

CALIFORNIA LEGISLATURE
SENATE SELECT COMMITTEE
ON
MOBILEHOMES

Transcript of Hearing on
IN-PARK MOBILEHOME RESALES

STATE CAPITOL
SACRAMENTO, CALIFORNIA

JULY 6, 1987

CHAIRMAN: SENATOR WILLIAM A. CRAVEN

MEMBERS: SENATOR RALPH C. DILLS
SENATOR JOHN DOOLITTLE
SENATOR DAN McCORQUODALE
SENATOR HENRY MELLO
SENATOR ROBERT PRESLEY

TRANSCRIPT OF HEARING

ON

IN-PARK MOBILEHOME RESALES

July 6, 1987

STATE CAPITOL

Sacramento, California

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SECTION III

BACKGROUND PAPER

WILLIAM A. CRAVEN
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Senate Select Committee on Mobilehomes

SENATOR WILLIAM A. CRAVEN
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BACKGROUND PAPER IN-PARK MOBILEHOME REALES HEARING July 6, 1987

Although owners of mobilehomes located in a rental park are homeowners in the sense of having title to and possession of their mobilehomes, they are also tenants in that they rent the land on which their homes are located from the park owner.

As such, mobilehome owners, who are tenants or residents in mobilehome parks, enjoy certain rights and are subject to certain restrictions, by virtue of the Mobilehome Residency Law and the park owner's rules and regulations, in selling their home.

REALE RIGHTS AND OBLIGATIONS UNDER THE MOBILEHOME RESIDENCY LAW

1. Management Rights

a. Removal from Park: Section 798.73 provides that mobilehomes less than ten feet wide, which fail to meet construction and safety standards of state law, or which - in the reasonable discretion of the management - are in significantly rundown condition - may be required to be removed from the park upon sale to another party.

b. Prior Approval: Under Section 798.74, the park management may require the right of prior approval of a buyer and require that the selling homeowner give notice to management of the sale before close of escrow.

c. Rental Agreement Requirement: Additionally, 798.75 provides that a buyer of a mobilehome, who fails to execute a park rental agreement, shall not have any rights of tenancy. This requires that any escrow agreement contain a provision signed by the purchaser stating that he/she has signed a rental agreement in the park. By signing the agreement, the buyer agrees to abide

by any park rules and regulations, such as restrictions on pets or children, if any.

2. Homeowner Rights

a. Listing: On the homeowner side of the equation, Section 798.71 prevents the management from listing or showing a mobilehome for sale in the park without obtaining the mobilehome owner's written permission.

b. For Sale Sign: The park management under 798.70 cannot prevent the homeowner from placing a sign up to 24 inches wide and 18 inches high on either the window or side of the mobilehome facing the street, stating the mobilehome is for sale and indicating the name, address and telephone number of the owner.

c. Fee: Management cannot charge a homeowner a fee as condition of selling the mobilehome in the park unless management performs a service in connection with the sale, requested by the homeowner in writing, per Section 798.72.

d. Removal from Park: Under Section 798.73 management cannot require removal of a mobilehome from the park upon sale to a third party which is more than 10 feet wide if it meets state health, safety and construction standards of state law and is not deemed to be in significantly rundown condition or disrepair - in the "reasonable discretion" of management (management bearing the burden of proving a rundown condition).

e. Rejection of Buyer: The management, in rejecting a purchaser, must give the selling homeowner written reasons for rejection within 30 days under Section 798.74. The reasons may include only the inability of the purchaser to pay the rent and charges or abide by the rules and regulations of the park.

These are the most important code sections governing the rights and obligations of the parties--both the park owner and homeowner-tenant--with regard to the resale of a mobilehome in the park.

MOBILEHOME OWNER COMPLAINTS

Increasingly committee members and other legislators have been receiving letters, calls and inquiries about problems of mobilehome in-park resales. The complaints vary, but in the main concern park managers, who in some cases are alleged to interfere with the ability of the owner to resell his/her mobilehome.

1. Credit Check

One of the most frequent problems brought to the attention of the committee is the concern of mobilehome owners that prospective purchasers are dissuaded by park managers because of extensive information required of them, some of it personal, before approving them as prospective tenants in the park. Sometimes the information required on an application goes beyond a simple credit check to require that a buyer list all assets and liabilities, including personal possessions such as jewelry or silver in some cases, as well as the tenant's mother's maiden name, health history and the like. Such extensive questioning may deter prospective tenants who then back out of the deal. One sample form, the Western Mobilehome Association's "Application for Residency", is attached.

2. Increased Rents

Complaints have also focused on increased rents charged prospective buyers when the mobilehome changes hands. This is policy in many mobilehome parks, where, although rents are increased on an annual or biannual basis, they are also increased, sometimes significantly, at the time of a change of tenancy. A number of mobilehome owners report that prospective buyers are warned by managers that their rents will be increased after they move in, thus discouraging them from buying. Along this line, where long-term leases have been offered to park tenants, some require that new tenants or purchasers of mobilehomes resold in the park sign, not a month-to-month rental agreement, but long-term leases as a prerequisite for tenancy, despite Section 798.18 of the Code, which provides that a homeowner be offered either a rental agreement of 12 months or a lesser period as the homeowner may request. This, too, discourages some would-be buyers.

3. Upgrading Requirements

Many parks require a seller of a mobilehome remaining in the park, by virtue of park rules and regulations, to make any number of improvements on the mobilehome as a condition of being permitted to resell the mobilehome in the park. These may include requirements for painting, re-roofing, re-siding, re-landscaping, or the replacement of various accessories, such as skirting, awnings and patio covers. Of course, this adds to the expense of selling the mobilehome, or the cost to the purchaser of buying the home.

4. Park Manager As Seller's Agent

Even though the Mobilehome Residency Law provides that park owners/managers cannot do so without written authorization, some park tenants claim that a park manager can make it difficult for them to sell their mobilehomes unless they permit the manager to act as their agent. Of course, there is a fee, sometimes several thousand dollars, for the privilege of having the manager act as the agent in the sale of the mobilehome. Since management is in a position to approve or deny buyers, they may also be able to manipulate the sale.

These are some of the problems brought to the attention of the committee, and on which the committee will hear public testimony.

#

APPLICATION FOR RESIDENCY

IN _____
(COMMUNITY NAME)

Personal:

Name of Person Making Application: _____

Phone Number: _____

Date: _____

Present Address: _____

Age: _____ Married _____ Divorced _____ or Single _____
City State Zip

Social Security Number _____ Driver's License Number _____

Other Persons Who Will Be Occupying Space: _____

Name: _____

Relationship: _____

Social Security Number: _____

Driver's License Number: _____

Age: _____

Previous Residency:

Present Landlord or Mortgage Co.: _____ Yrs.: _____

Address: _____ Phone: _____
City State Zip

Monthly Rent or Mortgage Payment: _____

Prior Landlord or Mortgage Co.: _____ Yrs.: _____

Address: _____ Phone: _____
City State Zip

Monthly Rent or Mortgage Payment: _____

Have you ever been asked to terminate your residency elsewhere; or have you ever been evicted?

Yes No

If yes, please explain: _____

Have you ever lived in a mobilehome park before? Yes No

If yes, please explain: _____

Address: _____

Dates of Residency: _____

Latest Rent: _____

Vehicles:

Number of Automobile(s): _____ Boat(s): _____ Other: _____

For your protection, we must have complete descriptions of all vehicles:

Make: _____ Model: _____ Year: _____ License No.: _____ State: _____

Financed By: _____ Address: _____ Phone: _____

Make: _____ Model: _____ Year: _____ License No.: _____ State: _____

Financed By: _____ Address: _____ Phone: _____

Make: _____ Model: _____ Year: _____ License No.: _____ State: _____

Financed By: _____ Address: _____ Phone: _____

Employment:

Employer: _____ Phone: _____

Address: _____ City: _____ State/Zip: _____

Position: _____ Gross Monthly Salary: \$ _____

Immediate Supervisor: _____ Length of Employment: Yrs. _____ Mos. _____

Co-Resident's Employer: _____ Phone: _____

Address: _____ City: _____ State/Zip: _____

Position: _____ Gross Monthly Salary: \$ _____

Immediate Supervisor: _____ Length of Employment: Yrs. _____ Mos. _____

Co-Resident's Employer: _____ Phone: _____

Address: _____ City: _____ State/Zip: _____

Position: _____ Gross Monthly Salary: \$ _____

Immediate Supervisor: _____ Length of Employment: Yrs. _____ Mos. _____

Financial:

Name of Bank: _____ City: _____ Acct. No.: _____

Checking Savings Loan

Name of Bank: _____ City: _____ Acct. No.: _____

Checking Savings Loan

Credit Card: _____ Acct. No.: _____ How Long: _____

Credit Card: _____ Acct. No.: _____ How Long: _____

Credit Card: _____ Acct. No.: _____ How Long: _____

Net Worth (from back page): _____

References.

Business Name: _____ City: _____ Phone: _____
Name: _____ City: _____ Phone: _____
Personal Name: _____ City: _____ Phone: _____
Name: _____ City: _____ Phone: _____

Emergency:

Person(s) to notify in case of an emergency (other than co-resident):

Name: _____ Relationship: _____
Address: _____ City: _____ State/Zip: _____

Pets:

If you have dogs and/or cats, please provide following information:

Name	Age	Type	Color/Description	Height	Weight

Home or Recreational Vehicle to Occupy Space:

Mobilehome Make: _____ Net Size: Length: _____ Width: _____ Height: _____
Year: _____ Breaker Size: _____ amps. License No.: _____
Financed By: _____ D.O.H. No.: _____
Serial No.: _____
Address: _____
Legal Owner Name/Address: _____
Registered Owner Name/Address: _____

The undersigned requests the management to check the above credit references and representations. The undersigned acknowledges that in the event a rental agreement is executed by both the management, and the undersigned, it is subject to approval by the management of the undersigned's mobilehome or recreational vehicle as provided in the Rental Agreement.

The undersigned represents and warrants that the above information is true and correct and has been made for the purpose of informing the management of the park. The management has permission to verify any and all information offered on this application.

The undersigned understands that in the event that any of the above information cannot be verified by the management of the Park, that the management of the Park has the right to deny the application. The undersigned further understands that Prospective Residents shall have no rights of tenancy until a Rental Agreement has been signed by the Park management and the prospective resident.

APPLICANT _____

APPLICANT _____

APPLICANT _____

NET WORTH STATEMENT

ASSETS		IN DOLLARS	LIABILITIES		AMOUNT
	BANK OFFICE NAME & NO.	(OMIT CENTS)		BANK OFFICE NAME & NO.	(OMIT CENTS)
CASH			NOTES PAYABLE TO BANKS		
STOCKS AND BONDS			OTHER NOTES & ACCOUNTS PAYABLE	Real Estate Loans	
				Sales Contracts & Chattel Mtgs.	
				Loans on Life Ins. Policies	
NOTES RECEIVABLE (COLLECTIBLE)	Relatives & Friends		TAXES PAYABLE	Current Year's Income Taxes Unpaid	
	Trust Deeds & Mortgages			Prior Year's Income Taxes Unpaid	
				Real Estate Taxes Unpaid	
REAL ESTATE	Improved		OTHER LIABILITIES	Unpaid Interest	
	Unimproved				
	Leasehold Interest Owned				
LIFE INSURANCE	Cash Surrender Value			TOTAL LIABILITIES	
OTHER PERSONAL PROPERTY			NET WORTH CALCULATION	TOTAL ASSETS	
				TOTAL LIABILITIES	—
	TOTAL ASSETS			NET WORTH	

SECTION IV

T R A N S C R I P T

OF

T E S T I M O N Y

IN-PARK MOBILEHOME RESALES

July 6, 1987 Hearing
State Capitol, Sacramento
Room 112, 10:00 a.m to 12:00 noon

SENATOR CRAVEN: We call this meeting of the Senate Committee on Mobilehomes to order. I don't think it's really necessary this morning to call the roll because there's very few of us here to answer, but I just got from the sergeant the disposition of the other members. We have them in Appropriations and other committees presenting bills and what have you, so they're all very gainfully occupied, but they may, during the course of the morning, be here and when they have the opportunity, if that does present itself.

So, I do want to welcome you, and I see some familiar faces in the audience. It's always nice to have you come back. Let me begin by introducing my colleagues. Here on my left is Marsha Conkey, who is the secretary of the committee, and on my right, John Tennyson, who is the Consultant to the Mobilehome Committee.

Today we want to address the issues involved with the resale of mobilehomes in mobilehome parks.

Up front, if you've not already picked up one, are copies of the background paper for the hearing as well as the agenda. The background paper outlines the rights and obligations of the parties under the Mobilehome Residency Law and frames some of the issues which we may discuss this morning relative to resales.

The Committee has received numerous complaints from mobile-home owners, and some from dealers and real estate agents as well, concerning problems with park management in the resale of mobilehomes in the park. These complaints have come both directly to the Committee as well as through offices of other Legislators, from their constituency.

The background paper lists some of the more frequently heard complaints in this area including: 1) Extensive questioning and, in some cases, alleged interrogation by management of prospective buyers; 2) increased rents or the imposition of long term leases on new buyers; 3) requirements for upgrading or removal of a mobilehome upon resale in the park; 4) pressures by management on homeowners to act as an agent in the sale.

These are just some of the problems, and certainly we recognize there are others.

Basically the problem is this:

In the normal sale of a home you have two parties, the buyer and the seller, but in the situation of a home in a mobilehome park you actually have three parties involved, the buyer, the seller and the park owner/manager.

This is because a resident of a mobilehome park is both an owner and a tenant. He or she owns the mobilehome and is a homeowner in that sense but is also a tenant in that he or she rents the land on which the mobilehome sits from the park owner. Hence, the buyer and seller may agree to terms for the sale of a

mobilehome, but the park owner or manager may deny the buyer entree into the park, thus squelching the sale. This is where the problems arise.

To resolve these conflicts we have to figure out how to reach a just and equitable solution for all parties involved, the buyer, the seller, and the park owner. Often, as with many of the problems on which we have heard testimony, the solution revolves around how reasonable the parties want to be. Some mobilehome owners feel the park owner or manager should have no say in approving any prospective buyer or tenant. On the other hand, some park owners or managers feel only they should decide who may buy a mobilehome in the park and see the resale of a mobilehome as an opportunity to cajole the homeowner into letting the manager act as agent in the sale. What we need, of course, is to move from the extremes to formulate solutions to these problems which are reasonable. If sellers and buyers, as well as park managers can agree to be reasonable, I think most of these problems can be solved.

We have a number of witnesses scheduled to be heard this morning, so I would admonish all of you to keep your testimony succinct and to the point. The issue today involves problems with the resale of mobilehomes in the park, such as some of the issues which I have mentioned and which, I might say, are outlined in the background paper. We don't want to hear about garbage cans, or the removal of a trash dumpster, the imposition of

speed bumps in the park, the fact that management has stopped heating the pool, or that state license fees on mobilehomes have gone up in recent years. These are not the issues that we're gathered here today to discuss.

Again, if the testimony starts wandering into other areas not pertinent to sales or resales, I will warn the witnesses--please cut it short, as it is not fair to the other witnesses who have relevant testimony.

Now, when you come forward, I want to ask that you please state your name and who you represent, if an organization other than yourself, and the city or area from which you come. Speak directly into the microphone as this hearing, like all of our hearings, is being recorded for later transcription.

Additionally, I would ask the audience to carry on any extraneous conversations outside the room. We have had problems in previous hearings transcribing the testimony because of considerable background noise.

Again, all of us connected with the committee appreciate your attendance here this morning. If we can answer any questions as time goes by, here, we'll be happy to do so, and certainly at the conclusion we will be available to do that as well.

SENATOR CRAVEN: So with that, I will call our first witness who is Mr. William Rickard of Pittsburg.

MR. WILLIAM RICKARD: Good morning, Senator Craven,...

SENATOR CRAVEN: Good morning.

MR. RICKARD: ...colleagues and fellow-guests. My name is Bill Rickard; I live in Pittsburg, California in Mariners Cove Mobilehome Park. Thanks for giving me the opportunity to speak before this distinguished group. I've been here before; I hope I can come back again.

I have to go back several years with my contribution to this very important committee meeting. (I have to read what I want to say.) When I first moved into our mobilehome park in August of '74, we had no managerial problems to speak of. As time went on, we got more owners--five of them, to date--16 resident managers, two management companies and ungodly number of assistant managers. No two of them are consistent with anything concerning the Civil Code or with selling of homes and living in a mobilehome park.

One resident manager we had seemed like he could do anything he wanted. He would only let one mobilehome coach dealer work in our park. It was a long time after this manager left before the word got out that other dealers could come in and compete. We never could prove any allegations, but there seemed to, and nobody would put it into writing, but it seemed like there was money under the table several times, that people would say things

but they wouldn't put it in writing to where we could verify it and do anything about it.

We had one set of resident managers that wouldn't even suggest to prospective move-ins that they could have a choice of their lease. This is definitely a Civil Code law violation. A small committee requested a meeting with one management company representative and resident managers to discuss this particular issue. When negotiations were through, we were able to get the resident the one-year lease that he was asking for, plus their rent moved back to the original rent, plus a check for the excess rents paid in the meantime.

We get notices of rent increases, but they never seem to do anything about making our area any better. The mobilehomes--some of them are, you might say, not quite up to par as far as what they're supposed to be. Some people can, and some people can't--we have double standards. They raise the prices on some coaches, and some they don't; some they double. At the present time, if there's a single-wide coach that has to be moved out of the park or is moved, the new prospective resident has to buy a small, 20-wide coach and then is charged double-wide prices.

We've had resident managers become the supposed agents and trying to sell mobilehomes and, as far as I know, that's illegal in our area. We do live in an unincorporated area. They even go out, the resident managers go out on their own, and build, remodel coaches and try to sell them there, too.

They ask for security deposits. Some times we don't get them back from the people. They spend a lot of time trying to get the security deposit, but they don't do anything about giving it back to them, and we feel that there should be something done in security deposits for everybody. Part of our group had to go to an attorney, and we got that straightened out.

I hope I'm not deviating from this too much, but it is a problem, and it needs to be addressed at some time, and I feel like probably I've said all I need to say right now. Thank you very much.

SENATOR CRAVEN: You're welcome. Thank you, Mr. Rickard, we appreciate it very much.

The next person is Patricea Dean, GSMOL Legaline, and representing, well, I'll let him introduce himself.

MR. DEL BREY: Mr. Chairman, I'm not really Patricea Dean. I'm Del Brey, Vice-President of Golden State Mobilehome Owners League. Mrs. Dean was injured, and she is unable to be here, and if there's no objections, I would like to have the opportunity to read her statement into the record if I may.

SENATOR CRAVEN: Certainly.

MR. BREY: I'll try to read this verbatim.

My name is Patricea Dean. I am an Attorney at Law and presently the Director of the Manufactured Housing Legaline, a subsidiary of the Golden State Mobilhome Owners League. It was my intention to appear in front of this committee to give oral

testimony. Unfortunately, I suffered a substantial injury in an accident approximately 10 days ago and am not yet able to travel. I hope you'll accept the reading of this statement into the record in the lieu of my personal appearance.

As I have indicated previously to this committee, part of my duties with the Legaline include answering questions for members that are called into the office from all over the state. The problem with the selling of mobilehomes in parks appears to be a major situation which provokes approximately 12 to 15 calls per week on an average to my office.

These calls seem to fall within four categories, the first of which might be entitled "harassment". As soon as a homeowner gives notice attempting to comply with Civil Code Section 798.59, the notice often seems to trigger some unreasonable reactions from the management. The first thing that usually happens is within a week of giving notice, the homeowner suddenly receives a notice from the park owner containing either a flat statement that they will not allow the home to be sold within the park without specifying a reason, or a notice indicating that before they will give such approval, the home must be "upgraded". The demands for upgrading may take a number of forms, including but not limited to, demands that perfectly good wooden stairways be torn down and be replaced by wrought iron (or that wrought iron stairways be removed and replaced by wood); that the entire home, skirting, storage areas, etc. be repainted to a different color

scheme; that storage sheds be torn down and replaced with one of a particular type or style; that porches, patio covers or carport covers be completely torn down and replaced, or at the very least, completely repainted; that all the landscaping be torn up and a complete sprinkler system be put in and then landscaped; or if there's already a sprinkler system that it be torn out and completely replaced. Nor is this the first and only notice. It appears to be a relatively common practice in some areas for a park owner, after the first notice now complied with, to issue a second notice making additional demands. The homeowner, in fear that their sale will not be approved, attempts to comply with these demands, only to find out that very often the repairs demanded amount to as much as three quarters of the total price being asked for the home. It is not unusual at all for my office to receive a call from someone, usually an elderly widow, who has just learned that the "upgrades" required are going to amount to \$8000 to \$9000 when she is only asking \$13,000 to \$16,000 for the total price of the home. Nor do these demands for upgrades appear to follow any pattern. By that I mean that there is no apparent attempt to upgrade the rest of the park. The demands are made only upon those people who are trying to sell their homes within the park.

Leaving that problem for a moment, the next thing very often hitting the attempted seller are sudden changes in rules and restrictions. Very often without notice and no prior warning,

they will suddenly be hit with a demand that they sell only to adults and not families, or that they sell only to seniors, not just adults, or in one park in a city of Los Angeles County there was a notice I quote, "absolutely no resales will be approved to Blacks and Chicanos."

SENATOR CRAVEN: To Blacks and Chicanos, did you say?

MR. BREY: Chicanos, yes, Blacks and Chicanos.

SENATOR CRAVEN: Very good.

MR. BREY: Am I coming across here on this mike?

SENATOR CRAVEN: Yes, sir, I can hear you, I don't know--can you hear the testimony in the rear?

MR. BREY: Fine, thank you.

SENATOR CRAVEN: Just give it full voice.

MR. BREY: Yes, but such things certainly do still happen. When the seller attempts to appeal the imposition of such rules or to complain that they do not comply with notice requirements of Civil Code Section 798.25, management's answer very often is, "Well, either comply and your buyer comply, or we won't approve because the law says if they won't comply with the rules, we can disapprove the sale." At that point whether or not the buyer will comply with rules no longer becomes the question. When the buyer sees management may quixotically change and impose rules, it very often stops the sale at that point.

The other thing that will stop a buyer without any further action of management is simply a notice that when you sell, the

rent on the space is going to be increased by 15% to 40%. In areas that have rent control ordinances, management likes to refer to this as "vacancy decontrol". However, the term does not explain their reasons for imposing such increases on spaces that have already annually or oftener rent increases and presumably are already in the "fair market value" at the time the notice of intended sale was given. Again, as I indicated, when a buyer sees that the management can just arbitrarily increase the rent by \$40, \$50 or \$70 a month with apparently no reason, they again back out of the sale.

Lastly, within the harassment range, we have the arguing that is still continuing over signs. The size of the "for sale" signs, the words of the signs, and more importantly, whether or not management can keep a realtor from putting up "open house" flags or arrows to indicate the location of a home within a park. All of these are established real estate practices. But for some reason they seem to infuriate the management of parks. I receive at least one call a month from a real estate person who has heard about the Legaline, complaining that their flags or open house signs have been confiscated by management with a blatant refusal to return them. If you know the real estate business, then you know these people had to pay for these materials. They are not furnished free from the companies, so the real estate person has been damaged in the amount it takes to replace the missing materials.

Secondly, the problems with resales also appear to fall into a group I would call "avoiding approval". In this category there are several very interesting things happening, including completely unreasonable demands

(Some testimony missed because of recorder malfunction)

SENATOR CRAVEN: Obviously you're in good voice

MR. BREY: I'll start at the beginning of that paragraph.

SENATOR CRAVEN: Yes, sir, that sounds better, too.

MR. BREY: Is that better?

SENATOR CRAVEN: Yes, sir.

MR. BREY: Secondly, the problems with resales also appear to fall into a group which I call "avoiding approval". In this category there are several interesting things happening, including completely unreasonable demands for financial information from a prospective buyer. I receive at least a call a week from a proposed buyer who wants to know if he really has to reveal the entire contents of his stock portfolio to management or whether he has to give the exact dollar amount of all of his accounts and value of his investments, or a widow who is asked to name the number and value of any furs she has. With these calls I have carefully questioned the caller to find out if, in fact, any of the additional information requested had to do with proving their income. I was satisfied that it did not. Certainly, I myself wonder what the kind, number and value of a woman's furs might have to do with her ability to pay the rent. Does management

really believe that she may have to hock her fur coat to pay the rent? These invasions of privacy appear to be on the increase. We have parks now demanding more information than your banker does in making a substantial loan.

I recently received a call from a woman who had been trying to sell her home for two years. Tearfully she told me that she had received an all-cash offer and when the prospective buyer went into the park with proof positive of their income, they were told unless they filed a complete financial report, they would not be approved. This is the extreme the management is sometimes taking under the guise of attempting to discover whether or not the buyer has a financial ability to pay the rent pursuant to Section 798.26 of the Civil Code.

We also have demands for signing rules. I have worked in the mobilehome law for more than 10 years, and I believe myself to be as conversant with mobilehome law as almost anybody else in the state. However, I am unable to find any legal requirements anywhere that says any homeowner or prospective homeowner must sign rules. Despite that fact, we persistently have parks who are demanding prospective buyers sign a copy of the rules, usually when they haven't had time to read them, and which they are not allowed to take from the office at that point, or be denied entrance into the parks. They are told that their failure to sign the rules upon demand is evidence that they will not abide by them, so, therefore, the park is entitled to bar them from the premises.

There is another rather thought-provoking bit of sleight of hand going on. I call this committee's attention to the last sentence of section 798.75 of the Civil Code... "In the event the purchaser fails to execute the rental agreement, the purchaser shall not have any rights of tenancy." In this regard, prospective buyers are being given a 12 to 20 page lease agreement for terms of anywhere from 6 to 25 years and being told they must sign it or not be allowed to take up residency in the park. If they ask under what authority or what grounds, they are told the law requires it and shown both sections that I have just indicated, 798.75, which says they have to execute a rental agreement and section 798.8, the last sentence of which reads "A lease is a rental agreement." By this peculiar bit of razzmatazz within the confines of the Civil Code, the park owners are getting away with violating Business and Professions Code Section 11000, which, apparently, the Department of Real Estate has difficulty enforcing.

I have also mentioned the rent increases being imposed upon resale. Assuming the buyer decides he is going to sign the document offered to him as a rental agreement, when he starts to read it, he finds the rents called for are substantially in excess of those that have been paid by the seller, even though the seller himself may have only been in the park a couple of years. Prospective buyers questioning the leases are repeatedly told they can take it or leave it. There are no negotiations allowed.

In fact, the park owners insist prospective buyers are not covered by the Civil Code at all, since they do not fall into the definition of 798.9. Further, in discussing unreasonable conduct on the part of the management, we have to mention the totally unwarranted and improper requirements of age restrictions many managers and park owners seem to be applying. Even if the Senior Citizen Housing Law applied to mobilehomes (although they are by terms of Civil Code Section 51.3 specifically excluded), the code section specifies only one person entering into the agreement has to be over age 55. Unfortunately, it appears that most of the mobilehome park managers have no idea of the proper reading of this law, and they keep insisting that every single party moving into the home must be over age 55. This leads to such incongruities as a 57-year-old husband with a 54-year-old wife who was denied admittance to the park as a violation of the rules. This also leads to such a unique situation as the 29-year-old husband who was told his 19-year-old bride would not be allowed into an adult park.

Lastly, we have the flagrant violations of Section 798.74(a), "If the ownership or management rejects a purchaser as a prospective owner, the ownership or management shall inform the selling owner, homeowner, in writing of its reasons for the rejection." I would be willing to venture an educated guess, based on my experience of the past year and a half, that the violations of that particular section of the code occur probably in about 98%

of the rejections. In other words, one to two percent of the parks are actually giving any written notice whatsoever, and those notices are usually not actual statement of the reasons but only a statement that the buyer has been disapproved.

