



# Agenda Report

Meeting Date: 16 APRIL 2001

**TO: HONORABLE MAYOR AND COUNCILMEMBERS**

**FROM: CITY MANAGER**

**By: Darren Hernández, Director of Finance & City Treasurer**

**SUBJECT: Mobile Home Park Debt Service Requirements/Rents**

## RECOMMENDATION:

Authorize resumption of mobile home park rent adjustments of 5% annually per the terms of the current lease agreements with the residents of the mobile home parks; and, authorize staff to waive retroactive increases in mobile home park rents.

## DISCUSSION:

In 1992 the City of La Habra Housing Authority (Authority) issued Certificates of Participation (COPs) in the amount of \$19,180,000 for the purchase of Park La Habra and Viewpark mobile home parks. In 1998, the Authority issued COP's in an amount of \$21,895,000 to refinance the \$19,005,000 outstanding on the 1992 COP's at a lower rate and over a longer period of time. As part of the financial strategy employed to facilitate this purchase, the mobile home parks are "leased" by the City from the Authority pursuant to a lease agreement entered into concurrently with the issuance of the COP's. These lease payments from the City to the Authority are in the same amount as the annual principal and interest payments the Authority must make on the COP's. Unlike other City debt which has annual debt service requirements which are relatively level, the mobile home parks debt service is structured to increase on an annual basis to track with increasing rents.

The revenue and expenses related to the mobile home parks are accounted for in a fund called the Mobile Home Lease Fund. As a "proprietary type" fund, the Mobile Home Lease Fund operates on the same basis of accounting as the Water Fund, Sewer Fund and Refuse Fund. Proprietary funds are intended to be self-supporting and are supposed to function in a manner similar to a private corporation. As such, proprietary type funds are supposed to be assessed by the General Fund for expenses the proprietary operation would incur if it were indeed a private enterprise, such as administrative fees, franchise in-lieu fees and payments in lieu of taxes (PILOT). The Water, Sewer and Refuse funds make such payments; at this time, the Mobile Home Lease Fund does not.

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At the conclusion of the first fiscal year of operation, the Mobile Home Lease Fund had retained earnings of \$1,117,771. This was due almost exclusively to the fact that, because of the way the debt service payments were structured, virtually no debt service payments were required to be made during that period. In the subsequent six fiscal years (FY's 1993 - 94 through 1998 - 99), due to consecutive operating losses, retained earnings dropped to \$33,475. This represented a decrease of \$1,084,296. As a result of the aforementioned refinancing and an increase in occupancy, retained earnings rose by \$9,710 during Fiscal Year 1999 - 00 to \$43,184.

The 1998 COP's are structured such that from FY 00-01 through FY 10-11, annual debt service payments will increase from \$1,306,320 to \$1,599,776. This represents a total increase of \$293,456 or 22.5%. Thereafter, debt service payments will remain relatively level. As such, rental income from the mobile home parks will have to be adjusted to cover the increased debt service payments; otherwise, the General Fund will be required to subsidize the operation of the mobile home parks. Furthermore, capital improvements estimated at \$600,000 are needed in the parks for items such rehabilitating the streets and replacing the waterlines within the two. At this time a repair reserve does not exist.

In the summer of 1996, mobile home rents were capped at \$599 for View Park and \$559 for Park La Habra. A search of City records indicates this cap was not authorized by the City Council; apparently, this cap was imposed by administrative action. Nevertheless, the standard lease agreement in effect for every tenant provides in section 4.3(A)(1) that "starting on the initial anniversary date and every year thereafter, your rent will increase each year on that date by 5%."

To meet required debt service payments, to establish a reserve for capital improvements, and to prevent the necessity of General Fund subsidy, revenue from the mobile home parks will have to be enhanced. As mentioned previously, the standard lease agreement provides for annual rent increases of five percent and, therefore, can be implemented without the requirement of further action. However, given that debt service will grow at a slower rate than five percent, and will level off in Fiscal Year '10-'11, an alternative rent schedule is proposed. In the alternate, rent would increase at the rate of the increase in debt service plus 1%, with a minimum increase of 2%. Under this alternative, in no year will rent increase by 5% and the average increase would be 3.34%. With this smaller increase, the City would still be able to meet its debt service requirements and avoid the need for a General Fund subsidy; however we would not be able to plan for and finance needed capital improvements to the parks. In either case, the lease provision that allows for the rents of vacant lots to be increased to 105% of the highest rent being charged in the park would remain. A schedule of debt service payments and potential rents under either scenario is attached.

On a final note, staff is exploring the marketability of the parks with various reputable firms in the mobile home park business. Preliminary feedback we have received indicates these parks to be valued at no more than \$12 million, which is considerably less than the approximately \$19 million in bond currently outstanding.

#### **FISCAL IMPACT:**

Failure to act on mobile home rents could result in the need for an annual General Fund subsidy of up to \$293,420 and/or result in the deterioration of the infrastructure of the parks.

**ATTACHMENTS:** Mobile Home Lease Fund History  
Schedule of Debt Service Requirements and Rents  
Standard Lease Agreement

Mobile Home Lease Fund  
Revenues, Expenses & Changes in Retained Earnings

	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00
Operating Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$614,400	\$1,750,700
Operating Expenses	68,475	135,420	203,941	161,428	162,505	162,505	140,991	447,122
Operating Income (Loss)	(68,475)	(135,420)	(203,941)	(161,428)	(162,505)	(162,505)	473,409	1,303,578
Nonoperating Revenues (Expenses)	(123,055)	(1,268,923)	(1,266,234)	(1,242,950)	(1,341,102)	(1,429,340)	(1,332,381)	26,051
Income (Loss) Before Operating Transfers	(191,530)	(1,404,343)	(1,470,175)	(1,404,378)	(1,503,607)	(1,591,845)	(858,972)	1,329,629
Operating Transfers In	1,309,301	1,293,506	1,250,497	1,302,907	1,237,018	1,264,739	0	0
(Out)	0	0	0	0	0	0	0	(1,319,920)
Net Income (Loss)	1,117,771	(110,837)	(219,678)	(101,471)	(266,589)	(327,106)	(858,972)	9,709
Retained Earnings Beginning	0	1,117,771	1,006,934	787,256	685,785	419,196	92,090	33,475
Residual Equity Transfer	0	0	0	0	0	0	800,357	0
Retained Earnings (Deficit) Ending	1,117,771	1,006,934	787,256	685,785	419,196	92,090	33,475	43,184

