

## MEMORANDUM OF UNDERSTANDING

Mountain Shadows Mobile Home Community ("Park") and the undersigned signatory, individually and on behalf of his or her heirs, successors and assigns ("Signatory"), in order to promote a more cohesive environment in the Mountain Shadows Mobile Home Community ("Community") and to demonstrate the Park's support of the residents in the Community ("Resident(s)"), agree to the following:

1. To promote financial certainty, the Signatory agrees to enter into an Amendment to Lease in the form attached ("Amendment"). The Amendment will eliminate the periodic 5 year appraisal and will also eliminate certain items of rent representing lessor capital costs ("Capital Improvement Pass Throughs"), except where those Capital Improvement Pass Throughs are approved by a majority of the spaces in the Community (with each space having 1 vote). After the date of the Amendment, space rent will be subject to an adjustment of \$9.70 per year plus a consumer price index formula adjustment. In addition, at the time of the first consumer price index formula adjustment after the date of the Amendment, the account of each Signatory will receive \$11.41 in credit against previous Capital Improvement Pass Throughs. After the date of the Amendment, each annual consumer price index formula adjustment will be calculated on or before March 31, rather than May 31. That change has been made at the request of the Mobile Home Board of the City of San Bernardino, to conform to a change in the law requiring 90 days advance notice of any increase in rent. Although the assignment provisions in Sections 12 and 13 of the lease which is being amended by the Amendment ("Lease") including, without limitation, the mandatory assignment provisions in Section 12 of the Lease, will continue in effect, the Amendment provides for modification of Section 13A and Section 13B of the Lease, to empower the Board of Directors ("Board") of the Mountain Shadows Mobile Home Community Homeowners' Association ("Association") to establish criteria for subleasing, inasmuch as subleasing will be permitted in the Community after the date of this Memorandum of Understanding ("MOU"). It is acknowledged that (a) the criteria established by the Board for subleasing must be agreed to by the Park and (b) the criteria may require all subleasing to be administered by a management company which the Park or the owner of the Park may or may not own or otherwise control.

On November 15, 1994, the City of San Bernardino Mobile Home Rent Board, by Board action, determined that the existence of the MOU, the Amendment or the Addendum does not disqualify any space in the Community, including developed areas and expansion areas, from continued exempt status under Clause C of Section 8.90.050 of the Mobile Home Park Rent Stabilization Ordinance of the City of San Bernardino, as Amended. By its terms, the determination of the Mobile Home Rent Board applies through the expiration date of the longest Lease in the Community (which Lease expires June 30, 2011) and also provides that all Leases in the Community expire on the same date. The Park has been asked by Gerald W. Butler, staff representative to the Mobile Home Rent Board, and the Yellow House Group, to consider establishing a common Lease expiration date of August 31, 2009. The Park has agreed to that request and as a result the benefits to the Residents of the Amendment will continue to the common Lease expiration date of August 31, 2009.

2. If the Signatory previously elected to have the Park amortize over 5 years, rather than 4 years, the Section 5.1.B market rate appraisal adjustment, which became effective on and after September 1, 1992, then the Signatory

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Park Resident

agrees to enter into an Addendum to Lease Amendment in the form attached ("Addendum"), to document the 5 year amortization schedule.

3. By March 1, 1995, the Park agrees to make a one-time \$2,500 contribution to the Mountain Shadows Mobile Home Community Homeowners' Association ("Association"), for legal fees to be incurred by the Association. After the Park has funded its \$2,500 contribution for legal fees, the Park will have no further obligation regarding the same.

4. The Park agrees to contribute up to \$2,000 each year (beginning with the 1995 calendar year), on such terms and conditions as the Park determines in its sole discretion, to fund social activities in the Community. In the first year only (the 1995 calendar year), the Park agrees to contribute up to an additional \$4,000 (for a total of up to \$6,000), on such terms and conditions as the Park determines in its sole discretion, for the same purpose.