The third major category of problems involving resales appear to be the unreasonable sales demands. This category would also include instances of pirating away a buyer, as I will explain more fully in a few minutes.

SENATOR CRAVEN: In a few minutes?

MR. BREY: I hope it's a few minutes.

SENATOR CRAVEN: I think she's just about one credit hour from a Master's degree, here, now, with this statement.

MR. BREY: Sir?

SENATOR CRAVEN: That's a long statement.

MR. BREY: Yes, it is. I've got two and a half pages.

SENATOR CRAVEN: Okay.

MR. BREY: Pirating away a buyer, and I will explain more fully in a few minutes.

There still seems to be quite a few parks who are making demands of sales exclusivity. They are insisting that no other dealer or real estate person can come into the park and conduct a sale of a home within a park because the manager holds "exclusive rights of resale".

I also still receive a number of complaints from people who are told, contrary to Civil Code Section 798.37, that their

upgrading and landscaping must be done by specific companies or specific people or the repairs will not be "recognized".

There are also some parks that are requiring transfer fees, which usually are a percentage of the total sales price, in exchange for approving a new buyer. In the event you don't agree to pay such fees, the new buyer is not approved.

Finally, we have the situation that I alluded to earlier. The prospective buyer was sent into the office to work with management for approval and was suddenly told that, for one reason or another, the home he thought he was going to buy will not be allowed to remain in the park and will have to be moved immediately upon closing of the sale. However, management just happened to have another home in the park also for sale that, of course, could remain in the park after sale. The next thing the seller knows, his proposed buyer is actually moving into the park but in a different home. That very type of situation lead to a judgment of \$720,000 in Orange County just last summer. Just two weeks ago, I heard of that same situation occurring at a park in northern Los Angeles County. A woman thought she had arranged a cash sale until the prospective buyer went into the office and later wound up moving into the park to a different home because he had been informed by management they would not approve the sale of her home within the park. This all happened despite the fact that the seller had spent a considerable sum making the demanded upgrades which supposedly would ensure that her home could be sold within the park.

It is obvious that many violations occurring are in fact contrary to law. But once again we have the old bugaboo of enforcement. In order for these people to enforce any of these problems, they must file cases in court and undergo considerable expense and mental stress of conducting those cases relatively on their own. Very often, even though they get a substantial settlement or a large judgment, the very fact that they have won appears to do no further good for anybody else in the same situation. For instance, the Santa Ana case of the \$720,000 jury verdict, the same management in the same park went right ahead hours after the judgment and did exactly the same thing all over again to another seller which has resulted in another lawsuit against the park.

Assuming the second case also results in a substantial judgment, there is absolutely nothing to say that any subsequent park owner in another part of the state or even another county will pay any attention to the fact that a judgment was awarded. There is very little proof to show even if a judgment is obtained in one park the same park owner who owns another park will even comply in the second park. In other words, the situation we seem to have is a park owner says, "Oh well, I lost", shrugs his shoulders, then goes right ahead with his wrongful actions against another and literally says "Sue me." Obviously, they are well aware that for every case successfully prosecuted and brought to judgment, there are thousands of sales that are proceeding under

these harassing conditions, netting substantial sums to management where the people are either afraid to file suits or do not want to incur the substantial expense.

Therefore, you--I'm coming to the bottom, here--Therefore, you and members of this committee perhaps will understand why the homeowners appeal to you for statewide efforts to correct this situation. It is urgently hoped that not only will some corrective legislation be possible, but also such legislation will be enforced by someone other than the individual aggrieved parties. Even substantial money damages do not appear to have any effect upon this monied group presently in control of these lands. Not until there is a social stigma attached to such unlawful actions, or a criminal penalty, or the repeated offenders are forced out of this business will there be any correction that I can see. While we would like to believe a new law on the books would help, I'm afraid, personally speaking, that it will only be another law greatly ignored by the percentage of park owners and the management who ignore the rest of the laws on the books.

Thank you for your attention. I have additional copies here.

SENATOR CRAVEN: Thank you, Del. That was a long treatise but well done and very thoughtfully carried out...

MR. BREY: Thank you, Mr. Chairman.

SENATOR CRAVEN: ... and brings to bare many of the things that we have considerable interest in.

Next, for another presentation, which I'm confident is going to be a lot shorter, is A. R. Reel, A. R. Mobilehomes, Citrus Heights. Mr. Reel, tell me yours isn't 20 minutes, will you?

MR. A. R. REEL: Tell you what, Senator Craven?

SENATOR CRAVEN: I say, tell me yours is not 20 minutes, will you?

MR. REEL: Yes, sir, that's true, Senator Craven.

SENATOR CRAVEN: Very good.

MR. REEL: This is an honor to get to come up here and speak before the group and before yourselves.

SENATOR CRAVEN: It's our pleasure to have you here.

MR. REEL: And not realizing just exactly what it was that we needed, I jotted down some notes, but I have some documentation that we went through, but what Mr. Brey had read was very, very much put into sequence of what we have ran into as we have been out there as agents trying to sell the mobilehomes for these people.

In the real estate end, you walk into a home and the home is on property owned by the tenant, as well as the home. We encounter both the park being owned by somebody and the home. As these people come in and buy these homes for retirement or for whatever purpose they need, they do anticipate the enjoyment and privacy of having this home without somebody trying to tell them, but we also have to realize that the park must be established to maintain itself in good condition, too, so that the people living

there do not have to live next door to a neighbor who's got a car jacked up or something. So there is two sides to both stories.

But what we found probably more than anything else, as Mr. Brey has mentioned, is when we go for interviews at the park, there are many cases where the people paying cash, this has been true, have been put through a very intensive interview. The bank approves their credit; this should establish basically that the people are credit-wise. But, once again, they may go for a one or two hour interview at that.

I kind of feel that you have done a wonderful job in establishing the Civil Code already. The Civil Code in my feeling needs a little more teeth. It has the basis of what you need right now but needs somebody to enforce it. Almost every part of the things that we run into are in the Civil Code right now. But in the parks and the encounters that we've run into with park managers and buyers and sellers, is that there's nobody, if anybody defaults or makes a problem, nobody to follow-up and put the teeth in to enforce this particular deal.

One of the things that I've felt that's been a conflict of interest out there is that you cannot have a business in a mobilehome park, but yet you have park managers licensed by Department of Housing to sell mobilehomes. And this has come into play several times where this particular park manager has switched the people who you thought you'd sold a home to--you actually have an escrow open--and you go and find out they have

bought a home from the park manager through the park interview. This is happening right here in Sacramento. I think we have over 130 mobilehome parks. I've been in most of them; you really have a selection of different managers in every one and different type of people.

But there's several things; and once again, age discrimination has been one of the big factors. We have taken people, normally it's a 60-day change of park rules and regulations. We have taken somebody in who meets the age requirement, let's say 35, and they tell us that the age was changed yesterday. This has happened in several cases. They kind of play, certain park managers play the game according to who you're bringing in for the interview.

So, like I say, once again, the Civil Code needs more teeth put into it from that standpoint, there.

I really feel that probably one of the most important things in establishing a good relationship between buyers and sellers would be if the park managers had to obtain some sort of training or education in regards to the Civil Code. All of us in the business are licensed--real estate, mobilehome dealers, contractors are all licensed by the state. But, yet, you take somebody hired, basically off the street, to take care of the lives of 200 people or so forth in a mobilehome park, with no training. I have talked to certain park managers who did not even know the Civil Code existed. So, if they could go through some sort of a

training--maybe it's just an eight-hour training, or something along this line, so that they fully understood the Civil Code--it might make it a lot easier for new tenants coming into the park. And I would think that would be beneficial to the park owners, themselves, to have a trained manager in that park on something like that.

But I believe that's basically about everything I need to say. I could go into a lot of dissertation, but it's not necessary.

Thank you, sir.

SENATOR CRAVEN: Mr. Tennyson has a question, Mr. Reel.

MR. REEL: Oh, yes.

MR. JOHN TENNYSON: Mr. Reel.

MR. REEL: Yes.

MR. TENNYSON: I might ask you a question.

MR. REEL: Oh, I'm sorry, yes.

MR. TENNYSON: You're licensed to sell mobilehomes, is that correct?

MR. REEL: Yes, sir.

MR. TENNYSON: How many mobilehomes a year, approximately, do you sell in mobilehome parks?

MR. REEL: We've sold between 50 and 60 as an average.

MR. TENNYSON: And these are mobilehomes that are already in the park?

MR. REEL: Yes, they are, sir.

MR. TENNYSON: And how many of those, of those 50, do you have problems with?

MR. REEL: I would say that it is more on the minimal of, maybe, out of the 50, you might have 15 certain situations that you really have to fight to get the people into the park.

MR. TENNYSON: Okay, thank you.

MR. REEL: Yes.

SENATOR CRAVEN: You know, the last bits of testimony have brought up several things. One that was contained in what Mr. Brey said was that the sale would require that there would be new skirting or walks or stairs or whatever, and they would convert from wood to wrought iron or vice versa. Perhaps the next gentleman who is going to speak, Mr. Biddle, could cover off some of that and maybe shed some light on it.

With that, I'll introduce Craig Biddle, Western Mobilehome Association.

MR. CRAIG BIDDLE: Thank you, Mr. Chairman, and members who will be hearing this. I'll keep my comments very brief, as you indicated before, Senator Craven.

Just a couple of comments, then I would like to call your attention to one bill in the Legislature this year. I think Pat Dean, in the summary of her statement at the end, said it's not a question of reiterating more laws, but it's a question of enforcing the laws that are on the books.

I think this is the problem we have, you know, in our parks. You know, we have thousands of parks throughout the state, and you have all sorts of different managers and different problems. And I think these will continue as you have the personality of peoples involved. We have tried to, in the Mobilehome Residency Law, over the years, pretty well set forth the exact rights and duties of both parties, and Mr. Tennyson has done an excellent job in his white paper on this issue.

One of the problems at your last hearing that we had some six or eight weeks ago was on the question of enforcement of the present law. And I think that's what we're addressing here, also, enforcement of the present law. The section that talks about the prospective buyer and the rights that we have to deny a prospective buyer, which is 798.74(a), is being amended this year, and I wanted to call your attention to that, by a bill by Assemblyman Bradley, 1114, and that bill, which I believe is set tomorrow in Senator Greene's committee tomorrow morning, would say that if in the event the management denies a prospective tenant for any other reason than set forth in the Mobilehome Residency Law, that we, the park, the management, will be liable for such refusal and denial.

So if someone comes in and wants to buy the mobilehome and for some reason we deny it other than for legal reasons, then we are then liable for any damage that's caused by that prospective buyer or the prospective seller. And that bill is moving along.

We're not opposed to it; we believe it's correct. We believe that we should be liable; we believe that we should only deny a prospective tenant for the reasons that are set forth in the Mobilehome Residency Law.

Now, some of those reasons are right now being litigated, such as the adults only rule, whether this is discrimination and so forth. Some of these we argued that, as you know, before the Supreme Court on June 6th of this year. And some of these reasons are being argued, and they are in litigation.

The one that you raise now is not being argued in litigation, though, as far as upgrading. And what happens there, Senator Craven, is as a tenant remains in the park and is there for maybe five, ten, fifteen years, whatever period of time, we have taken a policy not to require upgrading while the tenant is there. We will wait until there is a sale, and at that time we will upgrade those older coaches and try to bring them up to the norm. So it's sort of like waiting for the new tenant to come in. There is an escrow, there's cash and money available, hopefully, for upgrade and at that time, that's when we require the upgrade. That's a policy decision rather than doing it while you're there. And likewise rent, rather than bringing it up to market, we don't do it at the time with the tenant there, we bring it up to market at the time, at the time of the sale. Now, that's a policy decision, really, not a legal problem decision. And that's why we do it, require the upgrade at that time.

But it's our feeling that it's probably a question as the first two witnesses have indicated and Pat Dean's statement, not so much a question of cleaning up the law or changing the law, but putting some teeth into it as far as enforcement. And we support that, and we support your attempt, at least to try to work that out next year in the sort of informal committee that we've got with our two associations. And we're going to continue to work with you and the GSMOL on that problem.

SENATOR CRAVEN: To go back to the thought of upgrading. Don't you think that it may be well if that is the intent of the ownership of a park, that they should by certain circularization of the tenants of that park, make that fact known so it is a matter of record, rather than something that just seems to be happenstance at the time of a sale?

MR. BIDDLE: I'm not sure that it is happenstance at the time of the sale, although, Senator, I think in not all parks, because you know we've got bad apples in any crate, but in most of the parks, as they change the rules, they indicate to the tenants they're not going to require upgrading now, but in the event of sale, and when they tell them they are going to sell, they give them a list, actually, of this is what we will require for upgrading at that time. So I don't think it is a happenstance. That may be in some parks where they don't have good communication and some don't. Most of them, they understand this and they're trying to upgrade to meet...

SENATOR CRAVEN: Well, I'll go back to, and I think it was the statement of Ms. Dean, talking about redoing a sprinkler system or something like that, that, you know that may be more significant than it impresses me at this time. But there seems to be a certain aura of capriciousness in something like that.

MR. BIDDLE: We don't, we don't recommend that, and we feel that the better communication you have between the management and the tenants in the park, that this won't happen, and we encourage...

SENATOR CRAVEN: So what you're saying in effect that the park, by virtue of policy, says and has, as a matter of record, a certain list of things that must be done on resale if the coach is of a particular age.

MR. BIDDLE: That's correct.

SENATOR CRAVEN: Or the premises on which surrounds...

MR. BIDDLE: The exterior of the coach as well.

SENATOR CRAVEN: These things have to be done. So what you're saying is basically that that's norm and not unusual.

MR. BIDDLE: That's correct.

SENATOR CRAVEN: I see. Very good. All right.

MR. BIDDLE: Thank you.

SENATOR CRAVEN: Thank you, Craig.

Let's see here. Next is Ms. Jimmie Walker, Sunset Mobilehome Sales.

MS. JIMMIE WALKER: My name is Jimmie Walker, and I am, my company is Sunset Mobilehome Sales. I went into the mobilehome business in 1977. Shortly thereafter I bought a mobilehome and, for myself and my mother, and that was my first experience with park management, of having problems with mobilehome park management.

I put a deposit down on two spaces, and the next day I was told that I could not have one of the spaces that I had put a deposit down on. When questioned why, I was told that someone else wanted the space, and so I, after thinking about it, I said, "Well, we won't put either of the mobilehomes in your park. We'll put them in another park." And needless to say, I got both of the spaces and found out later that it is quite common that dealers, which I am, do pay park managers for spaces. So that was my first experience with this situation.

SENATOR CRAVEN: In so doing, the payment, I'm presuming, would enure to the benefit of the manager and not the corporation for which the manager works.

MS. WALKER: Right.

SENATOR CRAVEN: So, in other words, this is sort of an under-the-table deal?

MS. WALKER: Right.

SENATOR CRAVEN: I see.

MS. WALKER: I moved into a park that was a family park, and shortly thereafter the park was filled. And at that point the

park was changed into an adult park. It is very common that a mobilehome park is started as a family park and once it's filled and they have all of the spaces filled, they change that park over to an adult. And now, in the last few years, we're seeing them change those parks over to senior citizens parks. And so, therefore, that really cuts out the sales of three bedrooms and even, in some cases, four bedroom mobilehomes that were bought for a family that were put in a family park.

SENATOR CRAVEN: So, those people who were family, as opposed to senior, they would in effect be non-conforming until they chose to leave. They would not be forced out?

MS. WALKER: Right. They are not forced out; they are given a 90-day written notice, 60--is that when they are changing it over, and then they have that period of time, in fact it may be six months, I'm not sure on that, that they are changing it over from one type of park to another type of park. They have to give us a notice of that.

SENATOR CRAVEN: They have to give you a notice. But does that require that you leave?

MS. WALKER: No.

SENATOR CRAVEN: No, okay.

MS. WALKER: No, it's only when it's sold that it cannot be sold to a family or in the case of senior citizen.

SENATOR CRAVEN: Yes, I understand.

MS. WALKER: Okay. I will not go onto some of the other items that I had mentioned as far as park managements, licensed and unlicensed, that do sell and list mobilehomes, which really create some conflict of interest. Many parks raise rent when the new buyer comes in, and if a park manager is licensed or selling a mobilehome, they have the option of not raising the rent to their, their buyers, which, again, is a type of discrimination for those buyers who're coming in that are not buying from them.

SENATOR CRAVEN: In other words, they, a licensed park sales person, who coincidentally is also manager, enjoys a prerogative that you do not enjoy as a sales person not related to the park.

MS. WALKER: They have that option,

SENATOR CRAVEN: I see.

MS. WALKER: and they can enforce it and on upgrades, also, they can either enforce...

SENATOR CRAVEN: Now presumably that's done with the knowledge and approval of park ownership?

MS. WALKER: I have no knowledge of that, whether it is or isn't, they make their decisions and when a buyer comes in, they're the ones who are doing the interview. So, therefore, they have the decision, when they're listing a mobile or selling a mobile, of what takes place upon that sale.

(Short blank space because of recorder malfunction)

I had a potential buyer for a mobilehome, and I went in to the park manager, looked at the mobilehome, thought it would be

adequate for my buyer. The park manager did not have a license, she would not give me the name or phone number of the seller, and I was told that if my customer wanted to buy the home they'd have to go through her. She was not licensed.

In July of 1983 a manager would not give us an approval upon a buyer who we had opened in escrow and had had bank approval for a loan. After several weeks, I had to get my attorney to write a letter to the park manager stating this California Civil Code Section 798.74, and even after that letter was sent from my attorney, I still did not get an approval of the manager for the buyers and time went on. Unfortunately, the young man lost his job and said, "I am just going to forget buying the mobilehome." But this was after a long period of time had passed and refusal of approval was not given.

SENATOR CRAVEN: Was that refusal predicated on things contained within the code or things aside from that?

MS. WALKER: No, I was called, it was during a time that that particular park was changing their residency application, which is now quite extensive, and the one that they had had prior was not quite so extensive in asking a lot of personal questions on the assets and liabilities of this particular buyer. And when I was called by the park manager and was asked some confidential information, I said, "I do believe that is confidential. If you want to get it, you should call the buyers and obtain that information from them." And there was quite a heated argument over

the phone, obviously, from the buyers because they didn't feel that it was necessary. They had filled out the application that was given them to be filled out. And this is quite often the case in a lot of situations with buyers coming in. They don't feel that the manager should have all of their personal information. The application is quite, quite more, it's more extensive than those that the banks require for financial approval of a loan. In short, we lost that customer.

In August of '83 a divorced lady bought this same mobilehome. Her interview was over two hours long. I happened to be present during that interview. One of the questions asked of her was why she got a divorce. She had been divorced several years, and the manager's remark was, "I don't want an irate husband coming into my park, shooting up the place." After this particular interview, we were told, as agents, that we were not allowed to accompany our buyers any longer with an interview for their residency into the park. So, once they went in to the park managers, we had no knowledge of what was being said to them.

In June of '85 a buyer, again was a divorced lady, and she was told because she was going to have a co-signer that she could not purchase the mobilehome in the park, and we lost that customer.

Park upgrades are quite common in mobilehome resales. Our company sends a letter out to the park, asking that if there's any upgrades, would they please inform us. And that is at the

time of the listing of the mobilehome, and most parks will inspect the mobilehome right away after you've listed it and give you the list of upgrades and deficiencies. Some park managers do not choose to do that, and it takes quite a long period of time and most generally until you have it sold, at which time your buyer goes into the park for an application for residency and is told all of the deficiencies that that mobilehome has, and sometimes in a lot of cases has scared mobilehome buyers away from buying a particular mobilehome.

In December of '83 we had a mobilehome for sale, and the park managers tried to force the sellers to cut off the mobilehome tongue. In calling the Department of Housing, they found out that it was an attached mobilehome tongue to the mobilehome. The law had been changed that you could take the mobilehome tongues off, but it wasn't a law that they could force you to take them off, I don't believe. But anyway, we called Department of Housing, and they said if it was attached to the mobilehome and was not a detachable tongue, that it did not have to be removed. And this is quite prevalent in a lot of mobilehome parks, that they force the sellers to remove the tongue even though the older mobilehome tongues were not built to be taken off of the mobilehome.

In November of '86 we sold a mobilehome that had been listed for, since June, so it had been on the market. We had had it listed over five months, and it had been listed prior to our

listing it. And in this particular case, the managers waited until the buyer brought her application in for residency, and she was told all of the deficiencies that they had written up on the mobilehome and all of the upgrades that were going to be required and they had not even given the seller the list of deficiencies, and so the sellers did not even know what the requirements were going to be.

On those upgrades of deficiencies, we felt that there were some things that were unreasonable. There are certain things that the state inspects, and I can understand that if it doesn't meet code, it should be fixed. And we try to see to that, that that is done when we sell a mobilehome. On these inspections, as far as management goes, I think that their rules and regulations state the condition and the appearance of the outside of the mobilehome and doesn't give them the right to enter into the mobilehome and the premises to check inside the mobilehome. Or at least, I haven't read where it does give them that privilege to do so. But a lot of them want to go in and inspect the whole mobilehome and cause a lot of repairs to be done that have nothing to do with the outside appearance.

We had to call the Department of Housing into this particular deal and ask them to come and inspect the mobilehome. And in most, a lot of the deficiencies, such as leveling of the mobilehome, certification that the home is leveled, certification that the roof has been sealed and some other items--yards, removal of

rock that has been there ever since the mobilehome was set in and is now being asked to be removed and lawn or whatever be put in, in place of the landscaping that was prior, was allowed to go in when the people landscaped it. The Department of Housing inspected this mobilehome and said that they could not, would not rule on certain things if they were checking it as an inspection, such as leveling or the roof. There is now a new law that you have to make sure your mobilehome doesn't leak, but to certify that the roof is sealed is not part that they, they enforce at the time they inspected it.

In June of '86, I listed a 10-wide mobilehome in a park, and the manager said that the mobilehome had to be moved. The seller had had a state inspection on the mobilehome, and it had passed the state inspection with flying colors. The park had been given a copy of this inspection but obviously refused to accept it as being okay to stay in the park. We had, the seventh month of '86, we had a buyer for the 10-wide. They refused to give the man a residency application and said that the mobilehome had to be moved out of the park. That was our first buyer. We had other buyers that were told the same thing, that we didn't even take a deposit on, but this one we happened to have a deposit. The seller had to get an attorney to represent her due to the, to all of the demands from the park and all that was being said, said to prospective buyers. And on September 15 of '86 we had another buyer for the same 10-wide mobilehome, and at this

particular time, the manager had gotten a letter from the seller's attorney, and they had a list of upgrades that was a mile long that were going to have to be done before the home could stay in the park, and the buyer was interrogated by the managers and several demands were made on her financial statement, and she obviously believed that they were unreasonable. When she called me up, she was irate and said she wouldn't live in the park if it was the only park that there was. So we lost the sale of that particular buyer on the mobile, although I did sell the woman another mobilehome, and she was approved for another mobilehome park.

In December on '86 another buyer on the same mobilehome was told by manager that it could, it would cost him \$5,000 to fix the mobilehome up to live in it. The asking price was only \$7,900, so \$5,000 on top of a inexpensive mobilehome was an awful lot of money. We happened to lose that customer on the mobilehome, also. On the same mobilehome on January of '87, we took a deposit ironically, in seven days, a deal was closed; there were no problems. Some of the neighbors later told us that the management was showing the mobilehome; it was sold and moved out of the park, and now a 14-wide mobilehome sets on the space.

The age change of mobilehomes, I feel like, is one that they can just, you go in with a prospective buyer, and if they've made an age change, they say the age has changed to 55 or whatever the age may be. And you take a deposit, and they'll say "We will not

accept them because they are not old enough." I've had that happen numerous times and lost buyers, and in some cases there was never a written notice given to the park tenants that there was an age change.

In my feeling, I have lost a lot of business because of mobilehome management interference. I believe I cannot represent my sellers adequately because of the inability to properly do my job because of a lot of interference.

SENATOR CRAVEN: Very good. Thank you, Ms. Walker.

We have been joined by Assemblyman Bill Bradley, who is very much interested in the mobilehome genre, and reference was made to a bill of Mr. Bradley's here earlier today. So we have the benefit of his advice with us now.

It just occurs to me that if we proceed on the same basis that we have at this time, we can finish this in about two more hours and forty minutes. And we have until twelve o'clock, which is 55 minutes. So, I would ask, please try to, you know, winnow it down as best you can.

Next is Orland Rutherford from El Cajon, which is a town that Mr. Bradley and I are very familiar with.

MR. ORLAND RUTHERFORD: Senator Craven and members of the hearing, my name is Orland Rutherford. I am a real estate broker for Universal Real Realty. I am licensed by HCD; I have managed mobilehome parks in the past, and we specialize in the sale of mobilehomes.

I think that there's many, many problems that we have. I'm just going to cover a couple, and my wife will handle a couple other ones.

SENATOR CRAVEN: Fine.

MR. RUTHERFORD: Two of the things that are very, very difficult. One is the approval time, and then the other is the ability to pay, 798.74. I think that the main problem is the total disregard that some owners and managers have for both the sellers and the buyers. And if I could just give you a simile for a second.

In property management, it is very important and it behooves any manager to make sure in an apartment building that they rent that apartment as quickly as possible because when it is vacant they have no income coming into it. In a mobilehome park it is very, very unique because whether the home is vacant or occupied, they get rent from either the tenant, if the tenant leaves for some reason or other, they get it from the legal owner or they get it from the heirs.

(Microphone falls from table)

SENATOR CRAVEN: That's all right. Don't worry about it. It wasn't working anyhow.

MR. RUTHERFORD. So, they're pretty much assured of the rent. When you go to rent an apartment, for an example, they can approve you within one to two days on normal circumstances because, as I say, they are anxious. And the person, when you

meet them, they're very friendly because they want you, in fact, to occupy their apartment or home or whatever they're renting if you're a good tenant. In mobilehomes, they don't really seem to give a care.

And the other thing I might bring up is that a bank or lending institutions, a lot of them, can give you some kind of approval that they will fund the person within 24 hours. Now they check out a person's credit, they run a TRW, they verify his employment, and they can say yes or no basically that they will take this person or they will finance him on a mobilehome. And yet it takes 15 to 30 days in many parks to get an approval. And I think that this is very, very bad for many reasons because time is of the essence. Even if you get an approval from a lending institution saying yes, that they will finance it, the person still has to wait, and they do not make arrangements for moving their furniture or actually doing anything else until they can get the final approval from the parks. And the parks are really disinterested in approving the person right away.

Since I called up here, I ran into a situation, which is sort of very unique because I'm involved in it. And it's both the approval time and the ability to pay rent. What is the ability to pay rent? Well, in our particular case, and in many other cases on the market out there, this particular woman was paying just under \$40,000 cash for a mobilehome. She has an income of only \$600 a month, but she has money in the bank, she has

excellent credit, and she owns a new car that's free and clear. The property management told us that it would take at least two weeks. It doesn't look very good on the surface, they said going in, but it'll take us at least two weeks to let you know whether we can either take this person or not.

The woman went in on the 15th and on the 30th we got a little notice with a box marked that they did not have the ability to pay rent. Well, in most cases, most of the people do not want to put up a fight; they just walk away. We didn't; we went to an attorney, and we had our attorney send a letter which I will not read now because it'll take, it'll take at least a couple of minutes to read the letter, but I will leave it for you to take a look at. And, what it comes down to, we will not know until this next coming Monday whether the park owner will, in fact, take this woman or whether he won't. Now the woman, as I say, is within the age in this particular case because she's between 55 and 60. And, as I say, everything else is good, but she cannot move into the park.

