



To: Honorable Mayor and City Council **Date:** January 28, 2019

From: Cindy McCormick, Senior Planner *CM*

Via: Brian Loventhal, City Manager *BL*
Paul Kermoyan, Community Development Director *PK*

Subject: Timber Cove Mobile Home Rent Stabilization Tri-Partite Agreement

BACKGROUND

The purpose of this memorandum is to apprise the Council of negotiations between the Timber Cove Mobile Home Park owners and the tenants.

Timber Cove is a 137-space all-ages Mobile Park Community, built in 1975 and located within the City of Campbell adjacent to the County-operated Los Gatos Creek trail.

The City of Campbell's Housing Element includes a goal to improve housing affordability for both renters and homeowners in Campbell. Program H-2.1b (Preservation of Mobile Home Park Units) provides that the City continue to enforce the City's Rental Increase Dispute Resolution program for mobile home park units to maintain the availability and affordability of mobile home units in Campbell.

City's role in Agreement: Although the City of Campbell does not have rent control, the City has continued over the past 20 years, since 1993 and every five (5) years thereafter, to participate in executing a Mobile Home Rent Stabilization Tri-Partite Agreement ("Agreement") between the Timber Cove mobile home homeowners, the property management company / landowner (Brandenburg Staedler and Moore), and the City. The original agreement was a result of a mediation process hosted by the City of Campbell and sets forth limitations on annual rent increases (i.e., space rent). The first agreement was executed in 1993 and has been renewed every five years thereafter (**Attachments 1 – 5**). The current Agreement expired on January 31, 2019.

In April 2018, staff met with representatives from the property management company¹ who substantially owns the Timber Park Mobile Park. At that time, the representatives indicated their interest in renewing the Agreement for another five years, with no stated plans to change the terms of the Agreement. However on September 28th, the property management presented the Timber Cove Homeowners Association with an amended agreement that included additional rent increase provisions when a mobile home is sold or upgraded, among other changes, as discussed below.

¹ Staff met with the *Manager of Operations and Development* and the *Director of Property Management*

In October 2018, staff met with representatives from the Timber Cove Homeowners Association (HOA), who indicated that they did not agree to the property management's proposed revisions. Following that meeting, staff asked the HOA representatives to provide a summary of their concerns. This was followed by correspondence from both parties over an approximately 6 week period. This report is not intended to provide an accounting of all of those communications; however staff has attached written documentation from both parties with regard to the disputed terms of the proposed Agreement (**Attachments 11 – 13**).

In December 2018, staff met separately with representatives from the HOA and the property management company to have a better understanding of why an agreement could still not be reached. Staff asked the property management company to provide a matrix with the proposed changes and asked the HOA to provide staff with a matrix outlining their concerns. In the meantime, the property management company attempted to schedule another meeting with the HOA; however that meeting was postponed by the HOA until January due to the holidays.

On January 3, 2019, the property management company again attempted to schedule the meeting; however the HOA representatives responded that they had hired an attorney who would set up the meeting and handle all future communications. This was followed by a subsequent email from the property management company indicating that while they were open to meeting to finalize the agreement; they would not do so with an attorney present given the past history of cooperative and positive negotiations and the associated costs of hiring an attorney to oversee the proceedings. The property management company further indicated that, if the homeowners still preferred to have an attorney present during the negotiations, they would let the current agreement expire "leaving the Timber Cove tenants without assurances of what the future holds".

On January 4th, the City received a matrix of the proposed changes from the Property Management Company (**Attachment 11**) and on January 10th, the City received a matrix of the homeowners concerns and recommended amendments (**Attachment 13**).

DISCUSSION

City staff has been meeting with both the homeowners and the property management company to understand what has changed and how the negotiations were going; however these meetings have been unsuccessful in terms of moving forward with executing a new Agreement. Given that the property management and the landowners are unable at this point in time to come to a consensus, the Agreement will most likely expire, leaving the Timber Mobile Park homeowners vulnerable to rent increases beyond what was allowed in the Agreement.

Dispute Resolution: If there is a dispute regarding any rent increase, the homeowners could pursue help through the Rental Increase Dispute Resolution (Chapter 6.09).

The first step in the dispute resolution process is conciliation services (limited intervention through communication between the City or its agent and the disputing parties. City staff has already provided this service, which has been unsuccessful.

The next step in the dispute resolution process is mediation, paid for by the City as provided through Project Sentinel. The homeowners requested mediation; however the property management company declined to participate, stating they preferred to work out the disagreement without a third party mediator (**Attachment 12**) as they have historically done so. Regardless, mediation is mandatory if rents are increased beyond what the homeowners consider to be a reasonable amount. In such case, the homeowners would need to file a timely petition, outlining the facts of the issue. On January 23, 2019, staff provided the homeowners and the property management company with a copy of the City's Rental Increase Dispute Resolution so that each party understands their rights under the Ordinance.

If mediation doesn't work, the next step is to schedule a meeting with the City's Rental Increase Fact Finding Committee. However, the determination of the Committee shall not be binding unless agreed to by both parties. Another option defined in the Rental Increase Dispute Resolution is arbitration, the cost of which (e.g., attorney's fees and costs) shall be borne by the participants.

The following discussion outlines the disputed issues between the homeowners and the property management company.

Rent Increases: The current agreement (**Attachment 1**) allows rental increases of between 10% and 20% (dependent on current rent within three tiers) upon the re-sale of a mobile home to a new resident. Current rents are as low as \$680 per month, depending on how long the resident has resided in the unit. The proposed agreement (**Attachment 5**) retains these percentage increases but also includes a new provision that the rent be increased to "market rate" if a homeowner replaces their mobile home within 12 months after the signing of an initial Rental Agreement. A mobile home replaced between 13 and 60 months after the signing of an initial lot lease Agreement would be subject to the same increase schedule listed for resells. Any Homeowner who replaces his/her mobile home beyond 60 months would be responsible for costs borne by Management that relate to the placement of the new mobile home.

The homeowners want the rent increases to be based on the Consumer Price Index. They are also proposing to modify the three tier amounts for imposing rent increases. The homeowners want to eliminate the provision to increase the rent to market rate if the mobile home is replaced within 60 months of signing an initial lot lease agreement. They also want to amend the text to require payment 90 days after the home is actually replaced, rather than upon notice to management of intent to do so.

Amortization Period for Capital Improvements and Disaster Related Costs: Another proposed change to the Agreement is to reduce the amortization period for rent increases from 10 years to five (5) years, consistent with the five-year term of the Agreement. However, the homeowners want to retain the 10 year amortization term.

Capital Improvements interest: The homeowners disagree with the addition of collecting reasonable interest over the amortization period and would prefer that the pass-through be reduced to not exceed Prime + 2%. The homeowners are also asking for “documentary proof” of the costs and want to add new language to differentiate between new capital improvements and replacement capital improvements.

Homeowner Assistance Program: The 2014 Agreement included a section for a homeowner’s assistance program whereby management would continue offering a rent deferral program to assist homeowners with a hardship or inability to pay the rent increase. However, the property management company has removed this section from the Agreement, indicating that the program did not exist. The homeowners want to retain the language in the Agreement.

Emergency/disaster Related Costs: Both the executed 2014 and the draft Agreements had a clause that any costs, in excess of \$50,000.00 to repair damage to the Mobile Home Park arising from an emergency or disaster related occurrence, may be passed through to the Homeowners. The homeowners want to increase this to \$75,000.

Property Tax Pass-throughs: The homeowners disagree with adding the word “cumulative” to the language regarding property tax increases that are passed through to the homeowners.

Given this disagreement, the existing Agreement will expire on January 31, 2019. While the Agreement could have been extended if agreed to by both parties, the property management company did not agree to extend the Agreement.

Attachments:

1. 2014 Mobile Home Rent Stabilization Tri-Partite Agreement
2. 2008 Mobile Home Rent Stabilization Tri-Partite Agreement
3. 2003 Mobile Home Rent Stabilization Tri-Partite Agreement
4. 1998 Mobile Home Rent Stabilization Tri-Partite Agreement
5. 1993 Mobile Home Rent Stabilization Tri-Partite Agreement
6. September 28, 2018 Draft Tri-Partite Agreement
7. 10-17-18 Correspondence from Timber Cove Homeowners Committee
8. 10-23-18 Letter from Property Management Company
9. 11-26-18 Correspondence from Timber Cove Homeowners Committee
10. 11-30-18 Letter from Property Management Company
11. 01-04-19 Matrix of proposed changes (prepared by Property Management)
12. 01-07-19 Correspondence from Property Management Company
13. 01-10-19 Matrix of concerns (prepared by Timber Cove HOA)

TIMBER COVE MOBILEHOME COMMUNITY**RENT STABILIZATION AGREEMENT**

Agreement dated this _____ day of February 2014, by and between TIMBER COVE MOBILEHOME COMMUNITY JOINT VENTURE doing business as TIMBER COVE MOBILEHOME COMMUNITY, hereinafter referred to as "MANAGEMENT" or "TIMBER COVE MOBILEHOME COMMUNITY", the CITY OF CAMPBELL, a Municipal Corporation, hereinafter referred to as "CITY", and the residents of TIMBER COVE MOBILEHOME COMMUNITY, hereinafter referred to as "HOMEOWNERS".

A. Purpose:

The purpose of this Agreement is to resolve the issue of increases in rent and certain other charges at the mobilehome community known as TIMBER COVE MOBILEHOME COMMUNITY located at 870 Camden Avenue in the City of Campbell in the years set forth herein.

This is a tripartite Agreement between MANAGEMENT, the HOMEOWNERS of TIMBER COVE MOBILEHOME COMMUNITY, and the CITY. This Agreement is the result of negotiations between the HOMEOWNERS and MANAGEMENT as defined below, with the assistance of the CITY.

B. Definitions:

1. "HOMEOWNERS". All persons who currently hold, and come to hold during the term of this Agreement, tenancy for a mobilehome space at TIMBER COVE MOBILEHOME COMMUNITY under a fully executed rental agreement with the community.
2. "Bureau". The Federal Bureau of Labor Statistics or any successor agency that issues or will issue the indexes or data referred to in subparagraph 3.
3. "Price Index". Consumer Price Index (CPI) for all Urban Consumers, SF/Oakland/San Jose, published by the Bureau, or any other measure subsequently employed by the Bureau in lieu of such price index that measures the cost of living locally, from August to August of each year during the term of this Agreement. Currently, Civil Code Section 798.30, a provision of the California Mobilehome Residency Law, provides that MANAGMEMENT shall give a HOMEOWNER at least ninety (90) days' written notice of any increase in his or her rent. In the event that, during the term of this Agreement, that provision of the Civil Code, or any other relevant provision should be amended to require a

longer period of written notice of rent increase to HOMEOWNER, then the appropriate Price Index will be used so that calculation of the annual base rent increases pursuant to Section D can be made.

4. "MANAGEMENT". TIMBER COVE JOINT VENTURE doing business as TIMBER COVE MOBILEHOME COMMUNITY or their designated representatives.
5. "Base Rent". Monthly rent for the mobilehome space, exclusive of any separately itemized utilities or other separately itemized charges, plus any base rent increases as provided for in this Agreement.
6. "Additional Base Rent". Increases in monthly base rent for the mobilehome space, including increases pursuant to Section D, Annual Base Rent Increases, and Section E, Government or Quasi-Government Mandated Costs, which increases become a part of the Base Rent.
7. "Rent Increase". Any additional space rent demanded of or paid by a tenant for a mobilehome space.
8. "Space Rent". Money demanded or received in connection with the rental of a mobilehome space at TIMBER COVE MOBILEHOME COMMUNITY, including any bonus, benefit or gratuity, demanded or received in connection with the use and occupancy of a mobilehome space, but exclusive of any amounts paid for the use of the mobilehome dwelling unit.
9. "CITY". The City of Campbell.
10. "Government Required Capital Improvements". An addition or improvement to the park, or assessment against the park, including a substantial rehabilitation or replacement of an existing capital improvement in the park required or mandated by any governmental body or agency, including but not limited to the CITY, the County of Santa Clara, the State of California, or the United States of America.
11. "Emergency or Disaster Related Occurrence or Event". A sudden event resulting from earthquake, fire, flood, or other natural occurrence, or a major malfunction of any of the park's underground or sewer systems, over which the Management has no reasonable control, and which was not caused by Management's willful misconduct or gross negligence. This definition is intended to be illustrative and not exclusive.

C. Term:

The term of this Agreement shall commence on February 1, 2014 and terminate at

midnight on January 31, 2019. Except as provided in this Agreement, the rent in effect on the February 1, 2018 date shall remain in full force and effect through January 31, 2019, and shall constitute the base rent upon which a rent increase, if any, will be added on February 1, 2019. This Agreement may be extended for a similar term, or any term acceptable to all parties to this Agreement, provided that any extension will be in writing and signed by all the parties hereto.

D. Annual Base Rent Increases:

Base rent on all mobilehome spaces shall be increased by the greater of three percent (3%) or seventy-five percent (75%) of the Price Index on the following dates:

- February 1, 2015
- February 1, 2016
- February 1, 2017
- February 1, 2018
- February 1, 2019

E. Additional Factors:

In addition to the annual increase set forth in Section "D" above, rent and/or other charges may be increased or separately assessed, as set forth below, in accordance with Articles 4 and 4.5 of the Mobilehome Residency Law, Civil Code sections 798.30 through 798.49.

1. Government or Quasi-Government Mandated Costs. Rent increases resulting from Government or Quasi-Government mandated costs, as more fully described in Subsections a. and b. below, once assessed, are rent and would become part of the base rent.
 - a. Any increase in property taxes exceeding two percent (2%) may be passed through to the HOMEOWNERS on a pro-rated basis as additional base rent. HOMEOWNERS' pro-rated share shall be calculated on the basis of the actual number of mobilehome spaces in the park.
 - b. Any new fees, assessments, bond related costs, taxes or other government mandated costs not covered by Section 1d, below, to be paid by the park may be passed through to the HOMEOWNERS on a pro-rated basis as additional base rent. Any increases in existing government mandated costs in excess of the annual percentage increase as defined above may be similarly passed through as additional base rent. Any increases in existing government mandated costs below the annual percentage increase may not be passed through as additional base rent. HOMEOWNERS' pro-rata share will be calculated on the basis of the actual number of mobilehome spaces in the park.

- c. Any increase in base rent due to taxes, fees, assessments, bond related costs or other government mandated costs not covered by Subsection 1(d), below, shall terminate when such fees, assessments, bond related costs or other government mandated costs are no longer assessed against the property upon which the mobilehome park identified herein is located.

The following government or quasi-government mandated costs, once assessed, would not become a part of the base rent, but would be due and payable by HOMEOWNERS and separately listed on each HOMEOWNER'S rent bill and would be eliminated once reimbursement to MANAGEMENT has been paid in full:

- d. Any costs of any government required capital improvements, and/or studies and/or related activities required as a result of the studies, occurring or beginning during the term of this Agreement in excess of the initial \$50,000.00 per project or event, may be passed through to the HOMEOWNERS as additional rent on a pro-rated basis, provided that they are amortized over a ten-year period, separately stated on the rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. HOMEOWNERS' pro-rata share will be calculated on the basis of the actual number of mobilehome spaces in the park. Said total costs may be passed through to the HOMEOWNERS as provided above commencing at any time during the term of this Agreement. Costs arising from the above may be generated from more than one contractor and will be added together to arrive at the total amount of costs to be passed on to the HOMEOWNERS as provided above.
- e. Any fees, assessments or other charges permitted under State Law in rent-controlled areas may be passed through to HOMEOWNERS. These costs will be separately listed on each HOMEOWNER's rent bill.

2. Emergency or Disaster-Related Costs:

Any costs to repair damage to the park arising from any emergency or disaster-related occurrence or event, as defined in Section B, Paragraph 11, occurring or beginning during the term of this Agreement, in excess of the initial \$50,000.00, may be passed through to the HOMEOWNERS as additional rent on a pro-rated basis, provided that they are amortized over a ten-year period, separately stated on the rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. HOMEOWNER's pro-rata share shall be calculated on the basis of the actual number of mobilehome spaces in the park. These costs will be net of any insurance reimbursement. Management shall maintain, throughout the term of this Agreement, property insurance as is customarily placed on mobilehome parks in Northern California,

so long as coverage is reasonably available at commercially reasonable rates. Costs to repair the damage per event or occurrence may be generated from more than one contractor and will be added together to arrive at the total amount of costs to be passed through to the HOMEOWNERS as provided above.

F. Utilities

MANAGEMENT retains the right to sub-meter or to separately charge for any utility service in accordance with State law. Should MANAGEMENT decide to separate out such utility charges, MANAGEMENT agrees to meet with a committee chosen by HOMEOWNERS to explain the rationale for the separation of the utility charges.

G. Rent Increases on Resale:

1. In the case of an on-site resale during the term of this Agreement of a mobilehome located in the park as of the beginning date of this Agreement, MANAGEMENT may increase the Base Rent to the Purchaser in the following amounts:
 - If a HOMEOWNER'S Base Rent at the time of sale is \$600.00 to \$699.99, the new purchaser's Base Rent shall be increased by twenty percent (20%)
 - If a HOMEOWNER'S Base rent at the time of sale is between \$ 700.00 to \$899.99, the Base Rent shall be increased by fifteen percent (15%).
 - If a HOMEOWNER'S Base rent at the time of sale is \$900.00 and over, the Base Rent shall be increased by ten percent (10%).
2. Only one such increase in the case of an on-site resale may be applied to each space during the term of this Agreement.
3. The Base Rent increase amounts and limits stated above shall not apply in the following cases: (1) The owner of the home has voluntarily removed it or caused it to be removed from the space and has terminated his or her tenancy in the Park; (2) Landlord has terminated the tenant's tenancy pursuant to one or more of the stated reasons contained in Civil Code Section 798.56; (3) The home being sold has been foreclosed upon by a financial institution or private lender. (4) There is a sale of an on site mobilehome to a mobilehome dealer or other individual(s) who does not intend to reside in the on site mobilehome. There is no limit on the amount Landlord may increase Base rent in the above four cases.
4. In the event Tenant's mobilehome passes by will, devise, bequest, or operation of law to Tenant(s)' heirs or successors, there shall be no rent increase at the time of such change

of ownership of Tenant's home, other than the Annual Base Rent Increase set forth in Section D.

5. There shall be no increase in rent if a HOMEOWNER, as defined in Section B1, who has resided in the home for at least six months, removes his mobilehome and replaces it with a new mobilehome.