**Schedule of Mobile Home Park Debt Service and Potential Rents**

Payment Date	Principal Component	Interest Component	Aggregate Debt Service	Fiscal Year Total % Increase	Park La Habra Rents		Viewpark Rents	
					5.00% Annual Increase	Alternative Debt Service Plus 1% 2% minimum	5.00% Annual Increase	Alternative Debt Service Plus 1% 2% minimum
15-Feb-99	\$0.00	\$454,987.56	\$454,987.56	\$454,987.56	\$549	\$549	\$599	\$599
15-Aug-99	\$340,000.00	\$493,360.00	\$833,360.00					
15-Feb-00	\$0.00	\$486,560.00	\$486,560.00	\$1,319,920.00	\$549	\$549	\$599	\$599
15-Aug-00	\$340,000.00	\$486,560.00	\$826,560.00	\$1,306,320.00				
15-Feb-01	\$0.00	\$479,760.00	\$479,760.00	-1.03%	\$549	\$549	\$599	\$599
15-Aug-01	\$405,000.00	\$479,760.00	\$884,760.00	\$1,356,420.00				
15-Feb-02	\$0.00	\$471,660.00	\$471,660.00	3.84%	576	\$576	629	\$628
18-Aug-02	\$470,000.00	\$471,660.00	\$941,660.00	\$1,403,920.00				
15-Feb-03	\$0.00	\$462,260.00	\$462,260.00	3.50%	605	\$601	660	\$656
15-Aug-03	\$535,000.00	\$462,260.00	\$997,260.00	\$1,448,820.00				
15-Feb-04	\$0.00	\$451,560.00	\$451,560.00	3.20%	636	\$627	693	\$684
15-Aug-04	\$585,000.00	\$451,560.00	\$1,036,560.00	\$1,476,420.00				
15-Feb-05	\$0.00	\$439,860.00	\$439,860.00	1.90%	667	\$645	728	\$704
15-Aug-05	\$660,000.00	\$439,860.00	\$1,099,860.00	\$1,526,520.00				
15-Feb-06	\$0.00	\$426,660.00	\$426,660.00	3.39%	701	\$673	764	\$735
15-Aug-06	\$715,000.00	\$426,660.00	\$1,141,660.00	\$1,554,020.00				
15-Feb-07	\$0.00	\$412,360.00	\$412,360.00	1.80%	736	\$692	803	\$755
15-Aug-07	\$765,000.00	\$412,360.00	\$1,177,360.00	\$1,574,037.50				
15-Feb-08	\$0.00	\$396,677.50	\$396,677.50	1.29%	772	\$708	843	\$770
15-Aug-08	\$800,000.00	\$396,677.50	\$1,196,677.50	\$1,576,755.00				
15-Feb-09	\$0.00	\$380,077.50	\$380,077.50	0.17%	811	\$722	885	\$786
15-Aug-09	\$845,000.00	\$380,077.50	\$1,225,077.50	\$1,587,198.75				
15-Feb-10	\$0.00	\$362,121.25	\$362,121.25	0.66%	852	\$737	929	\$801
15-Aug-10	\$895,000.00	\$362,121.25	\$1,257,121.25	\$1,599,776.25				
15-Feb-11	\$0.00	\$342,655.00	\$342,655.00	0.79%	894	\$751	976	\$817
15-Aug-11	\$935,000.00	\$342,655.00	\$1,277,655.00	\$1,599,740.00				
15-Feb-12	\$0.00	\$322,085.00	\$322,085.00	0.00%	939	\$766	1,024	\$834
15-Aug-12	\$975,000.00	\$322,085.00	\$1,297,085.00	\$1,597,232.50				
15-Feb-13	\$0.00	\$300,147.50	\$300,147.50	-0.16%	986	\$782	1,076	\$850
15-Aug-13	\$1,020,000.00	\$300,147.50	\$1,320,147.50	\$1,596,835.00				
15-Feb-14	\$0.00	\$276,687.50	\$276,687.50	-0.02%	1,035	\$797	1,130	\$867
15-Aug-14	\$1,065,000.00	\$276,687.50	\$1,341,687.50	\$1,593,613.75				
15-Feb-15	\$0.00	\$251,926.25	\$251,926.25	-0.20%	1,087	\$813	1,186	\$885
15-Aug-15	\$1,115,000.00	\$251,926.25	\$1,366,926.25	\$1,592,650.00				
15-Feb-16	\$0.00	\$225,723.75	\$225,723.75	-0.06%	1,141	\$829	1,245	\$902
15-Aug-16	\$1,165,000.00	\$225,723.75	\$1,390,723.75	\$1,588,778.75				
15-Feb-17	\$0.00	\$198,055.00	\$198,055.00	-0.24%	1,198	\$846	1,308	\$921
15-Aug-17	\$1,220,000.00	\$198,055.00	\$1,418,055.00	\$1,587,135.00				
15-Feb-18	\$0.00	\$169,080.00	\$169,080.00	-0.10%	1,258	\$863	1,373	\$939
15-Aug-18	\$1,280,000.00	\$169,080.00	\$1,449,080.00	\$1,587,440.00				
15-Feb-19	\$0.00	\$138,360.00	\$138,360.00	0.02%	1,321	\$880	1,442	\$958
15-Aug-19	\$1,340,000.00	\$138,360.00	\$1,478,360.00	\$1,584,560.00				
15-Feb-20	\$0.00	\$106,200.00	\$106,200.00	-0.18%	1,387	\$898	1,514	\$977
15-Aug-20	\$1,405,000.00	\$106,200.00	\$1,511,200.00	\$1,583,680.00				
15-Feb-21	\$0.00	\$72,480.00	\$72,480.00	-0.06%	1,457	\$916	1,589	\$996
15-Aug-21	\$1,475,000.00	\$72,480.00	\$1,547,480.00	\$1,584,560.00				
15-Feb-22	\$0.00	\$37,080.00	\$37,080.00	0.06%	1,529	\$934	1,669	\$1,016
15-Aug-22	\$1,545,000.00	\$37,080.00	\$1,582,080.00	\$1,582,080.00				
				-0.16%	1,606	\$953	1,752	\$1,037
TOTAL:	\$21,895,000.00	\$15,368,420.06	\$37,263,420.06	\$37,263,420.25				

## LEASE AGREEMENT

SPACE NO. \_\_\_\_\_

**THIS AGREEMENT** is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_ by and between VIEWPARK MOBILEHOME ESTATES (hereinafter the "Lessor") and

\_\_\_\_\_ and  
(hereinafter the "Lessee").