It's also preventing, in this particular case, me--and of course people in other cases similar--because we've already made a bid on another home, and of course it's going to fall out of escrow if we can't go ahead and consummate the sale on our home. And I think that these are the things that are bad that the owners and, as I say the managers, they don't really care whether the place is occupied or whether it isn't or how much time that

they take. And I think that these are two of the biggest problems.

The other thing is the life estate. I sold a home, and it was on a life estate, and the park thought it was very, very underhanded. This corporation was paying for the home for this minister and his wife. They said that's just about like subleasing. And some of the things that go on in the industry like this, I think are very bad.

Basically, I think that's, that's what I'll cover for right now.

SENATOR CRAVEN: Very well, thank you.

ASSEMBLYMAN BILL BRADLEY: Senator Craven.

SENATOR CRAVEN: Yes, Mr. Bradley.

ASSEMBLYMAN BRADLEY: From your experience, Mr. Rutherford, what do these park managers do that takes longer than the bank review?

MR. RUTHERFORD: Well...

ASSEMBLYMAN BRADLEY: In your estimation, maybe you have personal knowledge.

MR. RUTHERFORD: In one, it's just, it's really dragging their feet, to be truthful with you. The one park, that you must turn the papers in, and the woman will not even read them until the 15th of the month because that's the time that she takes park approvals. So, if you turned it in on the 16th of this month, she would not see the papers till the 15th of the following month, and I think that that's unconscionable.

SENATOR CRAVEN: Luis, you got one back there, Louie for Mr. Clute? That's not Mr. Katz, not unless he's gone through a transformation. Yes, thank you.

Thank you very much, Mr. Rutherford. We'll put this as part of the record.

Evelyn, Mrs. Rutherford.

MRS. EVELYN RUTHERFORD: Hi. My name is Evelyn Rutherford, and I've been in this industry since 1966. I've been a mobile-home park manager. I am licensed by the State of California to be in real estate, and I am also licensed by the Housing and Community Development, and I'm not going to be nervous.

SENATOR CRAVEN: You're not going to be nervous, did you say? Just be short, that's all.

MRS. RUTHERFORD: I've seen this industry from up and down and sideways, and sure, there's two sides to every coin, but I also live in a mobilehome, and I see a bad side to the coin.

One of the things that I think is a problem is the mobilehome industry is a country within the system. Everything applies to every other organ... every other thing, whether you buy a home, a condominium, whatever, you have protection under certain laws. And we all sit here today and say the same thing, we need the Civil Code to have a bite in it.

I think another thing that would help the mobilehome industry tremendously is if we changed the word from rent to fees. People pay condo fees and they come under all the laws. We pay rent,

and we come under none of the laws. So, that's just a suggestion, here.

The thing that I'm going to cite today is family parks, which has not been brought up at all. You take a family into a mobilehome park, and they're buying a three bedroom, two bath, 1400-square foot mobilehome, and they are told they can only have one child in that mobilehome because the park at this time is only taking one child. Next month the park might be taking two children, and somebody that's blessed enough to come along that does not have three children can move into that same mobilehome park because they only have two children.

I just had a case here where there's a family that bought 1400-square feet, three bedroom, two bath, larger than most homes we sell, and they had two twin girls, three, one child nine years old and moved into the park. And they were not asked, by the way, how many children they had. And because they took a practice of writing their twins side by side on all their applications because their birthday was the same. They moved in; 15 days later, they were called and said they could not find their application in the office. Would they please call the office, and the girl said, "How many children do you have?" And she said, "We have three; we have a set of twins and a 9-year-old." Fifteen minutes after that, an owner with another gentleman knocked on this lady's door and proceeded to tell her that they were going to throw her out of that mobilehome park. That she

illegally entered the premises, they would not take three children in that three bedroom mobilehome. That their rules and regulations, which are not in writing--I searched them all out and brought them with me, stated that they only took two children. Now, I went with that lady on the interview, and I can say, as God lives in Heaven, that they never asked her, and I was unaware of the fact that they did not take three children in a three-bedroom mobilehome, you know, mobilehome.

There's other parks, and I brought one of them with me, that state that if it's a two-bedroom mobilehome, they only take one more person than bedrooms. So, if the mother goes in, they'll take two children. If the mother and father go in, they will only take one child.

And it is so ridiculous when you're out there in the selling world. See, we cannot get a mobilehome park manager to write down what they're saying in their mouths. And that's where the law should be posted in an office that nothing is verbal in any conversation and that you're protected under a California Civil Code. You take a buyer into a manager's office, he doesn't know California Civil Code; he doesn't know what I know. So, I'm in there fighting for this family who is uneducated to the fact that they have rights, at least they should have rights. And, I mean, therein, you know, lies the problem.

Number two, sales of mobilehome park managers selling mobilehomes. There is such a conflict in this situation that you could

listen all day long, and we could tell you gory stories after gory stories, but there should be something that happens where a manager may not be permitted in the sales, I mean, of mobilehomes due to the flagrant violations of taking them.

And there is such a thing as a manager who sells mobilehome spaces. So if I have a mobilehome that's yanked out of my mobilehome park, a lot of times the manager will participate in the mobilehome that's being pulled out--money--then they sell the space to one of the dealers in town or somebody else that wants the space, so they make an additional \$500, let's just say. Then they, the person, let's say, some mobilehome dealer or real estate that's paying for that space is paying for it every month, the owner loses nothing on that space. The new buyer who comes along catches up all of that rent on that space, and in turn, the manager once again participates in the new sale that's coming into that park, so could make as much as \$1500 to \$3000 on one vacancy that was driven out of a mobilehome park.

So it makes a real bad conflict of interest. And being in this industry so long, my head is full of this stuff, and anybody who wants to go to lunch, here I am.

ASSEMBLYMAN BRADLEY: I have one question.

SENATOR CRAVEN: Mr. Bradley.

ASSEMBLYMAN BRADLEY: Well, the coach seller, I assume the new coach is sold off of a lot.

MRS. RUTHERFORD: Yes.

ASSEMBLYMAN BRADLEY: How does the manager make a commission on that?

MRS. RUTHERFORD: Well, because she's working through the dealership.

ASSEMBLYMAN BRADLEY: You mean there's a kind of commitment between the dealer and the...

MRS. RUTHERFORD: Right, and the manager or, or a person, you know.

ASSEMBLYMAN BRADLEY: I thought we outlawed that last year, Bill.

SENATOR CRAVEN: Yes, I'd rather you hadn't brought that up, Bill.

Very good, thank you, dear.

I'd like to take this opportunity to introduce the newest arrival. This is Assemblyman Steve Clute, also very much interested in this field. Nice to have you with us.

Next is Inges Swaggart.

MS. INGES SWAGGART: Good morning, committee members, Senator Craven.

SENATOR CRAVEN: Good morning.

MS. SWAGGART: This somewhat reminds me of Santa Barbara and some cat stories. That's an inside joke.

SENATOR CRAVEN: Oh, that's right, but I remember.

MS. SWAGGART: Right. However, I have one page, single spaced, I mean double spaced, so it's not going to take very

long, and it is on behalf of a resident of the Mobilehome Belmont Trailer Park, now known as the Belmont Mobilehome Park. They've changed their letterhead; they don't want to be known as a trailer park, even though they are. It's the one that was burned, had twelve coaches burned out a couple of weeks ago. And this resident called me for help because the owner has now changed the rules on selling, and I said I would read her written statement into the record.

SENATOR CRAVEN: Very good.

MS. SWAGGART: If I can see it. Right to sell trailers in Belmont Trailer Park.

Belmont Trailer Park (now known as Mobilehome Park) is an old travel trailer park of approximately 85 spaces, each approximately 24 feet long and the 8 feet, so it is by law trailer, even though most of these have been sited there more than 9 months.

Many residents have been there over 30 years and are on pension or Social Security as low as \$450 per month. Others have purchased trailers recently. Virtually all are low income. The rent and services amount is \$260 a month plus gas and electricity for new residents. Older residents pay slightly less. And she has an agreement attached which says \$225. There is no clubhouse or pool, and there has been very little maintenance. As is evidenced, the P.G.&E. and all the gas lines have to be replaced because they said they were surprised that the whole park has not blown up yet.

Although rental agreements (see attached) have long proscribed selling trailers in the park, the practice has been to allow selling with the manager's approval of new tenants. In face of the housing shortage hereabouts (and this is in the Peninsula in Belmont), this has led to greatly aggrandized prices for trailers, many thousands of dollars beyond the value of the units, themselves, because they were in a park space with relatively low rent. However, buyers also knew that so long as rents remained high in the area and other parks full, they would be able to recoup at least a large part of their investments if and when they sold. Meanwhile, they had affordable housing and might save a meaningful equity for the future.

After a disastrous fire in June caused by brush along the adjacent 101 freeway destroyed 12 trailers, some almost brand new, the owner suddenly decided to change the rules. All older trailers, even those well kept and in good condition, would have to be removed from the park when sold. The age, in quotes, was set at ten years, which includes all but a very few of the trailers in the park. This means, of course, that anyone selling in the future can only expect an out-of-park price many thousands of dollars less. This includes those who paid the inflated price only a few months ago. And since most trailers are adapted for park living, with full utility hookups, even that low value is dubious, since vacant park space in the area is totally nonexistent.

In effect, the sudden and arbitrary change in the practice of park rules is confiscatory. And even those elderly who purchased their units many years ago at a low price are now denied the small nest egg that the sale of a trailer would bring, should they be unable to continue living here.

That concludes the statement by Alma Scott, who lives in space 76 in Belmont. Thank you very much, Senator Craven, for your patience.

SENATOR CRAVEN: Thanks, Inges, we appreciate it very much.

Next is Don Chandley, Citrus Heights. Don, we're happy to have you here, anxious to hear what you have to say. Hopefully, you can do it quickly.

MR. DON CHANDLEY: I will, sir. My name is Don Chandley, and I'm the owner of Don's Wheel Estate in Sacramento.

SENATOR CRAVEN: That's a great name.

MR. CHANDLEY: With the largest mobilehome dealership in Sacramento. We're not a realtor; we're a mobilehome dealer. We sell only mobilehomes in parks. We sell approximately 250 to 300 mobilehomes a year.

I'll just give you a little statistic, here. The average mobilehome sold in Sacramento County, a single-wide, goes for around \$15,000; a double-wide right around \$25,000. So most people don't have a lot of equity in the home. Most owners of mobilehomes are senior citizens, very easily intimidated.

Most park managers, I'd say over half of them, are very fair and easy to get along with. The other half, unfortunately aren't. When they see a mobilehome up for sale, first thing they think about, how can I make some money off of this sale? Second, how can I upgrade my park? Third, this is my opportunity to choose my own neighbor.

I would say probably about one-third of the sales I have, I have problems with park managers. Some park managers go as far as to directly ask for something under the table. Some park managers insist that if a mobilehome is sold in a park, that the seller goes through a certain dealer or perhaps, if that mobilehome park manager has a license, that they go through them. Now, they don't have, they don't have to go through them, but if they do, it'll be a lot easier on them. The list of upgrades will be less, they'll have less problems.

There are approximately 120 mobilehome parks in the Sacramento area; that includes Yolo County and Roseville. Of those 120, only seven parks allow children. Most of the parks in the last three years have gone from adult parks to senior citizens' parks. They pick the age limit out of the air. Some parks in Sacramento have age limit of 45, 37, 60, 55; it depends upon what the park manager wants.

They're supposed to, by law, give a six-month written notice. They don't do this in most cases. I have had people in a park to be approved sitting at a table with the park manager, at that

time they decide to raise the age limits and turn the people down due to the new age limit. I didn't think it could be done. I have consulted my attorney about it. He said if I wanted to take long, legal steps, we could prevent it; we could get the person approved in the park.

But here again we're dealing with senior citizens who are very easily intimidated. The reason they are living in a mobile-home community usually is because they are on low, fixed incomes. They don't have money to get attorneys and have long court battles, okay? They're interested in a nice place to live. They have very little equity in their mobilehomes. Like I say, they go for 15, 25, 30 thousand dollars, that bracket.

The main thing I can see, there's two main problems. You have the problem with the park dealer dealing with the seller. Second, dealing with the prospective buyer. Most of the problems I have here in Sacramento isn't from prospective buyers being turned down. It's from prospective buyers being intimidated by park managers.

I've had people go to a park, to give you an example, Jimmie Walker just mentioned a couple of them, I've had women come out of a park manager's office in tears because park managers have asked them questions about their sex lives. Do you have any boy-friends? Why did your husband divorce you? Unreasonable things.

I think that something has to be done to enforce the Civil Code. One of the items in the Civil Code requires that all park

sellers give a 60-day written notice before they put their mobilehome up for sale. That would be like if you folks have your house for sale, your getting 60-day permission in advance before you put it up. The law used to be because there were a lot of vacancies in mobilehome parks. Nowadays, there are literally no vacancies at all. That rule, that 60-day rule, what that does, is it gives the park manager 60-days notice before a home is put up for sale. He has the opportunity to call the mobile-home dealer and actually let that particular dealer be the first one in the door of that prospective seller's home.

I personally don't deal with park managers on that level. I refuse to; I don't think it's ethical. But I know that there are mobilehome dealers in Sacramento and other places that do that.

I can give you a lot of instances, but the main thing is if they don't get the 60 days in advance, they give the seller a hard way to go. And here you are with somebody who's selling a mobilehome, going into a rest home, all they want to do is sell the home as fast as possible and vacate it.

The park managers' upgrade list, it depends on the park manager and how he feels that day, and is he happy with the seller? Is he happy with the buyer? Did he, in fact, make any money out of the deal?

Now, not all park managers are that way, but there are a lot of them that way, and it puts the sellers in a hell of a bind. If you have any questions, I'd be happy to answer them. That's all I have.

ASSEMBLYMAN STEVE CLUTE: Have you in your work as a salesperson, have you dealt with the application for residencies and the net worth statements?

MR. CHANDLEY: Yes, I have, and I would say probably out of 120 parks in Sacramento, maybe three parks have the same forms or information.

ASSEMBLYMAN CLUTE: I was just reading over this one that I guess was kindly provided by Western Mobilehome Association, but even in these, I question the information. I know personally I would not give out in regards to net worth a statement of cash on hand in the banks, other liabilities and what have you. Is this intimidating for sellers, buyers?

MR. CHANDLEY: Yes, it is, and that's what the main problem is, the intimidation factor of the park manager. I've had park managers who've had copies similar to what you have there and if it was a mobilehome that they, themselves, had listed or they, themselves, had a chance to make some money in, they waive those items.

It depends entirely on the park manager and his character. They're not licensed like the mobilehome sales people under the Department of Housing. If you have a problem with the mobilehome dealer or salesman, you can go to the Department of Housing. With the park manager, you have no recourse whatsoever, not even the Civil Code because it's not being enforced.

ASSEMBLYMAN CLUTE: Some form, I imagine, is necessary, through these buyer-seller deals. But would you say we should have a standardized form that would meet various legal requirements?

MR. CHANDLEY: Yes, I do. Also, I think you should have a standardized limit to the questions you can ask a prospective buyer in a park, and I think it's a conflict of interest, I may add, to have a licensed mobilehome salesman be a park manager.

ASSEMBLYMAN CLUTE: Thank you.

SENATOR CRAVEN: Thank you very much.

MR. CHANDLEY: Thank you for having me.

SENATOR CRAVEN: Earl Milliken, Santa Rosa. Thank you.

MR. EARL MILLIKEN: Gentlemen, my name is Earl Milliken. I've given you a handout. If you'll take a few minutes, a few seconds to read it, I believe it's all self-explanatory. And if the Chairman would like to make this a question and answer session, I would be acceptable to that. Except for a few comments that have already been made on this, I will not refer to any names, I will refer to the signatories as owners.

This one lady that has a home for sale, the letter is to Merlin, it's exhibit two, I believe. I've also prefaced it with the mobilehome law, and if you want any comments on number one, I think it's self-explanatory.

SENATOR CRAVEN: Well, why don't you say what you think are the most pertinent things in your presentation. Your presentation is quite extensive.

MR. MILLIKEN: Right, it's all...

SENATOR CRAVEN: ...which we're going to have to...

MR. MILLIKEN: Well, I just want to make it as brief as I can.

SENATOR CRAVEN: Fine, Earl, I have no objection to that at all.

MR. MILLIKEN: Okay, the thing is that this park seems to have a 55 senior park age limit. Okay, this one lady in exhibit two has a grandson that's 6, 5 years old; he's been there since he's been four.

There's a, exhibit seven will show you a lady that's 42 years of age, and he wants to have her have a 20-year lease.

And exhibit six and six(a) is from a dealer that's had a mobilehome for sale in the park since 1985. And he turns the person down without quoting, on six(a), quoting the park rule and regulation stating that she has to be 55 years of age. It says, "Manager and general manager saw her and both agreed she was entirely too young." And then, turning down the rent, he also says the rent for the space has been increased to \$200. And the home has to be de-amped because it is a large home on a 50-amp circuit, and according to the state Health and Safety Code, that size home must have a 100 amp circuit. And it was moved in on a single-wide lot.

And it's just, all these people have already told about what is the major problems. The major problem with this park seems to

be that the owner evaluates each case as he sees fit, and the rules change every time there's a sale.

And there's one lady, I can supply the name to the committee if you wish, sir, that she purchased her home directly from an owner. She paid \$2500 down to the owner, moved into the park, and then went to the office. The manager was in the process of giving her the rental agreement and the park rules and regulations. The general manager came from behind a door in an apartment and said, "You have a pet. I'm not going to approve any," he used other words than that, "and I'm not going to approve any more pets."

But it seems that in the lease there is a clause that says there will be a quota of pets. Without notification, he says, "no more pets allowed". So then the lady moved in, and then he told her she had to move out. He wouldn't accept the rent or anything.

So he came down on Thursday and told her that if she didn't move her mobilehome out of the park, he would personally hook onto it and pull it out. So, consequently, the poor woman moved, with double expense, in and out.

But that seems to be the, don't get me wrong, there are some good and just owners. But some of these owners think that they have a right to tell me who I can sell my mobilehome to and when I can sell it, how I can sell it, and they require a 60-day notice. And the 60-day notice they refer to is in the vacancy,

it says "vacancy". Well, that space is never vacant unless the home is removed. They're always getting their rent from it.

Now, if you have any questions, I'll be glad to answer them.

SENATOR CRAVEN: I have none. I don't know that the committee members have. We'll, of course, go through the material which you gave us, which supports some of the things that you mentioned.

MR. MILLIKEN: Right. And, gentlemen, I would request if you can, where it mentions names, to refer to owner, and if it would be in confidence, if it's possible.

SENATOR CRAVEN: Certainly. No problem. Thank you very much, Mr. Milliken:

MR. MILLIKEN: There's one more thing, if you will.

SENATOR CRAVEN: All right.

MR. MILLIKEN: On skirting, this owner told an 80-year-old man that he had to change the skirting on his home to get his permission to sell the home. Okay. The skirting met the Health and Safety Code. It's the horizontal skirting that looks like a venetian blind. Okay. The owner had the same type of skirting on his manager's house and on his assistant manager's house, he has wooden skirting of the same type, which doesn't even meet the Health and Safety Code. So he says as long as my homes are not for sale, I do not have to change my skirting.

And one family got in the park, and they'd been in there two weeks, and they demanded that they change the skirting. It

wasn't even in the escrow, but, and then this landscape thing, he has no rules that he passes out to tell you what has to be done in the upgrading.

SENATOR CRAVEN: Very well. Thank you.

MR. MILLIKEN: You're welcome.

SENATOR CRAVEN: Next, Irene Peterson. She's Associate Director, GSMOL, Region 1.

MS. IRENE PETERSON: Good morning.

SENATOR CRAVEN: Good morning.

MS. PETERSON: I'm also a member of the Mobilehome Advisory Commission for the City of San Jose. And I have three cases, well actually four cases to present to you today.

Three involve one park in San Jose, Coyote Creek Mobilehome Park, and you may want to refer to the documentation that I've given you, there, because I will summarize those cases briefly.

SENATOR CRAVEN: Fine. Very good.

MS. PETERSON: The first case involves Joyce Wagner, who was a buyer in Coyote Creek Park. When she first began the process, the space rent was quoted as being \$306 per month. At the time of her interview with the manager, she was told that she had two choices. She could sign a lease and pay \$411 a month, this was an increase of \$105 a month. Or, two, she could sign at the current rate of \$306 and agree to assume responsibility for the running balance between that and the rent at the end of arbitration. The manager said that rent would probably be \$550.

At this time, Coyote Creek Park was not involved in any arbitration because there is no such process under the current San Jose rent ordinance. Only administrative hearings are held, and these are initiated by a park owner when the said owner wants to increase the rent by more than the annual allowable five percent according to the ordinance. The San Jose mobilehome ordinance limits rent increases to five percent per year and does not allow for additional increases at the time of sale.

The second case involved a Mr. and Mrs. Fraser, who were in the process of purchasing a home from a Mr. Carlson in the park. In mid-August, they filled out application for tenancy papers and were assured that the monthly space rent would remain at \$317 until the annual increase date. This was all following the San Jose ordinance, and everything seemed to be fine.

The Frasers were told that they could not get final park approval until September 2, approximately three weeks later, because the managers were going on vacation. So they packed their belongings and gave notice to their landlord that they were thinking of moving on September 2.

In the meantime, the seller made the same arrangements. He put a deposit on an apartment, packed his things and had the movers scheduled to come the afternoon of September 2.

On September 2, however, the Frasers were presented with a rental agreement stating a much higher rent and also requiring a two-year lease. The manager said the space was appraised in the

meantime and should rent for \$550 instead of the \$317 previously stated. They were taking this matter to court and they would have to pay 75% of the difference between the \$317 space rent and the \$550 space rent for a period of up to 12 months, depending on how long after they moved in this case was settled. That could add up to a pretty good sum of money.

The Frasers decided not to buy the home under these conditions, and of course, that left them with upset plans as well as the seller, who had already paid a deposit on an apartment and lost his deposit.

The third case involved the Ferenz family, and on March 13 of 1987, they requested park residency approval for a space in the same park. They were told that it would not be approved unless they signed a document which stated that the current space rent is \$383.40 per month, the appraised value of the space is \$575 per month, and they had to acknowledge that the owners were seeking an arbitration decision and that they would be responsible for the difference between the \$383 and the \$432, which is about 75% of that appraised value. Just figuring this out, roughly that amounts to about a \$575 amount that they would have to come up with if it took the total year for this hearing to go through.

The Ferenzes were offered a long-term lease for two years at the monthly rate of \$431.35. This was about 65¢ a month less than the month-to-month tenancy. In all of these cases, the prospective tenants were refused copies of the documents that they

were asked to sign. And in one case, at least, their agent requested a copy and was also denied a copy of the document.

Rents of \$450 and up are on the higher side in San Jose at the present time, and Coyote Creek is not a new, modern park. It is one of the older parks, and it has some single-wide spaces in it as well as the double-wide spaces.

If you will refer to the first page of the packet that I handed you, you'll read that the City of San Jose has brought suit against the park owner in this case, and preliminary hearings have now been completed. The case is set for trial the third week in August, and I believe that date is August 25. So the city is proceeding with this one.

Many mobilehome buyers are first-time purchasers and are not familiar with the mobilehome law. Often they find it difficult to secure the information that's necessary to protect their own rights and best interests. Perhaps we need to require that real estate people give prospective buyers copies of the state laws and local ordinances at the time they begin looking for a mobilehome. At least then they would have the documents in their possession, whether they read them or not, then it's their responsibility. But at least they would have them.

The fourth case that I want to present is a totally different park and a different situation. This is in Morgan Hill and involves a man who had lived in Hacienda Valley Mobilehome for several years. He sold his home there and moved to Windmill

Park, which is also in the Morgan Hill area. He maintained many friendships in the original park, and he visited there often to play cards and attend other social functions.

After three years, he sold the home in the second park, Windmill, and began the process of buying another home in Hacienda Valley Park. When he applied for residency in the park, management denied his request and refused to discuss the reason, saying only that "he broke all the park rules". According to park residents, this is not so.

I interviewed by phone Ed Carr and Ray Savage, both longtime residents of Hacienda Valley and active members of the homeowners' association there. And these men said that they would welcome this gentlemen as a neighbor and that many other residents of the park had expressed the same feeling. He had many friends in this park.

I also contacted Mark Moore, who is an associate director of GSMOL for the Morgan Hill area. He happens to live in Windmill Park and knew personally of this man's tenancy during the three years he lived in that park and said there were no problems. The only cases of rule breaking that we could document at all were very minor. Things like, "well, he does get excited and a little loud when he plays cards, sometimes," which applies to a whole lot of people. The man, himself, admitted that he once parked his car in the street for a while, and management had cited him for that.

Another incident, you can see what this is heading toward without my going into too much detail, involved a box of apples in the clubhouse. Residents of this park had a way of sharing the over abundance of their garden with other residents of the park, and they would put these things in boxes in the clubhouse, and anyone who needed some would take what they could use. And apparently, this gentleman, in the company of a park resident, had picked up an apple from one of these boxes, and immediately, the managers accused him of stealing it.

A San Jose attorney told the gentleman that he had a very good case, but it would probably take a couple of months to pursue it on a harassment-type basis. The man had already sold his home in the second park, in Windmill Park, and couldn't wait that long. And he has since purchased a mobilehome in San Jose in a very nice park, was accepted and has moved in, and apparently no problems.

The Civil Code Section 798.74 states that approval cannot be withheld if the purchaser has the financial ability to pay the rent and the charges of the park unless management reasonably, I emphasize reasonably, determines that, based on the purchaser's prior tenancies, he will not comply with the rules and regulations of the park. In this case, it seems very difficult to imagine how management could reasonably determine that this man would not be a good tenant.

Although the section does require management to give the seller reasons for a rejection, it does not require any specific documentation on times, places, et cetera, of whatever contributes to the problem and leaves it open to generalities like their quote, "he broke all the rules," without a statement of any specific facts of any rules that he actually did break.

Maybe we need a standardized form for rejections where these things have to be documented to some degree. That seems like it might be of some help.

That's the end of that testimony. With your permission, I'd like to add one very quick comment in regard to the previous testimony by Mr. Craig Biddle.

I believe that legitimate required improvements, and this is when he was talking about improvements on sale or on resale, should be noticed to residents at the time that they are observed to be below the standards of the park. Even though that improvement may not be required until the time of the sale, at least then the owner of the mobilehome is aware that this is something that's going to be hitting them sometime in the future when they decide to sell. There shouldn't be any surprises at the time a resident decides to sell--especially for senior citizens, because moving is traumatic enough without being faced with other kinds of problems, some of them involving considerable financial loss.

Thank you for your time.

SENATOR CRAVEN: Thank you very much.

Next is Jack McKean, of San Jose. Jack the way we figure it, you've got about two minutes. If you don't need that much time, why just tell us.

MR. JACK MC KEAN: Thank you, Senator, and honorable committee. I'm Jack McKean. I'm from Casa Del Lago Resident Association and GSMOL. I'm the vice-president at Chapter 275.

I haven't got...I had a heck of a lot more, but I'm going to cut it down real short. I'm going to read one thing, here.

SENATOR CRAVEN: Thank you.

MR. MC KEAN: And then I'm going to, this is a quote from a 1987 issue of THE CALIFORNIAN, "Know Your Rights".

Section 798.18 gives you the right of an option--month to month or longer term rental agreement--and is said to apply to homeowners. Unfortunately, section 798.9 defines the word homeowner to mean a person who already has a residency in the park. Therefore, we have a number of park owners/management who are personally insisting code section 798.18 does not apply to the prospective buyer who is attempting to get into the park.