H. Information to be supplied by MANAGEMENT:

1. Within thirty (30) days after the effective date of this Agreement and upon re-renting of each mobilehome space during the term of this Agreement, MANAGEMENT shall supply each tenant with a current copy of this Agreement.
2. Whenever MANAGEMENT serves a notice of space rent increase on all current HOMEOWNERS, MANAGEMENT shall also advise the HOMEOWNERS in writing of the percentage amount of the rent increase and of the amount that the new rent will be. In addition, whenever any of the additional charges allowed by Section E, Paragraphs 1 and 2, are to be initiated, MANAGEMENT shall also advise each HOMEOWNER of the purpose of the expenditure, the total amount of the pass-through, the monthly charge, and its duration. It shall also furnish to each HOMEOWNER a statement to the effect that it believes the rent increase to be consistent with the terms of this Agreement.
3. If HOMEOWNERS' rent is increased pursuant to Section E, MANAGEMENT's calculations with respect to said rent increases, as well as pertinent backup documentation will be available for HOMEOWNER review at the park office, as of the date of notice of the increase to the HOMEOWNERS.

I. Dispute Resolution Procedure:

1. The dispute resolution procedure described herein is the sole and exclusive remedy to address the issue of whether or not a material term of this Agreement has been violated by either MANAGEMENT or the HOMEOWNERS. If either party believes that the other party has violated a material term of this Agreement, then that party shall file a written request, on a form to be provided by the CITY, requesting mediation of the dispute. Upon receipt of such a written request, within fourteen (14) days thereafter, the CITY shall refer the parties to the CITY Manager or his designee. Before referring the parties to mediation as discussed below, the CITY will first determine that the complaint alleged is a violation of a material term of this Agreement. If the CITY finds that the complaint does not allege a material violation of this Agreement, no mediation will be scheduled and the parties will be so notified. The parties will participate in a mediation of the dispute under the auspices of the CITY Manager or his/her designee. Any mediated settlement shall be reduced to writing and signed by MANAGEMENT,

and the HOMEOWNER or HOMEOWNERS' authorized representative and the mediator. If the dispute cannot be mediated, then the mediator will advise the CITY in writing that the dispute cannot be mediated. Either party may then request of the CITY in writing that the dispute be submitted to arbitration. The CITY shall bear the costs of providing the mediation; and the parties shall bear their own costs and attorneys' fees in connection with the mediation.

2. A party may request arbitration only after the mediation process has been completed and the mediator in writing has advised the CITY that the dispute cannot be successfully mediated. Within seven (7) days of a written request for arbitration, the CITY shall refer the dispute to the American Arbitration Association for arbitration. The arbitrator will be charged with determining whether either party has violated a material term of this Agreement and declare a remedy in accordance with applicable law. The arbitrator(s) will be selected in accordance with the procedures of the American Arbitration Association and the arbitration will be conducted in accordance with the Rules of the American Arbitration Association. Each party to the arbitration shall bear its own attorneys' fees and costs.

J. Termination:

This Agreement shall terminate on midnight, January 31, 2019, unless repealed earlier by mutual agreement in writing between MANAGEMENT and HOMEOWNERS. Any pass-throughs allowed by the Agreement, which had been initiated but not completed during its term, may be continued in a manner consistent with the provisions of the Agreement until they expire.

K. HOMEOWNER Assistance Program:

MANAGEMENT agrees to continue offering to the HOMEOWNERS a rent deferral program, which is designed to assist any homeowner who meets specific standards for hardship and is unable to pay all or a portion of any INCREASE in rent.

L. Attorneys' Fees:

In the event that it becomes necessary for any party to bring a lawsuit to enforce any of the provisions of this Agreement, the parties agree that a court of competent jurisdiction may determine and fix a reasonable attorneys' fee to be paid by the prevailing party.

M. Binding on Successors:

This Agreement is binding on the heirs, successors, and assigns of the parties hereto.

N. Amendment:

This Agreement may be amended, modified, or changed by the parties provided that said amendment, modification, or change is in writing and approved by all parties.

O. Civil Code:

The provisions of this Agreement are in addition to the provisions of the Mobilehome Residency Law set forth in Articles 1 to 9, Chapter 2.5, Title II, Part Two of the Civil Code.

P. Interpretation:

All parties involved have prepared this Agreement and any legal presumptions as to the interpretation of any ambiguity herein shall be applied equally against all parties involved. This Agreement is in the nature of a settlement agreement.

Q. Entire Agreement:

This Agreement contains the entire agreement between the parties hereto. No promise, representation, warranty or covenant not included in the Agreement has been or is relied on by any party hereto.

R. Counterparts:

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one agreement notwithstanding that all signatories are not signatories either on the same date or to the same counterpart. A signature page may be detached from the counterpart when executed and attached to another counterpart, which other counterpart shall become the complete agreement.

S. Severability:

If any section or portion of this Agreement is found to be invalid, such findings shall not affect the validity of the remainder of the Agreement, which shall continue in full force and effect.

///

///

Continued on Page 9

T. Suspension of Rent Stabilization Request:

In consideration of the execution of this Agreement by MANAGEMENT, and to the extent permitted by law, the CITY will suspend consideration of the adoption of a mobilehome rent stabilization ordinance. If, however, MANAGEMENT shall fail to fulfill its obligations under this Agreement, then the CITY is free to consider enactment of a mobilehome rent stabilization ordinance. If MANAGEMENT is operating the park in compliance with the terms of this Agreement, it shall be exempted from any mobilehome rent stabilization ordinance for the remaining term of this Agreement.

Dated: _____

TIMBER COVE JOINT VENTURE
doing business as TIMBER COVE
MOBILEHOME COMMUNITY

By _____
ROSEMARIE A. MINASI
DIRECTOR OF PROPERTY
MANAGEMENT

TIMBER COVE HOMEOWNERS ASSOCIATION

Dated: _____

By _____
KEITH HUBBARD
PRESIDENT

Dated: _____

By _____
BEVERLY AUTON

Dated: _____

By _____
RICK HELMOND

Continued on Page 10

CITY OF CAMPBELL

Dated: _____

By _____
Richard M. Waterman, Mayor

APPROVED AS TO FORM AND CONTENT:

MARGARET ECKER NANDA
ATTORNEY AT LAW

Dated: _____

By _____
MARGARET ECKER NANDA
Attorney for TIMBER COVE
JOINT VENTURE doing business
as TIMBER COVE MOBILEHOME
COMMUNITY

Dated: _____

William Seligmann
Campbell City Attorney

TIMBER COVE MOBILEHOME COMMUNITY
RENT STABILIZATION AGREEMENT

Agreement dated this 6th day of January, 2009, by and between Brandenburg, Staedler & Moore - Timber Cove, a California General Partnership, hereinafter referred to as "MANAGEMENT", the CITY OF CAMPBELL, a Municipal Corporation, hereinafter referred to as "CITY", and the residents of TIMBER COVE MOBILEHOME COMMUNITY, hereinafter referred to as "HOMEOWNERS".

A. Purpose:

The purpose of this Agreement is to resolve the issue of increases in rent and certain other charges at TIMBER COVE MOBILEHOME COMMUNITY in the years set forth herein.

This is a tripartite Agreement between MANAGEMENT, the HOMEOWNERS of TIMBER COVE MOBILEHOME COMMUNITY, and the CITY. This Agreement is the result of negotiations between the HOMEOWNERS and MANAGEMENT as defined below, with the assistance of the CITY.

B. Definitions:

1. "HOMEOWNERS". All persons who currently hold and come to hold during the term of this Agreement tenancy for a mobilehome space at TIMBER COVE MOBILEHOME COMMUNITY under a fully executed rental agreement with the community.
2. "Bureau". The Federal Bureau of Labor Statistics or any successor agency that issues or will issue the indices or data referred to in subparagraph
3. "Price Index". Consumer Price Index (CPI) for all Urban Consumers, SF/Oakland/San Jose, published by the Bureau, or any other measure subsequently employed by the Bureau in lieu of such price index that measures the cost of living locally, from August to August of each year during the term of this Agreement. Currently, Civil Code Section 798.30, a provision of the California Mobilehome Residency Law, provides that MANAGEMENT shall give a HOMEOWNER at least ninety (90) days' written notice of any increase in his or her rent. In the event that, during the term of this Agreement, that provision of the Civil Code, or any other relevant provision should be amended to require a longer period of written notice of rent increase to HOMEOWNER, then the appropriate Price Index will be used so that calculation of the annual base rent increases pursuant to Section D can be made.

4. "MANAGEMENT". Brandenburg, Staedler & Moore - TIMBER COVE, a California General Partnership, or their designated representatives.
5. "Base Rent". Monthly rent for the mobilehome space, exclusive of any separately itemized utilities or other separately itemized charges, plus any base rent increases as provided for in this Agreement.
6. "Additional Base Rent". Increases in monthly base rent for the mobilehome space, including increases pursuant to Section D, Annual Base Rent Increases, and Section E, Government or Quasi-Government Mandated Costs, which increases become a part of the Base Rent.
7. "Rent Increase". Any additional space rent demanded of or paid by a tenant for a mobilehome space.
8. "Space Rent". Money demanded or received in connection with the rental of a mobilehome space at TIMBER COVE MOBILEHOME COMMUNITY, including any bonus, benefit or gratuity, demanded or received in connection with the use and occupancy of a mobilehome space, but exclusive of any amounts paid for the use of the mobilehome dwelling unit.
9. "CITY". The City of Campbell.
10. "Government Required Capital Improvements". An addition or improvement to the park, or assessment against the park, including a substantial rehabilitation or replacement of an existing capital improvement in the park required or mandated by any governmental body or agency, including but not limited to the CITY, the County of Santa Clara, the State of California, or the United States of America.
11. "Emergency or Disaster Related Occurrence or Event". A sudden event resulting from earthquake, fire, flood, or other natural occurrence, or a major malfunction of any of the park's underground or sewer systems, over which the Management has no reasonable control, and which was not caused by Management's willful misconduct or gross negligence. This definition is intended to be illustrative and not exclusive.

C. Term:

The term of this Agreement shall commence on February 1, 2009 and terminate at midnight on January 31, 2014. Except as provided in this Agreement, the rent in effect on the February 1, 2013 date shall remain in full force and effect through January 31, 2014, and shall constitute the base rent upon which a rent

increase, if any, will be added on February 1, 2014. This Agreement may be extended for a similar term, or any term acceptable to all parties to this Agreement, provided that any extension will be in writing and signed by all the parties hereto.

D. Annual Base Rent Increases:

Base rent on all mobilehome spaces shall be increased by the greater of three percent (3%) or seventy-five percent (75%) of the Price Index on the following dates:

- February 1, 2009
- February 1, 2010
- February 1, 2011
- February 1, 2012
- February 1, 2013

E. Additional Factors:

In addition to the annual increase set forth in Section "D" above, rent and/or other charges may be increased or separately assessed, as set forth below, in accordance with Articles 4 and 4.5 of the Mobilehome Residency Law, Civil Code sections 798.30 through 798.49.

1. Government or Quasi-Government Mandated Costs. Rent increases resulting from Government or Quasi-Government mandated costs, as more fully described in Subsections a. and b. below, once assessed, are rent and would become part of the base rent.
 - a. Any increase in property taxes exceeding two percent (2%) may be passed through to the HOMEOWNERS on a pro-rated basis as additional base rent. HOMEOWNERS' pro-rated share shall be calculated on the basis of the actual number of mobilehome spaces in the park.
 - b. Any new fees, assessments, bond related costs, taxes or other government mandated costs not covered by Section 1d, below, to be paid by the park may be passed through to the HOMEOWNERS on a pro-rated basis as additional base rent. Any increases in existing government mandated costs in excess of the annual percentage increase as defined above may be similarly passed through as additional base rent. Any increases in existing government mandated costs below the annual percentage increase may not be passed through as additional base rent.

HOMEOWNERS' pro-rata share will be calculated on the basis of the actual number of mobilehome spaces in the park.

- c. Any increase in base rent due to taxes, fees, assessments, bond related costs or other government mandated costs not covered by Subsection 1(d), below, shall terminate when such fees, assessments, bond related costs or other government mandated costs are no longer assessed against the property upon which the mobilehome park identified herein is located.

The following government or quasi-government mandated costs, once assessed, would not become a part of the base rent, but would be due and payable by HOMEOWNERS and separately listed on each HOMEOWNER'S rent bill and would be eliminated once reimbursement to MANAGEMENT has been paid in full:

- d. Any costs of any government required capital improvements, and/or studies and/or related activities required as a result of the studies, occurring or beginning during the term of this Agreement in excess of the initial \$25,000.00 per project or event, may be passed through to the HOMEOWNERS as additional rent on a pro-rated basis, provided that they are amortized over a five-year period, separately stated on the rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. HOMEOWNERS' pro-rata share will be calculated on the basis of the actual number of mobilehome spaces in the park. Said total costs may be passed through to the HOMEOWNERS as provided above commencing at any time during the term of this Agreement. Costs arising from the above may be generated from more than one contractor and will be added together to arrive at the total amount of costs to be passed on to the HOMEOWNERS as provided above.
- e. Any fees, assessments or other charges permitted under State Law in rent-controlled areas may be passed through to HOMEOWNERS. These costs will be separately listed on each HOMEOWNER's rent bill.

2. Emergency or Disaster-Related Costs:

Any costs to repair damage to the park arising from any emergency or disaster-related occurrence or event, as defined in Section B, Paragraph 11, occurring or beginning during the term of this Agreement, in excess of the initial \$25,000.00 may be passed through to the HOMEOWNERS as additional rent on a pro-rated basis, provided that they are amortized over a five-year period, separately stated

on the rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. HOMEOWNER's pro-rata share shall be calculated on the basis of the actual number of mobilehome spaces in the park. These costs will be net of any insurance reimbursement. Management shall maintain, throughout the term of this Agreement, property insurance as is customarily placed on mobilehome parks in Northern California, so long as coverage is reasonably available at commercially reasonable rates. Costs to repair the damage per event or occurrence may be generated from more than one contractor and will be added together to arrive at the total amount of costs to be passed through to the HOMEOWNERS as provided above.

F. Utilities

MANAGEMENT retains the right to submeter water or to separately charge for any other utility service in accordance with State law. Should MANAGEMENT decide to separate out such utility charges, MANAGEMENT agrees to meet with a committee chosen by HOMEOWNERS to explain the rationale for the separation of the utility charges.

G. Rent Increases on Resale:

1. In the case of an on-site resale during the term of this Agreement of a mobilehome located in the park as of the beginning date of this Agreement, MANAGEMENT may increase the Base Rent to the purchaser over the amount the selling HOMEOWNER in the following amounts:
 - If a HOMEOWNER'S Base Rent at the time of sale is \$500.00 to \$599.99, the new purchaser's Base Rent shall be increased by twenty percent (20%)
 - If a HOMEOWNER'S Base rent at the time of sale is between \$600.00 to \$799.99, the Base Rent shall be increased by fifteen percent (15%).
 - If a HOMEOWNER'S Base rent at the time of sale is \$800.00 and over, the Base Rent shall be increased by ten percent (10%).
2. Only one such increase in the case of an on-site resale may be applied to each space during the term of this Agreement.
3. The Base Rent increase amounts and limits stated above shall not apply in the following cases: (1) The owner of the home has voluntarily removed it or caused it to be removed from the space and has terminated his or her

tenancy in the Park; (2) Landlord has terminated the tenant's tenancy pursuant to one or more of the stated reasons contained in Civil Code Section 798.56; (3) The home being sold has been foreclosed upon by a financial institution or private lender. (4) There is a sale of an on site mobilehome to a mobilehome dealer or other individual(s) who does not intend to reside in the on site mobilehome. There is no limit on the amount Landlord may increase Base rent in the above four cases.

4. In the event Tenant's mobilehome passes by will, devise, bequest, or operation of law to Tenant(s)' heirs or successors, there shall be no rent increase at the time of such change of ownership of Tenant's home.
5. There shall not be an increase in the Base Rent if a HOMEOWNER as defined in Section B1 removes his or her mobilehome and replaces it with a new mobilehome and the mobilehome and the Homeowner resides in the new mobilehome for at least six months.

H. Information to be supplied by MANAGEMENT:

1. Within thirty (30) days after the effective date of this Agreement and upon re-renting of each mobilehome space during the term of this Agreement, MANAGEMENT shall supply each tenant with a current copy of this Agreement.
2. Whenever MANAGEMENT serves a notice of space rent increase on all current HOMEOWNERS, MANAGEMENT shall also advise the HOMEOWNERS in writing of the percentage amount of the rent increase and of the amount that the new rent will be. In addition, whenever any of the additional charges allowed by Section E, Paragraphs 1 and 2, are to be initiated, MANAGEMENT shall also advise each HOMEOWNER of the purpose of the expenditure, the total amount of the pass-through, the monthly charge, and its duration. It shall also furnish to each HOMEOWNER a statement to the effect that it believes the rent increase to be consistent with the terms of this Agreement.
3. If HOMEOWNERS' rent is increased pursuant to Section E, MANAGEMENT's calculations with respect to said rent increases, as well as pertinent backup documentation will be available for HOMEOWNER review at the park office, as of the date of notice of the increase to the HOMEOWNERS.

I. Dispute Resolution Procedure:

1. The dispute resolution procedure described herein is the sole and exclusive remedy to address the issue of whether or not a material term of

this Agreement has been violated by either MANAGEMENT or the HOMEOWNERS. If either party believes that the other party has violated a material term of this Agreement, then that party shall file a written request, on a form to be provided by the CITY, requesting mediation of the dispute. Upon receipt of such a written request, within fourteen (14) days thereafter, the CITY shall refer the parties to the CITY Manager or his designee. Before referring the parties to mediation as discussed below, the CITY will first determine that the complaint alleged is a violation of a material term of this Agreement. If the CITY finds that the complaint does not allege a material violation of this Agreement, no mediation will be scheduled and the parties will be so notified. The parties will participate in a mediation of the dispute under the auspices of the CITY Manager or his/her designee. Any mediated settlement shall be reduced to writing and signed by MANAGEMENT, and the HOMEOWNER or HOMEOWNERS' authorized representative and the mediator. If the dispute cannot be mediated, then the mediator will advise the CITY in writing that the dispute cannot be mediated. Either party may then request of the CITY in writing that the dispute be submitted to arbitration. Any and all costs associated with the mediation shall be borne by the CITY.

2. A party may request arbitration only after the mediation process has been completed and the mediator in writing has advised the CITY that the dispute cannot be successfully mediated. Within seven (7) days of a written request for arbitration, the CITY shall refer the dispute to the American Arbitration Association for arbitration. The arbitrator will be charged with determining whether either party has violated a material term of this Agreement and declare a remedy in accordance with applicable law. The arbitrator(s) will be selected in accordance with the procedures of the American Arbitration Association and the arbitration will be conducted in accordance with the Rules of the American Arbitration Association. Each party to the arbitration shall bear its own attorneys' fees and costs.