5. To improve security in the Community, the Park increased traffic control to 24 hours per day, effective August 1, 1994. As a result, the previous \$6.50 per space per month contribution of each Resident to traffic control, will be increased to \$8.00 per space per month, effective February 1, 1995. The Park's total contribution to traffic control will be \$10.00 per space per month and any increased cost of traffic control will be borne entirely by the Residents. If full time traffic control is reduced or eliminated for any reason, then the respective contributions of the Park (\$10.00 per space per month) and each Resident (\$8.00 per space per month) will be proportionately reduced.

6. To assist Residents who are signatory to this MOU, the Amendment and, where applicable, the Addendum, and who are experiencing financial hardship, the Park agrees to allocate up to \$40,000, on a one time basis, on such terms and conditions as the Park determines in its sole discretion, to fund a temporary rent assistance program. The Park will account to the Association on a quarterly basis for any rent assistance given during the quarter then ended. After the Park has funded \$40,000 in temporary rent assistance, the Park will have no further obligation regarding the same. Without limiting the generality of any other provision in this MOU, to qualify for temporary rent assistance, the recipient must be a signatory to this MOU, the Amendment, and where applicable, the Addendum.

7. To assist the Association in providing service to the Residents, the Park agrees to allocate up to \$12,000, on a one time basis, as its contribution to the cost of a part time employee, to act as a liaison between the Association and the Residents. The Park will determine the form of the contribution (i.e. rent adjustment, etc.), subject to approval by the Board. The part time employee may or may not be a member of the Board but will be answerable only to the Board. After the Park has funded its \$12,000 contribution for a part time employee, the Park will have no further obligation regarding the same.

8. Beginning with the Board which is in office as of the date of this MOU, the Park will have the right to designate one representative of Stubblefield Construction Co., to serve as a voting member of the Board.

9. The benefits in this MOU, the Amendment and, where applicable, the Addendum will only be available to a person who satisfies the following conditions:

- (a) That person executes a declaration regarding residency in a form provided by the Park ("Declaration Regarding Residency"), declaring that he or she has read and understands the Mountain Shadows Mobile Home Community Guidelines and is in full compliance with the same.
- (b) The declarations in the Declaration Regarding Residency are in fact true and correct. If the Park determines that any statement in the Declaration Regarding Residency is untrue, then this MOU, the Amendment and, where applicable, the Addendum, will automatically become null and void as of the date of that determination by the Park ("Determination Date"). In the event, all of the provisions of the Lease, as those provisions existed immediately before entering into this MOU, will be automatically reinstated, and the rent due thereunder will be automatically reinstated as of the first day of the month immediately following the expiration of 90 days from the date the Park gives written notice to that person of the and voiding nullification of this MOU, the Amendment and, where applicable, the Addendum. Any such reinstatement will include, without limitation, the \$55.18 rent increase (\$45.05 for those persons who have elected to amortize over 5 years, rather than 4 years, the Section 5B market rate appraisal adjustment which became effective on and after September 1, 1992, which was scheduled for annual rent adjustment dates beginning September 1, 1994, and any Capital Improvement Pass Throughs which the Park would otherwise be entitled to collect as of the Determination Date.
- (c) That person executes and returns this MOU, the Amendment and, where applicable, the Addendum and the Declaration Regarding Residency, on or before 5:00 p.m. January 10, 1995.
- (d) That person supplies evidence satisfactory to the Park that he or she has withdrawn from (i) the pending appeal of the Judgment entered by the San Bernardino County Superior Court on April 22, 1994, in Civil Action No. 27 68 89 and, where applicable, (ii) the pending appeal filed by Pamela Colip from the Order Awarding Attorney's Fees entered by the San Bernardino County Superior Court on July 5, 1994, in Civil Action No. 27 68 89.

