and that if adopted into law, AB 761 will still be as devastating to our members' investments in their mobilehomes and to our industry as the original bill. For these reasons we are still strongly opposed to AB 761 and we respectfully urge you to oppose it.

As amended, AB 761 allows vacancy decontrolled rents to increase to "market level, as defined in an appraisal conducted in accordance with nationally recognized professional appraisal standards." The definition of "market rent" can be summarized as the rent that a new tenant is willing to pay. It is oxymoronic that the "market rent" that a new tenant is willing to pay is inversely related to the amount that they will have to pay for purchasing a mobilehome and, conversely, that the amount that they are willing to pay for purchasing a mobilehome is, likewise, inversely related to how much they have to pay for rent. This interdependence between the fair "market rent" of the space and the "fair market sales value" of the mobilehome is therefore circular and cannot be effectively determined in a manner that is assured of protecting our security interests in our mobilehome mortgages.

As financial institutions, we must be able to protect our security interests in our mobilehome mortgages, or we won't be able to continue to offer affordable mobilehome mortgages. This means that the "market rent" must be set at a level that preserves the homeowners' investments in their mobilehome's fair market sale values. That amount is always going to have to be the appraisal value for their mobilehomes prior to the "vacancy decontrolled" rent increase, because that's the amount that we rely on to make the decision to offer a mortgage. Since that appraised amount is dependent upon the rent-controlled rents being maintained, it would mean that the vacancy decontrolled market rents could not exceed the non-decontrolled rent increase that the space would, absent the decontrolled rent increase, be subjected to. That would render the decontrolled provision meaningless. However, even that discussion is theoretical since AB761 does not require that the appraisals are to be performed in a manner that preserves the homeowners' investments in their mobilehomes; as a result, we could never be assured of the security of our mortgages.

A good example of what's likely to occur if AB 761 is adopted into law has already occurred at the DeAnza Mobilehome Park (mentioned in our previous letters). In DeAnza, the vacancy decontrol provisions of their mandatory leases are exactly the same as the vacancy decontrol provision that AB 761 proposes: market rent determined by an appraisal. The park owner of DeAnza sets those rents using appraisals that only preserve the off-site, or salvage values, of the mobilehomes, completely destroying the homeowners' investments in their mobilehomes. Mobilehomes that homeowners had paid \$200,000 are now selling for only 1/10 of that amount or cannot be sold and are simply abandoned. The DeAnza appraisals are conducted in accordance with nationally recognized appraisal standards, but they use comparables that result only in the off-site value of the mobilehomes being preserved rather preserving the homeowners' full investment. Both methods comply with appraisal standards but result in drastically different consequences. Thus, AB761 reliance on market rents using nationally recognized appraisal standards provides us with no security whatsoever.

I also have been told that during your last hearing on AB 761, one of the park owners' lobbyists from the Western Mobilehome Association made the argument that the concerns we've expressed are unfounded because many other financial institutions offer mobilehome mortgages in communities in California that do not have mobilehome rent control. Comparing the current lending environment in communities with mobilehome rent control and vacancy control with communities that do not have those controls does not present the best example of what is likely to occur if AB 761 is adopted. One reason for this is that the threat of mobilehome rent control, with vacancy control, serves as a deterrent in these non-rent controlled communities that prevents park owners from instituting outrageous rent increases. Since AB 761 would eliminate vacancy control statewide, it also eliminates it as a deterrent so the consequences of its adoption are greatly different.

A more accurate example of what is likely to occur if AB 761 is adapted into law occurred in 1986 when a Ninth Circuit Court of Appeal ruling against vacancy control, *Hall v. Santa Barbara*¹, caused many jurisdictions in California that had mobilehome rent control to adopt vacancy decontrol and threatened the existence of vacancy control in the other communities. In an industry journal, the Mobilehome Parks Report, a former chief executive of the Western Mobilehome Association reported that its mandated vacancy decontrol had a devastating impact on the number of financial institutions willing to continue to offer mobilehome mortgages:

"The number of sources for financing consumer purchases of mobilehomes in California has fallen from 18 to just three or four major sources, according to mobilehome dealers other [lenders] have pulled out because of the impact of the *Hall* decision and the lifting of rent controls when mobile homes are resold in parks. Lenders worry that higher

¹ See *Hall v. Barbara* 833 F.2d. 1270 (Ninth Circuit 1986). The *Hall* ruling against vacancy decontrol was later overturned in 1992 by the US Supreme Court in *Yee v. Escondido* (1992) 503 US 519, 112 S.Ct. 1522, 118 L.Ed.2d. 153, which reestablished cities' constitutional right to adopt and enforce mobilehome rent control vacancy control.



rents will force a drop in the in place resale values of mobilehomes. See Mobilehome Parks Report 1-2 (Thomas P. Kerr, April, 1990).

The number of financial institution offering mobilehome mortgages did not increase back to 18 until after the US Supreme Court reinstated California's cities' right to adopt vacancy control in 1992. See footnote # 1

As we pointed out in our previous letters to your Committee, under the current financial crisis that our nation is facing, AB 761 will have a devastating impact to affordable housing and financing in California, creating a deeper economic crisis for the State. The most recent amendment to AB 761 does not change this.

For these reasons, we still strongly believe that AB 761, even as now amended, is still very ill advised and we must continue to strongly oppose it. Your serious consideration of our above concerns will be greatly appreciated by both our members and by the other financial institutions who currently offer affordable mobilehome purchase mortgages in California.

Sincerely yours,

Carrie Birkhofer
President and CEO
Bay Federal Credit Union

CC:

Hon. William W. Monning, the State Assembly; Via fax: (916) 319-2127
Hon. Anna Caballero, the State Assembly; Via fax: (916) 319-2128
Vice Chair Diane L. Harkey, Assembly Committee on Housing; Via fax: (916) 319-2173
Hon. Mike Eng, Assembly Committee on Housing; Via fax: (916) 319-2149
Hon. Nathan Fletcher, Assembly Committee on Housing; Via fax: (916) 319-2175
Hon. Fiona Ma, Assembly Committee on Housing; Via fax: (916) 319-2112
Hon. Lori Saldaña, Assembly Committee on Housing; Via fax: (916) 319-2176