J. Termination:

This Agreement shall terminate on midnight, January 31, 2014, unless repealed earlier by mutual agreement in writing between MANAGEMENT and HOMEOWNERS. Any pass-throughs allowed by the Agreement, which had been initiated but not completed during its term, may be continued in a manner consistent with the provisions of the Agreement until they expire.

K. HOMEOWNER Assistance Program:

MANAGEMENT agrees to continue offering to the HOMEOWNERS a rent deferral program, which is designed to assist any homeowner who meets specific standards for hardship and is unable to pay all or a portion of any INCREASE in rent.

L. Attorneys' Fees:

In the event that it becomes necessary for any party to bring a lawsuit to enforce any of the provisions of this Agreement, the parties agree that a court of competent jurisdiction may determine and fix a reasonable attorneys' fee to be paid by the prevailing party.

M. Binding on Successors:

This Agreement is binding on the heirs, successors, and assigns of the parties hereto.

N. Amendment:

This Agreement may be amended, modified, or changed by the parties provided that said amendment, modification, or change is in writing and approved by all parties.

O. Civil Code:

The provisions of this Agreement are in addition to the provisions of the Mobilehome Residency Law set forth in Articles 1 to 9, Chapter 2.5, Title II, Part Two of the Civil Code.

P. Interpretation:

All parties involved have prepared this Agreement and any legal presumptions as to the interpretation of any ambiguity herein shall be applied equally against all parties involved. This Agreement is in the nature of a settlement agreement.

Q. Entire Agreement:

This Agreement contains the entire agreement between the parties hereto. No promise, representation, warranty or covenant not included in the Agreement has been or is relied on by any party hereto.

R. Counterparts:

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one agreement notwithstanding that all signatories are not signatories either on the same date or to the same counterpart. A signature page may be detached from the counterpart when executed and attached to another counterpart, which other counterpart shall become the complete agreement.

S. Severability:

If any section or portion of this Agreement is found to be invalid, such findings shall not affect the validity of the remainder of the Agreement, which shall continue in full force and effect.

T. Suspension of Rent Stabilization Request:

In consideration of the execution of this Agreement by MANAGEMENT, and to the extent permitted by law, the CITY will suspend consideration of the adoption of a mobilehome rent stabilization ordinance. If, however, MANAGEMENT shall fail to fulfill its obligations under this Agreement, then the CITY is free to consider enactment of a mobilehome rent stabilization ordinance. If MANAGEMENT is operating the park in compliance with the terms of this Agreement, it shall be exempted from any mobilehome rent stabilization ordinance for the remaining term of this Agreement.

Dated: 1/4/09

BRANDENBURG, STAEDLER &
MOORE--TIMBER COVE
a California General Partnership

By 
G. JEFFREY MOORE,
Managing Partner -
BRANDENBURG, STAEDLER &
MOORE - Mobilehome
Communities

THE HOMEOWNERS OF TIMBER
COVE MOBILEHOME COMMUNITY

Dated: 1-19-09

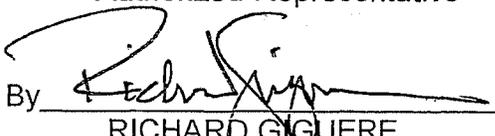
By 
CHRISTINE ARNOLD
Authorized Representative

Dated: 1/18/09

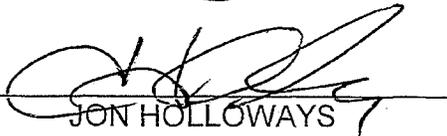
* SEE ATTACHED STATEMENT 1/18/09

By 
BEVERLY "BEV" AUTON
Authorized Representative

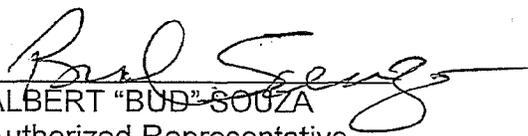
Dated: 1/24/2009

By 
RICHARD GIGUERE
Authorized Representative

Dated: 1-21-09

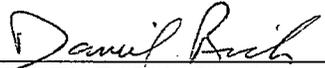
By 
JON HOLLOWAYS
Authorized Representative

Dated: 1-20/09

By 
ALBERT "BUD" SOUZA
Authorized Representative

CITY OF CAMPBELL

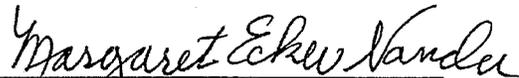
Dated: 1-7-09

By 
-DANIEL RICH, City Manager

APPROVED AS TO FORM AND CONTENT:

MARGARET ECKER NANDA
ATTORNEY AT LAW

Dated: 2-2-09

By 
MARGARET ECKER NANDA
Attorney for TIMBER COVE
MOBILEHOME COMMUNITY

WILLIAM SELIGMANN
ATTORNEY AT LAW

Dated: 1-13-09


WILLIAM SELIGMANN
Campbell City Attorney

1/

January 18, 2009

Timber Cove Home Owners Association Rent Negotiation Committee accepts the '2009 – 2014 Rent Stabilization Agreement'. We would like to note one exception on this agreement at time of signing: the date of 9/14/09 associated with Jeff Moore's signature. We have been presented the agreement for our signature on 1/17/09 with Jeff's signature and date already signed.

Regards,



Beverly Auton
Committee Chair

TIMBER COVE MOBILEHOME COMMUNITY

RENT STABILIZATION AGREEMENT

Agreement dated this 18th day of November 2003, by and between Brandenburg, Staedler & Moore – Timber Cove, a California General Partnership, hereinafter referred to as “MANAGEMENT”, the CITY OF CAMPBELL, Municipal Corporation, hereinafter referred to as “CITY”, and the residents of TIMBER COVE MOBILEHOME COMMUNITY, hereinafter referred to as “HOMEOWNERS”.

A. Purpose:

The purpose of this Agreement is to resolve the issue of increases in rent and certain other changes at TIMBER COVE MOBILEHOME COMMUNITY in the years set forth herein.

This is a Tri-partite Agreement between MANAGEMENT, the HOMEOWNERS of TIMBER COVE MOBILEHOME COMMUNITY, and the CITY. This Agreement is the result of negotiations between the HOMEOWNERS and MANAGEMENT as defined below, with the assistance of the CITY.

B. Definitions:

1. “HOMEOWNERS” All persons who currently hold and come to hold during the term of this Agreement tenancy for a mobilehome space at TIMBER COVE MOBILEHOME COMMUNITY under a fully executed rental agreement with the community.
2. “Bureau” The Federal Bureau of Labor Statistics or any successor agency that issues or will issue the indices or data referred to in subparagraph 3.
3. “Price Index” Consumer Price Index (CPI) for all Urban Consumers, SF/Oakland/San Jose, published by the Bureau, or any other measure subsequently employed by the Bureau in lieu of such price index that measures the cost of living locally, from August to August of each year during the term of this Agreement. Currently, Civil Code Section 798.30, a provision of the California Mobilehome Residency Law, provides that MANAGEMENT shall give a HOMEOWNER at least ninety (90) days written notice of any increase in his or her rent. In the event that, during the term of this Agreement, that provision of the Civil Code, or any other relevant provision should be amended to require a longer period of written notice of rent increase to HOMEOWNER, then the appropriate Price Index will be used so that calculation of the annual base rent increases pursuant to Section D can be made.

4. "MANAGEMENT". Brandenburg, Staedler & Moore - TIMBER COVE, a California General Partnership, or their designated representatives.
5. "Base Rent". Monthly rent for the mobilehome space, exclusive of any separately itemized utilities or other separately itemized charges, plus any base rent increases as provided for in this Agreement.
6. "Additional Base Rent". Increases in monthly base rent for the mobilehome space, including increases pursuant to Section D, Annual Base Rent Increases, and Section E, Government or Quasi-Government Mandated Costs, which increases become a part of the Base Rent.
7. "Rent Increase". Any additional space rent demanded of or paid by a tenant for a mobilehome space.
8. "Space Rent". Money demanded or received in connection with the rental of a mobilehome space at TIMBER COVE MOBILEHOME COMMUNITY, including any bonus, benefit or gratuity, demanded or received in connection with the use and occupancy of a mobilehome space, but exclusive of any amounts paid for the use of the mobilehome dwelling unit.
9. "CITY". The City of Campbell.
10. "Government Required Capital Improvements". An addition or improvement to the park, or assessment against the park, including a substantial rehabilitation or replacement of an existing capital improvement in the park required or mandated by any governmental body or agency, including but not limited to the CITY, the County of Santa Clara, the State of California, or the United States of America.
11. "Emergency or Disaster Related Occurrence or Event". A sudden event resulting from earthquake, fire, flood, or other natural occurrence, or a major malfunction of any of the park's underground or sewer systems, over which the Management has no reasonable control, and which was not caused by Management's willful misconduct or gross negligence. This definition is intended to be illustrative and not exclusive.

C. Term:

The term of this Agreement shall commence on February 1, 2004 and terminate at midnight on January 31, 2009. Except as provided in this Agreement, the rent in effect on the February 1, 2008 date shall remain in full force and effect through January 31,

2009, and shall constitute the base rent upon which a rent increase, if any, will be added on February 1, 2009. This Agreement may be extended for a similar term, or any term acceptable to all parties to this Agreement, provided that any extension will be in writing and signed by all the parties hereto.

D. Annual Base Rent Increases:

Base rent on all mobilehome spaces, shall be increased by the greater of three percent (3%) or seventy-five percent (75%) of the Price Index on the following dates:

- February 1, 2004
- February 1, 2005
- February 1, 2006
- February 1, 2007
- February 1, 2008

E. Additional Factors:

In addition to the annual increase set forth in Section "D" above, rent and/or other charges may be increased or separately assessed, as set forth below, in accordance with Articles 4 and 4.5 of the Mobilehome Residency Law, Civil Code sections 798.30 through 798.49.

1. Government or Quasi-Government Mandated Costs. Rent increases resulting from Government or Quasi-Government mandated costs, as more fully described in Subsections a. and b. below, once assessed, are rent and would become part of the base rent.
 - a. Any increase in property taxes exceeding two percent (2%) may be passed through to the HOMEOWNERS on a pro-rated basis as additional base rent. HOMEOWNERS' pro-rated share shall be calculated on the basis of the actual number of mobilehome spaces in the park.
 - b. Any new fees, assessments, bond related costs, taxes or other government mandated costs not covered by Section 1d, below, to be paid by the park may be passed through to the HOMEOWNERS on a pro-rated basis as additional base rent. Any increases in existing government mandated costs in excess of the annual percentage increase as defined above may be similarly passed through as additional base rent. Any increases in existing government mandated costs below the annual percentage increase may not be passed through as additional base rent. HOMEOWNERS' pro-rata share will be calculated on the basis of the actual number of mobilehome spaces in the park.

- c. Any increase in base rent due to taxes, fees, assessments, bond related costs or other government mandated costs not covered by Subsection 1(d), below, shall terminate when such fees, assessments, bond related costs or other government mandated costs are no longer assessed against the property upon which the mobilehome park identified herein is located.

The following government or quasi-government mandated costs, once assessed, would not become a part of the base rent, but would be due and payable by HOMEOWNERS and separately listed on each HOMEOWNER'S rent bill and would be eliminated once reimbursement to MANAGEMENT has been paid in full:

- d. Any costs of any government required capital improvements, and/or studies and/or related activities required as a result of the studies, occurring or beginning during the term of this Agreement in excess of the initial \$25,000.00 per project or event, may be passed through to the HOMEOWNERS as additional rent on a pro-rated basis, provided that they are amortized over a five-year period, separately stated on the rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. HOMEOWNERS' pro-rata share will be calculated on the basis of the actual number of mobilehome spaces in the park. Said total costs may be passed through to the HOMEOWNERS as provided above commencing at any time during the term of this Agreement. Costs arising from the above may be generated from more than one contractor and will be added together to arrive at the total amount of costs to be passed on to the HOMEOWNERS as provided above.
- e. Any fees, assessments or other charges permitted under State Law in rent-controlled areas may be passed through to HOMEOWNERS. These costs will be separately listed on each HOMEOWNER's rent bill.

2. Emergency or Disaster-Related Costs:

Any costs to repair damage to the park arising from any emergency or disaster-related occurrence or event, as defined in Section B, Paragraph 11, occurring or beginning during the term of this Agreement, in excess of the initial \$25,000.00 may be passed through to the HOMEOWNERS as additional rent on a pro-rated basis, provided that they are amortized over a five-year period, separately stated on the rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. HOMEOWNER's pro-rata share shall be calculated on the basis of the actual number of mobilehome spaces in the park. These costs will be net of any insurance

reimbursement. Management shall maintain, throughout the term of this Agreement, property insurance as is customarily placed on mobilehome parks in Northern California, so long as coverage is reasonably available at commercially reasonable rates. Costs to repair the damage per event or occurrence may be generated from more than one contractor and will be added together to arrive at the total amount of costs to be passed through to the HOMEOWNERS as provided above.

F. Utilities

MANAGEMENT retains the right to submeter water or to separately charge for any other utility service in accordance with State law. Should MANAGEMENT decide to separate out such utility charges, MANAGEMENT agrees to meet with a committee chosen by HOMEOWNERS to explain the rationale for the separation of the utility charges.

G. Rent Increases on Resale:

1. In the case of an on-site resale during the term of this Agreement of a mobilehome located in the park as of the beginning date of this Agreement, MANAGEMENT may increase the Base Rent to the purchaser over the amount the selling HOMEOWNER is paying as of the date of completion of sale by an amount not to exceed seventy-five dollars (\$75.00).
2. Only one such increase in the case of an on-site resale may be applied to each space during the term of this Agreement.
3. The Base Rent increase amounts and limits stated above shall not apply in the following cases: (1) The owner of the home has voluntarily removed it or caused it to be removed from the space and has terminated his or her tenancy in the Park; (2) Management has terminated the homeowner's tenancy pursuant to one or more of the stated reasons contained in Civil Code Section 798.56; (3) The home being sold has been foreclosed upon by a financial institution or private lender. (4) There is a sale of an on site mobilehome to a mobilehome dealer or other individual(s) who does not intend to reside in the on site mobilehome. There is no limit on the amount Management may increase Base rent in the above four cases.
4. In the event Homeowner's mobilehome passes by will, devise, bequest, or operation of law to Homeowner(s)' heirs or successors, there shall be no rent increase at the time of such change of ownership of Homeowner's home.

5. There shall not be an increase in the Base Rent if a HOMEOWNER as defined in Section B1 removes his or her mobilehome and replaces it with a new mobilehome and the mobilehome and the Homeowner resides in the new mobilehome for at least six months.

H. Information to be supplied by MANAGEMENT:

1. Within thirty (30) days after the effective date of this Agreement and upon re-renting of each mobilehome space during the term of this Agreement, MANAGEMENT shall supply each tenant with a current copy of this Agreement.
2. Whenever MANAGEMENT serves a notice of space rent increase on all current HOMEOWNERS, MANAGEMENT shall also advise the HOMEOWNERS in writing of the percentage amount of the rent increase and of the amount that the new rent will be. In addition, whenever any of the additional charges allowed by Section E, Paragraphs 1 and 2, are to be initiated, MANAGEMENT shall also advise each HOMEOWNER of the purpose of the expenditure, the total amount of the pass-through, the monthly charge, and its duration. It shall also furnish to each HOMEOWNER a statement to the effect that it believes the rent increase to be consistent with the terms of this Agreement.
3. If HOMEOWNERS' rent is increased pursuant to Section E, MANAGEMENT's calculations with respect to said rent increases, as well as pertinent backup documentation will be available for HOMEOWNER review at the park office, as of the date of notice of the increase to the HOMEOWNERS.

I. Dispute Resolution Procedure:

1. The dispute resolution procedure described herein is the sole and exclusive remedy to address the issue of whether or not a material term of this Agreement has been violated by either MANAGEMENT or the HOMEOWNERS. If either party believes that the other party has violated a material term of this Agreement, then that party shall file a written request, on a form to be provided by the CITY, requesting mediation of the dispute. Upon receipt of such a written request, within fourteen (14) days thereafter, the CITY shall refer the parties to the CITY Manager or his designee. Before referring the parties to mediation as discussed below, the CITY will first determine that the complaint alleged is a violation of a material term of this Agreement. If the CITY finds that the complaint does not allege a material violation of this Agreement, no mediation will be scheduled and the parties will be so notified. The parties will participate in a mediation of the dispute under the auspices of the CITY Manager or his/her designee. Any mediated settlement shall be reduced to writing and signed by MANAGEMENT,

and the HOMEOWNER or HOMEOWNERS' authorized representatives and the mediator. If the dispute cannot be mediated, then the mediator will advise the CITY in writing that the dispute cannot be mediated. Either party may then request of the CITY in writing that the dispute be submitted to arbitration. Any and all costs associated with the mediation shall be borne by the CITY.

2. A party may request arbitration only after the mediation process has been completed and the mediator in writing has advised the CITY that the dispute cannot be successfully mediated. Within seven (7) days of a written request for arbitration, the CITY shall refer the dispute to the American Arbitration Association for arbitration. The arbitrator will be charged with determining whether either party has violated a material term of this Agreement and declare a remedy in accordance with applicable law. The arbitrator(s) will be selected in accordance with the procedures of the American Arbitration Association and the arbitration will be conducted in accordance with the Rules of the American Arbitration Association. Each party to the arbitration shall bear its own attorney's fees and costs.

J. Termination:

This Agreement shall terminate on midnight, January 31, 2009, unless repealed earlier by mutual agreement in writing between MANAGEMENT and Homeowners. Any pass-throughs allowed by the Agreement, which has been initiated but not completed during its term, may be continued in a manner consistent with the provisions of the Agreement until they expire.

K. HOMEOWNER Assistance Program:

MANAGEMENT agrees to continue offering to the HOMEOWNERS a rent deferral program, which is designed to assist any homeowner who meets specific standards for hardship and is unable to pay all or a portion of any INCREASE in rent.

L. Attorney's Fees:

In the event that it becomes necessary for any party to bring a lawsuit to enforce any of the provisions of this Agreement, the parties agree that a court of competent jurisdiction may determine and fix a reasonable attorney's fee to be paid by the prevailing party.

M. Binding on Successors:

This Agreement is binding on the heirs, successors, and assigns of the parties hereto.

N. Amendment:

This Agreement may be amended, modified, or changed by the parties provided that said amendment, modification, or change is in writing and approved by all parties.

O. Civil Code:

The provisions of this Agreement are in addition to the provisions of the Mobilehome Residency Law set forth in Articles 1 to 9, Chapter 2.5, Title II, Part Two of the Civil Code.