### 1. EXEMPTION

This rental agreement will be exempt from any ordinance, rule, regulation, or initiative measure adopted by any local government entity which establishes a maximum amount that a landlord may charge a tenant for rent.

### 2. LEASE OF SPACE

Lessor rents to Lessee and Lessee rents from Lessor Space No. \_\_\_\_\_ (hereinafter the "Homesite") in Viewpark Mobilehome Estates located at 1750 West Lambert, La Habra, CA 90631.

### 3. DEFINITIONS

3.1 "Guests" includes all of Lessee's agents, employees, person sharing the Homesite pursuant to the Civil Code Section 798.34 (b), invitees, permittees or licensees or other persons in the Park or on the Homesite at the invitation, requests or tolerance of the Lessee.

3.2 "Park" means Viewpark Mobilehome Estates.

3.3 "Park Facilities" means those areas and facilities of the Park generally open to lessees and their guests.

3.4 "Homesite" means the real property rented to Lessee by Lessor.

3.5 "Lessor" means that lawful entity and its directors, agents, representatives of officers, park manager, and officials empowered to lease the spaces within the park to qualified tenants who will occupy spaces within said park.

3.6 "Mobilehome residency Law" means those provisions of the California Civil Code Sections 798 through 799.7 which are known as the "Mobilehome Residency Law."

3.7 "Lessor's Approval" or "Approval of Lessor," "Lessor's Consent" or "Consent of Lessor" or similar terms as used in this Agreement or in other documents referred to in this Agreement, means that the Lessor's prior written approval must have been obtained by Lessee. If Lessor's prior written approval is required, Lessee shall submit a written request to Lessor which describes the action Lessee proposes to take and requests Lessor to give prior written approval, before Lessee commences any such action requiring Lessor's approval. Lessor shall respond to Lessee no later than 2 weeks from said written request.

3.8 "Management: means the owner of a mobile home park or an agent or representative authorized to act on his behalf in connection with matters relating to a tenancy in the park.

3.9 "Homeowner" is a person who has a tenancy in a mobile home park under a rental agreement.

3.10 "Resident" is a homeowner or other person who lawfully occupies a mobile home.

3.11 "Anniversary Date: means the first of \_\_\_\_\_ of each year.

3.12 These definitions set forth in subparagraphs 3.1 through 3.11 shall apply unless the context indicates that a different meaning is intended.

#### 4. TERM

4.1 The tenancy created under this Agreement shall be for a period of ten years commencing on \_\_\_\_\_ and ending on \_\_\_\_\_, unless sooner terminated in accordance with terms of this Agreement.

4.2 Homeowner acknowledges that:

A. Owner has offered Homeowner the options of: a month-to-month rental Agreement, a rental Agreement having a term of twelve (12) months, or a rental Agreement of having a term which is longer than a month-to-month tenancy but less than twelve (12) months.

B. Homeowner may elect to accept any one of the three (3) options set forth in subparagraph A above, and that this election is solely at Homeowner's option.

C. Even though Homeowner has the three (3) options set forth in subparagraph A above, Homeowner has voluntarily elected the term of tenancy set forth in 4.1

D. Except for the provisions relating the extensions and renewals, the term, conditions and rental charges during the first twelve (12) months of this Agreement are the same as those offered in the rental agreements set forth in subparagraph A above.

E. After submitting this Agreement to Homeowner, Owner has given Homeowner Thirty (30) days to accept or reject this Agreement.

F. Within seventy-two (72) hours after executing this Agreement, Homeowner may cancel this Agreement by delivering to Management a written statement stating Homeowner's election to cancel this Agreement.

\_\_\_\_\_  
Homeowner's Initial

## 5. RENT

5.1 Homeowner shall pay as rent to the Owner, without deduction or offset, on the first day of each month:

A. The Base Rent (as it may be adjusted as specified in paragraph 5.2 below.

B. All utilities charges billed to Resident by Owner during each month. (Please note: Utility rates for utilities billed to Resident by Owner are set by the Public Utilities Commission and other governmental agencies. Therefore, charges for these utilities may be increased at any time in accordance with the rates established by these other parties and no advance notice of increase in these rates will be given to Resident by Owner).

### 5.2 Base Rent

The base rent shall be \_\_\_\_\_ Dollars (\$\_\_\_\_\_) per month and shall remain in effect for the entire term of this Agreement and shall be subject to any adjustments made to the base rent pursuant to paragraph 5.3 below. This base rent shall remain in effect until "the anniversary date" following the commencement date of said Lease.

### 5.3 Adjustments to Rent (Additional Rents for Certain Lessor Costs).

#### A. Adjustments to Rent.

1. Cost of Living Adjustment: Starting on the initial anniversary date and every year thereafter, your rent will increase each year on that date by 5%. Your rent may also increase or decrease each year on that date by the "pass throughs" in

paragraph 2 below. All of these pass-throughs are part of your rent and are only referred to as "pass-throughs" as a convenient way of identifying them in this Lease. However, the 5% rent increase referred to herein shall not apply to any such "pass-through."

2. Pass-throughs: Starting on the initial anniversary date and on each subsequent rent increase anniversary date, the then monthly rent shall also increase or decrease by the pass-throughs noted below. All of these pass-throughs are part of your rent and are only referred to as "pass-throughs" as a convenient way of identifying them in this Lease.

B. Increase in Property Taxes. Lessor retains the option to increase the base monthly rent, upon ninety (90) day notice to lessee, for increased costs to lessor for property taxes and assessments. The increase to the base monthly rent shall equal the amount of Lessor's property tax that is in excess of two percent (2%) over those property taxes paid by Lessor during the twelve (12) month period immediately preceding the month in which the notice is given divided by twelve (12) and prorated among the number of spaces in the Park. The term property taxes are all general and special real estate taxes, personal property taxes, bonds, fees, charges and surcharges and assessments, including any taxes, assessments or charges on off-site or on-site improvements or in lieu of real property taxes. Property taxes also include any tax or excise on rents or any such other tax however described which is levied or assessed against Owner as a direct substitution in whole or in part for any real property taxes. (Off-site assessments refers only to those charges that the City of La Habra might from time to time levy to Lessor for improvements or issues occurring in Viewpark Mobilehome Estates.)