Since they contend that such a prospective buyer has no protection under the Mobilehome Residency Law, they are insisting that any agreement presented regardless of its terms or duration must be signed in the form in which it is presented to the prospective buyer, or they will not be allowed to take up residency in the park.

This goes on and says how we can treat that. I have a, you have this, this package here before you. I have here a list of buyers that have come to the park for the last eight months. The asterisk indicates the people I've actually talked to.

Now gentlemen, I'd like to introduce to you Geraldine Bishop. She was the park manager of Casa Del Lago until December 1, 1986. She has a few words to say, and I think it's important that you hear these things.

SENATOR CRAVEN: Very well.

MR. MC KEAN: Geraldine.

MS. GERALDINE BISHOP: Senator Craven, members of the hearing, my name is Geraldine Bishop. I was, as Jack said, manager of the mobilehome park for four months. At my interview for taking this position, then the new off-site manager gave me some instructions, and the ones about the lease are the ones that I'm going to mention today.

One was that, number one, I had to understand the new lease that he was planning to get into the park and eventually have everybody on. This new lease is a standard lease and presumably legal. It has a paragraph in it that says that residents are to be offered three kinds of leases--a month-to-month, a year's lease and then another longer lease.

Because of the definition of resident in the California Civil Code, this did not apply to any of the people who were coming in

to be approved for park residency, because you can't be approved for park residency after you're already living, living in the park. You have to be approved before, therefore you're not a resident, yet, or a tenant or a legal owner.

He also promised me a commission on every lease that I sold not only to new people coming in, but to people already living in the park because we do have, we do have a lease already. The new lease is, is quite different in that it starts at a 10% increase and the one that I was told to offer then went yearly 11%, 9%, 9%, excuse me, 11%, 10%, 10% and 9% with an added 10% on the renewing year, which would have brought it up to, my guess is 19% or 20%, and then another five years. And I understand from Mr. McKean that this goes on for 25 years. I wasn't aware that it was that lengthy.

I was also told that I had to be very, very clear on what the lease said. I had to read it and know it so that I could kind of flip through it and get just the basic points and miss anything that, that might turn a buyer off.

I was also told that I would get salary increases to match my own rent so that I would never have a rent increase as such.

I was also told to ignore the cap, which at that time was something over \$500, and it was less for a single-wide than it was for a double-wide. But it was, I was told to ignore that when, when some of these percentages went over that.

I was told if they, people, if a person asked for a month-to-month, to give them a figure so high that it would be ludicrous. And I was told something like \$1600 a month. As far as a yearly lease, we just didn't have one.

I was told that I was only authorized to offer the one lease. If they wanted to take the present lease, that was possible, but at that time, it actually was a 25% increase coming in because there is an 18% vacancy decontrol on that old lease.

So people actually tended to, to go for this other lease because they didn't, it looked pretty good on the surface, but it wasn't, wasn't until--and it is a long lease, it's 20 or more pages.

Okay, that's about it.

SENATOR CRAVEN: Very good. Thank you.

MR. MC KEAN: Thank you, dear, I mean, Gerry, pardon me.

Okay, I'm going to sum it up. I have a lot more here, but I would like to ask the committee to please, we beg you, to clean up the Residency Law, particularly making the people that come in, to prospective buyers to come in, to be covered under this law. Such that they're not treated the way that they're being treated.

I had a figure here where at the end of 25 years, this lease that they're giving now will be worth about \$4300 a month. Now that's really ridiculous, and I had some more figures to give you, which is all in that pamphlet, there.

SENATOR CRAVEN: Very well.

MR. MC KEAN: Well, anyway, we, I'm representing Mr. Dave Hennessy, Region 1, GSMOL, and we in GSMOL stand ready to assist in any possible way to help solve this dilemma.

And I thank you very much. It was a pleasure talking to you.

SENATOR CRAVEN: Thank you, Mr. McKean. We appreciate it very much.

Next is Sheilah Hagen, Sacramento. Sheilah, hopefully everybody that's preceded you has said exactly what you had intended to say.

MS. SHEILAH HAGEN: It'll be very short.

SENATOR CRAVEN: Good.

MS. HAGEN: Good morning.

SENATOR CRAVEN: Good morning.

MS. HAGEN: My name is Sheilah Hagen.

SENATOR CRAVEN: It's now afternoon.

MS. HAGEN: Oh, well, it's noon now, right? My name is Sheilah Hagen, and I live in Sacramento.

I owned a mobilehome in a mobilehome park in the area, and I wanted to sell it. I was advised by my attorney to get the state inspection. I did, and the coach passed the inspection. At the time, I sent a copy of the approved inspection to the park manager. I also have a copy here if you're interested.

A few weeks after I received this notice of compliance from the state, I was made a cash offer on my home, and I accepted. The buyer then had to go to the park management for approval. At that time the park manager told the buyer that my mobilehome was in an unsafe condition and advised against buying my mobilehome.

I might add that no contact by the park management was made to me about the about the copy approved, about the copy of the approved inspection and any disagreement of compliance. That, as you can imagine, ruined my sale. This situation happened on more than one occasion.

Thank you.

SENATOR CRAVEN: Thank you very much, Sheilah, we appreciate it.

Next is Jean Mowery, Costa Mesa. Jean is evidently not with us.

Mrs. Sally Behning, Riverside. All right, go to the next one.

Barbara Fritsch, Hillsdale Memorial--Memorial, oh, boy, I tell you, it's getting late, I think. Are you here from the memorial park, dear?

MS. BARBARA FRITSCH: It feels like it.

SENATOR CRAVEN: We can have our veteran's celebration there next Fourth of July.

MS. FRITSCH: You're wasting my time.

SENATOR CRAVEN: All right. Are you Jean or Sally?

MS. FRITSCH: I'm Barbara.

SENATOR CRAVEN: You're Barbara. You're Barbara Fritsch,
huh?

MS. FRITSCH: Yes, yes.

SENATOR CRAVEN: Just like Barbara Fritchey. Did you ever
hear of her?

MS. FRITSCH: Yes, yes I have.

SENATOR CRAVEN: Okay, Barbara.

MS. FRITSCH: I'm just a purchaser or was a purchaser

SENATOR CRAVEN: Why don't you use the mike, Barb?

MS. FRITSCH: Why, (inaudible)?

SENATOR CRAVEN: It's hard to hear.

MS. FRITSCH: Okay.

SENATOR CRAVEN: You're dealing with a senior, senior.

MS. FRITSCH: Ready for lunch, right?

SENATOR CRAVEN: Well, that, too.

MS. FRITSCH: Okay. I was going to purchase a home in Hillsdale Mobilehome park last year in June at which time I was going through a divorce, and I received a lump sum of money, and due to a custody battle, I had to have a home for my children, so there was some people in Hillsdale that was selling for seventeen five. I offered them twelve five cash, which would have cleared escrow in one day, filled out all the paper work, and the management

held off like seven days. I'd been staying in a motel, and I said, "Could you rush along?" And he says, "Well, we have to take it on an individual basis."

To make a long story short, I was refused because they felt I couldn't follow park regulations and rules and stuff because I did not go through them before I went through the real estate. And they refused me purchasing the mobilehome. So I went to one in Rancho. Rancho called Hillsdale, and what they told them, I don't know. But I'd been approved; one hour later, I'd been disapproved for that, also.

I lost custody of my children. I've lost, I had a mental breakdown. I lost all income. And I think that there should be some rules and regulations on what they can do, and not so much what the other people can do. I have fulfilled all of their requirements for income. My husband wrote letters, and they just said, "No," because I did not fill out their form before I filled out the real estate form.

And so I think there should be some guidelines on them, on what they can do with people's lives.

SENATOR CRAVEN: Very good, a point well taken.

MS. FRITSCH: Okay?

SENATOR CRAVEN: Yes, thank you, Barbara, very much.

MS. FRITSCH: Thank you very much.

SENATOR CRAVEN: Next is Marion DeTrude.

MS. MARION DE TRUDE: My name is Marion DeTrude, and I live in Sonoma, and I represent a homeowners' organization currently being organized in one mobilehome park in Sonoma.

We have been conducting an independent, person-to-person survey to gather facts on issues and concerns affecting the life-style and financial security of mobilehome owners, some which relate to the sale of their homes. On the basis of the compilation to date, I have been given permission to share the findings and will quote some of the documented evidence without identifying individuals because of fear of a retaliatory action by the park owner or park managers.

The indiscriminate raising of rents upon the home being placed on the market for sale has been one issue. One homeowner was told by the park manager that the rent would be raised about \$40 a month and that rules state, within the park rules, that they could raise it up to 30% in an increase in selling the home.

The age restriction prevented the sale involving a blind man over 55 from having his 38-year-old seeing son live with him. The park managers would not approve the son because of a park rule limiting the age to 45. This age has also been raised to 55 at one point, autocratically by the park owner, and was so listed with realtors. One homeowner stated, "I have not had a single referral, and my realtor told me it was because of the limited market due to the age district..., constri..., excuse me, age restriction in your park."

Finally, the park owner lowered the age back to 45, which is the age originally stated in the leases signed in 1983. The purchasers of homes in the past two years have been offered and signed a new set of rules and regulations which differed from the others.

When a homeowner died recently, her 35-year-old daughter was not allowed by the park manager to live in her mother's home while she took care of her mother's personal property.

The detailed credit information being asked of prospective buyers on their income and expenses was quoted by one homeowner as a deterrent to the sale of his home. One prospective buyer was told, quote, "\$700 a month isn't enough of a monthly income to live in this park." Another person was told, "You need at least \$18,000 income to live here."

However, the compilation of the survey to date shows that 60% of those interviewed have incomes of less than \$15,000 a year with 30% having incomes of less than \$10,000. The owner, it seems, is trying desperately to approve only those having incomes of over \$27,000, as referred to in a recent letter he sent to the supervisors in the county.

Pets versus no pets. The park managers admit some buyers with pets; others are not approved. The rules are very strict in this respect, but not observed equitably by the park managers.

The attitude of the managers toward prospective buyers, as well as to the homeowners in general, being quoted as being belligerent, argumentative and insulting, has lost the sale for one homeowner. He was told by the prospective buyer, "After meeting your park managers, who insulted my wife, I would not buy any home in this park while they are here, where we people are treated so shabbily."

These are a couple of suggestions for the future. The possibility of a homeowners' bill of rights guaranteeing homeowners certain rights under the constitution so they are not held in bondage, treated as serfs for the benefit of the park owner's kingdom, but have rights as owners with minimum rules developed mutually by homeowners and the management.

And the second suggestion has to do with the licensing, not so far as real estate licensing, but licensing of park managers by an impartial, qualified committee, including the testing of qualifications, which would include human relations' skills, based on references and interviews, and business skills and handling day-to-day operations of the park of physical and financial operations.

I thank the committee.

SENATOR CRAVEN: Thank you, Marion, very much.

Let's see, Howard Foulds of Diamond Springs. This is our last witness.

MR. HOWARD FOULDS: I'll keep this as short as I can. I've got it pretty well written out, here, on a couple of pages.

As for the fees, a number, I've contacted several parks in our area up there, and I understand that some of the managers, if they don't get paid a fee under the table somehow or other, that you just don't get approved in selling your home. Now, of course, when you try to pen them down, what happens is that they suddenly have a lapse of memory as to exactly who it was and probably afraid of retaliation.

Now, new subject, a little bit. It seems to me that the Department of Real Estate should be alerted to these owners' super, ah, suspensions and actual support for the cases where they ask for money and actually received it. The acceptance of a fee for selling or assistance therein requires a license. The Real Estate Board should take an interest in any such activity by park management. We older people as owners, in most cases where our mobile is slow in selling, must be protected from such activities by managers who expect to get paid.

I've got one short more one here. I am 82 years of age, an inactive real estate broker license expires on 12 31, 1990, so I may be just a bit prejudiced about practicing real estate sales without a license.

I thank you for the privilege of appearing in the Capitol, spelled c-a-p-i-t-o, o,-l, for which my capital, c-a-p-i-t-a-l,

spelled like that, is threatened. It upsets me to taking action to preserve it. We don't get a second chance to make it at our age, without, with a few exceptions.

Now, then, I have one thing to close it off with. Maybe it's a little bit out of place, but I'm going to say it anyway. Maybe we need one more law. An award in a fixed amount of dollars shall be paid for shooting a problem park manager.

SENATOR CRAVEN: Well, I'll tell you. I think I've got to get Assemblyman Bradley to carry a bill that has a school for managers. And we're going to have, it's going to be sort of a Dale Carnegie type of thing, as to how to win friends and influence people, happily so.

We appreciate all of you being here today and the testimony that you've given. Hopefully, we haven't stepped on your lines too heavily and allowed you to say those things that you had intended.

Regardless of what you've heard today, there are a lot of good people on the other side of the issue, and I think we all recognize it. It is always, and it is typical of the business in which we find ourselves, that it's always a few that create the problem for so many more. But we try to work as best we can, and as you may have heard me say before, one of the most difficult things to deal with, of course, and the most fragile thing, is the human personality. You cannot legislate personality, and

that's unfortunate at times, but perhaps at other times, it's very, very good, too.

But all of the things that you've said were germane. And they have great meaning to us, and we will mull through them. I notice Mr. Bradley took copious notes, and he's the fellow who's well known for developing a lot of legislation that has great meaning and common sense, and Bill probably has some ideas, and certainly I have that I've gleaned from the comments that you've made here today.

So, once again, I want to thank you for being here, and we look forward to seeing you again, soon. Thank you.

SECTION V

A P P E N D I X

AMENDED IN SENATE JULY 14, 1987

AMENDED IN ASSEMBLY MAY 5, 1987

CALIFORNIA LEGISLATURE—1987-88 REGULAR SESSION

ASSEMBLY BILL

No. 1114

Introduced by Assembly Member Bradley
(Coauthor: Senator Dills)

March 2, 1987

An act to amend Section 798.74 of the Civil Code, and to amend Sections ~~18062, 18062.2, 18062.2~~ and 18063 of the Health and Safety Code, relating to mobilehomes.

LEGISLATIVE COUNSEL'S DIGEST

AB 1114, as amended, Bradley. Mobilehomes.

Under the existing Mobilehome Residency Law, management of a mobilehome park is prohibited from showing or listing a mobilehome for sale without the owner's written authorization. Existing law also permits the management of a mobilehome park to require the right of prior approval of a purchaser of a mobilehome that will remain in the park and that the homeowner or his or her agent give notice of the sale to the management before the close of the sale. It, however, prohibits the withholding of approval if the purchaser has the financial ability to pay the rent and charges of the park unless the management reasonably determines that, based upon the purchaser's prior tenancies, he or she will not comply with the rules and regulations of the park.

This bill would amend the Mobilehome Residency Law to provide that, if the approval of a purchaser of a mobilehome in the park is withheld for any reason other than the reasons specified by provisions of the Mobilehome Residency Law relating to transfer of mobilehomes, the management or

owner of the park may be held liable for all damages proximately resulting therefrom.

Under the existing Mobilehomes-Manufactured Housing Act of 1980, various acts are declared to be unlawful if committed by a mobilehome dealer or salesperson.

This bill would add to the unlawful acts a prohibition on the showing or listing of a mobilehome or a violation of the above-mentioned authorization and approval provisions of the Mobilehome Residency Law. This would impose a state-mandated local program by creating additional misdemeanors.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 798.74 of the Civil Code is
 2 amended to read:
 3 798.74. (a) The management may require the right
 4 of prior approval of a purchaser of a mobilehome that will
 5 remain in the park and that the selling homeowner or his
 6 or her agent give notice of the sale to the management
 7 before the close of the sale. Approval cannot be withheld
 8 if the purchaser has the financial ability to pay the rent
 9 and charges of the park unless the management
 10 reasonably determines that, based on the purchaser's
 11 prior tenancies, he or she will not comply with the rules
 12 and regulations of the park. If the ownership or
 13 management rejects a purchaser as a prospective
 14 homeowner, the ownership or management shall inform
 15 the selling homeowner in writing of its reasons for the
 16 rejection. If the approval of a purchaser is withheld for
 17 any reason other than those stated in this article, the
 18 management or owner may be held liable for all damages

1 proximately resulting therefrom.

2 (b) If the management collects a fee or charge from a
3 prospective purchaser of a mobilehome in order to obtain
4 a financial report or credit rating, the full amount of the
5 fee or charge shall be credited toward payment of the
6 first month's rent for that mobilehome purchaser. If, for
7 whatever reason, the prospective purchaser is rejected
8 by the management, the management shall refund to the
9 prospective purchaser the full amount of that fee or
10 charge within 30 days from the date of rejection. If the
11 prospective purchaser is approved by the management,
12 but, for whatever reason, the prospective purchaser
13 elects not to purchase the mobilehome, the management
14 may retain the fee, or a portion thereof, to defray its
15 administrative costs under this section.

16 ~~SEC. 2. Section 18062 of the Health and Safety Code~~
17 ~~is amended to read:~~

18 ~~18062. It is unlawful for a dealer to do any of the~~
19 ~~following:~~

20 ~~(a) Enter into a listing agreement that does not~~
21 ~~include a specified date upon which the agreement is to~~
22 ~~terminate.~~

23 ~~(b) Claim or take any secret or undisclosed amount of~~
24 ~~compensation, commission, fee, or profit prior to, or at~~
25 ~~the time that a contractual agreement is signed whereby~~
26 ~~all parties involved, after negotiation, have come to~~
27 ~~terms. However, this section shall not be construed to~~
28 ~~require the disclosure of any exclusive financial~~
29 ~~arrangements agreed upon between the dealer and any~~
30 ~~financial institution with regard to financial~~
31 ~~arrangements applicable solely to them.~~

32 ~~(c) Exercise any provision which allows the dealer an~~
33 ~~option to purchase the manufactured home,~~
34 ~~mobilehome, or commercial coach that is the subject of~~
35 ~~an agreement whereby a consumer authorizes or~~
36 ~~employs the dealer to arrange for its sale, purchase, or~~
37 ~~exchange, unless the dealer has, prior to exercising the~~
38 ~~option, revealed in writing to the consumer the full~~
39 ~~amount of the dealer's profit in exercising the option and~~
40 ~~obtained the written consent of the consumer approving~~

1 the amount of the profit.

2 ~~(d) Fail to disclose any liens or encumbrances of~~
3 ~~which the dealer had knowledge on a manufactured~~
4 ~~home, mobilehome, or commercial coach.~~

5 ~~(e) To violate Section 798.71 or 798.74 of the Civil~~
6 ~~Code, or both.~~

7 ~~SEC. 2.~~

8 ~~SEC. 2.~~ Section 18062.2 of the Health and Safety Code
9 is amended to read:

10 18062.2. It is also unlawful for a dealer to do any of the
11 following:

12 (a) Engage in the business for which the dealer is
13 licensed without at all times maintaining an established
14 place of business.

15 (b) Employ any person as a salesperson who is not
16 licensed pursuant to this part, or whose license is not
17 displayed on the premises of the dealer as provided in
18 Section 18063.

19 (c) Permit the use of his or her dealer's license,
20 supplies, or books by any other person for the purpose of
21 permitting that person to engage in the sale of
22 manufactured homes, mobilehomes, or commercial
23 coaches, or to permit the use of the dealer's license,
24 supplies, or books to operate a branch or secondary
25 location to be used by any other person, if, in either
26 situation, the licensee has no financial or equitable
27 interest or investment in the manufactured homes,
28 mobilehomes, or commercial coaches sold by, or the
29 business of, or branch or secondary location used by, the
30 person, or has no such interest or investment other than
31 commissions, compensations, fees, or any other thing of
32 value received for the use of the dealer's license, supplies,
33 or books to engage in the sale of manufactured homes,
34 mobilehomes, or commercial coaches.

35 (d) Advertise any specific manufactured home,
36 mobilehome, or commercial coach for sale without
37 identifying the manufactured home, mobilehome, or
38 commercial coach by its serial number.

39 (e) Advertise the total price of a manufactured home,
40 mobilehome, or commercial coach without including all

1 costs to the purchaser at time of delivery at the dealer's
2 premises, except sales tax, title and registration fees,
3 finance charges, and any dealer documentary
4 preparation charge. The dealer documentary
5 preparation charge shall not exceed twenty dollars (\$20).

6 (f) Exclude from the advertisement of a
7 manufactured home, mobilehome, or commercial coach
8 for sale information to the effect that there will be added
9 to the advertised total price at the time of sale, charges
10 for sales tax, title and registration fees, escrow fees, and
11 any dealer documentary preparation charge.

12 (g) Represent the dealer documentary preparation
13 charge as a governmental fee.

14 (h) Refuse to sell the manufactured home,
15 mobilehome, or commercial coach to any person at the
16 advertised total price for that manufactured home,
17 mobilehome, or commercial coach, exclusive of sales tax,
18 title fee, finance charges, and dealer documentary
19 preparation charge, which charge shall not exceed
20 twenty dollars (\$20), while it remains unsold, unless the
21 advertisement states the advertised total price is good
22 only for a specified time and that time has elapsed.

23 (i) Not post the salesperson's license in a place
24 conspicuous to the public on the premises where they are
25 actually engaged in the selling of manufactured homes,
26 mobilehomes, and commercial coaches for the
27 employing dealer. The license shall be displayed
28 continuously during their employment. If a salesperson's
29 employment is terminated, the dealer shall return the
30 license to the salesperson.

31 (j) Offer for sale, rent, or lease within this state a new
32 manufactured home, mobilehome, or commercial coach
33 whose manufacturer is not licensed under this part.

34 (k) To violate Section 798.71 or 798.74 of the Civil
35 Code, or both.

36 ~~SEC. 4.~~

37 *SEC. 3.* Section 18063 of the Health and Safety Code is
38 amended to read:

39 18063. It is unlawful for a salesperson to do any of the
40 following:

1 (a) At the time of employment, not deliver to his or
2 her employing dealer his or her salesperson's license.

3 (b) Fail to report in writing to the department every
4 change of residence within five days of the change.

5 (c) Act or attempt to act as a salesperson while not
6 employed by a dealer. For purposes of this subdivision,
7 "employment by a dealer" means employment reported
8 to the department pursuant to subdivision (d) of Section
9 18060.

10 (d) To violate Section 798.71 or 798.74 of the Civil
11 Code, or both.

12 ~~SEC. 5.~~

13 *SEC. 4.* No reimbursement is required by this act
14 pursuant to Section 6 of Article XIII B of the California
15 Constitution because the only costs which may be
16 incurred by a local agency or school district will be
17 incurred because this act creates a new crime or
18 infraction, changes the definition of a crime or infraction,
19 changes the penalty for a crime or infraction, or
20 eliminates a crime or infraction.

O

DON OLMSTED
ASSOCIATE DIRECTOR, GSMOL.
809-27 OLIVE AVE.
VISTA, CA. 92083

May 22, 1987

WILLIAM CRAVEN, CHAIRMAN
SENATE SELECT COMMITTEE ON MOBILEHOMES,
STATE CAPITAL -- ROOM 3070
SACRAMENTO, CA. 95814

Dear SENATOR CRAVEN:

As associate director of GSMOL I have been involved in mobilehome affairs in most all the cities in SAN DIEGO COUNTY. I sit on task forces established by VISTA, ESCONDIDO, SAN DIEGO and SAN DIEGO COUNTY.

Besides all the testimony you will receive on the sales of mobilehomes from sellers I would alert you to the missing complaints from prospective buyers. Their complaints are missing because they have been discouraged and gone elsewhere for housing.

Knowing homeowner investors can sell their home, if it passes the Health and Safety Codes, parkowners allow them to sell but demand that the NEW BUYER completely remodel, re-roof, re-paint and other things that cost thousands of dollars, whether necessary or not.

They offer ONLY leases, without notice of options, and are not in violation of codes because codes affect tenants. Until a customer has signed a lease he is unaware and unprotected by any codes related to mobilehomes and has contractually signed an agreement eliminating these protections.

I can document that the major parkowner organization has been advised and is disseminating recommendations to withhold copies of their leases, with their signatures, until the time period for review and cancellation has expired. This strategy eliminates a signed document in the customers hands that could be used in a legal challenge until the time for review has expired.

A new strategy seems to be appearing in many SAN DIEGO COUNTY locations. Leases and rental agreements are being offered that reflect above market rent increases when compared to conventional housing. In other words, the income from our home investment, when invested in C.D.'s or savings accounts, plus rent, are above market rent for conventional housing but are not massive as they have been. At the same time new buyers are fair game.

This quiets the neighborhood, so to speak, with more moderate increase and then harassment takes place. Amenities are withheld, security deposits are demanded, deposits required for use of amenities and all kinds of remodeling and clean-up requirements with penalties are imposed.

The normal turn-over has been 8% to 10% annually in a park. This has increased turn-over in some parks completely in 7 to 8 years.

Withholding knowledge, of the Mobilehome Residency Law, the Mobilehome Parks Act, Title 25, Health and safety codes and business codes until AFTER tenancy, the new buyers are only aware "after the fact" when they have signed a contract (lease) and invested in a home.

The many jurisdictions that eliminate new buyers from rent stabilization also encourage this process.

If lack of rent control would encourage new development of rental parks this might be a rational trade-off but it can't.

The costs to customers renting in new parks and buying a new home on real property tax is the same per month as the costs to buy into a new own-your-own park in the market place to-day.

The state demographics amply demonstrate this, especially when viewed from the date of new sales being taxed as real property. There is a closed and steadily deminishing market place in mobilehome sites.

Statisticaly this will continue because of "closers" and "change of use" and the logical investment, by developers, in new own-your-own parks instead of rental parks.

Customers are not and will not, in significant numbers, spend money on a new home, pay property tax AND rent when the same money per month will buy them a new home in their own park.

New buyers, as fair game, in a parkowner devised plan, as described, or if relieved from local control, encourages rapid turn-overs, higher rents, more harassment, depreciating values of homes and more of the complaints you are receiving at this hearing.

Until more mobilehome owners realize the only solution is to buy their parks and more parkowners are encouraged to part with the goose that laid the golden egg with this leverage they have, this will continue.

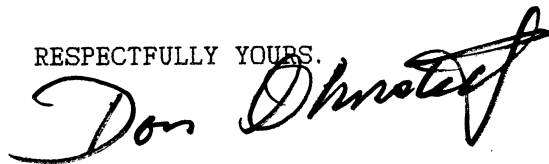
All efforts might be made to make new buyers, in rental parks, aware of the laws and codes BEFORE they have committed themselves. Customers are not covered until they are tenants. They are unaware that, they need not sign a lease, they can have a 12 month or lessor lease, month-to-month rents cannot exceed the 1st. 12 months of existing leases and that leases for more than 5 years must be approved by the state BEFORE they are legal.

This might be accomplished by requiring a copy of the Mobilehome Residency Law and a summary of health, safety and bussiness codes, accomplished by H.C.D., to be furnished to a customer BEFORE he commits himself.

If all leases and rental aggrements were required to contain language that the customer had read and understood this information and his options, over his signature, it might help.

I don't believe this is unduely restrictive in light of the parkowners leverage over the homeowners.

RESPECTFULLY YOURS.



1670-76 East El Norte Parkway
Escondido, California 92027
June 22, 1937

Senator William Craven
Chairman Senate Select Committee on Mobilehomes
State Capitol, Room 3070
Sacramento, California 95814

Re: Mobile Home Sale
at Estrella de Ora Mobile Home Park
220 Camino Corto, Space 23
Vista, Cal. 92083

Honorable Senator Craven:

We offer, for your consideration, the following experiences we encountered selling our Mobile Home in Estrella de Ora, Vista, Ca.

The prospective purchaser was required to undergo an investigation which included character and financial status. After submitting the application together with a fee by the buyer which was supposed to cover the cost of the investigation, both buyer and seller were held back approximately five weeks on this transaction.