P. Interpretation:

All parties involved have prepared this Agreement and any legal presumptions as to the interpretation of any ambiguity herein shall be applied equally against all parties involved. This Agreement is in the nature of a settlement agreement.

Q. Entire Agreement:

This Agreement contains the entire agreement between the parties hereto. No promise, representation, warranty or covenant not included in the Agreement has been or is relied on by any party hereto.

R. Counterparts:

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one agreement notwithstanding that all signatories are not signatories either on the same date or to the same counterpart. A signature page may be detached from the counterpart when executed and attached to another counterpart, which other counterpart shall become the complete agreement.

S. Severability:

If any section or portion of this Agreement is found to be invalid, such findings shall not affect the validity of the remainder of the Agreement, which shall continue in full force and effect.

T. Suspension of Rent Stabilization Request:

In consideration of the execution of this Agreement by MANAGEMENT, and to the extent permitted by law, the CITY will suspend consideration of the adoption of a mobilehome rent stabilization ordinance. If, however, MANAGEMENT shall fail to

fulfill its obligations under this Agreement, then the CITY is free to consider enactment of a mobilehome rent stabilization ordinance. If MANAGEMENT is operating the park in compliance with the terms of this Agreement, it shall be exempted from any mobilehome rent stabilization ordinance for the remaining term of this Agreement.

Dated: 10/2/03

BRANDENBURG, STAEDLER &
MOORE--TIMBER COVE
a California General Partnership

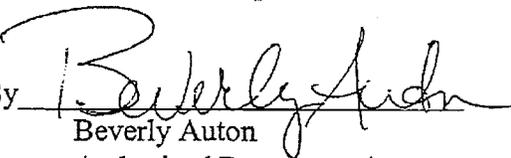
By 
G. JEFFREY MOORE,
Managing Partner -
BRANDENBURG, STAEDLER &
MOORE - Mobilehome
Communities

THE HOMEOWNERS OF TIMBER
COVE MOBILEHOME COMMUNITY

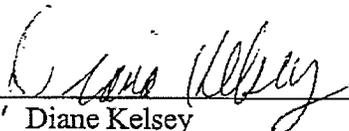
Dated: 10-17-03

By 
Chris Arnold
Authorized Representative

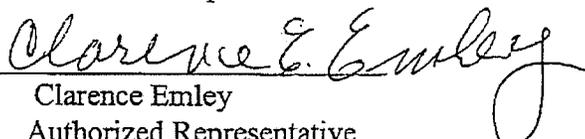
Dated: 10/17/03

By 
Beverly Auton
Authorized Representative

Dated: 10/17/03

By 
Diane Kelsey
Authorized Representative

Dated: 10/17/03

By 
Clarence Emley
Authorized Representative

CITY OF CAMPBELL

Dated: 11/18/03

By 
DANIEL FURTADO, MAYOR

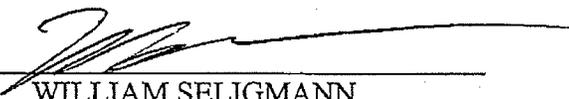
APPROVED AS TO FORM AND CONTENT:

MARGARET ECKER NANDA
ATTORNEY AT LAW

Dated: 12/8/03

By 
MARGARET ECKER NANDA
Attorney for TIMBER COVE
MOBILEHOME COMMUNITY

Dated: 11/25/03

By 
WILLIAM SELIGMANN
Attorney for CITY OF CAMPBELL

TIMBER COVE MOBILEHOME COMMUNITY

RENT STABILIZATION AGREEMENT

Agreement dated this 16th day of June, 1998, by and between Brandenburg, Staedler & Moore - Timber Cove, a California General Partnership, hereinafter referred to as "MANAGEMENT", the CITY OF CAMPBELL, a Municipal Corporation, hereinafter referred to as "CITY", and the residents of TIMBER COVE MOBILEHOME COMMUNITY, hereinafter referred to as "HOMEOWNERS".

A. Purpose:

The purpose of this Agreement is to resolve the issue of increases in rent and certain other charges at TIMBER COVE MOBILEHOME COMMUNITY in the years set forth herein.

This is a tripartite Agreement between MANAGEMENT, the HOMEOWNERS of TIMBER COVE MOBILEHOME COMMUNITY, and the CITY. This Agreement is the result of negotiations between the HOMEOWNERS and MANAGEMENT as defined below, with the assistance of the CITY.

B. Definitions:

1. "HOMEOWNERS". All persons who currently hold and come to hold during the term of this Agreement tenancy for a mobilehome space at TIMBER COVE MOBILEHOME COMMUNITY under a fully executed rental agreement with the community.
2. "Bureau". The Federal Bureau of Labor Statistics or any successor agency that issues or will issue the indices or data referred to in subparagraph 3.
3. "Price Index". Consumer Price Index (CPI) for all Urban Consumers, SF/Oakland/San Jose, published by the Bureau, or any other measure subsequently employed by the Bureau in lieu of such price index that measures the cost of living locally, from September to September of each year during the term of this Agreement. Currently, Civil Code Section 798.30, a provision of the California Mobilehome Residency Law, provides that MANAGEMENT shall give a HOMEOWNER at least ninety (90) days' written notice of any increase in his or her rent. In the event that, during the term of this Agreement, that provision of the Civil Code, or any other relevant provision should be amended to require a longer period of written notice of rent increase to HOMEOWNER, then the appropriate Price Index will be used so that calculation of the annual base rent increases pursuant to Section D can be made.

4. "MANAGEMENT". Brandenburg, Staedler & Moore - TIMBER COVE, a California General Partnership, or their designated representatives.
5. "Base Rent". Monthly rent for the mobilehome space, exclusive of any separately itemized utilities or other separately itemized charges, plus any base rent increases as provided for in this Agreement.
6. "Additional Base Rent". Increases in monthly base rent for the mobilehome space, including increases pursuant to Section D, Annual Base Rent Increases, and Section E, Government or Quasi-Government Mandated Costs, which increases become a part of the Base Rent.
7. "Rent Increase". Any additional space rent demanded of or paid by a tenant for a mobilehome space.
8. "Space Rent". Money demanded or received in connection with the rental of a mobilehome space at TIMBER COVE MOBILEHOME COMMUNITY, including any bonus, benefit or gratuity, demanded or received in connection with the use and occupancy of a mobilehome space, but exclusive of any amounts paid for the use of the mobilehome dwelling unit.
9. "CITY". The City of Campbell.
10. "Government Required Capital Improvements". An addition or improvement to the park, or assessment against the park, including a substantial rehabilitation or replacement of an existing capital improvement in the park required or mandated by any governmental body or agency, including but not limited to the CITY, the County of Santa Clara, the State of California, or the United States of America.
11. "Emergency or Disaster Related Occurrence or Event". A sudden event resulting from earthquake, fire, flood, or other natural occurrence, or a major malfunction of any of the park's underground or sewer systems, over which the Management has no reasonable control, and which was not caused by Management's willful misconduct or gross negligence. This definition is intended to be illustrative and not exclusive.

C. Term:

The term of this Agreement shall commence on the date of its execution and terminate at midnight on January 31, 2004. Except as provided in this Agreement, the rent in effect on the February 1, 2003 date shall remain in full force and effect through January 31,

2004, and shall constitute the base rent upon which a rent increase, if any, will be added on February 1, 2003. This Agreement may be extended for a similar term, or any term acceptable to all parties to this Agreement, provided that any extension will be in writing and signed by all the parties hereto.

D. Annual Base Rent Increases:

Base rent on all mobilehome spaces, shall be increased by the greater of three percent (3%) or seventy-five percent (75%) of the Price Index on the following dates:

- February 1, 1999
- February 1, 2000
- February 1, 2001
- February 1, 2002
- February 1, 2003

E. Additional Factors:

In addition to the annual increase set forth in Section "D" above, rent and/or other charges may be increased or separately assessed, as set forth below, in accordance with Articles 4 and 4.5 of the Mobilehome Residency Law, Civil Code sections 798.30 through 798.49.

1. Government or Quasi-Government Mandated Costs. Rent increases resulting from Government or Quasi-Government mandated costs, as more fully described in Subsections a. and b. below, once assessed, are rent and would become part of the base rent.
 - a. Any increase in property taxes exceeding two percent (2%) may be passed through to the HOMEOWNERS on a pro-rated basis as additional base rent. HOMEOWNERS' pro-rated share shall be calculated on the basis of the actual number of mobilehome spaces in the park.
 - b. Any new fees, assessments, bond related costs, taxes or other government mandated costs not covered by Section 1d, below, to be paid by the park may be passed through to the HOMEOWNERS on a pro-rated basis as additional base rent. Any increases in existing government mandated costs in excess of the annual percentage increase as defined above may be similarly passed through as additional base rent. Any increases in existing government mandated costs below the annual percentage increase may not be passed through as additional base rent. HOMEOWNERS' pro-rata share will be calculated on the basis of the actual number of mobilehome spaces in the park.

- c. Any increase in base rent due to taxes, fees, assessments, bond related costs or other government mandated costs not covered by Subsection 1(d), below, shall terminate when such fees, assessments, bond related costs or other government mandated costs are no longer assessed against the property upon which the mobilehome park identified herein is located.

The following government or quasi-government mandated costs, once assessed, would not become a part of the base rent, but would be due and payable by HOMEOWNERS and separately listed on each HOMEOWNER'S rent bill and would be eliminated once reimbursement to MANAGEMENT has been paid in full:

- d. Any costs of any government required capital improvements, and/or studies and/or related activities required as a result of the studies, occurring or beginning during the term of this Agreement in excess of the initial \$25,000.00 per project or event, may be passed through to the HOMEOWNERS as additional rent on a pro-rated basis, provided that they are amortized over a five-year period, separately stated on the rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. HOMEOWNERS' pro-rata share will be calculated on the basis of the actual number of mobilehome spaces in the park. Said total costs may be passed through to the HOMEOWNERS as provided above commencing at any time during the term of this Agreement. Costs arising from the above may be generated from more than one contractor and will be added together to arrive at the total amount of costs to be passed on to the HOMEOWNERS as provided above.
- e. Any fees, assessments or other charges permitted under State Law in rent-controlled areas may be passed through to HOMEOWNERS. These costs will be separately listed on each HOMEOWNER's rent bill.

2. Emergency or Disaster-Related Costs:

Any costs to repair damage to the park arising from any emergency or disaster-related occurrence or event, as defined in Section B, Paragraph 11, occurring or beginning during the term of this Agreement, in excess of the initial \$25,000.00 may be passed through to the HOMEOWNERS as additional rent on a pro-rated basis, provided that they are amortized over a five-year period, separately stated on the rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. HOMEOWNER's pro-rata share shall be calculated on the basis of the actual number of mobilehome spaces in the park. These costs will be net of any insurance reimbursement. Management shall maintain, throughout the term of this Agreement,

property insurance as is customarily placed on mobilehome parks in Northern California, so long as coverage is reasonably available at commercially reasonable rates. Costs to repair the damage per event or occurrence may be generated from more than one contractor and will be added together to arrive at the total amount of costs to be passed through to the HOMEOWNERS as provided above.

F. Utilities

MANAGEMENT retains the right to submeter water or to separately charge for any other utility service in accordance with State law. Should MANAGEMENT decide to separate out such utility charges, MANAGEMENT agrees to meet with a committee chosen by HOMEOWNERS to explain the rationale for the separation of the utility charges.

G. Rent Increases on Resale:

1. In the case of an on-site resale during the term of this Agreement of a mobilehome located in the park as of the beginning date of this Agreement, MANAGEMENT may increase the Base Rent to the purchaser over the amount the selling HOMEOWNER is paying as of the date of completion of sale by an amount not to exceed thirty dollars (\$30.00).
2. If a mobilehome as described above is on a space where a resale increase has gone into effect prior to the execution of this Agreement, no second increase may be applied during the term of this Agreement. If a mobilehome is on a space where a resale increase has not gone into effect prior to the execution of this Agreement, or will go into effect under the terms of this Agreement, only one such increase may be applied during the term of this Agreement.
3. The limitation on the amount of the increase stated in Section G1, above, shall not apply in the following cases:
 - a. The owner of the home has voluntarily removed it from the space and has terminated his or her tenancy in the park.
 - b. MANAGEMENT has obtained an unlawful detainer judgment affecting the space in a court of competent jurisdiction.
 - c. The home being sold has been foreclosed upon by a financial institution.

- d. There is a sale of the mobilehome to a mobilehome dealer or other investor(s) who does not intend to reside in the mobilehome.
4. There shall not be an increase in the Base Rent if a HOMEOWNER as defined in Section B1 removes his or her mobilehome and replaces it with a new mobilehome and the mobilehome and the Homeowner resides in the new mobilehome for at least six months.

H. Information to be Supplied by MANAGEMENT:

1. Within thirty (30) days after the effective date of this Agreement and upon re-renting of each mobilehome space during the term of this Agreement, MANAGEMENT shall supply each tenant with a current copy of this Agreement.
2. Whenever MANAGEMENT serves a notice of space rent increase on all current HOMEOWNERS, MANAGEMENT shall also advise the HOMEOWNERS in writing of the percentage amount of the rent increase and of the amount that the new rent will be. In addition, whenever any of the additional charges allowed by Section E, Paragraphs 1 and 2, are to be initiated, MANAGEMENT shall also advise each HOMEOWNER of the purpose of the expenditure, the total amount of the pass-through, the monthly charge, and its duration. It shall also furnish to each HOMEOWNER a statement to the effect that it believes the rent increase to be consistent with the terms of this Agreement.
3. If HOMEOWNERS' rent is increased pursuant to Section E, MANAGEMENT's calculations with respect to said rent increases, as well as pertinent backup documentation will be available for HOMEOWNER review at the park office, as of the date of notice of the increase to the HOMEOWNERS.

I. Dispute Resolution Procedure:

1. The dispute resolution procedure described herein is the sole and exclusive remedy to address the issue of whether or not a material term of this Agreement has been violated by either MANAGEMENT or the HOMEOWNERS. If either party believes that the other party has violated a material term of this Agreement, then that party shall file a written request, on a form to be provided by the CITY, requesting mediation of the dispute. Upon receipt of such a written request, within fourteen (14) days thereafter, the CITY shall refer the parties to the CITY Manager or his designee. Before referring the parties to mediation as discussed below, the CITY will first determine that the complaint alleged is a violation of a

material term of this Agreement. If the CITY finds that the complaint does not allege a material violation of this Agreement, no mediation will be scheduled and the parties will be so notified. The parties will participate in a mediation of the dispute under the auspices of the CITY Manager of his/her designee. Any mediated settlement shall be reduced to writing and signed by MANAGEMENT, and the HOMEOWNER or HOMEOWNERS' authorized representative and the mediator. If the dispute cannot be mediated, then the mediator will advise the CITY in writing that the dispute cannot be mediated. Either party may then request of the CITY in writing that the dispute be submitted to arbitration. Any and all costs associated with the mediation shall be borne by the CITY.

2. A party may request arbitration only after the mediation process has been completed and the CITY has been advised by the mediator in writing that the dispute cannot be successfully mediated. Within seven (7) days of a written request for arbitration, the CITY shall refer the dispute to the American Arbitration Association for arbitration. The arbitrator will be charged with determining whether either party has violated a material term of this Agreement and declare a remedy in accordance with applicable law. The arbitrator(s) will be selected in accordance with the procedures of the American Arbitration Association and the arbitration will be conducted in accordance with the Rules of the American Arbitration Association. Each party to the arbitration shall bear its own attorneys' fees and costs.

J. Termination:

This Agreement shall terminate on midnight, January 31, 2004, unless repealed earlier by mutual agreement in writing between MANAGEMENT and HOMEOWNERS. Any pass-throughs allowed by the Agreement which had been initiated but not completed during its term may be continued in a manner consistent with the provisions of the Agreement until they expire.

K. HOMEOWNER Assistance Program:

MANAGEMENT agrees to continue offering to the HOMEOWNERS a rent deferral program which is designed to assist any homeowner who meets specific standards for hardship and is unable to pay all or a portion of any INCREASE in rent.

L. Attorneys' Fees:

In the event that it becomes necessary for any party to bring a lawsuit to enforce any of the provisions of this Agreement, the parties agree that a court of competent jurisdiction may determine and fix a reasonable attorneys' fee to be paid by the prevailing party.

M. Binding on Successors:

This Agreement is binding on the heirs, successors, and assigns of the parties hereto.

N. Amendment:

This Agreement may be amended, modified, or changed by the parties provided that said amendment, modification, or change is in writing and approved by all parties.

O. Civil Code:

The provisions of this Agreement are in addition to the provisions of the Mobilehome Residency Law set forth in Articles 1 to 9, Chapter 2.5, Title II, Part Two of the Civil Code.

P. Interpretation:

This Agreement has been prepared by all parties involved and any legal presumptions as to the interpretation of any ambiguity herein shall be applied equally against all parties involved. This Agreement is in the nature of a settlement agreement.

Q. Entire Agreement:

This Agreement contains the entire agreement between the parties hereto. No promise, representation, warranty or covenant not included in the Agreement has been or is relied on by any party hereto.

R. Counterparts:

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one agreement notwithstanding that all signatories are not signatories either on the same date or to the same counterpart. A signature page may be detached from the counterpart when executed and attached to another counterpart, which other counterpart shall become the complete agreement.

S. Severability:

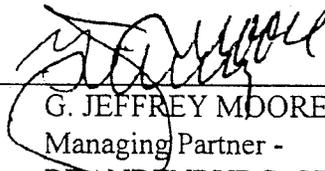
If any section or portion of this Agreement is found to be invalid, such findings shall not affect the validity of the remainder of the Agreement, which shall continue in full force and effect.

T. Suspension of Rent Stabilization Request:

In consideration of the execution of this Agreement by MANAGEMENT, and to the extent permitted by law, the CITY will suspend consideration of the adoption of a mobilehome rent stabilization ordinance. If, however, MANAGEMENT shall fail to fulfill its obligations under this Agreement, then the CITY is free to consider enactment of a mobilehome rent stabilization ordinance. If MANAGEMENT is operating the park in compliance with the terms of this Agreement, it shall be exempted from any mobilehome rent stabilization ordinance for the remaining term of this Agreement.