C. Governmental required Services. Lessor retains the option upon, ninety (90) days' notice to Lessee, to increase the base monthly rent then in effect for increased costs to Lessor for governmental required services over the twelve (12) month period immediately preceding the month in which the notice is given. The amount of the increase to the base rent shall equal the increased cost to lessor for the governmental required services, divided by twelve (12) and prorated over the number of spaces in the park. Governmental required services are defined as any existing or new, additional or changed services which the Lessor is required by Government to provide, does provide to the residents or to the common areas of the Park and includes, without limitation, fees, bonds, assessments, charges or other costs and expenses for water, sewer, and utilities provided by Lessor.

D. Increases in Liability Insurance. Lessor retains the option to increase the base monthly rent, upon ninety (90) days' notice to lessee, for increased costs to Lessor for the Park's liability insurance. These increased costs will be computed by the month immediately preceding the month in which the current rent increase notice is given to Resident and comparing the premiums to the premiums paid during the prior twelve (12) month period. If the amount of the premiums paid has increased, the amount of

that increase is divided by twelve (12) and prorated among the number of spaces in the Park. Lessor shall submit premium quotation and/or notices for any rate increases to the Park's Advisory Committee at their request.

E. Capital Expenditures. Lessor retains the option to increase the base rent, upon ninety (90) days' notice to Lessee, for increased costs to lessor for the capital expenditures in the Park. Capital expenditures are defined in two (2) categories for clarity's sake. "Capital Replacement" refers to replacement of any existing component or item in the park. "Capital Improvement" refers to any component or item which is new and not before existing in the Park.

Improvements and Replacements must be estimated as useful for at least one (1) year. Repairs deductible under IRS rules are not included under any circumstances. Capital improvements and replacements must be approved by 50% plus 1 vote of resident (one vote per space).

(1) Example of Capital Replacement: A roof to replace the old roof on the existing clubhouse; a replacement pump and filter for the swimming pool, not to be construed as upgrading but to be of comparative quality, workmanship, and materials, or upgraded as necessary to comply with the law. Lessor shall exercise reasonableness when determining an improvement is in need of replacement.

(2) Examples of Capital Improvements: Construction of a new swimming pool when none existed before; adding new landscaping where none existed before; installing air conditioning in clubhouse where none existed before.

(3) Capital Replacement and Capital Improvement Pass-Through: The "cost" of capital improvements and replacements shall consist of the actual cost of the capital investment plus all interest, points and other costs and charges relating to the borrowing of any sums by Owner to make the capital improvements. The amortization period for capital expenditures shall be five (5) years. Any capital improvements that may be passed through for any one (1) item shall be subject to a majority vote of residents (only one vote (1) for each space) except those capital improvement costs mandated by or resulting from either: a governmental or quasi-governmental entity or agency; a utility company or other entity providing natural gas, electricity, water, sewer, trash, telephone or similar service; or fire, flood, earthquake or other similar casualty loss or natural disaster. Once the "cost" of a particular capital expenditure has been completely recovered from residents by payment of increased rents, the amount added to the rent for that capital improvement will be eliminated from the rent.

F. Operating Expenses. Lessor retains the option to increase the monthly space rent for increased costs to Lessor for the ordinary and necessary operating expenses associated with the day-to-day operation of the mobilehome park.

G. Increase In Monthly Rent Upon Assignment or Transfer of This Lease. Upon the sale/transfer of your mobilehome or assignment of your right to occupy your Space, the rent we are then charging will increase to an amount not to exceed the then highest rent being charged for any space in the Park, if such sale/transfer or assignment shall occur within the first three-year term of this agreement. Thereafter, the rent will be increased upon a sale/transfer or assignment to the rent we are then charging which will increase to an amount not to exceed the then highest rent being charged for any space in the park, multiplied by an additional 5%. We may, but are not obligated to, in our sole discretion, charge the full amount of this rent increase in some cases and less than the full amount in other cases. The decision to charge some or all of this rent increase will not affect the terms of this Agreement or our right to charge the full amount of this increase to your buyer/transferee/assignee. The rent increases (including pass-throughs) in paragraph 3 and elsewhere in this Agreement will also continue to apply to the rent the new resident pays.

5.4 All rents payable hereunder shall be paid by check or money order. If the rent is not paid by the fifth of the month, a late charge of Twenty Dollars (\$20.00) shall be charged to cover owner's cost for additional accounting and collection expense. Additionally, a handling charge of Twenty Dollars (\$20.00) shall be required for all checks returned by the bank due to insufficient funds in the resident's account or for any other reason. The acceptance by Owner of any late payment shall not constitute a waiver or any breach of any term or provision of this Agreement, or any rule, regulation, term, or provision contained in any document referred to in this Agreement.

## 6. UTILITIES

6.1 Lessor shall provide and separately bill to lessee the following utilities and service: \_\_\_\_\_

6.2 Lessee shall contract with and pay directly for all other utilities as required by Lessee. Lessor shall not be liable for any loss or injury, and lessee shall not be entitled to any abatement or reductions of rent by reason of Lessor's failure to furnish any of the foregoing utilities when failure is caused by accident, breakage, repairs, strikes, or other labor disputes or by any other cause, similar or dissimilar, beyond the reasonable control of Lessor. (Please Note: The provisions of the paragraph entitled "INDEMNIFICATION," herein below, of this Agreement apply to this Paragraph). Lessee shall not connect, except through existing electrical or natural gas outlets or water pipes on the Home site, any apparatus or device for the purposes of using electric current, natural gas or water.

## **7. TAXES**

Lessee shall pay directly to the assessing body or party, when due, all municipal, county, state, and federal property taxes on lessee's mobilehome and other property owned by Lessee, and other taxes (except for Lessor's "property taxes" and Lessor's income taxes and franchise taxes) levied upon the Premises, Lessee or Lessor in connection with the use and occupancy of the Premises by Lessee. This includes property taxes on accessory equipment and structures (including, but not limited to, awning, skirting, storage sheds, steps and porches) and other improvements made or installed by Lessee, former residents or by persons other than Lessor.