NO PERSON IS REQUIRED TO EXECUTE THE MOU, THE AMENDMENT, THE ADDENDUM OR THE DECLARATION REGARDING RESIDENCY. IF ANY PERSON ELECTS NOT TO EXECUTE ANY OF THE SAME, THEN THAT PERSON WILL CONTINUE TO BE SUBJECT TO ALL OF THE PROVISIONS OF THE LEASE AND, ON OR ABOUT FEBRUARY 1, 1995, WILL BE INVOICED BY THE PARK FOR THE \$55.18 RENT INCREASE (\$45.05 FOR THOSE PERSONS WHO HAVE ELECTED TO AMORTIZE OVER 5 YEARS, RATHER THAN 4 YEARS, THE SECTION 5B MARKET RATE APPRAISAL ADJUSTMENT WHICH BECAME EFFECTIVE ON AND AFTER SEPTEMBER 1, 1992) WHICH WAS SCHEDULED FOR ANNUAL RENT ADJUSTMENT DATES BEGINNING ON AN AFTER SEPTEMBER 1, 1994, AND ANY CAPITAL IMPROVEMENT PASS THROUGHS WHICH THE PARK WOULD OTHERWISE BY ENTITLED TO COLLECT AS OF THE DATE OF THE INVOICE. THE PARK MAY ALLOW LATE ENTRANTS TO RECEIVE THE BENEFITS IN THE MOU, THE AMENDMENT AND, WHERE APPLICABLE, THE ADDENDUM, ON SUCH TERMS AND CONDITIONS AS THE PARK DETERMINES IN ITS SOLE DISCRETION.

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Park      Resident

10. This MOU, the Amendment and, where applicable, the Addendum, are being entered into on the condition that (a) the Signatory performs all of the provisions in this MOU, the Amendment and, where applicable, the Addendum, (b) the existence of this MOU, the Amendment or the Addendum does not disqualify any space in the Community, including developed areas and expansion areas, from continued exempt status under Clause C of Section 8.90.050 of the Mobile Home Park Rent Stabilization Ordinance of the City of San Bernardino, as amended, and/or under Section 798.15 and 798.17 of the California Civil Code, as amended; and (c) no person who is a signatory to any MOU, Amendment or Addendum (or his or her heirs, successors or assigns), files a civil action legally challenging the validity of any MOU, Amendment or Addendum applicable to any space in the Community, which civil action remains undismissed 30 days after the date the Park notifies in writing, any 2 of the Chairman, Secretary or Treasurer of the Board of the existence of that civil action. If (i) the Signatory fails to perform any provision in the MOU, the Amendment or, where applicable, the Addendum (ii) the Park loses continued exempt status as to any space in the Community, or (iii) any person who is a signatory to any MOU, Amendment or Addendum (or his or her heirs, successors or assigns), files a civil action legally challenging the validity of any MOU, Amendment or Addendum applicable to any space in the Community, which civil action remains undismissed 30 days after the date the Park notifies in writing, any 2 of the Chairman, Secretary or Treasurer of the Board of the existence of that civil action, then this MOU, the Amendment and, where applicable, the Addendum, will automatically become null and void as of the date of the applicable event ("Nullification Date"). In that event, all of the provisions of the Lease, as those provisions existed immediately before entering into this MOU, will be automatically reinstated, and the rent due thereunder will be automatically reinstated as of the first day of the month immediately following the expiration of 90 days from the date the Park gives written notice to the Signatory of the nullification and voiding of this MOU, the Amendment and, where applicable, the Addendum. Any such reinstatement will include, without limitation, the \$55.18 rent increase (\$45.05 for those persons who have elected to amortize over 5 years, rather than 4 years, the Section 5B market rate appraisal adjustment which became effective on and after September 1, 1992) which was scheduled for annual rent adjustment dates beginning on and after September 1, 1994, and any Capital Improvement Pass Throughs which the Park would otherwise be entitled to collect as of the Nullification Date.