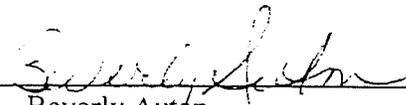
Dated: 7/2/98

BRANDENBURG, STAEDLER &
MOORE--TIMBER COVE
a California General Partnership

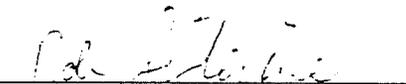
By 
G. JEFFREY MOORE,
Managing Partner -
BRANDENBURG, STAEDLER &
MOORE - Mobilehome
Communities

THE HOMEOWNERS OF TIMBER
COVE MOBILEHOME COMMUNITY

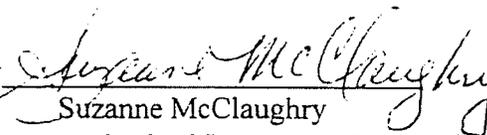
Dated: 6/28/98

By 
Beverly Auton
Authorized Representative

Dated: 6/29/98

By 
Rob Sidérine
Authorized Representative

Dated: 6/29/98

By 
Suzanne McCloughry
Authorized Representative

Dated: 6-29-98

By Jerry Chapell
Jerry Chapell
Authorized Representative

CITY OF CAMPBELL

Dated: _____

By Jeanette Watson
Jeanette Watson, Mayor

APPROVED AS TO FORM AND CONTENT:

HUBER SAMUELSON APC

Dated: _____

By _____
MARGARET ECKER NANDA
Attorneys for TIMBER COVE
MOBILEHOME COMMUNITY

Dated: 6/2/98

William Seligmann
William Seligmann
Campbell City Attorney

RECEIVED

AUG - 9 1993

BRANDENBURG

RESOLUTION NO. 8527

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAMPBELL
AUTHORIZING EXECUTION OF A TRI-PARTITE RENT STABILIZATION
AGREEMENT WITH TIMBER COVE MOBILE HOMEOWNER'S
ASSOCIATION, BRANDENBURG, STABDLER & MOORE, AND THE
CITY OF CAMPBELL

WHEREAS, the City of Campbell was requested by both Timber Cove Mobile Homeowner's Association and the park owners, Brandenburg, Staedler & Moore, to provide professional mediation services for resolution of rental increase issues; and

WHEREAS, during the course of mediation, the park owners and residents reached agreement on several major rental increase issues; and

WHEREAS, the park owners and residents drafted an agreement to include those items reached in consensus; and

WHEREAS, both the park owners and residents have requested that the City become a third member in the agreement; and

WHEREAS, the involvement of the City is limited to providing mediation services when needed, similar to current practice.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Campbell does hereby enter into a Tri-Partite Rent Stabilization Agreement with Timber Cove Mobile Homeowner's Association and Brandenburg, Staedler & Moore, and authorize execution of the attached agreement.

PASSED AND ADOPTED THIS 20th day of July, 1993, by the following roll call vote:

AYES:	COUNCILMEMBERS:	Burr, Watson, Ashworth, Dougherty, Conant
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	None

APPROVED:

Barbara D. Conant
Barbara D. Conant, Mayor

ATTEST:
Anne Bybee
Anne Bybee, City Clerk

THE FOREGOING INSTRUMENT IS A TRUE AND CORRECT COPY OF THE ORIGINAL ON FILE IN THIS OFFICE
ATTEST, ANNE BYBEE, CITY CLERK, CITY OF CAMPBELL, CALIFORNIA
BY Faerie Stanley, Deputy City Clerk
DATE 7/22/93

TIMBER COVE MOBILEHOME COMMUNITY
RENT STABILIZATION AGREEMENT

Agreement dated this 26th day of July 1993, by and between Brandenburg, Staedler & Moore - Timber Cove, a California General Partnership, hereinafter referred to as "MANAGEMENT", the CITY OF CAMPBELL, a Municipal Corporation, hereinafter referred to as "CITY", and the residents of TIMBER COVE MOBILEHOME COMMUNITY, hereinafter referred to as "HOMEOWNERS".

A. Purpose:

The purpose of this Agreement is to resolve the issue of increases in rent and certain other charges at TIMBER COVE MOBILEHOME COMMUNITY in the years set forth herein.

This is a tripartite Agreement between MANAGEMENT, the HOMEOWNERS of TIMBER COVE MOBILEHOME COMMUNITY, and the CITY. This Agreement is the result of negotiations between the HOMEOWNERS and MANAGEMENT as defined below, with the assistance of the CITY.

B. Definitions:

1. "HOMEOWNERS". All persons who currently hold and come to hold during the term of this Agreement tenancy for a mobilehome space at TIMBER COVE MOBILEHOME COMMUNITY under a fully executed rental agreement with the community.
2. "Bureau". The Federal Bureau of Labor Statistics or any successor agency that issues or will issue the indices or data referred to in subparagraph 3.
3. "Price Index". Consumer Price Index (CPI) for all Urban Consumers, SF/Oakland/San Jose, published by the Bureau, or any other measure subsequently employed by the Bureau in lieu of such price index that measures the cost of living locally, from November to November of each year during the term of this Agreement.
4. "MANAGEMENT". Brandenburg, Staedler & Moore - TIMBER COVE, a California General Partnership, or their designated representatives.

ORIGINAL

5. "Base Rent". Monthly rent for the mobilehome space, exclusive of any separately itemized utilities or other separately itemized charges, plus any base rent increases as provided for in this Agreement. Attached hereto marked Exhibit "B" and incorporated herein is a list, dated July 1, 1993, of the Base Rent for all mobilehome spaces at TIMBER COVE MOBILEHOME COMMUNITY.
6. "Additional Base Rent". Increases in monthly base rent for the mobilehome space, including increases pursuant to Section D, Annual Base Rent Increases, and Section E, Government or Quasi-Government Mandated Costs, which increases become a part of the Base Rent.
7. "Rent Increase". Any additional space rent demanded of or paid by a tenant for a mobilehome space.
8. "Space Rent". Money demanded or received in connection with the rental of a mobilehome space at TIMBER COVE MOBILEHOME COMMUNITY, including any bonus, benefit or gratuity, demanded or received in connection with the use and occupancy of a mobilehome space, but exclusive of any amounts paid for the use of the mobilehome dwelling unit.
9. "CITY". The City of Campbell.
10. "Government Required Capital Improvements". An addition or improvement to the park, or assessment against the park, including a substantial rehabilitation or replacement of an existing capital improvement in the park required or mandated by any governmental body or agency, including but not limited to the CITY, the County of Santa Clara, the State of California, or the United States of America.
11. "Emergency or Disaster Related Occurrence or Event". A sudden event resulting from earthquake, fire, flood, or other natural occurrence, or a major malfunction of any of the park's underground or sewer systems, over which the Management has no reasonable control, and which was not caused by Management's willful misconduct or gross negligence. This definition is intended to be illustrative and not exclusive.

C. Term:

The term of this Agreement shall commence on the date of its execution and terminate at midnight on January 31, 1999. Except as provided in this Agreement, the rent in effect on the February 1, 1998 date shall remain in full force and effect through January 31, 1999, and shall constitute the base rent upon which a rent increase, if any, will be added on February 1, 1999. This Agreement may be extended for a similar

term, or any term acceptable to all parties to this Agreement, provided that any extension will be in writing and signed by all the parties hereto.

D. Annual Base Rent Increases:

Base rent on all mobilehome spaces except those spaces as provided in Section D1 below, shall be increased by the greater of three percent (3%) or seventy-five percent (75%) of the Price Index on the following dates:

- February 1, 1994
- February 1, 1995
- February 1, 1996
- February 1, 1997
- February 1, 1998

1. Mobilehome Spaces Previously Assessed Space Rent Increases Upon Resale:

The base rent on those spaces subject to increase in space rent at the time of resale prior to the execution of this Agreement as set forth in Exhibit "A" attached hereto and incorporated herein shall be increased by the greater of three percent (3%) or seventy-five percent (75%) of the Price Index (all Urban consumers, SF/Oakland/San Jose, November to November) on the aforementioned dates, but said increases shall be reduced by seven dollars (\$7.00), unless said reduction results in a decrease in the base rent in effect at the time of the application of the reduction.

E. Additional Factors:

In addition to the annual increase set forth in Section "D" above, rent and/or other charges may be increased or separately assessed, as set forth below, in accordance with Articles 4 and 4.5 of the Mobilehome Residency Law, Civil Code sections 798.30 through 798.49.

1. Government or Quasi-Government Mandated Costs. Rent increases resulting from Government or Quasi-Government mandated costs, as more fully described in Subsections a. and b. below, once assessed, are rent and would become part of the base rent.
 - a. Any increase in property taxes exceeding two percent (2%) may be passed through to the HOMEOWNERS on a pro-rated basis as additional base rent. HOMEOWNERS' pro-rated share shall be calculated on the basis of the actual number of mobilehome spaces in the park.
 - b. Any new fees, assessments, bond related costs, taxes or other government mandated costs not covered by Section 1d, below, to be

paid by the park may be passed through to the HOMEOWNERS on a pro-rated basis as additional base rent. Any increases in existing government mandated costs in excess of the annual percentage increase as defined above may be similarly passed through as additional base rent. Any increases in existing government mandated costs below the annual percentage increase may not be passed through as additional base rent. HOMEOWNERS' pro-rata share will be calculated on the basis of the actual number of mobilehome spaces in the park.

- c. Any increase in base rent due to taxes, fees, assessments, bond related costs or other government mandated costs not covered by Subsection 1(d), below, shall terminate when such fees, assessments, bond related costs or other government mandated costs are no longer assessed against the property upon which the mobilehome park identified herein is located.

The following government or quasi-government mandated costs, once assessed, would not become a part of the base rent, but would be due and payable by HOMEOWNERS and separately listed on each HOMEOWNER'S rent bill and would be eliminated once reimbursement to MANAGEMENT has been paid in full:

- d. Any costs of any government required capital improvements, and/or studies and/or related activities required as a result of the studies, occurring or beginning during the term of this Agreement in excess of the initial \$25,000.00 per project or event, may be passed through to the HOMEOWNERS as additional rent on a pro-rated basis, provided that they are amortized over a five-year period, separately stated on the rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. HOMEOWNERS' pro-rata share will be calculated on the basis of the actual number of mobilehome spaces in the park. Said total costs may be passed through to the HOMEOWNERS as provided above commencing at any time during the term of this Agreement. Costs arising from the above may be generated from more than one contractor and will be added together to arrive at the total amount of costs to be passed on to the HOMEOWNERS as provided above.
- e. Any fees, assessments or other charges permitted under State Law in rent-controlled areas may be passed through to HOMEOWNERS. These costs will be separately listed on each HOMEOWNER's rent bill.

2. Emergency or Disaster-Related Costs:

Any costs to repair damage to the park arising from any emergency or disaster-related occurrence or event, as defined in Section B, Paragraph 10, occurring or beginning during the term of this Agreement, in excess of the initial \$25,000.00 may be passed through to the HOMEOWNERS as additional rent on a pro-rated basis, provided that they are amortized over a five-year period, separately stated on the rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. HOMEOWNER's pro-rata share shall be calculated on the basis of the actual number of mobilehome spaces in the park. These costs will be net of any insurance reimbursement. Management shall maintain, throughout the term of this Agreement, property insurance as is customarily placed on mobilehome parks in Northern California, so long as coverage is reasonably available at commercially reasonable rates. Costs to repair the damage per event or occurrence may be generated from more than one contractor and will be added together to arrive at the total amount of costs to be passed through to the HOMEOWNERS as provided above.

F. Utilities

Beginning October 1, 1993, sewer and garbage fees will be shown as additional charges on each HOMEOWNER's bill. On the same date, the base rent will be reduced by an amount equal to the average monthly amount charged to MANAGEMENT for these services during the preceding 12 months prior to the date of the notice and pro-rated on the basis of the actual number of spaces in the park. Any subsequent increase or decrease in these charges will be immediately passed on to each HOMEOWNER on a pro-rated basis.

MANAGEMENT retains the right to submeter water or to separately charge for any other utility service in accordance with State law. Should MANAGEMENT decide to separate out such utility charges, MANAGEMENT agrees to meet with a committee chosen by HOMEOWNERS to explain the rationale for the separation of the utility charges.

G. Rent Increases on Resale:

1. In the case of an on-site resale during the term of this Agreement of a mobilehome located in the park as of the beginning date of this Agreement, MANAGEMENT may increase the Base Rent to the purchaser over the amount the selling HOMEOWNER is paying as of the date of completion of sale by an amount not to exceed thirty dollars (\$30.00).

2. If a mobilehome as described above is on a space where a resale increase has gone into effect prior to the execution of this Agreement, no second increase may be applied during the term of this Agreement. If a mobilehome is on a space where a resale increase has not gone into effect prior to the execution of this Agreement, or will go into effect under the terms of this Agreement, only one such increase may be applied during the term of this Agreement.
3. The limitation on the amount of the increase stated in Section G1, above, shall not apply in the following cases:
 - a. The owner of the home has voluntarily removed it from the space and has terminated his or her tenancy in the park.
 - b. MANAGEMENT has obtained an unlawful detainer judgment affecting the space in a court of competent jurisdiction.
 - c. The home being sold has been foreclosed upon by a financial institution.

H. Information to be Supplied by MANAGEMENT:

1. Within thirty (30) days after the effective date of this Agreement and upon re-renting of each mobilehome space during the term of this Agreement, MANAGEMENT shall supply each tenant with a current copy of this Agreement.
2. Whenever MANAGEMENT serves a notice of space rent increase on all current HOMEOWNERS, MANAGEMENT shall also advise the HOMEOWNERS in writing of the percentage amount of the rent increase and of the amount that the new rent will be. In addition, whenever any of the additional charges allowed by Section E, Paragraphs 1 and 2, are to be initiated, MANAGEMENT shall also advise each HOMEOWNER of the purpose of the expenditure, the total amount of the pass-through, the monthly charge, and its duration. It shall also furnish to each HOMEOWNER a statement to the effect that it believes the rent increase to be consistent with the terms of this Agreement.
3. If HOMEOWNERS' rent is increased pursuant to Section E, MANAGEMENT's calculations with respect to said rent increases, as well as pertinent backup documentation will be available for HOMEOWNER review at the park office, as of the date of notice of the increase to the HOMEOWNERS.

I. Dispute Resolution Procedure:

1. The dispute resolution procedure described herein is the sole and exclusive remedy to address the issue of whether or not a material term of this Agreement has been violated by either MANAGEMENT or the HOMEOWNERS. If either party believes that the other party has violated a material term of this Agreement, then that party shall file a written request, on a form to be provided by the CITY, requesting mediation of the dispute. Upon receipt of such a written request, within fourteen (14) days thereafter, the CITY shall refer the parties to the CITY Manager or his designee. Before referring the parties to mediation as discussed below, the CITY will first determine that the complaint alleged is a violation of a material term of this Agreement. If the CITY finds that the complaint does not allege a material violation of this Agreement, no mediation will be scheduled and the parties will be so notified. The parties will participate in a mediation of the dispute under the auspices of the CITY Manager or his/her designee. Any mediated settlement shall be reduced to writing and signed by MANAGEMENT, and the HOMEOWNER or HOMEOWNERS' authorized representative and the mediator. If the dispute cannot be mediated, then the mediator will advise the CITY in writing that the dispute cannot be mediated. Either party may then request of the CITY in writing that the dispute be submitted to arbitration. Any and all costs associated with the mediation shall be borne by the CITY.
2. A party may request arbitration only after the mediation process has been completed and the CITY has been advised by the mediator in writing that the dispute cannot be successfully mediated. Within seven (7) days of a written request for arbitration, the CITY shall refer the dispute to the American Arbitration Association for arbitration. The arbitrator will be charged with determining whether either party has violated a material term of this Agreement and declare a remedy in accordance with applicable law. The arbitrator(s) will be selected in accordance with the procedures of the American Arbitration Association and the arbitration will be conducted in accordance with the Rules of the American Arbitration Association. Each party to the arbitration shall bear its own attorneys' fees and costs.

J. Termination:

This Agreement shall terminate on midnight, January 31, 1999, unless repealed earlier by mutual agreement in writing between MANAGEMENT and HOMEOWNERS. Any pass-throughs allowed by the Agreement which had been initiated but not completed during its term may be continued in a manner consistent with the provisions of the Agreement until they expire.

K. HOMEOWNER Assistance Program:

MANAGEMENT agrees to continue offering to the HOMEOWNERS a rent deferral program which is designed to assist any homeowner who meets specific standards for hardship and is unable to pay all or a portion of any INCREASE in rent.

L. Attorneys' Fees:

In the event that it becomes necessary for any party to bring a lawsuit to enforce any of the provisions of this Agreement, the parties agree that a court of competent jurisdiction may determine and fix a reasonable attorneys' fee to be paid by the prevailing party.

M. Binding on Successors:

This Agreement is binding on the heirs, successors, and assigns of the parties hereto.

N. Amendment:

This Agreement may be amended, modified, or changed by the parties provided that said amendment, modification, or change is in writing and approved by all parties.

O. Civil Code:

The provisions of this Agreement are in addition to the provisions of the Mobilehome Residency Law set forth in Articles 1 to 9, Chapter 2.5, Title II, Part Two of the Civil Code.

P. Interpretation:

This Agreement has been prepared by all parties involved and any legal presumptions as to the interpretation of any ambiguity herein shall be applied equally against all parties involved. This Agreement is in the nature of a settlement agreement.

Q. Entire Agreement:

This Agreement contains the entire agreement between the parties hereto. No promise, representation, warranty or covenant not included in the Agreement has been or is relied on by any party hereto.

R. Counterparts:

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one agreement notwithstanding that all signatories are not signatories either on the same date or to the same counterpart. A signature page may be detached from the counterpart when executed and attached to another counterpart, which other counterpart shall become the complete agreement.

S. Severability:

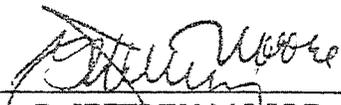
If any section or portion of this Agreement is found to be invalid, such findings shall not affect the validity of the remainder of the Agreement, which shall continue in full force and effect.

T. Suspension of Rent Stabilization Request:

In consideration of the execution of this Agreement by MANAGEMENT, and to the extent permitted by law, the CITY will suspend consideration of the adoption of a mobilehome rent stabilization ordinance. If, however, MANAGEMENT shall fail to fulfill its obligations under this Agreement, then the CITY is free to consider enactment of a mobilehome rent stabilization ordinance. If MANAGEMENT is operating the park in compliance with the terms of this Agreement, it shall be exempted from any mobilehome rent stabilization ordinance for the remaining term of this Agreement.