## **8. SECURING DEPOSIT**

All new Lessees moving into the Park; shall be required, upon execution of this Agreement, to deposit -0- dollars (\$0) as a security deposit for the performance by Lessee of the provisions of this Agreement.

## **9 INSPECTION OF HOMESITE AND PARK**

By signing this Agreement, Lessee acknowledges that Lessee has carefully inspected the Homesite to be leased and all the Park's facilities has found them to be in good and sanitary order, condition and repair as represented by park to Resident, either orally or in writing and to the extent that they are not exactly as represented, either orally or in writing, agrees to accept them as they are.

## **10. RENTING, SUBLETTING OR ASSIGNMENT**

10.1 Lessee agrees that he or she shall not sublet, rent or assign the Homesite to any person.

## **11. HOLDING OVER TENANCY**

If Lessee remains in possession of the homesite after the expiration of the term of this Agreement and has not executed a new occupancy agreement with respect to the Homesite, said possession by Lessee shall be deemed a month-to-month tenancy, subject to, upon ninety (90) days' written notice, an increase in the rental rate and other charges of the Park charged to the Lessee who is holding over.

## **12. RESPONSIBILITY OF THE PARK**

12.1 It is the responsibility of the management to provide and maintain the physical improvements in the common facilities of the park in good working order and condition. Lessor shall provide all the physical improvements and services which are now in existence in the park and provided to Lessees or which may be added at a later date.

These physical improvements include the non-exclusive use of all of the common areas and common facilities of the Park which includes, without limitation, all streets, non restricted parking areas, all recreational facilities and equipment, pool, lawns, laundry facilities and all other facilities, equipment and conveniences located in the common areas and common facilities for the use of Lessees. These services include the services provided by the Lessor and other persons employed by the Park and the utilities specified in this Agreement. (Please note: Furniture, equipment and other items of personal property located in the common facilities which belong to Lessees or Lessee's clubs, associations or other organizations or services provided by Lessees or such organizations, are not the responsibility of the Park to provide or maintain). The Lessor agrees that in the event of any sudden or unforeseeable breakdown or deterioration of the Park's physical improvements in its common facilities, Lessor shall have a reasonable period of time (as defined herein) to repair the sudden or unforeseeable breakdown or deterioration and bring the improvement into good working order after Lessor has notice, or should have notice, of such breakdown or deterioration. A "reasonable period of time" for purposes of this paragraph shall be: as soon as possible in cases affecting a health or safety condition, and in any other case, shall not exceed thirty (30) days from receipt of notice (as described above) by the Lessor of such sudden or unforeseeable breakdown or deterioration, unless exigent circumstances justify a further delay.

The Management reserves the right to charge a reasonable fee for services relating to the maintenance of the land and premises upon which a mobile home is situated in the event the homeowner fails to maintain such land or premises in accordance with the Rules and regulations of the park after written notification to the homeowner and the failure of the homeowner to comply within 14 days.

12.2 The Park may, upon giving of lawful notice, amend, add or modify any of the services and facilities provided.

### **13. MODIFICATION OF RESIDENCY DOCUMENTS**

Except for the term of this Agreement and the amount of rent to be charged, each provision of this Agreement shall be deemed to be a Rule and Regulation as well, and may be amended, modified, or otherwise changed and enforced either as a rule and Regulation under the Mobilehome Residency Law, or otherwise pursuant to applicable law. Whether such amendment, modification other change or enforcement of this Agreement shall be as a Rule & Regulation under the Mobilehome Residency Law or pursuant to other applicable law, shall be within the sole discretion of Lessor.

### **14. GUESTS**

14.1 For Guests who stay more than a total of twenty (20) consecutive days or a total of thirty (30) days in a calendar year, such Guest must register with the

Lessor. Any guest who exceeds the above-stated length of stay must be approved by Lessor and execute all other residency documents before any additional person, other than the ones listed on the last page of this Agreement, shall be permitted to become a Lessee of the Park or reside with the Lessee for a period greater than the grace period.

14.2 A Lessee who is living alone and wishes to share his or her mobilehome with one (1) person may do so, and a fee shall not be imposed by Lessor for such additional person. Such person shall comply with and be bound by the Rules and Regulations of the Park. See California Civil Code Section 798.24 (b). Such persons shall register with the Lessor.

## 15. INCORPORATED DOCUMENTS

The California Civil Code provisions known as the "Mobile Home Residency Law" as may be amended, are attached hereto and marked Exhibit "B" and incorporated herein by this reference.

The Park's Rules and Regulations, as they may be amended, modified, or otherwise changed from time to time as permitted by the terms of this agreement or by law, is attached hereto and marked exhibit "C" and incorporated herein by this reference.

Lessee acknowledges receipt of a copy of the California Code Provisions known as the "Mobile Home Residency Law" and the Park's Rules and Regulations.

## 16. USE OF MOBILEHOME AND PARK

16.1 The Mobilehome and Homesite shall be used only for private residential purposes and no business or commercial activity of any nature shall be conducted thereon. This prohibition applies to any commercial or business activity, including, but not limited to, the following:

A. Any activity requiring the issuance of a business license or permit by any governmental agency.

B. The leasing, subleasing, sale or exchange of mobilehomes.

16.2 Lessee shall not abandon, as defined in Sec. 798.61 of the California Civil Code, the Homesite at any time during the term of this Agreement, its renewal or any holdover period.

16.3 At all times at least one of the persons listed on the last page of this Agreement as a Lessee must reside in the coach and be a "legal" or "registered" owner of the mobilehome which occupies the Homesite.

## 17. COMPLIANCE WITH LAW AND RULES

Lessee agrees to abide by and conform with, all applicable laws and ordinances, all terms and conditions of this Agreement, the Rules and Regulations, all rules, regulations, terms and provisions contained in any document referred to in this Agreement, and said rules, regulations, terms and provisions as may, from time to time, be amended, modified or otherwise changed by Lessor as permitted by the terms of this Agreement. Any violation of the Rules and Regulations shall be deemed a public nuisance. Any substantial violation of the Rules and Regulations shall be deemed a public nuisance and lessor shall be entitled to any other remedy permissible by law including, but not limited to, restraining lessee from continuing to breach any

such Rules and Regulations, term or condition to exist or continue to exist. The remedy provided by this section is nonexclusive and nothing in this section shall be construed to preclude or limit any rights the management of a mobile home park may have to terminate a tenancy.