The owner of the Mobilehome Park attempted to handle the sale themselves on a commission basis. They also tried to buy "on a very reduced basis". They have purchased many of the mobile homes on this reduced basis and then rented them out at maximum rates.

Upon the sale of our Mobilehome the buyer was required to assume a lease of approximately nine years.

In addition to the above Mobilehome violations, seller was required to replace exterior mobile home additions and paint (silver) aerial post, although mobile home was only about 4 or 5 years old and in good condition. Twenty year old mobilehomes in the park were not bothered, though in bad shape.

Sincerely yours,



Norman Plant

1011 Yuma Glen
Escondido, Ca. 92026-1785
June 24, 1987

Senator William Craven
Chairman, Senate Select Committee on Mobilehomes
State Capitol, Room 3070
Sacramento, California 95814

Dear Senator Craven:

It is with the hope that you will be successful in getting legislation passed to control the rent in mobilehome parks that we are sending this information to you.

Several years ago, because of spiraling rents, we purchased a lot at Via Verde Estates. Since we were planning to move sometime in 1986, we declined to sign a new lease at Vista Verde Mobile Estates. Therefore, in August, 1986, and again in February, 1987, our rent was increased, in violation of a temporary city ordinance. After writing to Mr. Jerry Harmon of the Escondido City Council, our park managers returned the amount of the unlawful increase to us and stated that our rent would be returned to \$239.50, plus utilities, trash and sewer, until we would be able to sell our mobile home.

Although we have had our home at Vista Verde Mobile Estates listed for sale since last September, we had been unable to sell it until we placed our own ad in the Times-Advocate. We reached agreement with the potential buyers and received a deposit from them. Since approval by the park must be obtained before a sale is consummated, we accompanied the potential buyers to the managers' office. There, they were told that the rent would be \$289.50 with a ten-year lease increasing rent five percent yearly or a five-year lease increasing rent seven percent yearly. They were also given a 4-page Application for Residency to complete.

The following day, the buyers said that they were cancelling the deal because of the high rent, the lease agreement and the application form, so we returned their deposit the next day - March 18.

On May 6, 1987, we moved into our new home at 1011 Yuma Glen, Escondido, and, although we have tried to sell our Sheridan Avenue place, both through an agent and by ourselves, we have, so far, been unable to get a buyer. We are keeping the home insured, paying all assessments, plus rent, utilities, trash and sewer on the home, meanwhile paying all costs, maintenance fees, taxes, etc., on our new home.

For the above reasons, we feel that some legislation should be enacted so that people are not held captive because of excessive rent and rental agreements.

Sincerely yours,
Harry F. Lewis *Lucille A. Lewis*
Harry F. and Lucille A. Lewis

June 25, 1987

Senator William A. Craven
2121 Palomar Airport Rd. Suite 100
Carlsbad, CA. 92008

Dear Sir:

As chairman of the select committee for mobile home park residents I wish to make known to you an existing deplorable situation with respect to real estate brokers and mobile home dealers.

I am sure you are aware that unfair advantages are taken by both mobile home park owners and managers. Their autocratic attitudes in approving or disapproving new residents and in many ways restricting the sales of mobile homes by qualified real estate brokers is in essence an illegal denial of certain civil rights.

New legislation to reverse this situation and provide enforcement of this legislation demands attention.

Your addressing this matter and information from you as to future hopes for changing this situation will be greatly appreciated.

I am a broker and a mobile home park resident as well as a senior citizen. I have never seen a housing situation which is such an aberration as it is here in Southern California.

Intimation by owners and managers for both buyers and sellers of mobile homes must in all fairness be eliminated.

This letter is in lieu of my appearance in Sacramento on your hearing in early July.

Yours truly,



Ruth S. Foster
10767 Jamacha Blvd. #77
Spring Valley, CA. 92078

25 June 1987

Mr John Thompson
State Capitol Room 3070

Mr. & Mrs. Michael Kozak
727 McLain Street
Escondido, CA 92027

Re: July 4, 1987 hearing on resale of
Mobile Homes.

We home-owners at Lanikai Lane
M.H. Park request that the attached
data be presented at this hearing.
Ours is a serious problem when
it comes to selling an in-park
home. While other park owners, i.e.
in Escondido, are threatening to raise
rents to buyers; we are saddled
with this ever-increasing amounts
(rents) when selling homes. This
has been going on for at least
5 years. The park owner is an
absent land-lord and refuses to
discuss this problem. We truly
need your help.

Studies attached give you the
picture. Any questions please call
me at (619) 438-0426 or 743-2767.

Thank you for all your good
works.

Michael Kozak, member
Park Homeowners Association

LANIKAI LANE HOMEOWNERS ASSOCIATION

HOME RESALES - PROBLEMS

Space #
38 Single wide. Took over six months to sell in 1986. Rent increased.

49 Single wide. 1st listed Dec. 1986 \$25,900 no sale. Listing ran out. Re-listed w/another broker 6/1/87 same price no sale. Rent increased.

89 Double wide, listed early 1987. Price \$31,000 market range (\$30,000-31,000), rent increased \$270 to \$335 (\$65 mo). Owner reports at least 4 prospects stated rent too high. Sold for \$26,000 (4,000 - 5,000) under fair market.

152 Double wide, listed 5/28/87 at \$32,500, rent increased, not sold.

42 Double wide, sold twice within a 16 month period. Rent increased both times. Both buyers very upset about the situation.

Ref: Letter dated 15 December 1980 from Jack E. Robinson, representing park owners; to members of homeowners committee, page 2, item no. 5:

"It has been our past practice to increase the rent on a space where the unit is sold by a sum of \$25.00 per month. There is a sound basis for this action, however it is clear that this is a source of concern to the residents. I would then propose this change: (1) The rate of increase on all future sales shall be \$15.00 per month; (2) This increase shall not be made on the occasion of a second or subsequent sale made within two years of either the prior \$25.00 increase or any future \$15.00 increase. Each resident will be advised of this policy and the policy will be posted in the office of the Park."

There is no record, written or otherwise, that Mr. Robinson has notified each resident of any changes to this practice since the above date

Our recent survey of some 15 to 20 mobile home parks in north San Diego County shows only two parks increasing rents to new owners. These two increased rents one-time only at \$10.00 and \$15.00 per month. All other rental agreements are assumable by the new homeowners. This is fair as well as equitable.

6/22/87

Lanikai Lane Mobile Home Park
Rent Increases to New Residents

Residents that have moved into the park in recent years are questioning the excessive rent increases levied upon completion of sale of homes. During a period when cost of living indices average 4.7%, and park rental increases average 9.4%, several new residents were charged an added \$40 (a 16% increase) in 1986. Currently some increases have been \$65 (a 24% increase) over and above the standard rent set for the spaces. There is no valid or economic reason for these excesses.

Other parks surveyed in North San Diego County reported no increase required (present agreement assumable), or the increases were fair (\$10 to \$15 per month.)

While large rent increases may be necessary in apartment houses due to a highly mobile and transient clientele, this does not hold true in this park. We are a responsible, mature group of older citizens that provide a solid on-going source of income to park owners. Even when mobile homes are empty the rent and utility payments are made as required. There is no qualified need for these excessive charges placed on valued and sedentary people.

Two situations result from this procedure. Neither offer anything positive to residents.

1. The seller has the problem selling his home hoping the new rent amount will not deter the sale. It is awkward and unfair to both parties. Too often sales are lost and the sale price must be lowered. We have several examples.
2. The buyer is burdened, from day one, with an excessive rent increase. It raises his base rent which obviously carries over to all future annual increases. All of this has been occurring in a flat economic period. No valid reason has ever been provided.

This practice should be halted until resident/owner representatives can meet and arrive at a satisfactory resolution of the problem.

Prepared for, and by, Residents For A Secure Future

June 1, 1987

31815 Camino Capistrano, Suite L
San Juan Capistrano, CA 92675-3212
(714) 661-7612

Joanna M. Clark & Associates

June 25, 1987

The Honorable William Craven
State Capitol
Sacramento, CA 95814

Dear Senator Craven:

While turning through the pages of the Daily Sun Post for Tuesday, June 23, 1987, I came across the enclosed "letter to the editor," which I thought you might find interesting.

The letter expresses a problem being faced by hundreds of thousands of senior citizens, etc. that have invested their life savings in "affordable" housing for their "golden years."

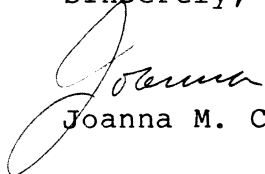
Unable to remove their homes for lack of a new location, faced with economic eviction because of the **GREED** of some mobile-home park owners, taking advantage of the home owners unique situation, and unable to sell their homes because of this same greed, thousands of senior citizens will be faced with the same decision(s) as Sandy Weiss in the not too distance future.

I have witnessed the space rentals double and triple in the past 10 years in our local mobilehome parks, while the amenities initially offered to entice home owners into the parks have generally deteriorated. With the park full, no place for the home owner to relocate to, why dip into the profits to maintain a 5-star rating, after all "We got the suckers, and now we can bleed them dry!"

As you prepare to make your decision on pending mobilehome park legislation, I hope you will remember the cry of Sandy Weiss, and others like her. They need your help, now, more than ever.

May the Lord guide you in your decision-making.

Sincerely,


Joanna M. Clark

JC:gp
Encl.

Letter to mobile home park owners

EDITOR:

This is an open letter to the owners of the Capistrano Shores Mobile Park in San Clemente.

Retirement by the sea in my dreamhouse has become a nightmare, as my rent has increased in 14 years from \$335 per month to \$1,290 per month. I cannot afford to stay, but I cannot sell my home either.

When my husband and I moved here to retire, in peace and comfort, we decided we would live here until we die. Our rent, being \$335, even then was high for a mobile home park. But we loved the ocean, and we could afford the rent, so we built a beautiful, expensive, permanent coach.

My husband died six years ago. Thank God he is not here to suffer the stress and trauma every year as the rent goes up.

The coach has been for sale for three years, and I have even dropped the price by \$20,000. Everybody that comes to see it wants to buy, until they find out there is a stiff rent to pay, which will not stop getting higher, and they don't come back.

I am practically the only original tenant. Most have sold, because they had to. Others have just walked away because they had no other alternative — they couldn't pay the rent, they couldn't sell their house.

I would love to stay here, as the day I move (if I ever do) will be the most unhappy day of my life. But I cannot live here any more. My sister has been giving me \$200 a month for two years, with the promise that I would pay her back when I sell the house, but now \$200 is not enough, and I have nowhere else to get money.

Well, I've decided that one way or another I have to go, so if I can't sell my house I will live here until all my money is gone, and I'll just jump off the wall at high tide and drown myself. It's not that easy.

I am at your mercy since you discourage outside realtors and want to keep all the sale profits for yourselves. Now you have added another difficulty for prospective buyers — they have to pay a \$1,000 security fee. What is the security? Are you afraid somebody may sneak out in the middle of the night and take *their* house, and *your* land?

Maybe somebody on the San Clemente City Council will read this letter and do something about putting a ceiling on San Clemente rents and help us

poor senior citizens to live our last years with less fright and tension.

There are 90 homes here paying almost \$1,300 per month. Please have some compassion and stop the gouging.

SANDY WEISS
San Clemente

June 30, 1987

Honorable Bill Cravens
Chairman, Senate Select Committee
on Mobilehomes
Senate Office Building
Sacramento, CA 95814

Honorable Sir:

I have just sold my mobile home after a long and weary struggle, and at a considerable loss.

I moved out in June, 1986, had the trailer cleaned and repaired and placed it for sale by myself, assisted by a park resident.

Each prospect would check with the park management before buying, were told there would be a \$47.00 increase in space rent, and they would be required to sign a 5-year lease.

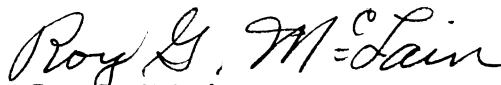
The mobilehome was appraised at \$16,000. I kept dropping the price and advertising a new price until it was reduced to \$6,000. This sale also included a washer, dryer, some furniture and two storage sheds.

In desperation, I finally listed it with Liberty Mobile Homes in Santa Ana. They assured me a sale and were going to advertise. After a while, I told them I could no longer afford the \$303.00 a month rent, so they purchased it for \$2000.00.

Later I learned that Liberty Mobile Homes was owned or controlled by the Lake Cadena Mobilehome park owners--where my mobile home was located, in Colton.

I am not the only one who tried to get out from under the exorbitant space rental in this park. There have been a number who have abandoned their homes there because they could no longer meet the payments and the space rental.

Very truly yours,



Roy G. McLain
755 W. 21st St.
San Bernardino, CA 92405

1145 Barham Dr., Sp. 213
San Marcos, CA 92069

Senate Select Committee on Mobile Homes
1100 "J" Street - Room 511
Sacramento, CA 95814

Gentlemen:

I am eighty years of age and have lived in the San Marcos Mobile Estates for over eight years. Each year we have had an increase in rent. The increases have not been large - the COLA, or sometimes slightly above.

Now I am trying to sell my mobile but am finding it practically impossible due to the owner's policy on resales. I feel I am trapped. I now pay \$229.68 per month, plus water and sewer (which the Park used to pay). Whoever buys my mobile will be required by the Park to pay rent of \$315.00 per month, a sizeable increase. This kills any prospective sale.

There are widows in this park who worry about making ends meet. Some have tried to sell but cannot. One woman has been trying for a year to sell, unsuccessfully. Another woman told me she tried to list her home with a real estate agent but they refused the listing because of the high rents asked in this park. (The rents are at all levels. Each one pays a different amount.)

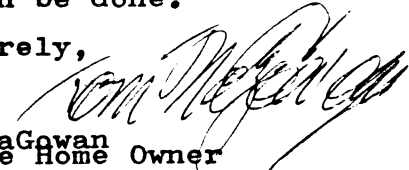
Under these circumstances, we feel like the blacks in the South under slavery. They could not escape. Neither can we, unless we forfeit our life savings. This was not always the case.

The San Marcos Stabilization Board has put up the argument that they cannot pass a law forbidding the raising of rent on a resale. They claim that the buyer is not obligated to buy if they are unhappy with the rent. This is not a valid argument. If they have the authority to stabilize the increase in rent of the space to one mobile owner, they should be able to do the same for the new owner - as long as the same mobile stays on the space.

This owner's policy is his way of thwarting the local rent stabilization law and increase the income from his park. We have asked him to sell to the people in the park but he has no intention of selling. Why should he? It is estimated that he clears at least \$500,000 each year.

We need help now. At our age we cannot wait. We sincerely hope that at the State level something can be done.

Sincerely,


Tom McGowan
Mobile Home Owner
President, GSMOL
San Marcos Mobile Estates Chapter

Sophie Howard, former GSMCL Director
For San Diego and Imperial Counties
150 - 789 So. Rancho Santa Fe Rd.,
San Marcos, Calif. 92069

Senate Select Committee
on Mobilehomes
Senator William A. Craven, Chairman
1100 J Street Room 511
Sacramento, Ca. 95814

Honorable Senator Craven
and Committee Members:

Subject: Reselling Mobilehomes

Home Owners have the right to sell their home. Park Owners/Managers have the right to approve or reject an intended Purchaser. So what's the Problem? Many, many Park managers/owners want to the reselling of the residents' Homes, so --- Approval is with held by various means:

Age Requirement: Suddenly it has become a Senior Park - age 55. In some Parks this is the requirement for all. Home Owner is unaware of this age requirement - no notice given - plus park manager/owner just sold a home to a younger person.

Rent Raise to the New Buyer: Why -- all that will change is the name. All things remain the same - the home remains - the landscape stays. But up goes the Rent. And in many cases the Sale of the Home.

Cosmetic Change: Either you as a seller or the potential purchaser must change this or that - ignoring that the only cause is if your Home is unfit to live in - after an inspection has been made. Either you fix it up or move it out.

Income Tax Report: Wanting to know what your income was as reported on your Income Tax Report. This is no ones business. So there goes another Sale. Park Owners' comments were - we want to know if they have enough Income in order to live in this Park, - this is even after the potential purchaser wanted to pay Cash for the Home.

These are only a few of the problems residences face in trying to resell their Homes.

The Answer:

Perhaps it should be that No Park Owner or Park Manager or Management Company should be allowed to sell or resell a Mobile/Manufactured Home within a Mobile Park.

Thank You Sincerely,
Sophie Howard
- 111 -
June 30, 1987

Nancy L. Quigley
6205 Gold Dust Drive
Sacramento, CA 95842
(916) 338-2194

July 6, 1987

Senator William Craven
Senate Select Committee
on Mobilehomes
State Capitol
Sacramento, CA 95814

Dear Senator Craven,

God bless you, your committee, the councilmen and women and the assemblymen and women who are finally listening to the cries and pleas of the mobilehome park communities by letting us appear and air these grievances before you.

As is by now quite obvious, there are, indeed, countless and severe problems confronting the mobilehome resident which most assuredly affect not only our mental states of mind, but our very lives. Incredibly, most of today's testimony either directly applied or could apply to the park in which I have the great misfortune of residing.

At both the March 3rd (at which I was afforded the privilege of speaking) and this date's hearings, the need for far more distinct and precisely detailed definitions and outlines of the Mobilehome Residency Laws has been graphically and dramatically pointed out. Indeed and Amen. But, once again, the vital and urgent need for the ENFORCEMENT of these laws and the protection of the Constitutional rights of these people is ESSENTIAL. As you have heard, these park owners and, most especially, park managers get away with just about anything they darn well please, knowing full well there's no one to answer to.

In point, the distaff side of a management team who are reportedly one of the most notoriously well known for abusive and outrageous managerial behavior was present at today's hearing. She was seen to snidely smirk and sneer during most of the proceedings, then, shockingly, looked proud at being responsible for the present day circumstances confronting the witness who has lost custody of her children, has had most of her belongings stolen from storage and still has no home. She is, however, being charged \$5.00 per day by this same management for the 'privilege' of staying with a divorced girlfriend who lives in the park with two children.

Senator Craven, not you or anyone else who doesn't live in a mobile-home park suffering under these conditions and abuses can even begin to comprehend the total frustration and oftentimes even devastation dealt with on a day to day, week to week, year by year basis.

Then why don't we move? A frequent and logical enough question. Not easily done by any stretch of the imagination. Outside of the management problems encountered, only some of which you heard today, most are unable to afford the myriad of expenses involved, not to mention the physical and mental strain which relocating puts on anyone, especially the senior citizen.

July 6, 1987

Many are afraid of the managers, who have issued veiled threats of one kind or another. Many have reason to fear for their physical safety as well. Point: there is currently scheduled a jury trial set for August 3 at 8:45 am in Dept P for a park manager who physically assaulted an armed Sheriff's Deputy while the deputy was in the park in the line of duty. This manager has been seen to carry mace and a gun of some sort. A mobilehome park manager, in a nice area, needs walk around with this kind of arsenal???? I think not. If he becomes violent enough to attack an armed officer of the law with his bare hands, what might he be capable of if his explosive and hair-trigger temper is set off while carrying weapons???? Anyway, although we're told it's pretty well standard procedure, many people would still like to know why this charge has been reduced from a felony to a misdemeanor. It might be well to have a representative of your committee present at that trial.

As usually happens when one is on the subject of mobilehome problems, I'm rambling on at great length. This was meant to mainly thank you for listening at and having these hearings and for whatever assistance you can be in getting this under advisement.

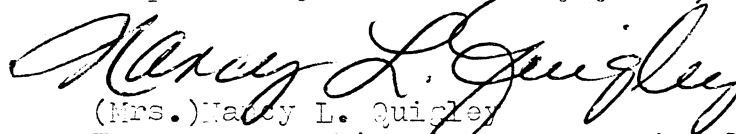
To reiterate: REVISED, CLEARLY CONCISE RESIDENCY LAWS FOR THE MOBILEHOME OWNER AND RESIDENTS THEREIN, WITH CONSTITUTIONAL RIGHTS KEPT VERY MUCH IN MIND.

Then: A SPECIFIC AND MOST DEFINITE AGENCY TO ENFORCE THEM

Please, please, please. Park managers need maintain the grounds, tend to office business and NOT govern nor dominately RULE the people within!!

Anything I personally, or combined with many fellow-residents, can do, we will!

Respectfully and sincerely yours,



(Mrs.) Nancy L. Quigley
Former Assoc Director GSMOL Dist 14
Former Vice Chairperson HOPE Task Force
Present Vice President GSMOL Park Chapter
Resident of Hillsdale Mobilehome Park

GSMOL CHAPTER 275
and
THE CASA DEL LAGO RESIDENTS ASSOCIATION
2151 Old Oakland Road
San Jose, California 95131

July 10, 1987

Hon. Senator William A. Craven
Chairman, Senate Select Committee
on Mobilehomes
1100 J Street, Room 511
Sacramento, CA 95814

Re: Casa del Lago Mobilehome Park
In-Park Mobilehome Resales

Dear Senator Craven:

Thank you for allowing us the opportunity to appear before the Senate Committee on July 6, 1987.

Under pressure of very limited time, we were unable to present all of the oral testimony that we were prepared to present. You may recall we introduced Ms. Geraldine Bishop who was on-site manager of Casa del Lago for a part of 1986. Attached, please find an additional statement, signed by Ms. Bishop, which we wish to submit as an addendum to the written documentation and oral testimony of July 6th.

We are confident you will find the attached addendum of interest and pertinent to the resale problems existing in Casa del Lago. Civil rights of citizens who wish to buy or sell homes in Casa del Lago, are being blatantly denied. We feel this condition is being caused, in great part, by the contradictions and ambiguities of the wording contained in the Mobilehome Residency Law. Casa del Lago's leasehold "owners" and "off-site manager" are using this document to the disadvantage of homeowners and prospective homeowners, severely curtailing sale of homes.

It is urgent that immediate action be taken to alleviate the situation as it exists, not only at Casa del Lago, but throughout the State of California. We further urge investigation of any mobilehome parks owned or managed by Tom Tatum, Jeff Kaplan and Jim Kosik.

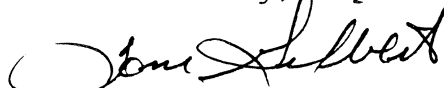
Thank you Mr. Craven and the Senate Committee, for your attention.

Sincerely,



Verne McGlothlen,
Pres. GSMOL Chapter 275

Sincerely,



Tom Gilbert
Pres. CDL Residents Assn.

TO: SENATE SELECT COMMITTEE ON MOBILEHOMES

I, Geraldine Bishop, was employed as Manager of Casa del Lago Mobilehome Park from August 1 to December 1, 1986.

In an employment interview with Mr. Jim Kosik, Off-site Manager, my duties were explained to me and I was instructed as follows, with regard to resale of homes, offering leases, and handling of prospective buyers:

The Mobilehome Residency Law does not apply to prospective purchasers of a home in Casa del Lago. Therefore, park management was free to offer ANY lease for ANY term they desired.

The lease being offered at that time was discussed in detail. I was informed that this lease was the only lease I was authorized to offer. If the prospective buyer did not accept it they would not be eligible for residency in the park.

In the event the prospective buyer did not want to sign the lease offered, and requested a month-to-month or one-year lease, I was told to quote a rental rate of up to \$1,600 per month.

An existing assumable lease, held by many current homeowners, contained an 18% rent increase on resale, plus a prorated 7 1/2% annualizing increase, which resulted in a resale increase of approximately 24%. The five-year lease I was to offer contained a resale increase of 10% plus a second year increase of 11%. The following increases in the five year period were 10%, 10% and 9%. I understood that the total term of this lease was twenty years, renewable every five years at the option of the park owners.

I must learn the lease so I would be able to "gloss over" parts of it which were likely to be offensive to prospective purchasers, or parts which were not readily understandable. A particular area of the lease that I was to pass over quickly and have them initial was paragraph 3.2 which states that they have been offered, and have refused, other leases. It was again impressed on me that the 60-month lease was the ONLY lease I was authorized to offer.

Prospective buyers were not to be allowed to take the lease home for reading.

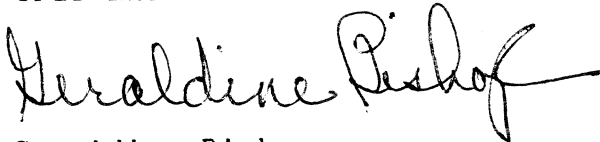
I was promised a "commission" on all 60-month leases that I negotiated. (I have never received the promised commission, though I did negotiate several of the 60-month leases.)

When a home sold and the quoted rent would exceed a previously established "cap", I was to ignore the "cap". The goal of the off-site manager was to have all 618 spaces on the lease that I was authorized to offer, and to have the average rent in the park at a \$700 rate as soon as possible.

I was to receive salary increases to meet any rent increase.

Any prospective buyers who might be aware of, or wanted to assume the sellers existing assumable lease, would be dealt with, personally, by the off-site manager.

By my signature I am confirming that this statement is true and accurate.

A handwritten signature in cursive script that reads "Geraldine Bishop". The signature is written in black ink and is positioned above the printed name.

Geraldine Bishop

NOTE: As an observation, it appeared to me that many realtors were not experienced in mobilehome sales and lacked knowledge of the Mobilhome Residency Law, thus unable to inform and assist sellers or buyers. I believe that realtors dealing in mobilehomes should be required to pass a test on mobilehome laws and obtain a special license.

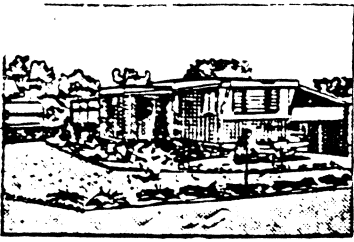
July 6, 1987

TO: Senator William A. Craven
Chairman Senate Select Committee on Mobilehomes

SUBJECT: Mobilehome Resale in Mobilehome Parks

To the Committee Chairman and Committee Members of the Senate Select Committee on Mobilehomes, I respectfully submit these letters and documents, which I believe are of great importance to your hearing today. They appear in the handout I have given the Chairman Senator Craven and his fellow Committee Members. I have highlighted certain passages in the letters and documents to expedite my presentation before this Committee.

The letters submitted are all signed by the owner, Mr. Edward H. Bocci, or his son, Dan Bocci, with the exception of a letter referring to "the paper clip". Since Mr. Bocci, the park owner, claims to retain ownership to "the paper clip", must each mobilehome owner in Mobilehome Estates obtain Mr. Bocci's approval to include "the paper clip" in the sale of their mobilehome, or must it be listed as part of escrow property inventory? Can the mobilehome owner that did not sign a new agreement regarding "the paper clip" upon becoming a mobilehome owner and resident in Mobilehome Estates, charge the park owner a fee (rent) for "the paper clip"? (See Exhibit 1.)



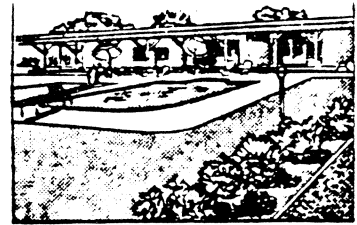
4 PLUS STAR RATING

MOBILE HOME ESTATES AND TRAILER SALES

E. H. BOCCI, OWNER

"Country Club Living"

5761 OLD REDWOOD HIGHWAY
SANTA ROSA, CALIFORNIA 95401



TELEPHONE 546-1085

Dear Residents,

In the future your monthly rent bill will not be delivered to your home. Commencing next month, your June rent bill can be received at the office, during normal office hours.

I realize that this will inconvenience many of my residents. So that you will not be inconvenienced, we will, with your permission, secure a paper clip on your mobile home, and your bill will be delivered monthly, and placed in the paper clip. This will be in a sensible location to keep your bill dry in rainy weather.

The paper clip will become the property of Mobile Home Estates, and will be used exclusively for park management uses only, and not for any other literature.