Dated: 7/9/93

BRANDENBURG, STAEDLER &
MOORE--TIMBER COVE
a California General Partnership

By 
G. JEFFREY MOORE,
Managing Partner
BRANDENBURG, STAEDLER &
MOORE

THE HOMEOWNERS OF TIMBER
COVE MOBILEHOME COMMUNITY

Dated: 7-19-93

By Les Smith
LES SMITH
Authorized Representative

Dated: 7/19/93

By Bob Reed
BOB REED,
Authorized Representative

Dated: 7/19/93

By Joyce Barden
JOYCE BARDEN,
Authorized Representative

CITY OF CAMPBELL

Dated: 7/21/93

By Barbara D. Conant
Barbara Conant, Mayor

APPROVED AS TO FORM AND CONTENT:

MATTEONI, SAXE & NANDA

Dated: 7-16-93

By Margaret Ecker Nanda
MARGARET ECKER NANDA
Attorneys for
TIMBER COVE
MOBILEHOME COMMUNITY

Dated: 7/20/93

William Seligmann
WILLIAM SELIGMANN
Campbell City Attorney

EXHIBIT A

Mobilehome Spaces Previously Assessed Space
Rent Increases Upon Resale

April 10, 1990 - June 4, 1993

Space Number

- 1
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 24
- 25
- 29
- 37
- 42
- 46
- 48
- 50
- 54
- 57
- 61
- 66
- 67
- 68
- 77
- 78
- 80
- 86
- 87
- 88
- 89
- 90
- 91
- 92
- 93
- 94
- 95
- 120
- 121
- 122
- 123
- 124
- 125

6/8/93

EXHIBIT B

Base Rent as of July 1, 1992

<u>SPACE</u>	<u>Base Rent</u>	<u>SPACE</u>	<u>Base Rent</u>	<u>SPACE</u>	<u>Base Rent</u>
1	480.66	51	430.53	102	446.22
2	427.90	52	430.53	103	446.22
3	427.90	53	447.88	104	446.22
4	396.52	54	447.88	105	446.22
5	396.52	55	386.04	106	396.52
6	414.04	56	430.53	107	370.34
7	467.80	57	427.29	108	370.34
8	444.19	58	440.50	109	446.22
9	464.58	59	414.84	110	446.22
10	508.08	60	414.84	111	446.22
11	473.81	61	466.52	112	370.34
12	421.42	62	396.52	113	364.46
13	430.53	63	396.52	114	370.34
14	488.69	64	396.52	115	383.46
15	488.69	65	396.52	116	383.46
16	430.53	66	480.66	117	383.46
17	386.04	67	454.46	118	383.46
18	414.84	68	441.41	119	383.46
19	414.84	69	370.34	120	370.34
20	430.53	70	414.84	121	370.34
21	430.53	71	850.00	122	364.46
22	414.84	72	414.84	123	370.34
23	414.84	73	414.84	124	396.52
24	498.97	74	414.84	125	396.52
25	430.53	75	357.29	126	396.52
26	469.16	76	414.84	127	396.52
27	370.34	77	492.38	128	454.46
28	396.52	78	488.69	129	396.52
29	488.69	79	381.46	130	396.52
30	414.84	80	434.83	131	396.52
31	430.53	81	414.84	132	396.52
32	430.53	82	370.34	133	396.52
33	414.84	83	357.29	134	396.52
34	414.84	84	357.29	135	396.52
35	414.84	85	357.29	136	396.52
36	357.29	86	444.19	137	396.52
37	470.17	87	480.66	138	370.34
38	386.04	88	480.66	139	396.52
39	357.29	89	474.06	140	396.52
40	357.29	90	396.52		
41	414.84	91	370.34		
42	504.38	92	414.84		
43	430.53	93	396.52		
44	414.84	94	386.04		
45	414.84	95	370.34		
46	484.84	96	370.34		
47	386.04	97	370.34		
48	504.38	98	414.84		
49	414.84	99	446.22		
50	414.84	100	446.22		

DRAFT

TIMBER COVE MOBILEHOME COMMUNITY

RENT STABILIZATION AGREEMENT

This Agreement dated this 1st day of February 2019, by and between TIMBER COVE MOBILEHOME COMMUNITY JOINT VENTURE doing business as TIMBER COVE MOBILEHOME COMMUNITY, hereinafter referred to as "Management", "Timber Cove Mobilehome Community or Community", the CITY OF CAMPBELL, a Municipal Corporation, hereinafter referred to as "City", and the TIMBER COVE HOMEOWNERS ASSOCIATION, on behalf of all mobilehome owners at Timber Cove Mobilehome Community, hereinafter referred to as "Homeowners", and collectively referred to as "Parties".

1. PURPOSE: The purpose of this Agreement is to resolve the issue of increases in rent and certain other charges at Timber Cove Mobilehome Community located at 870 Camden Avenue in the City of Campbell in the years set forth herein.

This is a tripartite Agreement between Management, the Homeowners of Timber Cove Mobilehome Community through their designated representative, the Timber Cove Homeowners Association, and the City. This Agreement is the result of negotiations between the Homeowners and Management as defined below, with the assistance of the City.

2. DEFINITIONS:

A. "Management": Timber Cove Mobilehome Community Joint Venture doing business as Timber Cove Mobilehome Community or their designated representatives.

B. "Community": Community is the Timber Cove Mobilehome Community located at 870 Camden Avenue, in the City of Campbell, Santa Clara County, California 95008.

C. "Homeowner": The person(s) who owns a mobilehome and holds a tenancy for a mobilehome Lot, as defined below, at Timber Cove Mobilehome Community under a fully executed Lot Lease Agreement with the Community.

D. "Timber Cove Mobilehome Homeowners Association": The Timber Cove Mobilehome Homeowners Association, ("Association") is a nonprofit organization whose sole purpose is to preserve and improve the quality of life for Homeowners of Timber Cove Mobilehome Community. The powers of the Association are exercised by an elected Board of Directors, which supervises the activities and affairs of the Association.

E. "City": The City of Campbell.

F. "Bureau": The Federal Bureau of Labor Statistics or any successor agency that issues or will issue the indices or data referred to in Subsection G, below.

G. "Price Index": Consumer Price Index ("CPI") for all Urban Consumers, San Francisco/Oakland/Hayward, published by the Bureau, or any other measure subsequently employed by the Bureau in lieu of such price index, that measures the cost

of living locally. The annual percentage increase in the Price Index shall be computed from August to August of each year during the term of this Agreement. In the event the foregoing cost of living index is discontinued or revised, another governmental index subsequently employed by the Bureau of Labor Statistics in lieu of such price index that measures the cost of living locally shall be selected by Management and used to obtain substantially the same result as if the foregoing index had not been discontinued or revised.

Civil Code Section 798.30, a provision of the California Mobilehome Residency Law, provides that Management shall give a Homeowner at least ninety (90) days written notice of any increase in his or her rent. In the event that during the term of this Agreement that provision of the Civil Code, or any other relevant provision should be amended to require a longer period of written notice of Base Rent (defined below) increase to Homeowner, then the appropriate twelve (12) month calculation period will be used so that calculation of the annual Base Rent increases pursuant to Section 4 can be made.

H. "Base Rent": Base Rent is the monthly rent for the mobilehome Lot in U.S. Dollars payable by the Homeowner, plus any increase in Base Rent as provided for in this Agreement. Base Rent excludes all other separately itemized charges such as utilities.

I. "Additional Rent": Additional Rent is the monthly amount demanded or received in U.S. Dollars in connection with separately itemized charges provided for in this Agreement and the Homeowner's Lot Lease Agreement including but not limited to the charges set forth in Section 5 Additional Rent and Section 6 Utilities of this Agreement in addition to other charges billed in accordance with State and local law.

J. "Monthly Rent": Monthly Rent is the sum of Base Rent and Additional Rent.

K. "Lot": Lot means the real property that is the mobilehome Lot which Homeowner rents from Management. It includes the entire area from curb, including side curb, to rear Lot line and side Lot lines; including the driveway, yards, fencing, patios, trees, landscaping and the area upon which Homeowner's mobilehome is located.

L. "Mobilehome": Mobilehome means the mobilehome or manufactured home in which the Homeowner resides at Timber Cove Mobilehome Community, and as defined in Civil Code Section 798.3, herein referred to as mobilehome.

M. "Mobilehome Residency Law": As used herein, the term "Mobilehome Residency Law" refers to those provisions of the California Civil Code beginning at Civil Code Section 798, and any future changes to the Mobilehome Residency Law. The Mobilehome Residency Law may also be referred to as the "MRL."

N. "Government or Quasi-Government Required Capital Improvements": An addition or improvement to the Timber Cove Mobilehome Community, or assessment against the Community, including a substantial rehabilitation or replacement of an existing capital improvement in the Community required or mandated by any governmental body or agency, including but not limited to, the City of Campbell, the

County of Santa Clara, a quasi-governmental body, the State of California, or the United States of America.

O. "Emergency or Disaster Related Occurrence or Event": A sudden event resulting from earthquake, fire, flood, or other natural occurrence, or a major malfunction of any of the Timber Cove Mobilehome Community's underground utilities or sewer systems, over which Management has no reasonable control, and which was not caused by Management's willful misconduct or gross negligence. This definition is intended to be illustrative and not exclusive.

3. TERM: The term of this Agreement shall commence on February 1, 2019 and terminate at midnight on January 31, 2024.

4. ANNUAL BASE RENT INCREASES: Base Rent on all mobilehome Lots shall be increased by the greater of three percent (3%) or seventy-five percent (75%) of the annual percentage increase in the Price Index on the following dates:

- February 1, 2020
- February 1, 2021
- February 1, 2022
- February 1, 2023

5. ADDITIONAL RENT: At any time from the commencement date of this Agreement, in addition to the annual Base Rent increase as set forth in Section 4 above, Additional Rent and/or other charges may be increased or separately assessed in compliance with the conditions set forth in the Mobilehome Residency Law, Civil Code Sections 798.30 through 798.49, as set forth below. Such pass-throughs may be implemented upon ninety (90) days written notice at any time during the term of this Lease (not just the anniversary date of the Base Rent increases as set forth in Section 4).

1) Government or Quasi-Government Mandated Costs: Additional Rent increases resulting from Government or quasi-government mandated costs, as more fully described in Subsections (a) and (b) below, once assessed, will become part of the Monthly Rent.

(a) Additional Rent shall be increased in the amount that property taxes for any property tax year during the Lease term have increased by more than a cumulative two percent (2%) per annum over those property taxes paid by Management for property tax year 2018-2019. This increase will be divided by twelve (12) and pro-rated among the actual number of mobilehome Lots in the Community. The term "property taxes" includes all general and special real estate taxes and personal property taxes. Property taxes also include any tax or excise on rents or any other tax, however described, which is levied or assessed against the Community as a direct substitution in whole or in part, for any real property taxes.

(b) Any new fees, assessments, bonds, bond-related costs, taxes or other government or quasi-government mandated costs not covered by subsection (a) below, to be paid by Management, may be passed through to the Homeowner on a pro-rated basis as Additional Rent. Any increases in existing government or

quasi-government mandated costs in excess of the annual percentage increase, as defined in Section 4, may be similarly passed through as Additional Rent. Any increases in existing government or quasi-government mandated costs below the annual percentage increase may not be passed through as Additional Rent.

(c) If such fee or increase is assessed, such fee or increase will be divided by the actual number of Lots in the Community and the number of months it is assessed and will be separately listed on Homeowner's Monthly Rent Statement.

(d) If such fee or increase is \$25 or less per Lot, it may be passed through once annually in its entirety, and will be separately itemized on Homeowner's Monthly Rent Statement. Otherwise, for amounts greater than \$25 per Lot, Homeowner's pro-rata share will be calculated on the basis of the actual number of mobilehome Lots in the Community and divided by twelve (12) and separately stated on Homeowner's Monthly Rent Statement.

(e) Such Additional Rent increases may be implemented upon ninety (90) days written notice at any time during the term of this Agreement (not just the anniversary date for Base Rent increases per Section 4).

(f) Any increase in Additional Rent due to taxes, fees, assessments, bonds, and bond-related costs or other government or quasi-government mandated costs not covered by Subsection (g) below shall terminate when such fees, assessments, bonds, bond-related costs or other government mandated costs are no longer assessed against the property upon which the Community is located.

The following government or quasi-government mandated costs, once assessed, will be due and payable by Homeowner as Additional Rent and separately listed on each Homeowner's Monthly Rent bill, and will be eliminated once reimbursement to Management has been paid in full.

(g) Any costs of any government or quasi-government required capital improvements, and/or studies, and/or related activities required as a result of the studies, occurring or beginning during the term of this Agreement, in excess of the initial fifty thousand dollars (\$50,000.00) per project or event, may be passed through to the Homeowner as Additional Rent on a pro-rated basis, provided they are amortized over a five (5) year period, including reasonable interest, separately stated on the Monthly Rent bills, will not be subject to annual percentage increases, and are eliminated once complete reimbursement has been achieved. Homeowner's pro-rata monthly share will be calculated on the basis of the actual number of mobilehome Lots in the Community, and divided by one hundred twenty (120) months. Costs arising from the above may be generated from more than one contractor, and will be added together to arrive at the total amount of costs to be passed on to the Homeowner as provided above. Said total costs may be passed through to the Homeowner as provided above commencing at any time during the term of this Agreement upon ninety (90) days written notice (not just on the anniversary date for Base Rent increases as provided in Section 4).

(h) Homeowner may be charged Additional Rent to reimburse Management for any fees, assessments, or other charges permitted to be passed through to Homeowner under state law in rent-controlled areas. These costs will be separately listed on each Homeowner's Monthly Rent bill. Such rent increase may be implemented upon ninety (90) days prior written notice at any time during the term of this Agreement (not just on the anniversary date for Base Rent increases as provided in Section 4).

2) Emergency or Disaster Related Costs: Any costs to repair damage to the Community arising from any emergency or disaster related occurrence or event, as defined in Section 2, Paragraph O, occurring or beginning during the term of this Agreement, in excess of the initial fifty thousand dollars (\$50,000.00), may be passed through to the Homeowner as Additional Rent on a pro-rated basis, provided they are amortized over a five (5) year period, include reasonable interest, and are separately stated on the Monthly Rent bills. The emergency or disaster related costs will not be subject to annual percentage increases, and will be eliminated once complete reimbursement has been achieved. Homeowner's pro-rata share shall be calculated on the basis of the actual number of mobilehome Lots in the Community. These costs will be the net of any insurance reimbursement. Management shall maintain, throughout the term of this Agreement, the types and amounts of property insurance in effect on February 1 2019, provided said insurance continues to be commercially available and at costs which are no greater than the premiums in effect on February 1, 2019, adjusted each year by the percentage amount of the annual Base Rent increase as provided in Section 4. If said property insurance is not commercially available and/or the costs exceed the amounts indicated above, Management reserves the right at its sole discretion to make any adjustments or modifications it deems reasonable and prudent to the amounts and types of property insurance on the Community. If the amounts and types of property insurance are significantly reduced or eliminated, Management will so notify the Timber Cove Homeowners Association. Said total costs may be passed through to the Homeowner as provided above, commencing at any time during the term of this Agreement upon ninety (90) days written notice (not just on the anniversary date for Base Rent increases per Section 4). Costs to repair the damage per event or occurrence may be generated from more than one contractor, and will be added together to arrive at the total amount of costs to be passed through to the Homeowner as provided above.

6. UTILITIES: Homeowner, as Additional Rent, shall pay for those utility services used by Homeowner and/or supplied to Homeowner's home site and billed by Management. Note: Utility rates are set by the Public Utilities Commission and other governmental agencies and providers. Notification of rate changes will be made by Management to Homeowner as required by law.

7. RENT INCREASES ON RESALE:

A. In the case of an on-site resale during the term of this Agreement of a mobilehome located in the Community as of the beginning date of this Agreement, Management may increase the Base Rent to the Purchaser in the following amounts:

- If a Homeowner's Base Rent at the time of sale is \$680.00 to \$871.99, the new purchaser's Base Rent shall be increased by twenty percent (20%)

- If a Homeowner's Base rent at the time of sale is \$872.00 to \$1,077.99, the Base Rent shall be increased by fifteen percent (15%).
- If a Homeowner's Base rent at the time of sale is \$1,078.00 and over, the Base Rent shall be increased by ten percent (10%).

The Base Rent ranges above shall increase annually on the Annual Base Rent Increase dates provided for in Section 4 of this Lease by the greater of three percent (3%) or seventy-five percent (75%) of the annual percentage increase in the Price Index.

B. Only one such increase in the case of an on-site resale may be applied to each lot during the term of this Agreement.

C. The limits stated above shall not apply in the following cases:

- (a) The owner of the home has voluntarily removed it or caused it to be removed from the Lot and has terminated his or her tenancy in the Community;
- (b) Management has terminated the Homeowner's tenancy pursuant to one or more of the stated reasons contained in Civil Code Section 798.56;
- (c) The home being sold has been foreclosed upon by a financial institution or private lender;
- (d) There is a sale of an on-site mobilehome to a mobilehome dealer or other individual(s) who does not intend to reside in the on-site mobilehome.

There is no limit on the amount Management may increase Base Rent in the above four cases.

D. In the event Homeowner's mobilehome passes by will, devise, bequest, or operation of Law to Homeowner(s)' heirs or successors, there shall be no rent increase at the time of such change of ownership of Homeowner's home, other than the Annual Base Rent Increases set forth in Section 4.

8. HOMEOWNER REPLACEMENT OF MOBILEHOME: If Homeowner decides to replace the existing mobilehome with a new mobilehome and continues to reside in the mobilehome after replacement, the Base Rent will be increased based on the following terms:

- (a) The Base Rent to the Homeowner upon replacement of the mobilehome within twelve (12) months after the signing of an initial Lot Lease Agreement with Management will be set to current market rate as determined by Management.
- (b) A mobilehome replaced between thirteen (13) months and sixty (60) months after the signing of an initial Lot Lease Agreement with Management will

be subject to the same increase schedule listed above in Section 7, Rent Increases on Resale.

(c) With respect to (a) and (b) above, following Homeowner informing Management that Homeowner has decided to replace the existing mobilehome, Homeowner will receive written notification of Base Rent increase ninety (90) days after Homeowner notification of replacement of mobilehome.

(d) Any Homeowner who replaces his/her mobilehome beyond sixty (60) months after signing an initial Lot Lease Agreement with Management will be responsible for costs borne by Management as those costs relate to the placement of the new mobilehome. Homeowner will be billed separately for those costs, and they will not appear on the Monthly Rent statement.

(e) With respect to (d) above, ninety (90) days after Homeowner's notice to Management that Homeowner has decided to replace the existing mobilehome, Homeowner will receive a separate bill for the costs resulting from the replacement of the mobilehome. The annual Base Rent increase per Section 4 will also be charged on the Base Rent anniversary date.

9. INFORMATION TO BE SUPPLIED BY MANAGEMENT:

A. Within thirty (30) days after the effective date of this Agreement and upon re-renting of each mobilehome lot during the term of this Agreement, Management shall supply each tenant with a current copy of this Agreement.