#### **18. LESSOR'S OPTION TO MAINTAIN HOMESITE**

In the event a Lessee fails to maintain his or her Homesite as provided in the Rules and Regulations, the Lessor may, upon giving written notice to the Lessee, perform the required maintenance and charge Lessee a reasonable fee for said maintenance. The written notice shall state the specific condition to be corrected contained in such notice shall be a statement that Lessor will perform the maintenance if Lessee doesn't perform such within fourteen (14) days of the notice and will provide an estimate of the charges to be imposed.

#### **19. WAIVER OF DEFAULT**

No delay or omission in the exercise of any right or remedy of Lessor on any default by Lessee shall impair any such right or remedy or be construed as a waiver. No waiver by Lessor or Lessor's right to enforce any provision hereof after any default on the part of Lessee shall be effective unless made in writing and signed by Lessor nor shall it be deemed a waiver of Lessor's right to enforce each and all of the provisions hereof upon any further or other default on the part of the Lessee. The acceptance of rent hereunder shall not be, or become construed to be, a waiver of any breach of any term or provision of this Agreement or any rule, regulation, term or provision contained in any document referred to in this Agreement, nor shall it reinstate, continue or extend the term of this Agreement or affect any notice, demand or suite hereunder.

#### **20. TERMINATION OF TENANCY BY LESSOR**

20.1 This Agreement, at the sole option of the Lessor, may be declared forfeited and/or the tenancy may be terminated and/or Lessee's right to renew his or her tenancy may be denied in accordance with the provision of the Mobilehome Residency Law and other applicable law. Any such rights granted to Lessor due to any amendments, deletions or modifications of the Mobilehome Residency Law and other applicable law may be enforced by Lessor. The issuance of termination of tenancy notice shall be considered an election to forfeit the tenancy within the meaning of this Agreement.

20.2 If Lessee remains in possession after his tenancy has been terminated, Lessee shall pay to Lessor an amount equal to the rental charges Lessee was paying to Lessor at the time Lessee's tenancy was terminated. Acceptance of any money by the Lessor pursuant to this provision shall not be construed as a reinstatement of Lessee's tenancy.

## 21. TRANSFER OF LESSOR'S INTEREST

In the event Lessor transfers it's interest in the Park, Lessor shall be automatically relieved of any obligations hereunder which occur after the date of such transfer, provided such obligations are assumed in writing by the transferee.

## 22. TERMINATION BY LESSEE

The Lessees occupying the Homesite may elect to terminate this Agreement on sixty (60) day's written notice to such effect to Lessor if one of the following occurs:

22.1 All persons occupying the Homesite rented to Lessees by this Agreement terminate their tenancy as to said Homesite and remove their Mobilehome from the Park. In such event, the Homesite shall revert to Lessor's control and Lessor may lease or rent the Homesite to any party on any terms he chooses.

22.2 All persons occupying the Homesite rented to Lessees by this Agreement terminate their tenancy as to said Homesite and sell their Mobilehome to another party who has been approved by Lessor for tenancy in the Park in accordance with the terms set forth in the paragraph entitled "APPROVAL OF PURCHASER AND SUBSEQUENT RESIDENTS." In such event, this Agreement may, at Lessor's option be assigned or transferred to the other party in accordance with all the other terms of this Agreement.

## 23 APPROVAL OF PURCHASER AND SUBSEQUENT RESIDENTS

23.1 Lessee may sell his Mobilehome at any time pursuant to the rights and obligations of Lessee and Lessor under the Mobilehome Residency Law and other applicable law. Any additional rights granted to Lessee or to Lessor due to amendments, deletions, or modifications of the Mobilehome Residency Law and other applicable law may be enforced by Lessor or by Lessee. Lessee must, however, immediately notify the Lessor in writing of Lessee's intent to sell his/her Mobilehome. If the prospective buyer of the Mobilehome intends for the Mobilehome to remain in the Park, said buyer must do the following before occupying the Mobilehome: (1) complete an application for tenancy; (2) be accepted by the Park Owner; (3) execute a rental agreement or other agreements and/or for the occupancy of the Homesite; (4) execute and deliver to the Lessor a copy of the Park's then effective Park Rules and Regulations and other residency documents. IF THE PURCHASER FAILS TO EXECUTE THE PARK'S LEASE AGREEMENT; HE SHALL HAVE NO RIGHTS OF TENANCY. The rental agreement, Rules and Regulations and other residency documents signed by the new Lessee may be different in their terms and provisions than this Agreement, the Rules and Regulations, and other residency documents now in effect.

23.2 Notwithstanding anything contained herein to the contrary, Lessor may, in order to upgrade the quality of the Park, require the removal of the Mobilehome from the Homesite upon its sale to a third party, in accordance with the provision of the Mobilehome Residency Law and other applicable law. Any such rights granted either party due to amendments, deletions, or modifications of the Mobilehome Residency Law and other applicable law may be enforced by either party at their option.

#### 24. OCCUPANCY QUESTIONNAIRE

Lessees shall complete, sign and provide to Lessor, on three (3) days' written notice, an Occupancy Questionnaire. Such executed Questionnaire shall contain the following:

- A. The names of all occupants of the space;
- B. Nature of occupancy, i.e., guest, resident, shared tenancy under California Civil Code Section 798.35 (b), family member;
- C. The legal and registered owner of the Mobilehome;
- D. Name and address of all lien holders of the Mobilehome; and
- E. A copy of the registration card issued by the Department of Housing and Community Development for the Mobilehome occupying the Homesite, as obtainable through the State of California.

#### 25. EXTENSION OR RENEWAL

25.1 Lessor, at lessor's sole and exclusive option, may elect to offer lessee an option to renew this agreement within \_\_\_\_\_ days from the expiration of this agreement, but both parties agree that the terms and conditions, including but not limited to, the base rent, may be adjusted to correspond to the market conditions at the time of renewal.