If you desire to have your rent bill delivered, as in the past, please sign and date as stated below, and mail or bring this consent to the office, so we can install same.

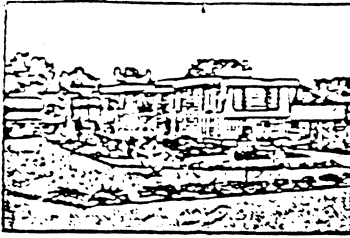
"I hereby give my consent to have a paper clip installed on my mobile home, for the exclusive use of Mobile Home Estates monthly rent bill for park management use only. The management reserves the right to remove said clip at its discretion".

DATE _____

MR. _____ MRS. _____

ADDRESS _____

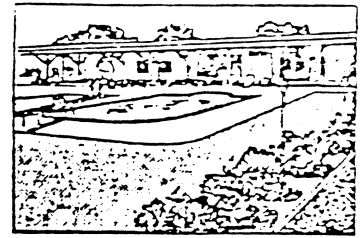
①



4 PLUS STAR RATING

MOBILE HOME ESTATES

"Country Club Living"
5761 OLD REDWOOD HIGHWAY
SANTA ROSA, CALIFORNIA 95401



TELEPHONE 546-1065

August 13, 1985

The Management of Mobile Home Estates requires prior approval of prospective homeowners. An application may be obtained at the office.

Because this is a senior park, a person must be at least 55 years of age to qualify. Pets are no longer acceptable.

✓ New residents automatically go on a long term lease. A \$100.00 refundable security deposit is required at the beginning of occupancy.

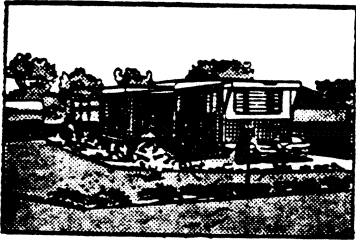
The monthly space rent at _____ will be \$ 170.00.

167.26 Yours truly, Dan Bocci

Dan Bocci, General Manager
Mobile Home Estates

DB/ds

if sold Rent	⁶ 170.00
Present Rent	156.00
	<u>14.00</u>

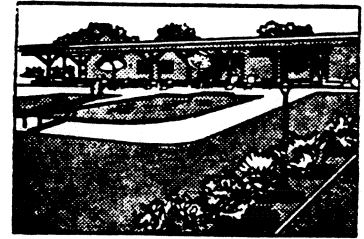


4 PLUS STAR RATING

MOBILE HOME ESTATES

"Country Club Living"

5761 OLD REDWOOD HIGHWAY
SANTA ROSA, CALIFORNIA 95401



TELEPHONE 546-1065

May 1, 1987

In reference to your letter regarding the sale of your mobile home, park rules and regulations #17 (mobile home resales) requires that you notify management 60 days prior to the intended date of sale. Your letter will be considered written notice at this time.

Also, your letter states that the people intending to buy your mobile home are qualified to live in Mobile Home Estates. The park rules and regulations #17 paragraph-B state that a prospective resident must be approved in writing through our office before the sale can be completed. The authority for this rule is found in the civil code section 798.74. Mobile Home Estates does not impose any additional conditions or regulations except that a tenant comply with the law and park rules and regulations promulgated under state law.

Please direct any prospective buyers to our office so that we can process the needed paper work and the sale can be completed at the earliest possible time and convenience to make the sale complete.

Thank you,

Dan Bocci

Dan Bocci, General Manager
Mobile Home Estates

③

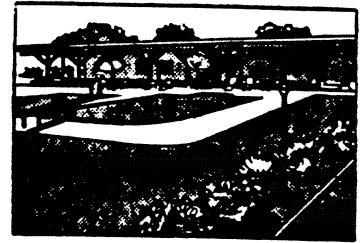


4 PLUS STAR RATING

MOBILE HOME ESTATES

"Country Club Living"

5761 OLD REDWOOD HIGHWAY
SANTA ROSA, CALIFORNIA 95401



TELEPHONE 546-1065

March 11, 1986

Dear Sir;

I am sorry to inform you that your client who wanted to purchase the new coach coming in at has been turned down because of her age.

Last week she came to pick up her application. She seemed to be a lovely person. However, the Owner, Edward Bocci, and Dan Bocci, the General Manager, saw her and both agreed she was entirely too young.

Also, the rent for this space has been increased to \$200.00.

Sincerely,

Doris Sarafin, Manager
Mobile Home Estates

SENATE COMMITTEE HEARING
ON
MOBILEHOME RESALES
JULY 6, 1987

CASA DEL LAGO MOBILEHOME PARK
2151 OLD OAKLAND ROAD
SAN JOSE, CALIFORNIA 95131
Jack McKean, Space #32
Vice President, GSMOL Chapter 275
CDL Resident Association Board Member

For the convenience of the Senate Committee, I cite the following sections of the 1987 Mobilehome Residency Law that, in my opinion, are helping create many of the resale problems at Casa del Lago.

798.8

Rental Agreement: is an agreement between the management and the Homeowner establishing the terms and conditions of park tenancy. A lease is a rental agreement.

798.9

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

799.4

The ownership or management may require the right to prior approval of the purchaser of a mobilehome that will remain in the subdivision, cooperative, or condominium for mobilehomes and that the selling resident or his or her agent give notice of the sale to the ownership or management before the close of the sale. Approval cannot be withheld if the purchaser has the financial ability to pay the fees and charges of the subdivision, cooperative or condominium unless the ownership or management reasonably determines that, based on the purchaser's prior residences, he or she will not comply with rules and regulations of the subdivision, cooperative, or condominium.

799.6

No agreement shall contain any provision by which the purchaser waives his or her rights under the provisions of this article. Any such waiver shall be deemed contrary to public policy and void and unenforceable.

798.74

(a) The management may require the right or prior approval of a

purchaser of a mobilehome that will remain in the park and that the selling homeowner or his or her agent give notice of the sale to the management before the close of the sale. Approval cannot be withheld if the purchaser has the financial ability to pay the rent and charges of the park unless the management reasonably determines that, based on the purchaser's prior tenancies, he or she will not comply with the rules and regulations of the park. If the ownership or management rejects a purchaser as a prospective homeowner, the ownership or management shall inform the selling homeowner in writing of its reasons for the rejection.

798.75

An escrow, sale, or transfer agreement involving a mobilehome located in a park at the time of the sale, where the mobilehome is to remain in the park, shall contain a provision signed by the purchaser stating that, by such signature he or she has agreed to the terms of a rental agreement. A copy of a fully executed rental agreement signed by both the purchaser and park management will satisfy the requirements of this section. In the event the purchaser fails to execute the rental agreement, the purchaser shall not have any rights of tenancy.

798.77

No rental or sale agreement shall contain a provision by which the purchaser or homeowner waives his or her rights under this chapter. Any such waiver shall be deemed contrary to public policy and shall be void and unenforcable.

798.17

(a) Rental agreement meeting the criteria of subdivision (b) shall be exempt from any ordinance, rule, regulation, or initiative measure adopted by any local governmental entity which establishes a maximum amount that a landowner may charge a tenant for rent. The terms of such rental agreement shall prevail over conflicting provisions of such ordinance, rule, regulation, or initiative measure limiting or restricting rents in mobile home parks only during the term of the rental agreement or one or more uninterrupted, continuous extensions there of. If the rental agreement is not extended and no new rental agreement in excess of 12 months duration is entered into, then the last rent rate charged for the space under the previous rental agreement shall be the base rent for purposes of applicable provisions of Law containing rent regulation, if any.

The first paragraph of a rental agreement entered into pursuant to this section shall contain a provision notifying the HOMEOWNER that the agreement will be exempt from any ordinance, rule, regulation, or initiative measure adopted by any local governmental entity which establishes a maximum amount that a landlord may charge a tenant for rent.

(b) Rental agreements subject to this section shall meet all of the following criteria:

- (1) The rental agreement shall be in excess of 12 months

duration.

(2) The rental agreement shall be entered into between the management and a HOMEOWNER for the personal and actual residence of the HOMEOWNER.

(3) The HOMEOWNER shall have at least 30 days from the date the rental agreement is first offered to the HOMEOWNER to accept or reject the agreement.

(4) The HOMEOWNER who executes a rental agreement offered pursuant to this section may void such agreement by notifying management in writing within 72 hours of the HOMEOWNER'S execution of the rental agreement.

(c) The HOMEOWNER shall have the option to reject the offered rental agreement and instead accept a rental agreement for a term of 12 months or less from the date the offered agreement begins.

In the event the HOMEOWNER elects to have a rental agreement for a term of 12 months or less, including a month-to-month agreement, the agreement shall contain the same "rental charges" terms and conditions as the offered rental agreement during the first 12 months, except for options contained in the offered rental agreement to extend or renew the agreement.

(d) Nothing in subdivision (c) shall be construed to prohibit management from offering gifts of value, other than rental rate reductions, to home owners who execute a rental agreement pursuant to the section.

798.18

(a) A HOMEOWNER shall be offered a rental agreement for (1) a term of 12 months, or (2) a lesser period as the homeowner may request, or (3) a longer period as mutually agreed upon by both homeowner and management.

(b) No such agreement shall contain any terms or conditions with respect to charges for rent, utilities, or incidental reasonable service charges that would be different during the first 12 months of the agreement from the corresponding terms or conditions that would be offered to the homeowners on a month to month basis.

798.19

No rental agreement for a mobilehome shall contain a provision by which the homeowner waives his or her rights under the provisions of Article 1 to 8, inclusive, of this chapter. Any such waiver shall be deemed contrary to public policy and void.

INTRODUCTION

I quote from the July 1987 issue of the Californian "Know Your Rights" series:

"....Further, notice this section is said to apply to a homeowner. Unfortunately, section 798.9 defines the word Homeowner to mean a person who already has a residency in the park. Therefore, we have a number of parkowners/management who are presently insisting code section 798.18 does not apply to a prospective buyer who is attempting to get into the park. Since they contend that such a prospective buyer has no protection under the Mobilehome Residency Law, they are insisting that any agreement presented regardless of its terms or duration, must be signed in the form in which it is presented to the prospective buyer or they will not be allowed to take up residency in the park.

Please note the statute indicated that a rental agreement 'shall be offered' but nowhere in this section, nor in any other section of the Civil Code, does it say the homeowner must accept it or sign it. There is no legal basis for the parkowners' claim that you must sign a lease that they offer you.

One of the defenses that may be asserted against an agreement signed under 'coercion and duress,' in layman's terms 'threats and harassment' are forms of coercion and duress."

Following are some of the problems being faced at Casa del Lago:

Exhibit A

Below is a list of homeowners that have moved into Casa del Lago within the last 8 months. I have marked with an asterisk those people that I, personally, have talked to. All of these people told me they had no choice as to what kind of rental agreement they signed, nor did any of them receive a copy of the agreement to take home and review. None of them were informed of the San Jose Rent Ordinance or given a copy to read. I feel that all of these people should be given another chance to select the rental agreement that fits their needs.

KERNS	SP.	400
RIASKI	SP.	282
JODOCK	SP.	515
* MADDOX	SP.	356
ARIAS	SP.	554
* LOGAN	SP.	550
STOOPS	SP.	226
HYMAN/KOLESKI	SP.	217
CAMPBELL	SP.	340
CHAVARRIA	SP.	204
* FLORES	SP.	568
* DORSEY	SP.	250
* LAURIE	SP.	8
BACA/GIEL	SP.	409
FERRIN	SP.	519
* CASTEEL	SP.	460
* FRANCK	SP.	35
* CARSON	SP.	263
HATCH	SP.	255
* LIRA	SP.	10
SHROPSHIRE	SP.	551
JENG	SP.	118
* WINTERS	SP.	224
* GLENDENNING	SP.	54
* WOOD	SP.	46
* GERDES	SP.	518
* WALSH	SP.	223
* TAYLOR	SP.	11
* AVILA	SP.	392
IPPOLITI	SP.	361

Exhibit B

To my knowledge, all of the homeowners listed in Exhibit A, that I have personally talked with, have signed what I call "the 9% lease", a copy of which is attached to this Exhibit. When they went into the Park Office to be interviewed for residency, this lease was all that was offered. In essence, they were told to take it or leave it. They had to sign the lease in order to become residents.

The San Jose Mobilehome Rent Ordinance does not allow rent increases at time of resale, and allows 5% annual rent increases. It also provides a dispute resolution procedure for rent increases exceeding 5%. I ask you, if you were allowed to review the attached rental agreement, and were also allowed to read the Rent Ordinance, which would you choose?

I call your attention to the first page of the attached rental agreement, Paragraph 3.2, indicating the owners have offered the prospective homeowner all of the options. In a personal interview with Geraldine Bishop, Manager until December 1, 1986, she informed me that she had been instructed to "rush over" Paragraph 3.2 and force the "9% lease". None of the tenants listed in Exhibit A, that I talked to, were offered any other lease, and were given to understand that if they did not sign this lease they could not become residents and would probably lose their deposit on the home. Therefore, it appears the 30 day review provision of 798.17 is being ignored. In addition, 798.17 provides that the homeowner shall have the option to reject an offered rental agreement and accept an agreement for 12 months or less at the same rental charges as the rejected agreement. Obviously, new potential homeowners are also being denied this right.

I have also spoken to a homeowner whose buyer was rejected, but no reason for the rejection was provided in writing, as required in 798.74.

STANDARD LEASE

Casa del Lago Mobilehome ("Park")

("Space")

Address: 2151 Old Oakland Rd.
San Jose, Ca 95131
(408) 262-1320

1. INTRODUCTION:

THIS LEASE is made _____, 19____, between the Owner and those persons listed on the last page of this Standard Lease (the "Lease") as the resident (the "Resident"). This Lease is exempt from any ordinance, rule, regulation, or initiative measure adopted by any local governmental entity, which establishes a maximum that a landlord may charge a tenant for rent.

2. SPACE:

Owner rents to Resident and Resident rents from Owner the Space in the Park located at the address above.

3. TERM:

3.1 The tenancy created under this Lease shall be for an initial term of sixty (60) months and shall commence on _____, 19____, and end on _____, 19____. This Lease will become effective on the date it is signed, but it may be terminated prior to its ending date by Owner or Resident per the termination paragraphs found later in this Lease.

3.2 Resident acknowledges that Owner has offered Resident the option of: a month-to-month rental agreement, a rental agreement having a term of twelve (12) months, or a rental agreement having a term which is longer than a month-to-month tenancy but less than twelve (12) months in length. Resident acknowledges his understanding that Resident could have elected to accept any one of those three (3) options and that, solely at his election, he has opted for this sixty (60) month Lease. The foregoing provisions of this paragraph 3.2 apply to an existing Resident. If Resident is a new Resident to the Park, even though he may not have been offered the foregoing options, he still elects the sixty (60) month term as set forth in this Lease.

Resident's Initials _____

Exhibit C

Every time a home in Casa del Lago is sold the rent increases. We have rents in the park near \$600.00 per month. These high rents, high security deposits, and vacancy decontrol reduces the value of our homes. My next door neighbor had to sell her 20 x 54 ft. home for \$25,000, in order to sell it. This home is in good shape, and in a park with decent rent, would sell for from \$40,000 to \$45,000. She is out \$20,000 to \$25,000 dollars. I know of one double wide home that sold for \$15,000. At least 7 homes have been abandoned, and I don't know how many homes have been repossessed. This makes it hard to obtain financing from lending institutions. Real estate agents are reluctant to show homes unless the prospective tenants ask the agent specifically to see homes in Casa del Lago. Some of the long time residents are moving their homes in order to retire in a more favorable financial situation. There is one real estate firm that is having some success, but they charge the homeowner 14% commission plus they want the house to be discounted quite a bit.

In a separate package I am delivering a letter with documentation, addressed to Senator Craven, from a Casa del Lago homeowner who is attempting to sell his home. For the purpose of this presentation I am attaching a copy of the cover letter only, which describes the problems he has encountered in selling his home.

Senator William Craven
Chairman, Senate Select Committee
Mobilehomes

Honorable Mr. Craven:

We have lost two sales due to Park Owners and Managers interference in the sale.

The following is a direct quote from the first buyer's letter:

"When we met with the manager of the park (Jim Clement, at Casa Del Lago) to discuss the lease and the possibilities of moving into the park he told us the space rent would be \$510 per month with an annual increase not to exceed 9% (this is a 10% turn-over increase). We were also informed that if we did not sign the 5-year lease agreement we could expect the annual increase to go even higher than the 9%.

For these reasons we refused to sign the lease and therefore were denied entrance into the park thus negating the sale of the Ouellette's home".

After this transaction failed to close, I, the seller, sent a letter to Mr. Clement, with copies to Messrs. Kosick, Kaplan and Tatum, asking them not to interfere with any future transfer or sale of my mobilehome by demanding a multi-year lease.

Following are quotes from a letter from the second buyer's letter:

"We were unable to accept the multi-year lease which was offered to us as the only option in obtaining residency into that park. Our realtor had told us that the California Civil Code stated that there are three options which the park must offer us. Mr. Clement said he was not authorized to offer anything except this 5-year lease with an annual increase of 9%. By the way, he did not even try to explain the lease to us".

As the seller, I met, by appointment, with Mr. Clement and Mr. Kosick, the off-sight manager, on April 16th, 1987, at the Park Clubhouse. When I asked Mr. Kosick to present my new buyers with the options available to them so that they could select one and complete the sale of my home, he said he had no time to meet with us today. He also refused to speak with my attorney.

We proclaim that Casa Del Lago's Park management and it's landlords have committed gross injustices against us and have gravely damaged the investment we have in our home through their deliberate interference in the sale

Honorable Mr. Craven
July 3, 1987

Page 2

of our home on two different occasions.

They have interferred in a Real Estate Contractual Transaction. We feel they have blatantly violated the California Civil Code Mobilehome Residency Law, Sections 798.18 and 798.56 and the City of San Jose's Mobilehome Ordinance, Articles 17.22.380 and 17.22.450. (Substantiating documents and correspondence are attached).

My wife and I have been under severestress and emotional disturbance. We have been deprived of our rights as home owners to sell our home. We feel that our home investment has been substantiallydamaged by the actions and notoriety of management's interference in our sale.

Respectfully,

Paul Ouellette Norma Ouellette

Paul and Norma Ouellette

Attachments

Exhibit D

Attached is a letter from a realtor to a homeowner in Casa del Lago. The letter is dated 2-13-84, but it is very interesting that the homeowner again contacted the same realtor in April 1987, and the response had not changed.

Judging from what I have heard from some people who have purchased homes in Casa del Lago, it appears that frequently realtors are not qualified to sell mobilehomes and lack knowledge of existing laws and rental agreements. Therefore, they are unable to help inform a prospective purchaser. I believe that realtors who sell mobilehomes should be required to take a qualifying examination and hold a special license. I have also heard rumors that some realtors are telling sellers that obtaining financing for a buyer is almost impossible when a lending institution finds out the home is located in Casa del Lago.

It is beyond the financial means of an individual to use the judicial system to resolve these problems, even though one knows they have a good case.

We have homeowners in Casa del Lago who purchased the home, are paying "turn-over" increases, yet have signed NO rental agreement. In these cases the homeowner should fall under the protection of the San Jose Mobilehome Rent Ordinance which does not allow a "vacancy decontrol".

We mobilehome owners beg this Honorable Senate Committee to clean up the laws---remove the existing conflicts and ambiguities of the Mobilehome Residency Law---and make them enforceable. We are prisoners in our homes because of exorbitant rents, yet cannot sell them for what they are worth.

We of GSMOL stand ready to assist in any possible way to help solve this dilemma.

Thank you for allowing us this opportunity to be heard.

Jack Mc Kean

RONEY & ASSOCIATES

mobile homes

401 NELO ST. • SANTA CLARA, CA. 95050
"Great America" (408) 988-1990

2/13/84

MR. AND MRS. COOPER
2151 OAKLAND RD.
SAN JOSE CA.

DEAR COOPERS,

AS PER OUR CONVERSATION AT YOUR HOME ON SATURDAY LAST, I DO NOT FEEL THAT I CAN GIVE YOU THE SERVICE YOU DESERVE. (TO MARKET YOUR BEAUTIFUL HOME.)

YOUR PARK HAS LOST SO VERY MUCH OF ITS APPEARANCE THESE PAST MONTHS, SINCE NEW OWNERSHIP. I CAN NO LONGER SHOW PROPERTY AND BE TOTALLY HONEST TO A PURCHASER, WHEN THEY ASK IF CASA DEL LAGO'S SPACE RENT IS COMPAREABLE TO OTHER PARKS. PLAZA DEL REY IS \$230.00, IN A PRIME SUNNYVALE LOCATION. CASA DE AMIGOS'S IS \$238.00, AND IN SANTIAGO VILLA, IN MOUNTAIN VIEW, IS \$250.00. EVEN IN THE BEAUTIFUL NEW OAKCREST IS ONLY \$286.00 FOR LAKE FRONT PROPERTY. THIS IS ONLY A SAMPLE.

YOU CAN SEE I MUST ASK YOU TO GIVE UP AT LEAST TWO THIRDS OF YOUR EQUITY TO CONSUMATE A FAIR TRANSACTION FOR A CLIENT. AFTER THE CARE AND LOVE YOU HAVE GIVEN YOUR HOME, I WILL NOT AND CANNOT ASK YOU TO DO THIS. NOR CAN I FIND A SOLUTION FOR YOUR DEPLORABLE PROBLEM.

CASA DEL LAGO IS MY FAVORITE PARK TO WORK IN. IT WAS THE BIGGEST PART OF MY INCOME THESE PAST YEARS, AND I LOVED IT SO. I HAVE MET SO MANY FRIENDS, LIKE YOU, IN MY WORK THERE.

I NOW HATE TO SEE MY OLD CLIENTS AND FRIENDS KNOWING THAT THE HOMES I SOLD THEM IN THE PAST 2 YRS, THAT THEY CAN NO LONGER AFFORD. EVEN WORSE THEY CANNOT SELL WITHOUT LOSING A GREAT DEAL OF MONEY. BECAUSE OF THIS I MUST STOP WORKING IN MY FAVORIT PARK.

PLEASE BE ASSURED THAT AT A LATER DATE, WHEN THIS INJUSTICE HAS BEEN RESOLVED, I WILL BE MORE THAN HAPPY TO WORK WITH YOU.

ALWAYS YOUR FRIEND, I REMAIN
YOURS TRULY,

Georgie Gartner

GEORGIE GARTNER

7/2/87. I contacted this company again during the first part of April, 1987 and was advised that since my rent had risen to close to \$400.00 per month they didn't want to list, although my home is worth the asking price.

J.L. Cooper
J.L. Cooper

401 NELO ST. • SANTA CLARA, CA. 95050
"Great America" (408) 988-1990

William Gordon
2151 Oakland Rd. 393
San Jose Ca. 95131
July 4, 1987

The Honorable Senate Committee
The State Capitol Bldg.
Sacramento Ca.
Dear Senators:

The owners of mobilehomes in the state of California are in desperate need of legislative relief from certain abusive practices of mobilehome park owners. Some of these abuses have been permitted contrary to the intentions of the current Mobilehome Residency Law due to inadequacies in that law. Others point out the need for additional legislation regulating rent structures and rental agreements.

By enacting Mobilehome Residency Law, the State of California has already recognized the unique need of the mobilehome owner for protection under the law. The following are some of the reasons such protection is needed:

- A. There are a substantial number of citizens owning mobilehomes and there is a shortage of mobilehome parks and lots. The vacancy rates in those parks are very low.
- B. The mobilehome owner has made a substantial investment in his mobilehome and the subsequent value of that investment is largely dependent on where that mobilehome is sited.
- C. The cost and risk of potential damage in moving mobilehomes is great, as is the cost of preparing a new site and meeting the code requirements for installing a mobilehome on such a site.
- D. Recent changes in state law regarding mobilehomes have imposed substantial limitations on the ability of owners of older mobilehomes to relocate such mobilehomes.
- E. A significant proportion of mobilehome park residents are senior citizens, many of whom live on limited or fixed incomes.
- G. An equally significant proportion of mobilehome owners are young first time buyers who are unexperienced in the purchase of housing and to whom the investment in their mobilehome represents most or all of their accumulated savings.

(2)

I am an elected officer of the Resident's Association of Casa Del Lago Mobilehome Park. This association represents a significant number of the mobilehome owners in this park of 618 spaces in the city of San Jose Ca. Our homes are almost unsaleable and our members are being held as virtual prisoners by the rent practices of the park owners. Our problem is caused in part by the definition of a "homeowner" under section 798.9 of the Mobilehome Residency Law. This section defines a homeowner as one who has tenancy in the mobilehome park by virtue of having executed a rental agreement with the park owner. Thus, upon sale or transfer of a mobilehome sited in the park, the new home owner is not extended the protection of the Mobilehome Residency Law until he has first signed the rental agreement. In our park, this rental agreement contains provisions in which that purchaser agrees to give up many of his rights under the MRL. It also contains terms so outrageous that no one who fully understands their implications and consequences would ever agree to them. In order to sell a home in this park, a seller must become, in effect, a co-conspirator with the park management to defraud and mislead a potential resident as to the true results of signing such a rental agreement.

Among the provisions of that agreement are the following:

- A. The buyer agrees to an annual space rent increase of 9% for a term of 60 months.
- B. The buyer agrees to 4 automatic renewals of 60 additional months each to a total of 25 years, SOLELY AT THE PLEASURE OF THE PARK OWNER. He or she also agrees to a 10% increase over and in addition to the 9% increase each and every time the park owner exercises this option.
- C. The buyer agrees to a 100% pass through of any and all increases in the operating expenses of the park as compared to the prior year, no matter what the reason for the expense. Such passed through expenses become a permanent part of the base rent structure whether or not they ever recur and are compounded annually as part of the base rent. Any expense reductions, are specifically excluded from effecting any corresponding reduction of the base rent.
- D. The buyer agrees to resell his mobilehome only to a buyer who will agree to assume this agreement.


I have had an opportunity to do a computer study of the financial implications of this rental agreement. Assuming a starting base rental rate of \$386 per month, (the approximate median rate for a double wide lot in our park) and also assuming NO expense pass throughs, the final rental rate at the 25th year becomes \$4338 per month. If, for example, a \$10 expense pass through were to have been made in year 2 of the agreement, the final rate would increase by \$103 to a total of \$4441 per month. The total return per space of that \$10 one time expense is \$11,883. The amount of \$10 per space was calculated (as per the agreement) by dividing the total years expense increase by the number of spaces in the park and dividing again by 12 to obtain a monthly amount. Reversing this process, the total expense increase resulting in this \$10 monthly increase calculates to be \$73,440. Admittedly this is a large expense but projected over the total number of spaces in the park, and over the total life of the lease, that expense would return a total of \$7,272,579. I believe in fair return on investment but this is unconscionable.

In order to achieve agreement with these terms, several unfair practices are used. The agreement is referred to as a 5 year agreement when in fact the automatic renewal options make it a 25 year agreement. The prospective resident is never given a copy in advance of the time of signing and is pressured at that time by the park manager and the selling realtor. They are certainly not made aware of the amounts involved in the final years of the agreements and the individual who might be capable of correctly calculating those amounts while sitting in the park office would be rare indeed. In my capacity as an officer of the Resident's Association I have heard a number of allegations of cases where copies of the signed agreements were not made available to the new resident until after the rescission period had expired, if they were made available at all. Some residents have claimed that they never received any copies of their lease agreement.