B. Whenever Management serves a notice of Base Rent increase on a current Homeowner, Management shall also advise the Homeowner in writing of the percentage amount of the rent increase and the amount of the new rent.

C. If Homeowners' Additional Rent is increased pursuant to, 1) Government or quasi-government Mandated Costs, or 2) Emergency or Disaster Related Costs, as defined in Section 5, Subsections 1) and 2). Management's calculations with respect to said Additional Rent increases, as well as pertinent back up documentation, will be available for Homeowners' review at the Community office, as of the date of notice of the increase to the Homeowner for a period of 90 days.

10. DISPUTE RESOLUTION PROCEDURE:

A. The dispute resolution procedure described herein is the sole and exclusive remedy to address the issue of whether or not a material term of this Agreement has been violated by either Management or a Homeowner or the Homeowners. If either party believes that the other party has violated a material term of this Agreement, then that party shall file a written request, on a form to be provided by the City, requesting mediation of the dispute. Upon receipt of such a written request, within fourteen (14) days thereafter, the City shall refer the parties to the City Manager or their designee. Before referring the parties to mediation as discussed below, the City will first determine that the complaint alleged is a violation of a material term of this Agreement. If the City finds that the complaint does not allege a material violation of this Agreement, no

mediation will be scheduled and the parties will be so notified. The parties will participate in a mediation of the dispute under the auspices of the City Manager or their designee. Any mediated settlement shall be reduced to writing and signed by Management, and the Homeowner or Homeowners' authorized representative and the mediator. If the dispute cannot be mediated, then the mediator will advise the City in writing that the dispute cannot be mediated. Either party may then request of the City in writing that the dispute be submitted to arbitration. The City shall bear the costs of providing the mediation; and the parties shall bear their own costs and attorneys' fees in connection with the mediation.

B. A party may request arbitration only after the mediation process has been completed and the mediator in writing has advised the City that the dispute cannot be successfully mediated. Within seven (7) days of a written request for arbitration, the City shall refer the dispute to the American Arbitration Association for arbitration. The arbitrator will be charged with determining whether either party has violated a material term of this Agreement and declare a remedy in accordance with applicable law. The arbitrator(s) will be selected in accordance with the procedures of the American Arbitration Association and the arbitration will be conducted in accordance with the Rules of the American Arbitration Association. Each party to the arbitration shall bear its own attorneys' fees and costs.

11. TERMINATION: This Agreement shall terminate on midnight, January 31, 2024, unless repealed earlier by mutual agreement in writing between Management and Homeowners. Any rent increases allowed by this Agreement, which have been initiated but not completed during its term, may be continued in a manner consistent with the provisions of the Agreement until they expire.

12. EXTENSION OF AGREEMENT: This Agreement may be extended for a similar term, or any term acceptable to all parties to this Agreement, provided that any extension will be in writing and signed by all the parties to this Agreement.

13. ATTORNEYS' FEES: In the event that it becomes necessary for any party to bring a lawsuit to enforce any of the provisions of this Agreement, the parties agree that a court of competent jurisdiction may determine and fix a reasonable attorneys' fees to be paid by the prevailing party.

14. BINDING ON SUCCESSORS: This Agreement is binding on the heirs, successors, and assigns of the parties hereto.

15. AMENDMENT: This Agreement may be amended, modified, or changed by the parties provided that said amendment, modification, or change is in writing and approved by all parties.

16. CIVIL CODE: The provisions of this Agreement are in addition to the provisions of the Mobilehome Residency Law set forth in Articles 1 to 9, Chapter 2.5, Title II, Part Two of the California Civil Code.

17. INTERPRETATION: All parties involved have prepared this Agreement and any legal presumptions as to the interpretation of any ambiguity herein shall be applied equally against all parties involved. This Agreement is in the nature of a settlement agreement.

18. ENTIRE AGREEMENT: This Agreement contains the entire agreement between the parties hereto. No promise, representation, warranty or covenant not included in the Agreement has been or is relied on by any party hereto.

19. COUNTERPARTS: This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one agreement notwithstanding that all signatories are not signatories either on the same date or to the same counterpart. A signature page may be detached from the counterpart when executed and attached to another counterpart, which other counterpart shall become the complete agreement.

20. SEVERABILITY: If any section or portion of this Agreement is found to be invalid, such findings shall not affect the validity of the remainder of the Agreement, which shall continue in full force and effect.

21. SUSPENSION OF RENT STABILIZATION REQUEST: In consideration of the execution of this Agreement by Management, and to the extent permitted by law, the City will suspend consideration of the adoption of a mobilehome rent stabilization ordinance. If however, Management shall fail to fulfill its obligations under this Agreement, then the City may consider enactment of a mobilehome rent stabilization ordinance. If Management is operating the community in compliance with the terms of this Agreement, it shall be exempted from any mobilehome rent stabilization ordinance for the remaining term of this Agreement.

**TIMBER COVE MOBILEHOME COMMUNITY JOINT VENTURE
Doing business as TIMBER COVE MOBILEHOME COMMUNITY**

Dated: _____ By: _____
G. Jeffrey Moore, Brandenburg, Staedler & Moore – TC,
LP

TIMBER COVE HOMEOWNERS ASSOCIATION

Dated: _____ By: _____
Keith Hubbard, President

Dated: _____ By: _____

Dated: _____ By: _____

CITY OF CAMPBELL

Dated: _____ By: _____
Paul Resnikoff, Mayor

Approved as form and content:

Dated: _____ By: _____

William Seligmann, City Attorney

Dated: _____

By: _____

Margaret Ecker Nanda, Attorney for Timber Cove
Joint Venture doing business as Timber Cove
Mobilehome Community

10-17-2018

1. We just receive your proposal a short time ago and had hoped we would have received it a few months earlier as we expressed to the City. Last time the agreement was not worked out until several months after the previous agreement expired since we also received the agreement late.
2. During the last community meeting your proposal was overwhelming voted down. There were a lot of unhappy people!
3. A small committee was then elected by the Homeowners to represent them to negotiate a new agreement.
4. This committee has a Huge responsibility to protect every 137 homeowners and to fully understand any agreement made and the financial impact it could have both short and long term.
5. Unlike Ownership we are not paid for our work, all of us but one has full time jobs and we are not in a position to spend as many hours a day, or week working on this agreement as Ownership or its paid employees.
6. We understand you should not be a non-profit business and should be entitled to a reasonable return on your investment.
7. We understand both sides will be looking at the effects of the whole agreement and any concession made by either party is subject to the acceptance of the entire agreement by both parties.
8. We are not prepared to negotiate today because of the lack of time we have had to do our due diligence. However, we are prepared to tell you our concerns. We still have unanswered questions for which you may be able to provide so we can move forward next time with more meaningful negotiations.
9. We are concerned about the pass throughs: Can you tell us what the financial impact difference are in the pass throughs you are proposing vs allowable pass throughs permitted by San Jose.

10. Please verify, our understanding is if I am currently a homeowner and I want to replace my old home with a new one that in San Jose I would not be subject to a rent increase penalty.
11. In the past there have been occasions where a homeowner's rent was higher than new rents being charged to for new homes sold by dealers. This seems very unfair.
12. Please verify, our understanding in San Jose if I sold my home and it was remaining in place there would be no rent increase.
13. Our concern is that since it's a given that all underground utilities including water, gas and electric are extremely old and could soon need replacement, what happens to us financially because this could be very large \$\$\$ pass through's that Homeowners may not be able to afford.
14. With regard to the underground utilities, all homeowners have benefited from the use of these utilities since the park was built. Why should the current home owners bare all the costs of replacement while many others benefited who are no longer at the park or who will benefit in the future that are not homeowners today.
15. What would happen to our property taxes if Timber Cove was sold today or in the near future and what financial impact would that have to the Homeowners.
16. Would ownership sell the property to the Homeowners or provide us with a first right to purchase in the event they ever wanted to sell.
17. We are concerned how you want to treat the pass throughs amortization periods. They should be amortization based on their useful life or under general accounting principles as typically done in the real estate industry.

18. Our concern is what happens if the CPI is lower than 3%, for example 2.5% or even lower. That's additional profits to Ownership, should that be credited to us or should that be used to offset pass throughs. In a very rough estimates over the last 10 years there has been a wind fall to the ownership of over a quarter of a million dollars in excess of the difference between the actual CPI and the 3% minimum increases. During difficult years when the CPI was low, rents continued to increase each year making it far more difficult for the homeowners to pay their rent, many homeowners had their income reduced or lost their jobs during these times. Some Landlords were also reducing their rents during these times. We feel both parties should be treated equally and think rent increases should be based only on CPI since each party is treated equally.
19. What insurance do you carry and what are your deductibles ? Can we have a copy to review since it affects pass throughs to us.
20. What is your agreement with the utility companies, how much are you marking the costs up and please verify they require you to maintain the infrastructure as part of the agreement to receive the utilities at a discounted rate. Can we have a copy of the agreement to verify

October 23, 2018

Dear Members of Timber Cove Negotiating Committee:

We have reviewed the summary of the talking points that were sent to us by Rick Helmonds. We are sure you agree that we listened attentively and respectfully to you during our meeting on Wednesday evening, October 17th.

Upon careful consideration, we have concluded that it would not be reasonable or appropriate to respond to items 9 through 20 in the attached document. We are a private partnership. The requested information is not germane to our discussion of the proposed Rent Stabilization Agreement.

It was curious that Rick asked multiple times how the proposed Rent Stabilization Agreement compares to the San Jose Rent Control Ordinance. We want to make it clear that we will not be using the San Jose Rent Control Ordinance as a guideline for our on-going discussions.

It is puzzling to us why our proposed agreement is being rejected by your committee, since the agreement is virtually the same as the previous agreements, which have been in effect for fifteen years. Please be advised that we continue to believe that the agreement is mutually beneficial to all concerned as it has been over the last fifteen years. Hence, we are not interested in radically changing the agreement.

We believe the Rent Stabilization Agreement as presented is advantageous to all concerned parties. This being the case, we strongly suggest that you and your committee re-present the Rent Stabilization Agreement in its entirety to the Timber Cove Homeowners. We look forward to hearing from you once you have reconsidered the Rent Stabilization Agreement as presented.

In consideration of the above, we look forward to advancing our mutual interests when we meet again on October 30th.

Sincerely,



Jeff Moore
Managing Partner
Brandenburg, Staedler and Moore
408-282-4114

11-26-2018

Dear Jeff, in response to your letter dated 10-23-2018, we were very disappointed to hear that you no longer wish to provide us the information for those Items 9 through 20. In fact, many of those Items are extremely germane to having productive negotiations contrary to your belief. We hope you will reconsider our request.

It was also very concerning in that same letter where you wrote **“It is puzzling to us why our proposal agreement is being rejected by your committee, since the agreement is virtually the same.”** Unfortunately, because of that statement, it has forced us to take more time and look even deeper into this new proposed agreement and past agreements. In our confirmed conclusion it’s not even close to being “virtually the same”

In addition, upon further research of the current and proposed agreements we have come to a better understanding of the financial impact to the Homeowners. Although not Managements fault, if we previously had a better understanding of the financial impacts of the current and past agreements, many of the items in the agreements we would have negotiated differently or requested to be removed all together.

It is extremely important to understand a mobile Homeowner tenant is completely different than a person who would be renting a home or an apartment. An apartment owner lease agreement they cannot pass through property tax increases, insurance increases, and almost every other pass through management is proposing under their agreement. If an apartment owner were to randomly raise their rent the Tenant very simply and with no cost to them, with a 30-day notice move out without any further financial liability. A Timber Cove Mobile Homeowner tenant does not have that luxury or protection. They can’t just simply leave to avoid paying higher rent. They can’t just take their home they own and move it. This would be cost prohibitive not to mention extremely difficult to even find a place to relocate their home. This would obviously be an extreme emotional and financial hardship to all mobile Homeowners. The management fully understands this and the substantial leverage they have over the park Homeowners. The committee along with park Homeowners fully understand management is entitled to a reasonable profit and return on their investment, however the park Homeowners do not want to be taken advantage of because of the leverage the management has over them. It has been said this type of management leverage does not exist in any other form of residential rental residency.

We understand the current agreement will no longer be valid soon and like all new agreements you are not bound by any past agreements. We all have the opportunity to create a new agreement that will be acceptable to both parties for hopefully many years to come. We hope you will be as open minded as we are to resolve our differences. As requested by the City of Campbell, we have listed all the Items that we believe to be substantially different, causing additional financial impact to the Homeowners in your new proposed agreement that do not exist in our current agreement. Although we have pointed out the differences between the current and new proposed agreements, in no way is it meant we would agree to any items previously agreed to unless noted of our acceptance.

We appreciate the proposed Agenda you recently sent us for the December 4th meeting but wish to adjust your agenda to one that we feel will be more productive. Since we are providing you with this letter addressing all our key issues, concerns and some of our recommendations , we feel our time would be better served to start our negotiations beginning in order with Item # 1 Listed below. This will also create more focused discussions based on some of the items mentioned previously on your agenda. We are hopeful there will be mutually agreed upon progress with our negotiations by the end of this meeting. We would then set the time for our next meeting along with follow up items for each party. The committee would then be happy to set up the next agenda and send it to you for your review. We would also still like to at some point address the park concerns which once again seems to have taken a back seat by management.

Lastly, we want to point out the entire Homeowners committee speaks with one voice. We are all aligned together as one with additional support from Homeowners, as well as outside sources more adverse in these types of agreements.

Sincerely,

Keith Hubbard

1. Page 2, Section 2, K: The definition of "Lot" is not in the current document. We have no issue with the definition provided it is not tied into another Management - Timber Cove Document which could now or in the future add additional financial burden to a Homeowner(s) that do not exists currently. We recommend: Language to be added stating this definition is in no way meant to pass through additional costs to Homeowners that currently are not in affect as of December 1st, 2014 with any other Management - Timber Cove documents or agreements existing now or until this agreement expires.

2. Page 3, Section 4: Although previously agreed to in the last agreement, with additional research, consultation, and having a better understanding of the financial impact to the Homeowners the following changes would be recommended below in A & B. *See current agreement page 3. D. as a starting reference point*

A. There is a guaranteed 3% annual increase each year with no Cap on the rent increase amount every year other until the CPI reaches over 4%, from that point forward the Landlord will receive 75% of any CPI increase. History has shown over the last 20 years the CPI has averaged less then 3% per year providing the Management several hundred thousand dollars in excess rent above the actual CPI. During the last Real Estate down turn when the Real Estate market crashed and rents for other commercial and residential properties were lowered or re- negotiated, the Homeowners of Timber Cove continued to have 3% annual increases with no protection from the Real Estate Crash coupled by little to no CPI increase. During this period many Homeowners lost their jobs or were forced to take pay cuts during these difficult times. The Homeowners need to be protected from those excessive rent increases if this were to happen again. We recommend this Tier:

Annual CPI Increase up to 1% rent will increase 1.5% ,
Annual CPI ranges from 1-2% rent will increase 2.5%,
Any CPI Increase above 2%, proposed language would be acceptable except in no event shall any annual increase exceed 5%.

- B. In the past, the then Current Market Rent the Management was requiring when a new home was put on a lot by a dealer was actually lower than what some of the existing Homeowners were paying. We recommend: In no event will any Homeowners rent be higher than the most recent average of the previous 4 new homes placed on a lot by a Dealer adjusted for CPI increases in the event there were less than 4 homes sold in the previous 12 months.
3. Page 3, Section 5 (1)(a): This language has been changed significantly from the current agreement. In the current agreement the pass-through property tax was limited to those amounts above 2% annually. Management substantially changed this to 2% cumulative over the current base year of 2018-2019 property taxes. This represents a significant increase to the Homeowners that did not previously exist. We recommend: Landlord shall be allowed to pass through any property tax increase in excess of 3% annually excluding the exception of sale or transfer as described in Item # 4 below. *See current agreement page 3. E. 1. a. as a starting reference point.*
 4. Page 3, Section 5 (1)(a): After additional research and consultation it was determined that in both the old and new agreement if the Landlord were to sell the property to another Mobile Home park operator, we estimate the Homeowners could be forced to pay up to \$150.00 or more per MONTH because of the property tax Increase. This could potentially force Homeowners to sell their homes and at minimum cause extreme hardship because of the significant additional rent increase. We recommend: Other than normal annual Property Tax Increases, no Property Tax increases will be passed onto the Homeowner due to Sale or Transfer of Landlords Property. *See current agreement page 3. E. 1. a. as a starting reference point.*
 5. Page 4, Section 5 (1)(g): This paragraph has also been substantially changed. The amortization period for the pass-throughs have been changed from 10 years to 5 years. This would double the payment due by the Homeowner for this pass-through. *See current agreement page 4. d.*

6. Page 4, Section 5 (1)(g): This paragraph has also been substantially changed in addition to the last item stated above. Management is now requiring interest to be paid. This will cause additional rent to be paid by the Homeowner that was not in the current agreement. *See current agreement page 4. d. as a starting reference point.*
7. Page 4, Section 5 (1)(g): After additional research and consultation it was noted that amortization periods are typically based on a useful life of an improvement or under general accounting principles. In most cases improvements would be amortized over 10 - 35 years and these guidelines would be recommended in the treatment of any amortization periods in the agreement. *See current agreement page 4. d. as a starting reference point.*
8. Page 4, Section 5 (1)(g): It is our understanding that several other Mobile Home Parks operated by Management have no similar paragraphs for required capital Improvements in their agreement and are not subject to these financial penalties. We recommend deleting (g) in its entirety. *See current agreement page 4. d. as a starting reference point.*
9. Page 5, Section 5 (2): This paragraph has also been substantially changed. The amortization period for the pass-throughs have been changed from 10 years to 5 years. This would double the payment due by the Homeowner for this pass-through compared to the current agreement. After additional research and consultation, it was noted that amortization periods are typically based on a useful life of an improvement or under general accounting principles. In most cases improvements would be amortized over 10 - 35 years and these guidelines would be recommended in the treatment of any amortization periods in the agreement. *See current agreement page 4. 2. as a starting reference point.*
10. Page 5, Section 5 (2): This paragraph has also been substantially changed in addition to the above item stated above, Management is now requiring interest to be paid which was not in the current agreement. This will cause additional rent to be paid by the Homeowner that is not in the current agreement. *See current agreement page 4. 2. as a starting reference point.*

11. Page 5, Section 5 (2): This paragraph has also been substantially changed in addition to the last two items stated above. Management has now included any increase in the insurance premiums can now be a pass through to the Homeowners. This language did not exist in the current agreement and will cause an increase in additional rent to the Homeowners that did not previously exist. *See current agreement page 4. 2. as a starting reference point.*
12. Page 5, Section 5 (2): This paragraph has also been substantially changed in addition to the last three items stated above. Landlord in the new agreement is given the right to reduce or eliminate their insurance all together if premiums increase. This was not in the current agreement and will cause a significant additional rent increase to the Homeowners since the Homeowners are responsible for all costs above the first \$50,000 of damage. *See current agreement page 4. 2. as a starting reference point.*
13. Page 5, Section 5 (2): We recommend this entire paragraph be removed. Management has refused to provide Homeowners with a copy of their insurance coverages including deductibles and coverage amounts as previously requested in writing. It is prudent to eliminate this paragraph since we have no reasonable way of determining the financial exposure to the Homeowners and it could be a financially devastating amount to the Homeowners. *See current agreement page 4. 2. as a starting reference point.*
14. Page 5, Section 6: UTILITIES section was added to the agreement which did not exist before. We are not sure why this needs to be added since there are many years of precedence demonstrating this is additional rent. In concept we have no issue with this change provided it does not cause further potential financial liability to the Homeowners. It should be noted it states the utility rates are set by the PUC and other governmental agencies. We have not been able to confirm it applies in this case, and additional research is required. We do believe Management is buying the utilities at wholesale and reselling them to the Homeowners at a profit. We believe however that as a condition for Management to be allowed to buy the utilities at wholesale and sell them at a profit, the utility companies require Management to be responsible for all the upkeep and maintenance of the utility infrastructure in the Timber Cove Community including any emergency, disaster or major malfunction costs. Management is then taking these expenses for repairs if caused by any emergency, disaster or major malfunction costs and wants to pass

those costs onto the Homeowner for which management was contractually obligated to pay and had received profits to cover these costs . This could be further verified if Management would provide us with their contract(s) as we previously requested in writing.