25.2 Unless Lessee has extended the term of this Agreement in accordance with 25.1 above Lessor at Lessor's sole and exclusive option, may elect to offer Lessee an option to renew this agreement, but both parties agree that the terms and conditions, including but not limited to the Base Rent, may be adjusted to correspond to the market conditions at the time of renewal.

#### 26. LIENS AND CLAIMS

26.1 Prohibition Against - Lessee shall not suffer or permit to be enforced against Lessor's title to the Park, or any part thereof, any lien, claim or demand arising

from any work or construction, repair, restoration or maintenance of the Homesite or Mobilehome.

26.2 Removal of Liens by Lessee - Should any lien, demand or claim be filed, Lessee shall cause it to be immediately removed. In the event Lessee, in good faith, desired to contest such lien, demand or claim, he may do so, but in such case Lessee agrees to and shall indemnify and save Lessor harmless from any and all liability for damages resulting therefrom and agrees to and shall, in the event of a judgment of foreclosure on said lien, cause the same to be satisfied, discharged and removed prior to execution of the judgment.

26.3 Removal of Liens by Lessor - Should Lessee fail to discharge any such lien or furnish bond against the foreclosure thereof, Lessor may, but shall not be obligated to, discharge the same or take such other action as it deems necessary to prevent a judgment of foreclosure on said lien from being executed against the property, and all costs and expenses, including, but not limited to, reasonable attorneys' fees and court costs incurred by Lessor in connection therewith, shall be repaid by Lessee to Lessor on written demand.

## 27. INDEMNIFICATION

27.1 PLEASE NOTE: Nothing contained in the following paragraph or elsewhere in this Agreement, the Rules and Regulations or other residency documents of the Park, shall have the effect of any agreement by lessee to release, indemnify and hold harmless the Lessor, Park or any other person for the negligent or willful acts or omissions of the Lessor, the Park or any other person or from a breach by the Lessor, the Park or any other person of this Agreement or the breach of any other duty owed by the Lessor, the Park or any other person to Lessee or to any other person.

27.2 Lessor and Park shall not be liable for any loss, damage or injury of any kind whatsoever to the person or property of any Lessee or to any of the employees, guests, invitees, permittees, or licensees of any Lessee, or to any other person whomsoever, caused by any use of the Park or Homesite, caused by any defect in improvements erected thereon, or arising from any accidents in the Park or Homesite, arising from any fire or other casualties thereon, or arising from any cause whatsoever, unless resulting from circumstances described in the subparagraph above. As a material part of the consideration of this Agreement, Lessee hereby waives all claims and demands against Lessor and the Park, and hereby agrees to indemnify and hold Lessor and the Park free and harmless from liability for all claims and demands for any such loss, damage or injury, together with all costs and expenses arising therefrom or in connection therewith, unless resulting from the circumstances described in the subparagraph above.

## 28. INSURANCE

Lessor does not carry public liability or property damage insurance to compensate Lessee, Lessee's guest or any other person from any loss, damage, or injury except those resulting from actions where Lessor would be legally liable for such loss, damage or injury. Lessee is responsible for obtaining, at Lessee's own cost, extended coverage for homeowners, fire and other casualty insurance on the Mobilehome, other improvements and contents to the full insurable value and such other insurance as is necessary to protect Lessee, Lessee's guest or other from loss or liability.

## 29. NOTICES

All notices required or permitted under this Agreement must be in writing and may be served upon Lessor or Lessee by any means then permitted by law. Lessee understands that any notice of lessor terminating lessee's tenancy must be given to lessee in writing in accordance with the applicable provisions of the Mobile Home Residency Law and if such provisions of the Mobile Home Residency Law are not applicable, then in the manner described by Section 1512 of the California Code of Civil Procedure. The service of any other notice of amendments to the Park's Rules and Regulations/Standards for maintenance of Physical Improvements in the Park/Additions, Alterations or Deletions of Services, Equipment, or Physical Improvements; notices relating to other matters in Articles 1 through 5, inclusive, and Article 7 of the California Civil Code may be made by delivering personally to the Lessee at his address in the Park by First Class United States mail, postage prepaid. Any such notice served upon Lessee in this manner shall be deemed served five (5) days after its mailing.

## 30. ABANDONMENT

During the term of this Agreement or any period of holding over, Lessee shall not abandon the Homesite or the Mobilehome located thereon. In the event Lessee does abandon either the Homesite or his or her Mobilehome, such action shall be deemed as Lessee's election to terminate this Agreement and Lessor shall have the rights afforded to it under California law to dispose of Lessee's Mobilehome and personal property located on the Homesite and within the Park.

## 31. FIXTURES

All landscaping and structures or other improvements permanently attached to or embedded in the ground shall become a part of the realty upon their installation and belong to Lessor. Upon Lessee's vacating the Homesite, such improvements shall remain upon and be surrendered with the Homesite. Lessor may however at its sole option, permit or require Lessee to remove, at his own expense, said improvements. Lessee shall repair any damage to the Homesite caused by the removal, including, but

not limited to filling and leveling of holes and depressions and shall leave the Homesite in a neat and uncluttered condition with the Park's original engineered grade intact.

### **32 EMINENT DOMAIN**

If the entire Park, or a portion thereof so that in the Park's sole opinion the balance remaining is not suitable for a Mobilehome park, is taken under the power of eminent domain, or is sold to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, then this Agreement shall automatically terminate as of the date of the condemning authority takes possession. Any award for any taking all, or any part of the park under the power of eminent domain shall be the property of Park, whether such award shall be made as compensation for diminution in value of the leasehold or for taking of the fee. Nothing contained herein, however, shall be deemed to preclude Lessee from obtaining, or to give Park any interest in, any award of Lessee's, for loss of or damage to Lessee's removable personal property or any relocation benefits that the homeowner may be entitled to under the Government Code.

### **33. ENTIRE AGREEMENT**

This Agreement and the documents referred to herein constitutes the entire Agreement between Lessee and Lessor pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations and understandings of the parties, whether written or oral.

### **34. ATTORNEYS' FEES AND COSTS**

If any action arises out of Lessee's tenancy, this Agreement, or the provision of the Mobilehome Residency Law, the prevailing party shall be entitled to reasonable attorneys' fees and costs. A party shall be deemed the prevailing party if judgment is rendered in his favor or where the litigation is dismissed in his favor prior to or during trial, unless the parties otherwise agree in the settlement of compromise.