Enforcement of the existing law, weak though it may be, is also a problem. There is no enforcement by public officials. The only way to obtain enforcement of the MRL is to file a civil action for redress. Many mobilehome residents simply cannot afford representation to do so. Further, they are unlikely to be successful unless their case were to be fully supported by the prospective buyer of their mobilehome. As in most cases this person is a total stranger to the seller, it is unlikely that such a person would be sufficiently motivated to undertake an extensive legal action at little or no benefit to himself when he could simply buy elsewhere. Finally, the MRL provides a maximum penalty of \$500 per violation. This is a small risk compared to the potential profits for the unscrupulous landlord bent on violating the law.

The abuses in our mobilehome park are being duplicated all over the state in various forms. Your assistance in obtaining relief is urgently needed, and in a timely manner. Although the park owners are well represented by attorneys and lobbyists, remember that they are few in number and that most mobilehomes are occupied by 2 or more persons of voting age. Their votes in future elections will be most strongly influenced by your actions in response to their concerns.

Respectfully Submitted,



William Gordon
Treasurer
Casa Del Lago Resident's Assn.

San Jose, Calif.

July 5, 1987

On April 1, 1987 We Linda Lubowski and Sharon Kimley negotiated the purchase of a mobilehome at 2151 Old Oakland Rd. Space 488 San Jose Calif. Casa Del Lago Mobilehome Park in San Jose Calif.

After we found the best financing for us on the mobilehome we wanted and qualified for the loan and were approved by Casa Del Lago Mobilehome Park Management and ready to move in, our Realestate Agent Sue Weatherford of Rony Mobilehome Sales informed us that ours was the last loan by Cal Fed that would be made in Casa Del Lago Mobilehome Park because space rents are too high and too hard for most buyers to qualify.

We accepted the lease because the Casa Del Lago Mobilehome Park is close to our work and we had been looking for a place since Feb. 1987. We signed a 60 months lease with a 9% increase of the basic monthly Rent every 12 months of the 60 month lease.

This lease was offered to us at a meeting which lasted about an hour with Park Management, we had to sign at this time or loose the Cal Fed loan on the Mobilehome. It was the lesser of the two evils, go back to renting a house or accept this lease and hope we could keep up with the 9% increases each year. This is the only lease we were offered. We were not told at the time we signed this lease that the party we were buying the home from had an assumable 7 1/2% lease that has 19 months to go before the lease is renegotiated.

Sharon Kimley
Linda L. Lubowski

EXHIBIT G

In the past few months I suspicioned from rumors I had heard, that there were certain monetary "pay-offs" being made by "sellers" and possibly by "realtors", in order to sell homes in this Park. It seemed that some new residents were buying homes at drastically reduced prices and moving in at base rental rates that were considerably below the base rents of long-time current residents. In fact, a pattern of some sort was beginning to emerge, but I could not obtain any accurate information or documentation.

The letter attached to this exhibit, which I received just the day before submitting this presentation, confirms that my suspicions were accurate at least in one instance. I ask the Senate Committee if this is an accepted legitimate practice? Must a seller sacrifice equity in this manner in order to sell a home? Must a buyer then sign a lease that will escalate the rent at an annual "9%-plus" pace? Must the seller as well as the buyer be at the mercy of the park owner?

RONEY & ASSOCIATES

mobile homes

401 NELO ST. • SANTA CLARA, CA. 95050
"Great America" (408) 988-1990

June 5, 1987

Marie Carson
2151 - 263 Oakland Rd.
San Jose Ca. 95131

Dear Marie,

In response to your letter dated June 2, 1987 regarding the seller's concessions in your purchase, Please note the original offer to purchase calls for a loan in the amount of \$52,875.00 and a down payment in the amount of \$5,875.00 for a total of \$58,750.00. Your deposits into escrow totaled \$6,366.00 with a new loan of only \$48,934.80 for a total of \$55,300.80 which is \$3,449.20 less than called for in the original offer. In addition the seller paid a fee of \$500. to the park so your space rent would not increase upon purchase. There were no funds held in escrow for the yard work because you had agreed to perform this work.

We contacted Mr. Swartz at Rehak who performed the re-inspection on your property. When asked about how he gained access into your home he recalled that Dale Ellis was working at the property and the door was unlocked. We were unable to contact Mr. Ellis today to check with him about this. Is it possible the property was left unlocked so that Dale could finish some work? If you wish for me to persue this any further I will upon your instructions to do so.

I hope that this will answer your questions. If you require further information or explanation I will be happy to provide it for you.

Sincerely,



Sue Weatherford

401 NELO ST. • SANTA CLARA, CA. 95050
"Great America" (408) 988-1990



SHIRLEY LEWIS
Councilmember

CITY OF SAN JOSÉ, CALIFORNIA

801 NORTH FIRST STREET
SAN JOSE, CA 95110
(408) 277-5320

May 14, 1987

Mr. and Mrs. Paul Ouellette
2151 Oakland Road, #474
San Jose CA 95131

Dear Paul and Norma:

It is my understanding that Susan Devencenzi of the City Attorney's Office was in telephone contact with you since your letter of May 9 addressed to her.

Enclosed is a copy of a letter directed to Bruce E. Stanton outlining the City's position regarding your concerns.

Please be sure to contact Ms. Devencenzi if you have questions, or my office, if I can be of further assistance to you.

With warm regards,

SHIRLEY LEWIS
Councilwoman

Enc.



CITY OF SAN JOSÉ, CALIFORNIA
OFFICE OF THE CITY ATTORNEY

151 WEST MISSION STREET
SAN JOSE, CALIFORNIA 95110
(408) 277-4454

JOAN R. GALLO
City Attorney

May 12, 1987

Bruce E. Stanton
Pitagora, Crosby & Stanton
238 El Paseo de Saratoga
San Jose, CA 95130

Re: Casa del Lago Mobilehome Park

Dear Mr. Stanton:

Thank you for your letter of April 22, 1987, in which you outlined events occurring in Casa del Lago Mobilehome Park relating to attempted sales of mobilehomes.

As you may be aware, the City of San Jose recently filed a criminal complaint against the owners of Coyote Creek Mobilehome Park. The Coyote Creek case is similar to what you have described at Casa del Lago and will raise the same legal issues. Consequently, until the Coyote Creek litigation is resolved, the City Attorney's Office will not be initiating additional litigation on the same issue.

Our decision does not limit your clients' ability to file a civil action with respect to Casa del Lago. Section 17.22.2030 of the Mobilehome Rent Ordinance sets out a civil remedy and provides for damages of \$500. In addition, it is our understanding that the Mobilehome Residency Law permits civil actions (including attorney's fees and damages) for violations of its provisions.

If you have any questions regarding this matter, please contact Susan Devencenzi of this office.

Very truly yours,

JOAN R. GALLO
City Attorney

By Susan Devencenzi
SUSAN DEVENCENZI
Deputy City Attorney

- 141 - cc: Mayor and Council
Paul Ouellette
Verne G. McGlothlen
Dave Hennessey

cc: Tom ¹⁴¹Harrison
5/15

May 9, 1987

Susan Divencenzi
Office of the City Attorney
151 W. Mission Street
San Jose, Ca. 95110

Re: Casa Del Lago Mobile Home Park
Jim Clement
Jim Kosik
Violations of City Ordinance

We missed each other this past week in our phone contacts. Let's keep trying. I realize you are busy and my complaint is not the only one on your docket, but to me it is the most important.

I'm referring to my letter of April 22, 1987, concerning the above landlords and/or park managers and their interference in the sale of my home. I am also waiting for a reply to Bruce Stanton's letter to you of this same date, April 22.

Shirley Lewis answered my letter stating she forwarded a copy to your office for recommended action. I've received no reply or acknowledgement of my letter to the office of the Rent Dispute.

Again I ask: What are my rights? Can I receive support from the authors of the City Ordinance? May I hear from you, better yet, may I meet with you to review my case in person?

Enclosed are 'burning' advocates of my injustices!

Respectfully,

Paul Ouellette
Paul & Norma Ouellette

CC: Shirley Lewis
Susan Bradford Moore
Bruce Stanton

Blind - Tom Harrison

*Enclosures: CSNOL reply
ST Mercury New
Landlord
californian
Know Your Rights.*

GOLDEN STATE MOBILHOME OWNERS LEAGUE, INC.



May 5, 1987

Mr. Paul Ouellette
2151 Oakland Road, #474
Casa de Lago
San Jose, CA 95131

Dear Mr. Ouellette:

Regarding your letter of April 20, 1987 and letter to M. Cohen:

It would seem to me that the park manager has committed gross violations of the Civil Code by refusing to permit your buyers to move into the park. It would appear to me that you would have a whacking good lawsuit against the park for said violations. I would suggest that you consult an attorney in the area. You may also wish to consult with the Regional Director, Dave Hennessy.

As to the San Jose Rent Control Ordinance, I can offer little advice. As you know, the San Jose ordinance has been amended several times in the past year and I have received nothing from anyone relative to the San Jose ordinance. It would seem to me that the City Attorney could be of some assistance to you. Again, I would suggest that you contact the Regional Director.

Sincerely,

D. H. Brey
Vice President

cc: Hennessy

DHB:ms



CITY OF SAN JOSÉ, CALIFORNIA

801 NORTH FIRST STREET
SAN JOSE, CA 95110
(408) 277-5320

SHIRLEY LEWIS
Councilmember

April 28, 1987

Paul and Norma Ouellette
2151 Oakland Road, #474
San Jose CA 95131

Dear Paul and Norma:

Thank you for your letter regarding City Ordinance 22284.

I have forwarded a copy of your letter to the City Attorney and have requested her to review it and advise me of her recommendations and actions. Upon receipt of her response, I will contact you.

If you have any questions or further information, please feel free to call my office.

With warm regards,

SHIRLEY LEWIS
Councilwoman

*cc: Tom Henderson
5-4-87*

TO: ESCROW CONTRC COMPANY
1850 Warburton Ave.
Santa Clara, CA 95050

RE: CANCELLATION OF ESCROW NO. 1998056
AND RELEASE OF FUNDS

Your presently hold under the above numbered escrow the sum of \$ _____
as deposit toward the purchase of that certain property as follows:

- () Parcel of land described in preliminary title report No. _____, dated _____, and issued by _____.
- (X) Mobilehome described as: Make KEY WEST Serial Number _____ and located at space 474, CASA DEL LAGO Park address _____.
- () That certain _____ business known as _____, located at the following address _____.

The undersigned buyers and sellers hereby instruct you to cancel said escrow and disburse the above deposit as follows:

<u>NAOMI LEMIRE</u>	\$ <u>1000⁰⁰</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
ESCROW CONTROL CO. (CANCELLATION FEE)	\$ <u>0</u>
Total:	\$ <u>1000⁰⁰</u>

The undersigned buyers and sellers, in consideration for the compliance by Escrow Control Company with these instructions hereby release Escrow Control Company from any and all claims, obligations and liabilities of any kind or nature arising out of or as a result of this escrow (including, but not limited to, all prior instructions and these instructions) and they do hereby, both jointly and severally, indemnify Escrow Control Company against any loss, cost or liability, of any kind or nature, including reasonable attorney fees that it might sustain in complying with these instructions.

Naomi E. Lemire 4-24-87 Buyer Norma Ouellette 4-18-87 Seller

Buyer _____ Seller _____

RECEIVED this 27 day of April, 1987.

ESCROW CONTROL COMPANY

by: [Signature]

check received 4-27-87 10:35 AM
Naomi E. Lemire

RICHARD M. PITAGORA
MATTHEW A. CROSBY,
A PROFESSIONAL LAW CORPORATION
BRUCE E. STANTON

PITAGORA, CROSBY & STANTON
ATTORNEYS AT LAW
AN ASSOCIATION INCLUDING A PROFESSIONAL CORPORATION
238 EL PASEO DE SARATOGA
SAN JOSE, CALIFORNIA 95130

TELEPHONE
(408) 370-7500

April 22, 1987

COPY

Susan Divencenzi
Office of the City Attorney
151 W. Mission Street
San Jose, CA 95110

Re: Casa del Lago Mobilehome Park;
San Jose Mobilehome;
Ordinance Violations;
Paul and Norma Ouellette

Dear Susan:

I am writing to report that the events outlined in my letter to you of March 13, 1987 have once again occurred. As detailed by the enclosed note copies prepared by my client, along with a copy of a letter sent to Margaret Cohen, Mr. and Mrs. Ouellette lost another mobilehome sale due to management's decision to require that the buyers sign a 20-year lease. This repeated pattern of conduct appears to have for its aim the systematic removal of all Park spaces from Ordinance coverage. Aside from this "chilling effect", it also means that my clients are being held hostage in their mobilehome without the ability to market it, and it would appear that all concepts of "free alienation" have been snuffed out by the Park owners.

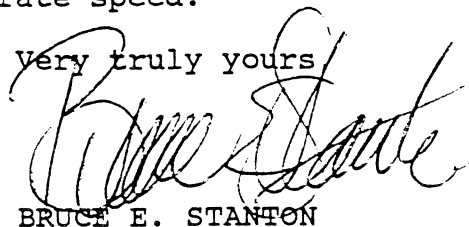
This conduct constitutes a clear violation of the vacancy decontrol provision in the Ordinance, since incoming residents are being whipsawed into agreeing to increases upon the change of possession. My clients desperately need your protection and your action on the following two grounds:

1. We request injunctory relief or some other provisional remedy which shall protect the Ouellettes, and any of the other 130-odd residents who may need it, from any future attempts by management to circumvent Ordinance protections;
2. We request that an action for monetary sanctions be immediately instituted against the owners of Casa del Lago for each of the two occasions in which the Ouellettes were prevented by management's excessive demands from selling their home.

Susan Divencenzi
April 22, 1987
Page Two

Please do not hesitate to contact me should you have any further questions. I would request that this matter receive the highest priority, and that you act to protect the rights of Casa del Lago residents with all deliberate speed.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Bruce Stanton".

BRUCE E. STANTON

BES:ld1

cc: Mr. and Mrs. Ouellette

cc: Margaret Cohen

S68COHEN.422

April 18, 1987

Margaret Cohen
Rent Dispute Program
City of San Jose,

Out of desperation I called you just before noon on Thursday, the 16th, I needed immediate assistance and unfortunately you could not provide that for me.

I was trying to meet a deadline on getting park approval for the buyer of my mobile home in Casa del Lago on Oakland Road. And the off sitemanager Mr. Jim Kosick was going to be at the office for a limited amount of time. He had refused to let my buyer sign an agreement to move into the park and without this he could not move into the park nor would the bank fund the money on the loan that was previously approved. My buyer had committed to his landlord that he would move out by this week end.

For the records let me state that this is the second time that I had obtained a buyer who was loan approved and could buy and the management of Casa del Lago would not let the buyers complete the residency agreement to move into the park.

The park management on both occasions offered the buyers a one and only option of a multi year lease which the buyers would not accept, mainly because of the "turn over" increase in space rent and also the high yearly increases. In so acting the park manager

page 2.

Margaret Cohen
Rent Dispute Program

was in violation of of the California Civil Code provisions of the Mobilehome Residency Law article 798.18 which states that an option of a term of 12 months or a lesser period The park manager was also in violation of the City of San Jose Ordinance No. 22284, a new Charter 17.22 of title 17 relating to Mobile home rent increases, in particular 17.22.380 Vacancy Decontrol, also item 17.22.450 Rent increases allowable without review. My current rental agreement should be protected under the City Ordinance but I am experiencing a situation where the park management is blatantly ignoring the City Ordinance and California Residency Law and at this stage no one is stepping forward to stop this gross injustice to the residents of this mobile home park.

I ask you, Margaret, who at the City rent dispute office or in any of the city offices can put a stop to this complete disregard of our city laws and state laws. Whom may I contact for the purpose of seeking the enforcement of our city ordinances? Do we as citizens and residents have any civil rights left?

Maybe now you can understand my desperation in asking for immediate help as I did on the afternoon of the 16th. Further details will be forthcoming meanwhile I would appreciate an answer from you.



Paul & Norma Ouellette
2151 Oakland Road #474
San Jose, Ca, 95131

April 18, 1987

To whom it may concern,

Regarding our purchase of the mobile home in Casa del Lago space #474.

We are unable to accept the multi year lease which was offered to us as the only option in obtaining residency into that park.

Our realtor told us that the California Civil Code state that there are three options which the park must offer us. Mr. Clement said he was not authorized to offer anything except this 5 year lease with an annual increase of 9%. By the way he did not even try to explain the lease to us.

Our realtor read to all of us the Civil Code and the City Ordinance, which said that there should be no increase in the space rent to the new buyer and Mr. Clement said our new rent would be \$510 which is a 10% increase, also the Ordinance was quoted as permitting only a 5% annual increase.

Casa del Lago

MOBILE HOME PARK

2151 OAKLAND ROAD • SAN JOSE, CALIFORNIA 95131 • (408) 262-1320

April 17, 1987

*This is the park's
letter of refusing
the buyer their
acceptance
into the
park!*

(?)

Mr. and Mrs. Louis G. LeMire
4229 Erie Ct.
Santa Clara, California 95054

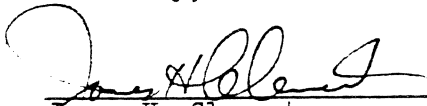
Dear Mr. and Mrs. LeMire:

Enclosed please find your check in the amount of \$25.00 for tenant screening fees.

We are unable to process any paperwork for you at this time, since Mr. Ouelette has not completed the maintenance requirements prior to sale. When this maintenance has been completed to the Park Manager's satisfaction, we can begin to process your application.

Due to the involvement of Mr. Ouelette's legal council, our off-site manager and his attorneys will have to review all the paperwork.

Sincerely,



James H. Clement
Community Administrator

Century 21

TO: Resident Space 474 - Cuadrette

FROM: _____: Resident Manager

RE: Lot Inspection - Prior to Sale

DATE OF INSPECTION: 1-26-87
Follow up 4-9-87

Please be advised that the following items must be corrected prior to sale of your mobilehome.

I X CLEAN AND GROOM YARD AREA

- 1/2 X Patio Side _____ Water, edge & groom lawn
- 1/2 X Rear _____ Cut plant growth back out of gutter
- _____ Carport side 1/2 X Weed

X Front - NEEDS BORDER TO RETAIN ROCK X Prune shrubs/bushes/trees

II NO X CLEAN GREASE & OIL ON DRIVEWAY

all should be roof level or below & away from home, also need to be trimmed down

III ? X WASH & WAX COACH

IV X REPAIR/REPLACE

- NO X Awning supports dented or damages all 5 - driveway
- NO X Loose and/or damaged skirting
- X Handrails on steps front
- NO X Carpet on steps or deck - Back steps need trim

V X PAINT

- _____ Handrails on steps and deck
- NO X Shed and or shed roof
- NO X Facia on awnings and or home

VI X REMOVE TRASH/BOXES/STORAGE

NO X Area around shed in rear

VII _____ REMOVE DEAD STORAGE FROM DRIVEWAY

- _____ Boat or Trailer
- _____ RV or Camper
- _____ Inoperable vehicle

VIII X OTHER

? ledge on front patio side needs repair -

If you should have any questions, please contact me at the park office. Thank you for your prompt attention to this matter.

cc: File

TUESDAY, APRIL 14, 1987 10 a.m.

NOTES ON MEETING FOR PARK APPROVAL FOR BUYERS OF SPACE 474

PRESENT WERE: Jim Clement, Park Manager; Jerry and Naomi LeMire, Buyers, Tom Gilbert, Witness and Paul Ouellette, Seller

Robertson Warranty had been received favorable to LeMire's. Separate forms re: Swimming pool and pet were signed. 5 Year lease offered. Jim Clement advised that Jim Kosick had given him no authority to offer any other option except the 5 year lease.

Jim Kosick is not available by phone today but will be available Wednesday and will be at the park on Thursday.

If homeowner does not sign lease they may seek legal advise. "That's why they have courts"; *Jim quoted this comment more than once.*

Rent offered \$510. under the new 5 year lease. City ordinance was not brought up or presented by Jim Clement so I reviewed the section on Vacancy decontrol and stated my rental agreement which is protected by the Ordinance.

I quoted the Civil Code Mobile Home Residency Law 798.18 and asked why he offered only item #3 and not items 1 and 2. He stated he has no authority to offer any option except the 5 year lease.

After the meeting I reviewed with LeMire's the option available under the civil Code and stated that I sold them the unit under the protection of the City Ordinance in regards to space rent - no increase on transfer and limited to 5% annually.

Jerry LeMire stated that he wants to contact a lawyer in this matter. I told him I had discussed this previously with an attorney and will contact the attorney again today to see what action we should take and I will get back with Jerry today or tomorrow.

THURSDAY, APRIL 16, 1987

Jim Kosick arrived in Clubhouse at approximately 10:30 a.m.. I asked to see him and asked for an appointment for today with Bruce Stanton.* He has no time to meet with us today. I told him why it was necessary to meet today and mentioned that he was preventing me from selling my home. He refused to talk to me on a second request after my relaying this message to Mr. Stanton. Mr. Stanton will call him now!

* Jim Kosick recognized my unit as being "one of the few still on the rent arbitration". I did not ask him what he meant by that because I did not think it was pertinent at the time.

4-16-87 Approximately 11:30 a.m.

Phoned to San Jose rental dispute department (277-5431). Susan Bradford Moore was not available so Brenda put Margaret Cohen, Susan's boss, on the phone. ±

I explained to her my predicament and asked if anyone would call the landlord in my behalf to suggest that he permit my buyer to sign the agreement.

I mentioned that it was my opinion that the Park management was violating the City Ordinance and the Civil Code Mobilehome Residency Law by not offering my buyer the three options of agreement for residency.

Margaret stated that she would need this complaint in writing before she could act on it. She refused to accept my suggestion to call the Park manager on the phone to advise him.

4-16-87 Noon

As Jim Kosick, Jim Clement and Mona Ward, Gay Gaskin and Dick Boris were leaving the Club House I asked him one more time if he was going to let my buyer sign an agreement. He said that I was in violation of Civil code in that I had corrections to make on my mobile home and property and I was given a copy of this (he was referring to the park up-grade notice.)

He said when I had completed this work and had the park application completed and all other paper work submitted than he would speak to me. I asked him again if he would then let my buyer sign the agreement and he replied that he said he would speak to me.

On my later conversation with the buyers, Jerry and Naomi LeMire, they informed me they do not want to move into the Park now - does not like the attitude of the park manager. "There is something 'fishy' going on and I do not want to be a part of it". He wants me to find him a mobilehome in another park. He had been at the bank this morning and told the loan officer that he does not want to move into Casa Del Lago.

Sales thru Roney & Associates on repossessed units have been closed at Escrow Control with instructions that monies be paid out of escrow to Casa Del Lago park for the purpose of keeping the "space rent down". It may be that these escrows could be reviewed and subpoenaed.

RICHARD M. PITAGORA
MATTHEW A. CROSBY,
A PROFESSIONAL LAW CORPORATION
BRUCE E. STANTON

PITAGORA, CROSBY & STANTON
ATTORNEYS AT LAW
AN ASSOCIATION INCLUDING A PROFESSIONAL CORPORATION
238 EL PASEO DE SARATOGA
SAN JOSE, CALIFORNIA 95130

TELEPHONE
(408) 370-7500

April 7, 1987

Susan Divencenzi
Office of the City Attorney
151 W. Mission Street
San Jose, CA 95110

Re: Casa del Lago;
San Jose Mobilehome Ordinance Violations;
Paul and Norma Ouellette

Dear Susan:

This letter is written in confirmation of, and as a follow-up to, our telephone conversation of last week, wherein you informed me that the subject matter of my March 13 letter to you had been transferred to the litigation section for appropriate action. As I mentioned, my present concerns with respect to this very serious issue are as follows:

1. I would like you to put me in contact with the litigation staff attorney who is handling this matter for your office, so that I can communicate with that person direct and funnel them more information.

2. Since my clients are negotiating with a new buyer, and desire that management be prohibited from issuing a similar ultimatum which will damage this new sales opportunity, I believe that a strongly worded warning letter from your office to park owners and management is warranted if your office feels that sufficient preliminary evidence to support such a letter has been gathered.

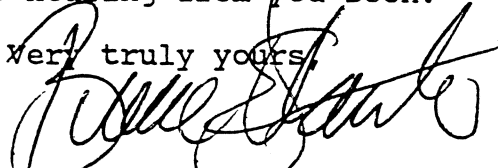
I believe that we do have such evidence, and I seem to be assembling even more. Within the last week I have been retained by another Casa del Lago resident, who just purchased her mobilehome back in January. She alleges that she was told she had to execute a long-term lease to enter the park, and she did so. She was given no other alternative. I'm also investigating allegations that there were "kick backs" to the selling dealer.

cc: Tom Handman
4.26.87

Susan Divencenzi
April 7, 1987
Page Two

I greatly appreciate the time that your office can give to this matter, and look forward to hearing from you soon.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bruce Stanton", written over the typed name below.

BRUCE E. STANTON

BES:ldl
cc: Mr. and Mrs. Ouellette
S67DIVEN.407

RICHARD M. PITAGORA
MATTHEW A. CROSBY,
A PROFESSIONAL LAW CORPORATION
BRUCE E. STANTON

PITAGORA, CROSBY & STANTON
ATTORNEYS AT LAW
AN ASSOCIATION INCLUDING A PROFESSIONAL CORPORATION
238 EL PASEO DE SARATOGA
SAN JOSE, CALIFORNIA 95130

TELEPHONE
(408) 370-7500

COPY

March 13, 1987

Susan Divencenzi
Office of the City Attorney
151 W. Mission Street
San Jose, CA 95110

Re: San Jose Mobilehome Ordinance
Violations; Unfair Business Practices

Dear Susan:

You might recall that you and I were communicating back in 1985-86 regarding the Chateau La Salle "exempted spaces" issue.

I have been contacted by Norma and Paul Ouellette about a disturbing trend which has been occurring in Casa del Lago Mobilehome Park. Recently, they were a victim of this trend.

As the enclosed document package from the Ouellettes indicates, the potential sale of their mobilehome was lost when management informed the potential buyers: "either you sign a long-term lease and agree to pay an 18% increase plus 9% per year for the next 20 years, or you can expect future increases under the Ordinance to exceed even 9%". When the buyers refused to sign a lease, the park apparently refused them entrance.

I believe that my clients' letter has accurately stated those Ordinance sections which have been violated by the park's statements to Mr. Harvey Green, the proposed purchaser. In addition, I have been informed that this type of conduct is commonly perpetrated against the 150-odd homeowners who are now unsuccessfully trying to sell their mobilehomes. Such a repeating pattern would amount to an unfair business practice in addition to the previously mentioned Ordinance violations.

I would like to request some immediate enforcement action from your office which would award sanctions for management's past conduct and make it clear that any similar practices in the future would also be considered illegal. Also, could you tell me whether any previous complaints have been made to you regarding this Park, and what, if anything, you can do to help us.

Susan, as you may know this issue is currently one of the most widespread complaints amongst members of the mobilehome community. Parks should not be allowed to put a homeowner in a strait-jacket, with the aim of coercing a new buyer into signing one of their outrageous long-term leases. For each such space that is removed from Ordinance coverage, the "chilling effect" of this conduct becomes more pronounced.

I am currently requesting that my clients provide me with an address and telephone number for Harvey Green, so that I may obtain further information for you.

Please contact me at your earliest convenience so that we can discuss this matter further.

Very truly yours,

BRUCE E. STANTON

BES:ldl
S68DIVEN.313
Enclosures
cc: Mr. and Mrs. Ouellette

2151 Oakland Road #474
San Jose, CA 95131

March 5, 1987

Mr. Bruce Stanton
Pitagora, Crosby & Stanton
238 El Paseo de Saratoga
San Jose, CA 95130

Dear Mr. Stanton:

Acceptance of Park Rules and Regulations is required by all prospective residents. They have been drawn up by both Park management and the Tenant's Advisory Board for their mutual benefits. For the home owners it assures a way of life they choose and more importantly it is to protect the value of their homes and insure the safety of all tenants.