15. Page 5, Section 7: There has been substantial changes to this section compared to the current agreement. The 1st tier of increase for the base rent that was subject to a rent increase went up by over 24%. The 2nd tier increase went up by over 19%, and the 3rd tier increase went up by over 19% . *See current agreement page 5 the bullet points at the top of the page as a starting reference point.*
16. Page 5, Section 7: Although in previous agreements a tier increase was agreed to, upon additional research it was noted that some of the other Management operated parks were not subject to any Tier increases at all. This is a big concern to the Timber Cove Homeowners. They are first penalized with a rent increase just for replacing their old home with a new home. Then their resale value of their home is reduced because of the rental increase. Other Park Homeowners operated by Management are not having the rent penalty for replacing their old homes or having their resale values lowered because of this rental penalty. We recommend this section be removed in any new agreement
17. Page 6, Section 8 (a): There has been substantial changes to this section compared to the current agreement. In the current agreement if a Homeowner were to replace their older home with a new home, the Management would penalize the Homeowner and increase their rent if they did this within 6 months of residency. The Landlord has now doubled the time to within 1 year. *See current agreement page 5. 5. as a starting reference point.*
18. Page 7, Section 8: Although in the current agreement a rental increase was agreed to, upon additional research it was noted other Homeowners in management operated parks were not subject to any rent increase penalty for replacing their old home. In addition, in those parks because there was no rent increase the Homeowners resale value was not lowered. We recommend this rent penalty be removed in any new agreement.

19. Page 7, Section 8(d): There was no mention of these costs passed throughs to the Homeowners in the current agreement. We kindly request the Management to provide us with a list of those expenses which were previously typically paid by Management which would now be paid by the Homeowner. We can then verify this information with Homeowners in the park who have placed new homes on their lots over the past years.

20. Page 6 of the current agreement, Item K: In the new agreement the HOMEOWNERS Assistance Program was removed from the current agreement. This could have a large impact on some of the Homeowners in the park especially the elderly or those on fixed incomes. We recommend this be placed back into any new agreement and more clearly defined.

Since we are not perfect, if we have mistakenly understood the interpretation of your proposed new agreement based on the items listed above, please let us know.

Brandenburg
Staedler &
Moore

1122 Willow Street, Suite 200 • San Jose, California 95125-3157 • 408 / 279-5200 • FAX 408 / 279-3678

November 30, 2018

Keith Hubbard
11 Timber Cove Drive
Campbell, CA 95008

Dear Keith,

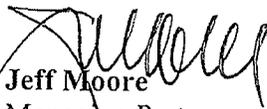
Thank you for providing the detailed identification of items in the Rent Stabilization Agreement that you believe are substantially different from the existing Agreement. Attached is our response to your letter of November 26, 2018 in which you offered a critique of the 2019 Timber Cove Rent Stabilization Agreement.

Realizing that our joint meeting is scheduled for Tuesday, 12/4 @ 7:00 PM, perhaps that does not allow enough time for your committee to adequately review the attached response. Let us know if it would be helpful for your committee to meet independently to review our responses. If that is the case, we would certainly be willing to reschedule our joint meeting to the second week of December.

However, we are certainly willing to convene Tuesday, 12/4 @ 7:00 PM to continue our collective review of the Rent Stabilization Agreement and discuss your identified concerns.

Please let us know your thoughts and the direction in which you would like to proceed.

Sincerely,



Jeff Moore
Managing Partner
Brandenburg, Staedler and Moore
408-282-4114

Response to Timber Cove Homeowners

1. Section 2, K: Lot simply refers to the lot or space that the homeowner is renting from the park. Included in the definition are specifics regarding the area comprising the lot. There is no hidden agenda here.
2. Section 4 A: We do not agree with your revised definition of the rent increase formula. It must be noted that the increase in the CPI is a government-generated index of their best estimate of inflation, or the change in the value of the dollar. No one person or entity is exactly impacted by the change in this index. We experience changes in the cost and types of expenditures that vary each year. We are willing to limit the amount that we that we increase rent in the indicated amount, about which we can live while maintaining the quality of the community that you have learned to expect. Any downward modification to this this formula could negatively impact the financial viability of the company.
Section 4 B. Taking the average rent of the last four homes sold in the previous 12 months is an artificial index of the changes in the market prices for lots of to which new mobile homes will be installed by a dealer. The best way to adjust for the changes in market prices is to determine what the current market for new mobile homes on park spaces and apply a consistent formula for all new mobilehomes. This formula is fair to all concerned.
3. Section 5 (1) (a) The indicated change was to clarify the original intent of the section. 2% above the current property tax assessment is in recognition of the current formula contained in "Proposition 13." Frankly, this formula is most fair, since we refunded the difference between our pre-Proposition 13 and the reduced property taxes. Any increase in property taxes above 2% is a legitimate cost of doing business and must be passed through to the tenants.
4. Section 5 (1) (a) The change in the formula as you propose would substantially decrease the value of the property should it be sold. Currently, we have no desire or plans to sell the park.
5. Section 5 (1) (g) We would be willing to change the amortization to ten years from five as you propose as it appeared in the previous agreement.
6. Section 5 (1) (g) The reasonable interest provision is more than appropriate, since it is commonly found in many contracts.
7. Section 5 (1) (g) We would be willing to change the amortization period to ten years as it appeared in the previous agreement.
8. Section 5 (1) (g) Please note that the provision for government-required capital improvements is an item that we have no control over. This same provision appeared in the previous agreement, and is included in the Long Term Leases that we have in effect in our four communities in Sunnyvale.
9. Section 5 (2) We would be agreeable to change the amortization period to ten years.
10. Section 5 (2) Reasonable interest paid on borrowed money is a common provision in many contracts and is most appropriate in this instance.
11. Section 5 (2): The right to cease contracting for insurance coverage if the price becomes too high has been included in the previous 5 year Rent Stabilization Agreements. Should we wish to continue purchasing insurance, the right to pass on the cost is most appropriate to have insurance.

12. See above.

13. Page 5, Section 2: This paragraph was included in the previous 5 Year Agreements. We do not feel that it is appropriate to include the amounts and types of insurance coverage that we have. You fail to recognize that this is a private company.

14. Page 5, Section 6: Utilities: We only sub meter gas, electricity and water. The PUC sets the rates that we can charge for gas and electricity. Water rates are set by the local water provider. Yes, we do purchase gas and electricity from PG& E at wholesale rates that are governed by the PUC. The "differential" was established to defray the costs of maintaining these systems, which were installed, owned and operated by the park. As a result, we cannot pass on to our tenants the cost of maintaining these systems. We will not provide you with copies of our contracts with PG&E.

15. and 16. Pages 5, Section 7: We have carefully considered the revised amounts of the increases on resale. We believe that they are fair and not in need of modification.

17. and 18. Section 8: We are not bound by the types of actions of other "management operated parks." We strongly contend that we operate the best parks in the area, and perhaps, all of California. We presume that this is the reason that you bought your home in Timber Cove.

19. Section 8 (d): New homes many times are larger and are positioned on the lots in such a way as to occasion the replacement or relocation of utility pedestals or hookups. This is what this refers to.

20. Page 6 (k) of the current agreement. We removed this paragraph, because the program was never used.

TIMBER COVE MOBILEHOME COMMUNITY
 PROPOSED RENT STABILIZATION AGREEMENT
 HOMEOWNERS' "DASHBOARD OF ISSUES"

Category	2014 Language	Proposed Agreement	Suggested Amendment
Base Rent Increases	See Para. 4 rent tiers	Retain same tiers/amounts	CPI increase of 0-1% = 1.5% incr. CPI increase of 1-2% = 2.5% incr. CPI increase above 2% = 3.0% Cap: 5% of CPI
Property Tax P-T	Must exceed 2% annual	Makes 2% "cumulative"	Remove "cumulative"; Add language re: internal entity structure change is exempted
Cap. Improvements	10 year Amortization Period	5 year Amortization	Use published amortization/ depreciation schedule per item
Cap, Improvement			
Pass through Interest	Not included	"including reasonable interest"	Not to exceed Prime + 2% on interest actually incurred upon documentary proof to residents
Cap. Improvements	See para. (d) p. 4	same essentially	New language to differentiate between "capital improvements" which require majority resident vote of approval for something new, and "capital replacement" of an existing thing which does not
Emergency/Disaster	10 year Amortization	5 year Amortization	Use published amortization/ depreciation schedule per item
Emergency/Disaster			
Pass Through Interest	Not included	"including reasonable interest"	Not to exceed Prime +2% on interest actually incurred upon documentary proof to residents
Emergency/Disaster			
Insurance P-T	See. Para 2, p. 4	Insurance can be cancelled based upon cost increases	Delete: "and at costs which are no greater than premiums in effect..."

Category	2014 Language	Proposed Agreement	Suggested Amendment
Emergency/Disaster			
Insurance P-T	See Para. 2, p. 4	See Para. 2, p. 5	Add right of residents to see and review insurance docs.
Emergency/Disaster			
Related Costs	In excess of \$50,000.00	Same	Increase to \$75,000.00 to adjust for inflation
Resale Rent			
Increases	See Para. g, p. 5	Changes tier amounts	Reduce requested tier amounts to same percentage of increase: \$680.00-\$780.00 = 20% \$780.00-\$980.00 = 15% \$980.00+ = 10%
Replacement of Home	No rent increase after 6 months	Reset to "market" within 12 months; resale increases apply thereafter	Delete para. 8 entirely, except for (d) and (e) which stay; but (e) modified to require payment 90 days after the home is actually replaced, rather than on notice to management of intent to do so.
Homeowner Assistance			
Program	See para. K, p. 7	Removed	Retain this paragraph

Cindy McCormick

From: Ryan Jasinsky <ryan@bsm-group.com>
Sent: Monday, January 07, 2019 2:45 PM
To: Keith Hubbard; Jeff Smoker
Cc: GJ Moore; Patricia Davis; Timber Cove; Cindy McCormick; Paul Kermoyan; Rick Helmonds; Luis Matos; Marcel Bulanon; Bruce Stanton
Subject: RE: Timber Cove Meeting January 2019

Good afternoon Keith.

Thank you for responding to our email. My name is Ryan Jasinsky and I am the new Director of Property Management for Brandenburg, Staedler and Moore. I have been following these negotiations closely and am well aware of the current status.

Please note that BS&M and the previous Homeowners Associations have been historically successful in negotiating Rent Stabilization Agreements for every iteration dating back to June 16, 1998 and we would like to see this trend continue. Brandenburg, Staedler and Moore remains highly interested in negotiating the next Rent Stabilization Agreement with the Homeowners Association and we are more than willing to have another meeting with the Board. In order for true progress to begin, we would need to have a clear understanding of the Association's concerns and what changes the group is proposing.

With that history in mind as well as our genuine desire to negotiate the next Rent Stabilization Agreement, I want to express that we are extremely disappointed in the decision by the Timber Cove Homeowners Association to hire Bruce Stanton to represent the Tenants. BS&M and the Homeowners Association have only held one meeting on 10/17/2018, and since that time BS&M has been attempting to organize another to conduct diplomatic conversations, but unfortunately with no success. I want to make it clear that BS&M will not negotiate with Bruce Stanton as we would be required to hire legal representation as well (negating this as a negotiation between BS&M and the Homeowners). In addition, the expense of an attorney diverts funds from other projects within the community.

As you are aware, the current Rent Stabilization Agreement is set to expire on January 31, 2019. We have every intention of meeting with the Homeowners Association again and to work on finalizing the next agreement provided that a lawyer is not present. If the Association is unwilling to meet directly with us to negotiate a new agreement, we must inform you that BS&M is prepared to let the current agreement expire leaving the Tenants without assurances of what the future holds. Again, BS&M and previous Homeowner Associations have been successful in these negotiations in the past and we are hopeful we can reach an agreement soon. Please contact us to let us know the Homeowners Associations intentions as the expiration of this agreement is quickly approaching.

Sincerely,

Ryan Jasinsky

Director of Property Management

Brandenburg Staedler & Moore

Mobilehome Communities of America, Inc.

1122 Willow Street, Suite 200

San Jose, CA 95125

Main: 408-279-5200

Direct: 408-282-4129

Fax: 408-279-3614

E-mail: ryan@bsm-group.com

www.bsmcommunities.com

Section	2014 Agreement	2019 Agreement	Background/Additional Information
Overall Format	Letter sections	Sequentially numbered sections. Expanded sections and content inclusions to provide more detail.	Overall formatting changes to convey a more professional Agreement appearance.
Definitions	Total of 11 terms defined.	Expanded "Definitions" section. Total of 15 terms defined.	Included definition of TC Association and additional explanation of "Base Rent", "Additional Rent" and "Monthly Rent" to provide greater clarity.
Term	5 Years	5 Years	No change
Annual Base Rent Increases	The greater of three percent (3%) or seventy-five percent (75%) of the Price Index.	The greater of three percent (3%) or seventy-five percent (75%) of the annual percentage increase in the price index.	Clarification of price index percentage increase.
Additional Rent	Rent increase pass-throughs based on Government mandated costs or Emergency or Disaster related costs. Ten year amortization period.	Rent increase pass-throughs based on Government mandated costs or Emergency or Disaster related costs. Five year amortization period. Expanded clarification of costs associated with both types of pass-throughs.	Introductory paragraph includes expanded definition and specific increase communication plan compliant with CA Civil Code. We changed the amortization period to coincide with the five (5) year term of the Stabilization Agreement. Note: There is no inclusion of Capital Expenditures pass-throughs as we included in our Sunnyvale 10 Year Long Term Lot Lease Agreement.
Rent Increases on Resale	<p>* If a HOMEOWNER'S Base Rent at the time of sale is \$680.00 to \$856.99, the new purchaser's Base Rent shall be increased by twenty percent (20%)</p> <p>* If a HOMEOWNER'S Base rent at the time of sale is between \$857.00 to \$975.99, the Base Rent shall be increased by fifteen percent (15%).</p> <p>* If a HOMEOWNER' S Base rent at the time of sale is \$976.00 and over. The Base Rent shall be increased by ten percent (10%).</p>	<p>• If a Homeowner's Base Rent at the time of sale is \$680.00 to \$871.99, the new purchaser's Base Rent shall be increased by twenty percent (20%)</p> <p>• If a Homeowner's Base rent at the time of sale is \$872.00 to \$1,077.99, the Base Rent shall be increased by fifteen percent (15%).</p> <p>• If a Homeowner's Base rent at the time of sale is \$1,078.00 and over, the Base Rent shall be increased by ten percent (10%).</p> <p>The Base Rent ranges above shall increase annually on the Annual Base Rent Increase dates provided for in Section 4 of this Lease by the greater of three percent (3%) or seventy-five percent (75%) of the annual percentage increase in the Price Index.</p>	The ranges were adjusted to reflect the annual increases that have been communicated since the 2014 Stabilization Agreement.

Section	2014 Agreement	2019 Agreement	Background/Additional Information
Homeowner Replacement of Mobilehome	Not part of the 2014 Stabilization Agreement	* The Base Rent to the Homeowner upon replacement of the mobilehome within twelve (12) months after the signing of an initial Rental Agreement with Management will be set to current market rate as determined by Management. * A mobilehome replaced between thirteen (13) months and sixty (60) months after the signing of an initial Rental Agreement with Management will be subject to the same increase schedule listed above in Section 7, Rent Increases on Resale. * Any Homeowner who replaces his/her mobilehome beyond sixty (60) months after signing an initial Rental Agreement with Management will be responsible for costs borne by Management as those costs relate to the placement of the new mobilehome. Homeowner will be billed separately for those costs, and they will not appear on the Monthly Rent statement.	With regard to increases in the first year of the initial agreement, we did not want to prevent a tenant from making a personal decision to replace his/her mobilehome at any time during the first year of tenancy. The rent increase in that particular situation would be consistent with the dealer replacement cost identified in Section titled "Rent Increases on Resale." the term "initial" is in reference to the date the homeowner originally signs a lot lease agreement with the Timber Cove Community. This is in recognition of the value we ascribe to long standing homeowners. With regard to increases anytime during 13 months to 5 years of the initial agreement, in consultation with the Company Partners, we believed this was a reasonable increase given the homeowner upgrade to a new mobilehome.
Information to be Supplied by Management	Commitment by Management to provide Homeowner information about: 1) Stabilization Agreement, 2) Base Rent increases, 3) Documentation to support Government mandated or Emergency/Disaster related increases.	Commitment by Management to provide Homeowner information about: 1) Stabilization Agreement, 2) Base Rent increases, 3) Documentation to support Government mandated or Emergency/Disaster related increases.	Clarification of confusing language that was part of the 2014 Agreement
Homeowner Assistance Program	Management agrees to continue offering to the Homeowners a rent deferral program, which is designed to assist any homeowner who meets specific standards for hardship and is unable to pay all or a portion of any increase in rent.	Not included in 2019 Agreement.	This program did not ever exist. Homeowners who need housing assistance are encouraged to contact other charitable organizations.