### **35. HEADINGS**

The title of the paragraphs and subparagraphs contained herein are inserted solely for convenience and under no circumstances are they or any of them treated or construed as any part of this Agreement.

### **36. TIME OF ESSENCE**

Time is of the essence with respect to the performance of every provision of this Agreement in which time is a factor.

### 37. INVALIDITY OF PROVISION

37.1 Certain terms and provisions of this Agreement and other documents referred to in this Agreement refer to, restate or summarize provisions of the Mobilehome residency Law and other applicable laws.

37.2 In every instance it is intended that these references, restatements and summaries will accurately reflect the law and correctly set forth Lessees and Lessor's rights, liabilities, duties and obligations to one another and to other persons. The same is true of all of the other provisions of this Agreement and the other documents used by the Park. If any of the provisions of this Agreement or the other documents used by the Park fail in any way to meet the above criteria, then it is unintentional and all such provisions shall be deemed to be automatically revised to correctly reflect the Lessor's and Lessee's rights, liabilities, duties and obligations under the provisions of the Mobilehome Residency Law and all other applicable laws. Lessee agrees to promptly notify Lessor in writing of any instance where Lessee believes that any of the provisions of this Agreement or the other documents used by the Park fail to meet the above criteria.

37.3 If any term or provision of this Agreement or any document referred to in this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder to this Agreement or the other document or the application of such term or provision to person or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement or the other documents shall be valid and be enforced to the fullest extent permitted by law.

### 38. CHOICE OF LAW

This Agreement and all documents referred to in this Agreement shall be construed and enforced in accordance with the laws of the State of California

### 39. ARBITRATION AND DISPUTE RESOLUTION:

39.1 AN DISPUTE SHALL BE SUBMITTED TO ARBITRATION UNDER CODE OF CIVIL PROCEDURE SECTION 1280 ET SEQ.

39.2 THE ONLY EXCEPTIONS ARE: (a) FAILURE TO PAY RENT OR OTHER CHARGES; (b) FORCIBLE DETAINER; (c) INJUNCTIVE RELIEF; (d) FEES UNDER CIVIL CODE SEC. 798.36; (e) CHANGE OF THE USE; OR (f) TO PRESERVE THE EQUITABLE RIGHTS. ALL OTHER DISPUTES, EXCEPTING THE FOREGOING EXCEPTIONS SHALL BE ARBITRATED.

39.3 ARBITRATION MUST BE COMMENCED BY SERVICE UPON THE OTHER AND THE JUDICIAL ARBITRATION AND MEDIATION SERVICE, INC.

("JAMS") OF A WRITTEN DEMAND OR NOTICE OF INTENTION TO ARBITRATE. IF THE DISPUTE IS NOT RESOLVED TO EACH PARTIES' SATISFACTION WITHIN NINETY (90) DAYS, THE DISPUTE SHALL BE RESOLVED BY BINDING ARBITRATION. A DEFAULT AND AWARD MUST BE ENTERED WITHOUT PRIOR COURT ORDER COMPELLING ARBITRATION UPON FAILURE OR REFUSAL TO ARBITRATE OR TO PAY HALF THE REQUIRED FEE WHEN DEMAND IS MADE BY JAMS.

39.4 JAMS SHALL NAME 5 NEUTRAL ARBITRATORS, FROM WHICH THE PARTIES SHALL SELECT THE ARBITRATOR; OTHERWISE JAMS SHALL SELECT. ARBITRATION SHALL COMMENCE WITHIN ONE HUNDRED TWENTY (120) DAYS FROM THE DATE APPOINTED.

39.5 CIVIL DISCOVERY RULES TO PROVIDE FULL AND COMPLETE DISCOVERY SHALL BE PERMITTED. THE ARBITRATOR'S DECISION SHALL COMPLY WITH ALL LEGAL STANDARDS AND RULES OF EVIDENCE.

39.6 IF THESE ARBITRATION PROVISIONS ARE HELD UNENFORCEABLE, ALL ISSUES WILL BE HEARD BY REFEREE UNDER CODE OF CIVIL PROCEDURE SECTION 638, ET SEQ.

39.7 COSTS FOR THE ARBITRATION AND REFERENCE SHALL BE ADVANCED EQUALLY BETWEEN US DUE AND PAYABLE ON DEMAND.

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

PLEASE INITIAL HERE TO AGREE TO ARBITRATION OF DISPUTES PARAGRAPHS.

RESIDENT(S) INITIALS: \_\_\_\_\_

40. ACKNOWLEDGMENT

Lessee represents and acknowledges that this Agreement is being entered into between Lessor/Management and Lessee/Homeowner for the personal and actual residence of the Lessee/Homeowner. Resident(s) (which includes each of the people whose names are listed below), acknowledge that they have read, understood and received copies of this Agreement, together with a copy of the Park's Rules and Regulations and all other residency documents referred to in this Agreement, and a copy of the Mobilehome Residency Law, and further, that they have all read and understand each of these documents and the other Rules and Regulations posted in and about the Park. Resident understands that by executing this Agreement they will be bound by the terms and conditions thereof.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Agreement as of the day and year written below, further acknowledging and agreeing that all blank spaces have been completely filled in prior to such execution.

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
Lessor/Authorized Agent

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
LESSEE

DATED: \_\_\_\_\_ BY: \_\_\_\_\_  
LESSEE

EXHIBIT "A"

**MEMORANDUM OF ACTUAL EXPIRATION OF LEASE**

Resident hereby declares that under that certain Long Term Rental Agreement dated \_\_\_\_\_ by and between \_\_\_\_\_ ("Resident") and Viewpark Mobilehome Estates ("Owner"), Resident elects to extend the term of said lease for an additional term, expiring on \_\_\_\_\_ under the same terms and conditions contained therein.

The term of this lease will end on November 14, 2007.

Dated: \_\_\_\_\_  
"RESIDENT"

By: \_\_\_\_\_

By: \_\_\_\_\_

Dated: \_\_\_\_\_  
"OWNER"

By: \_\_\_\_\_  
Manager and/or Agent for Owner

File: A:\MASTER  
D:\Leases\MHPark