In almost every case the residents own their home and virtually all have made a substantial financial investment in that home. The City of San Jose has acknowledged this fact and recently enacted a new Ordinance, Number 22284, to protect the residents who live in mobile home parks from exhorbitant rent increases and unjust demands from landlords.

In light of the above we are hereby proclaiming that Case Del Lago park management and it's landlords have committed a gross injustice against us and gravely damaged the substantial investment we have in our home through their deliberate interference in the process of our selling our mobile home and caused such transaction to be cancelled by the buyer. We support these statements with the following facts:

DISCLOSURE:

We obtained knowledge from the purchasers of our mobile home that they were troubled by the actions of Park management in their second visit to the park for the purpose of obtaining acceptance of residency. We immediately advised park management, by our letter of January 30, 1987, that they do not interfere or cause any interference in restraining our contractual transaction from reaching fruition.

Our letter was verbally acknowledged as being received but only upon our direct request to the acting park manager "Did you receive our letter?" But, we received no reply to our direct request for an answer. We feel our letter was completely ignored.

RESTRAINT OF TRADE:

The contractual offer to purchase our mobile home was accepted by us and the buyers, prequalified by a lender, were ready,

Mr. Bruce Stanton
March 5, 1987

Page 2

willing and able to complete the transaction as listed in the offer. Escrow was opened and a closing date was set (particulars and dates are noted on the contract). However, the contract was prohibited from reaching it's fruition due to the unjust interference of park management.

Relying on the completion of this sale we had committed to purchase another mobile home in another park, which had to be subsequently cancelled thereby causing additional damages to other parties.

DISCRIMINATION:

Park management exhibited discrimination and violated the Mobile Home Residency Law, section 798.18, by offering the purchaser only that third portion of the law in reference to the rental agreement. Part 3 reads: "a longer period as mutually agreed upon by both the homeowner and Management." No new agreement nor lease was offered to us, as the home owner, to pass through in the sale of our mobile home to the purchaser. By so offering, directly to the purchasers, a lease management had inferred and accepted the purchasers as "home owners" and as "home owners" they would be entitled to a choice of any of the three possible agreements or leases as noted in this section.

BREACH OF CONTRACT:

Our rental agreement, dated April 1, 1984, is continual and may not be broken by park management except as noted in the Mobile-home Residency Law, section 798.56. Park management, in refusing to honor our rental agreement with the purchasers of our home, has unjustly attempted to breach our contract.

VIOLATIONS OF CITY OF SAN JOSE ORDINANCE NO. 22284:

Park management has caused undue injustice and hardship on us in violating the City Ordinance upon which we relied in the due process of selling our mobile home.

Article 17.22.380 was violated by park management in that they demanded a vacancy decontrol increase in the transfer of ownership and residency from one party to another.

Article 17.22.450 was violated by park management in that they demanded a rent increase which was not reviewed and allowed by city management and such increase would have been less than twelve (12) months from the previous rent increase.

We have been under severe stress and emotionally disturbed as a result of the actions of park management in this regard. We

Mr. Bruce Stanton
March 5, 1987

Page 3

feel that we are being deprived of our rights as home owners to sell our property. We feel we have suffered unjust interference of a third party. We feel that our investment has been substantially damaged by the actions and notoriety of park management's conduct in this situation.

We have already encountered greater resistance in the continuance of selling our mobile home because of the injustices experienced by us, the frustration of a capable buyer and the general knowledge of why our sale did not reach it's fruition.

We are demanding that these infractions be removed from our property and that we may enjoy our rights to sell our property, if we choose, and that no third party interfere through injustices, restrictions and/or any unlawful acts.

Sincerely,

Paul Ouellette
Paul Ouellette

Norma Ouellette
Norma Ouellette

Enclosures:

Financial loss statement
Park letter (1-30-87) —
Buyer letter (2-16-87) —

*Jim Clement do not interfere
cannot accept lease*

Potential financial losses realized in the interference on the sale of our mobile home:

Continuance and exhorbitant rent increases devalued the home in direct reverse proportion. The "vacancy decontrol" increases of 18% equates to $\$464 \times 18\% = \83.52 or a devaluation of approximately \$8100. With every \$100 rent increase the home devalues approximately \$10,000 or equivalent of \$100 worth of financing..... \$8100.00

Value of our rental agreement contract:		\$35,000
paid for home	\$45,000		
approximate street value	<u>10,000</u>		
value of contract	\$35,000		

Due to the nature of real estate (mobile home) in this market business indications would allow for appreciation in retail price from 5% to 8% annually since 1984 (date of contract)

RICHARD M. PITAGORA
MATTHEW A. CROSBY,
A PROFESSIONAL LAW CORPORATION
BRUCE E. STANTON

PITAGORA, CROSBY & STANTON
ATTORNEYS AT LAW
AN ASSOCIATION INCLUDING A PROFESSIONAL CORPORATION
238 EL PASEO DE SARATOGA
SAN JOSE, CALIFORNIA 95130

TELEPHONE
(408) 370-7500

February 10, 1987

Paul Ouellette
2151 Oakland Road, #474
San Jose, CA 95131

Re: CDL Mobilehome Sale

Dear Paul:

This letter shall confirm our initial conference of February 9, 1987, wherein we discussed the possible claims you might have against the Park stemming from the cancelled sale of your mobilehome. A flat fee of \$30.00 shall be billed for this conference.

I have advised you that a significant claim for damages could be present, but that further documentation of the case is required. Specifically, you must obtain a statement from the Greens which details exactly what they were told, and states why they backed out of the transaction. It would be preferable for me to speak with them direct.

If this evidence proves favorable, I will contact my legal sources, do some research and determine how we should proceed. If you decide to go ahead, my services are billable monthly at the rate of \$100.00 per hour. At a minimum, we should send Kosik a strongly worded letter of protest, to help ensure this does not happen again.

Very truly yours,



BRUCE E. STANTON

BES:ldl
S68OULEE.211

3000
pd 2-17
616

cc: Tom Harrison
4-26-87

2151 Oakland Road #474
San Jose, California 95131

January 30, 1987

Mr. Jim Clement, Acting Manager
Casa Del Lago Mobilehome Park
2151 Oakland Road
San Jose, California 95131

Dear Mr. Clement:

If you require, or demand, a rent increase in excess of 5% of our present rent, then we would expect any further communication between us to be in writing, per advise of our counsel.

In addition, we are of the opinion you cannot terminate our tenancy agreement in the event that we sell our mobile home, and the terms and conditions thereto are transferable and shall be reasonably granted under the terms and conditions of the laws of the State of California to an applicant approved by park management.

Should you interfere with the transfer, or sale, of our mobile home by demanding the new owner to execute a rental agreement of a five (5) year term, or an agreement substantially different than the terms and conditions of our rental agreement we will have no other alternative but to consult with counsel and to seek all relief available to us under the laws of the State of California. This will also include reimbursement of all reasonable attorney fees and costs so incurred.

We, therefore, request that you immediately approve the application of Harvey Green, the purchaser of our mobile home, using the same terms and conditions under which we are presently obligated in our rental agreement dated April 1, 1984.

Time is of the essence. We need an answer immediately in order to preserve this transaction. If this transaction should fail to reach fruition caused by your bad faith and refusal to honor the terms and conditions of our agreement we will seek all legal remedies available to us under the laws of the State of California.

We expect to hear from you, in writing, by Thursday, February 5, 1987 prior to 5:00 p.m.

Sincerely,

Paul Ouellette Norma Ouellette

Paul and Norma Ouellette

cc: Jim Kosich
Jeffrey Kaplan
Thomas Tatum

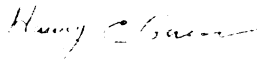
February 16, 1987

To Whom It May Concern;

At the time my wife and I agreed to buy Mr. and Mrs Ouellette's mobilehome, located in Casa de Lago Mobilehome Park, we were told by the realtor that the lot rent would be \$464.00 per month with an annual increase not to exceed 5%. When we met with the manager of the park to discuss the lease and the possibilities of moving into the park we were told the lot rent would be \$510.00 per month with an annual increase not to exceed 9%. We were also informed if we did not sign the 5 year lease agreement we could expect the annual increase to go even higher then the 9%.

For these reasons we refused to sign the lease and therefore were denied entrance into the park thus negating the sale of the Ouellette's home.

Sincerely,



Harvey C Green

CENTURY 21
FEB 18 1987
RECEIVED

RE: Cancellation of escrow No. 19476 SG
and Release of Funds

You presently hold under the above numbered escrow the sum of
\$ 1000⁰⁰ as deposit toward the purchase of that certain
property as follows:

- () Parcel of land described in preliminary title report
No. _____, dated _____, and issued
by _____.
- (X) Mobilehome described as:
Make KEY WEST, Serial number 60350 U.X,
and located at space 474, CASA DEL LAGO Park.
- () That certain _____ business known as
_____, located at _____.

The undersigned buyers and sellers hereby instruct you to cancel
said escrow and disburse the above deposit as follows:

<u>SHELLY GREEN</u>	\$ <u>1000⁰⁰</u>
_____	_____
_____	_____
_____	_____
Escrow Control Co (cancellation fee)	\$ <u>1000⁰⁰</u>

The undersigned buyers and sellers, in consideration for the
compliance by Escrow Control Company with these instructions
hereby release Escrow Control Company from any and all claims,
obligations and liabilities of any kind or nature arising out of
or as a result of this escrow (including, but not limited to, all
prior instructions and these instructions) and they do hereby,
both jointly and severally, indemnify Escrow Control Company
against any loss, cost or liability, of any kind or nature,
including reasonable attorneys fees that it might sustain in
complying with these instructions.

<u>Sally Green</u>	<u>Norma Quillette</u>
Buyer	Seller
_____	_____
Buyer	Seller

RECEIVED this _____ day of _____, 19____.
ESCROW CONTROL COMPANY
by: _____

CENTURY 21
FEB 10 1987
RECEIVED

Reviewed with Jim Clemens 1-29-87

10% increase \$510

9% annual

Jim Kosik
phon

no other options offered

Jim
~~did mention~~

casual mention of city ordinance

Jim
not familiar city ordinance

Jim
relay or telling prospective buyers
per Jim Kosik

new applicant not ~~resident~~ ^{resident} & not
~~case~~ protected by

propose no increase & honor
ordinance.

Jim
Kosik will offer
5% increase of same in annual income
advised of \$150 increase
& enter in arbitration - but does not
want to enter
into arbitration
wants to offer lease as stated.

S.B. Croens Bill - 30 day review of lease 3 day to
refuse.

Hall turnover without income
case - is unconstitutional

he has already
picked up \$150 approved by arbitration.

Jim K 480 lease w/ 9%
me sign & buyer assume!



277.5431 960 W. Hedding
CityFed Mortgage Company

A DIRECT FULL-SERVICE LENDER

1-28-87

Harvey Green
 meeting w/ Jim
 259-7214 (H) 415/683-2260 (W)

offered lease 60 month
 10% increase to more in
 9% annual increase

if less than 60 month -
 could be more on annual
 increase as much as \$150

wants one months rent deposit
 start \$510

464 current space rent.

8⁰⁰ a.m. appointment with

YOUR REPRESENTATIVE

city rent control 1-29-87

(408) 377-9940

851 E. HAMILTON AVE. #200, CAMPBELL, CA 95008

A CITYFED FINANCIAL COMPANY. A NATIONWIDE FINANCIAL SERVICES
 NETWORK OF OVER 300 OFFICES. DEPOSITS INSURED BY FSLIC.
 AN EQUAL HOUSING LENDER.

July 6, 1987

Senate Select Committee on MobileHomes

Gentlemen:

The attached pages are documentation in support of my statements regarding problems with resales in Coyote Creek Mobilehome Park in San Jose.

The first page is a copy of an article that appeared in our local mobilehome community paper in May, 1987--the original story appeared in the San Jose Mercury News.

The following pages are copies of some of the papers in the G.S.M.O.L. file on this case.

If you have questions or need further information, please contact Dave Hennessy or myself.

Thank you for your time and consideration.

Sincerely,

Irene Peterson
Assoc. Dir. GSMOL Reg.1

ILLEGAL RENT HIKE - LANDLORD CHARGED

For the first time, San Jose has charged a landlord with breaking the law by attempting to increase rents by more than is permitted under the city's control ordinance.

Mobile home park owner Jess D. Yohanan of Burlingame sought to force new tenants to sign two-year leases that included rent 34% higher than previous tenants paid, according to a criminal complaint.

The city limits rent increases to 5 percent annually

"We're going to go after this one very aggressively," said City Attorney Joan Gallo, who hopes to send a message to other landlords that the city is serious about rent control enforcement.

Tim Tierney, an attorney for Yohanan, said his client disagrees with the city's interpretation of the ordinance, and "is being sued solely because he has protested the ordinance."

"They want to teach him a lesson."

The city's complaint cites three instances in which Yohanan charged high rents to prospective tenants at the Coyote Creek mobile Home Park, 2580 Senter Road. Spaces for the 182 mobile homes in the park rent for \$300 to \$550.

In each case, the tenants allegedly were told that they ran the risk of even higher rents unless they agreed to a two-year lease with the 34 percent increase.

According to the city's complaint, tenants said they were told that Yohanan planned to ask the city to approve a rent increase of 60 percent or more for those who did not sign the lease. If the city agreed, he planned to charge those tenants back rent at the new, higher rate.

In a letter to the city, prospective tenant Stephen Fraser said he was told he could face a rent increase of 73 percent unless he signed the lease.

Rather than "blowing our savings" on rent, Fraser and his wife chose to back out of an agreement to buy a mobile home at Coyote Creek.

"We were outraged at their attitudes and the ability to subject people to unfair dealings," Fraser wrote on the park managers.

According to Gallo, Yohanan used the threat of higher rents to force resident to "give up their rights" under the city's rent control agreement by signing the lease. Such a threat, she said, is illegal.

Tierney, however, said that Yohanan warned prospective tenants like Fraser of a possible 73 percent increase in the interests of "consumer awareness."

Yohanan, who purchased Coyote Creek Park in 1983, also owns the Madrone Mobile Estates in Morgan Hill.

by Bert Robinson
Mercury News Staff Writer
used with permission of The San Jose
Mercury News



Administrative Office

November 11, 1986

To whom it may concern:

I was the agent who sold a mobilehome at Space 453, in Coyote Creek Mobilehome Park, 2580 Senter Rd., San Jose California to Joyce Marie Wagner. The escrow closed in September, 1986.

The mobilehome that Mrs. Wagner purchased was listed by Century 21 El Camino, and was owned by Bank of America. The sales price was twenty-four thousand dollars.

Listing agents on mobile homes include the current space rent on the multiple listing forms. The rent that I quoted to Mrs. Wagner was \$306.00. Since there is a rent-control ordinance in San Jose, limiting annual rent increases to 5%, I felt secure in that figure, and felt Mrs. Wagner would qualify with a comfortable monthly housing expense.

To close an escrow on a mobilehome, a buyer must get "park approval," which involves a personal interview with the manager. I met Ms. Wagner at the clubhouse for that meeting with the managers. She was told she could sign a lease and pay rental of \$411 monthly. When she declined to do that, she was told she could sign, at the current rent of \$306, and agree to assume responsibility for the running balance between \$306 and \$411 to be determined at the end of arbitration. If she chose this option, she was informed the rent at that time would probably be \$550, since she had not chosen to sign a lease. When she asked for copies of the papers she had signed, she was told that was impossible. When she questioned the legality of not receiving a copy, she was still told she couldn't have one. Since this meeting was so close to moving time, she had little choice at that time.

Barbara Berens
Barbara Berens

408 773-9400 • 121 S. Murphy Avenue • Sunnyvale, California 94086

To whom it may concern,

Mr. Carlson asked us to write a simple statement of the facts surrounding the cancellation of our offer to buy his mobile home. We did not know what all is needed; however, we could give more of a detailed statement later if you so wish.

Sometime in july, we made an offer to buy Mr. Carlson's home. A short time later we recieved a preliminary approval for the loan, at which time we gave notice to our landlord. From that moment on we prepared ourselves for the move, we boxed up everything we could and we sold everthing that would not fit into the home. We fully intended to move into the home

In the middle of august we went to the park in order to fill out the applicationfor tenancy. At this time, we were assured that the monthly space rental would not go up until the annual rate increase was due according to the san jose rent control ordinance. Also at this time the management informed us that we could not get final park approval until they came back from their vacation, which was to be Sept.2, 1986, even though the approval from top management was to be back sooner, the 26th we believe. They said that no one else had the authority to approve it on the 26th.

On Sept.2 we were to get our park approval and finalize the whole deal on that same day. We were ready to move as soon as all papers were signed. The morning of the 2nd our agent called to


inform us that the park had presented a problem . She asked that we meet her there as soon as possible. Upon arrival we were met at the door by our agent and Mr. Carlson. We all went inside and sat down. The agent told us briefly what the problem was and then she said it would be better if we just read the infamous document for it was self explanatory. The new rental agreement was quite a bit different from the one we read over in August. This one stated that the management had the park spaces appraised and that they felt t that the space should rent for 550.00 instead of the 317.00 previously stated ;however, they would only charge us 75% of the higher amount. They were taking this matter to court and if we did not agree to pay this amount now, that when they won the court case we would have to paythe difference upon their winning the case; however, we would only be accountable for 12 month's worth of the difference. They also threw in that they wanted a two year lease, when before it was on a month to month basis. At this time we decided not to complete the purchase of the mobile' home. We were outraged at their attitudes and the ability to subject people to unfair dealings. What were these poor people to do? You can't just pick up a mobile home and move to another park. We originally were buying this home for a temporary tax advantage and keeping our payments low so as to save for a home. We have a capital gains problem coming up and need desperately to save in order to buy a house by next sept. Getting into this park would have blown any savings and would have hampered the possible sale for latter on . Due to this situation we not only felt buying this home would be a mistake but so would buying any mobile home be a mistake, we had no idea that this sort of thing could happen at least when a landlord pulls something like this you could move.

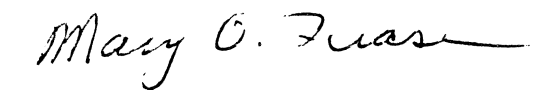
Never before had we thought about this sort of situation, and now that we know what could happen we will never get into a mobile home unless we own the land or have a lengthy lease that could be sublet. We suffered financially and mentally over this situation. We had to find another place to live in a hurry and are trying to recover from the whole ordeal. Mr. Carlson is the one who is suffering the most. We really feel awful about backing out of the deal. He does not deserve what he is getting and we pray that everything comes out ok for him and the people in the park. It is a shame that the people who have the least are subjected to this type of behavior.

Mr. and Mrs. Stephen P. Fraser
130 Baroni #34
San Jose, CA 95136 (408) 629-4339

P.S.

If there is anything else that you need just call.


Stephen P. Fraser


Mary O. Fraser

7 1987 10:21

RECEIVED---

STATEMENT:

This statement deliniates the events that led to the cancellation of the sale of the mobile home located in the Coyote Creek Mobile Home Community between D.R. Carlson and Mr. and Mrs. Stephen P. Fraser.

The mobile home was listed by Ms. Holly Swanson (Bayless) of Oakhill Mobile Homes, 2410 Monterey Road, San Jose, California. See attached "Purchase Agreement and Acceptance Offer" and Addenda "A".

Per this document, the Frasers made a \$750 deposit on July 30th, 1986. Anticipated close of Escrow: 9-1-86.

Approximately ten days prior to this date the buyers were qualified for the loan (itme F, Addenda "A"), the property appraisal qualified for the loan amount (item F), the home was inspected, two corrections were required, made and finally accepted. The only remaining obstacle was the buyer's qualifying for park tenancy. (item H, Addenda "A")

When the realtor attempted to schedule a meeting with the park managers, she was told the meeting would have to be delayed because they (the managers) were going on vacation until the Tuesday following Labor Day (Sep. 2nd).

During this waiting period I made a deposit on an apartment at the Oakwood Apartments on Pruneridge Ave. and Lawrence Expressway, packed my furniture and arranged to move on September 2nd. In the meantime, the realtor and the buyers arranged to meet with the managers to qualify for the park on that day.

At about noon September 2nd, the moving van arrived (my belongings were all packed in boxes, etc.). Simultaneously, the manager arrived to read the gas and electric meters. I walked out to talk to him and it was then he told me that the space rent was going to go up by nearly \$100 per month for the new buyers.

I was dumbfounded, this was the first I had heard of this and the deal closing was approximately two hours away.

I put the movers on hold and called the realtors (I didn't want to move my belongings then have the deal fall through). An hour later, we all met at the park office to discuss the matter. The buyer (Mr. Fraser) decided to back out. Following this decision, Mrs. Fraser, Holly and myself waited outside while Stephen Fraser had a private discussion with the park managers. Following this discussion he stated that if he ever did buy a mobile home, it would not be in this park because of the nasty attitude and disposition of the managers.

Mrs. Fraser and Holly were both in tears. Mr. Fraser was very angry and I was very upset.

I had to pay one month's rent at Oakwood Apartments, but the most distressing part was having to unpack and move into a dwelling I didn't want to be in. Furthermore, the prime selling time was over and most new buyers would also be deterred by the threat of raised rent.

JR Lockman 11-16-86

March 25, 1987

Joan Gallo
City Attorney's Office
City of San Jose
801 North First Street
San Jose, CA 95111

RE: THIS IS A FORMAL COMPLAINT

Dear Ms. Gallo:

My home is listed with ARIES Homes, Inc. On March 3, 1987 ARIES brought in an Offer from Bruce Ferenz as buyer. The contract was consummated on March 5, 1987 and was an all cash offer to close escrow approximately April 2, 1987.

On March 13, 1987 the buyers had an appointment to make formal application for residency with Coyote Creek. Their interview was with Darlene Webb, park manager. The buyers were informed that unless they signed a notice with regards to a possible litigation between Coyote Creek and the City of San Jose, Coyote Creek would not accept their application for residency.

These buyers are now backing out of their purchase of my home, causing me much duress, because they cannot obtain park residency approval because they are not willing to sign this "notice". The park manager refuses to give my agent, Frank Blohm, a copy of this "notice".

Can the Coyote Creek Management legally refuse to accept application for residency of my buyers now or in the future?

Sincerely,

Beverly Parson
Coyote Creek #573
2580 Senter Road
San Jose, CA 95111

cc: Susan Bradford-Moore
Rental Dispute Program
4 North Second St, Suite 1050
San Jose, CA 95113



ARIES *Homes, Inc.*

March 20, 1987

Rental Dispute Program
4 North Second St.
Suite 1050
San Jose, CA 95113

Re: Coyote Creek #573 Parson to Ferenz

Dear Sir:

On March 18, 1987 we spoke to Vivian of your office regarding the above-referenced property.

On March 13, 1987 we took the buyers, Bruce and Heather Ferenz, to Coyote Creek to meet with Darlene and Gene Webb, park managers, for the purpose of making application for residency on the purchase of the mobile home in space 573.

It is my understanding that their application was refused unless they signed a document regarding Coyote Creek's owner and the City of San Jose arbitration case. Checking with the City Attorney's Office and your office we were unable to locate such a case. The park manager's also refused to give the buyers nor their agent, Frank Blohm, and the listor, Greg Kleckner, a copy of this document. It basically stated that the current rate is \$383.40. The appraised value of the space is \$575 and Coyote Creek is seeking an arbitration decision that they may charge 75% of \$575 = \$432. The document they want signed requires the buyers to acknowledge that there is an arbitration and that if this \$432 is agreed to they will pay the difference between \$432 and 383 = 47.85/mo for the period not to exceed twelve months, retroactive back to the time of signing the document. The maximum amount would be $12 \times \$47.85 = \574.20 .

The arbitration document is offered with the month-to-month lease arrangement. I asked Darlene if they offered a long-term lease and she said they offer a long-term lease good through August 1988 with a monthly rent of \$431.35. This comes about the same as the

Member
Multiple
Listing
Services

Fairway Glen Shopping Center
4725 Lafayette Street, Santa Clara, Ca. 95054

408 - 727-1600



\$432 stipuled in the arbitration document. We need to know whether Coyote Creek has the legal right to do this?

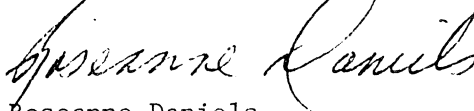
Our buyers are turned off over, not only the actual fact of having to sign a document, but how it was presented to them. The park managers were very coarse with our buyers which certainly did not help the situation.

At this point, we are unsure whether this transaction will consummate. Everything was positive (including the fact that this was an all cash transaction) prior to the park interview.

We need any assistance you can offer on our behalf, the sellers behalf and the buyers behalf as quickly as possible. Thank you.

Sincerely,

ARIES MOBILE HOME SALES, INC.



Roseanne Daniels
President & HCD Dealer

RD/rc

cc: Beverly Parson, Seller
Frank Blohm, Selling Agent
Greg Kleckner, Listor
City Attorney's Office



CITY OF SAN JOSÉ, CALIFORNIA

4 NORTH SECOND STREET, SUITE 1050
SAN JOSE, CALIFORNIA 95113

FB

DEPARTMENT OF
NEIGHBORHOOD PRESERVATION
HUMAN SERVICES DIVISION

March 25, 1987

RECORDED MAR 28 1987

Roseann Daniels
Aries Mobile Home Sales, Inc.
4725 Lafayette Street
Santa Clara, CA 95054

RE: COYOTE CREEK #573 PARSON TO FERENZ

Dear Ms. Daniels:

The following information is in response to your letter to the San Jose Rental Dispute Program dated March 20, 1987.

In your letter, you asked about an "arbitration case" involving the City of San Jose and the owner of Coyote Creek MHP. The City of San Jose is not currently involved in any rental dispute case involving Coyote Creek MHP.

Under the existing San Jose Mobilehome Rent Ordinance (SJMC 17.22), we do not conduct mediation or arbitration hearings regarding mobilehome rent increases. All mobilehome cases which are reviewed by a hearing officer are heard in an Administrative Hearing. Such a hearing has not been requested by the landlord/owner of Coyote Creek Mobilehome Park.

It is my understanding that State Law required that a short-term space lease be offered (along with any long-term lease which may be offered) in any mobilehome park. In San Jose, a mobilehome resident who is not covered by a lease in excess of twelve months is protected from annual space rent increases in excess of 5% under our Mobilehome Ordinance. Under this ordinance, a park owner who wishes to increase space rent by more than 5% per year must petition the Rental Dispute Program. An administrative hearing is then scheduled for the purpose of reviewing the justification for the proposed increase.

Under our local ordinance, a mobilehome park landlord/owner may not charge the new coach owners a monthly space rent which exceeds that paid by the former owners until at least one year has passed since the last rent increase for that space. Then the rent may be increased by 5% without a hearing. No increase beyond this 5% amount is permitted under local ordinance without the approval of an Administrative Hearing Officer.


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Letter
Coyote Creek #573

There is no provision in local ordinance for any "arbitration document" such as you described. Space rent increases in excess of the 5% per year amount may not be collected.

Based on the information presented in your letter, it would appear that the landlord/owner has violated the San Jose Mobilehome Rent Ordinance. Such a violation would constitute a misdemeanor. For this reason, your letter has been forwarded to the litigation section of the City Attorney's Office for possible prosecution on behalf of the City. If either of your client parties should wish to seek individual retribution, it would be necessary for them to seek private counsel.

I am sorry that you and your clients experienced some unpleasantness in dealing with the managers of this particular mobilehome park. I hope that you will not have similar problems with the Rental Dispute Program, and would ask you to contact this office if we can be of further assistance.

Very truly yours,


SUE BRADFORD-MOORE
Rental Dispute Program

SBM:bo

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