11. By executing this MOU, the Amendment and, where applicable, the Addendum, the Signatory is agreeing to all the provisions of those agreements and is authorizing all actions required to implement them. Notwithstanding any other provision in this MOU, the Amendment or the Addendum, if the Signatory is not a signatory to the Lease which is being amended by the Amendment, then it is acknowledged and agreed that execution of this MOU, the Amendment or, where applicable, the Addendum, by either the Signatory or the Park, confers no right of residency on the Signatory, it being agreed that the rights of residency of the Signatory are subject to the Signatory continuously meeting all criteria for residency established by the Board from time to time and compliance with the Mountain Shadows Mobile Home Community Guidelines including without limitation, any guidelines related to the minimum age of tenants in the Community.

12. By executing this MOU, the Amendment and, where applicable, the Addendum, the Signatory is appointing DANNY BRINEMAN, the Chairman of the Board and any successor Chairman of the Board, or JOYCE CROENNE, the Secretary of the Board and any successor Secretary of the Board, as his or her proxy, to

vote in his or her place and stead on all matters presented at any meeting of the members of the Association within 24 months after the date of execution of this MOU including, without limitation, any meeting to elect new members of the Board, to approve new or amended bylaws or to establish criteria for subleasing, but not to vote in his or her place or stead on any matter which would itself directly impose any additional cost on the Signatory. The Signatory will select his or her proxy by circling the name of Danny or Joyce at the end of this MOU. Although more than one person may execute this MOU as a Signatory, for purposes of voting in the Association, it is acknowledged that each space in the Community is entitled to only one vote.

13. To encourage Residents to serve on the Board, by executing this MOU, the Amendment and, where applicable, the Addendum, the Residents agree to indemnify and hold each member of the Board harmless from any and all liability incurred in the course of his or her duties as a member of the Board, except where such liability results from the gross negligence or willful misconduct of the Board member in question. In addition, as further consideration for the benefits in this MOU, the Amendment and, where applicable, the Addendum, the Signatory hereby releases the Park, Stubblefield Properties and Stubblefield Construction Co., and their respective owners, directors, officers and employees, from any and all liability for loss, costs (including legal and other professional fees and costs) or damages to the Signatory (or to his or her heirs, successors or assigns) as a result of the negotiation or implementation of the MOU, the Amendment and, where applicable, the Addendum. In addition, the Signatory acknowledges that the Community has made a Request for Determination Under Section 8.90.130 of the Mobile Home Park Rent Stabilization Ordinance, as Amended, to the Mobile Home Rent Board, regarding the effect of this MOU, the Amendment and the Addendum, on the continued exempt status under Clause C of Section 8.90.050 of the Mobile Home Park Rent Stabilization Ordinance, as Amended, and that the Mobile Home Rent Board made the requested determination at its November 15, 1994 meeting. The Signatory hereby approves the determination made by the Mobile Home Rent Board and, as further consideration for the benefits in this MOU, the Amendment and, where applicable, the Addendum, hereby releases the Mayor and each member of the San Bernardino City Council, each member of the Mobile Home Rent Board and the respective staff and attorneys of the City of San Bernardino and the Mobile Home Rent Board, from any all liability for loss, costs (including legal and other professional fees and costs) or damages to the Signatory (or to his or her heirs, successors or assigns) as a result of the Mobile Home Rent Board having made the requested determination.

14. All funding by the Park as provided in this MOU, will be used only for the specific purpose set forth in this MOU.

15. In the event of any conflict in the interpretation of any provision in this MOU, the Amendment and/or the Addendum, then in that event the Amendment and the Addendum will each be deemed to supersede and control this MOU and the Addendum will be deemed to supersede and control the Amendment. On expiration or earlier termination of the Lease, all of the provisions of this MOU will automatically expire and become null and void. If any provision in this MOU is found by a court of competent jurisdiction to be invalid or unenforceable, then such invalid or unenforceable provision will be deemed stricken and the remainder of the MOU will continue in full force and effect. Any notice required in this MOU may be given by personal delivery or by first class certified mail, return receipt requested. Where notice to more than 1 person is required, notice will be deemed given as of delivery (including execution of a return receipt) to the first recipient.

Dated: December 9, 1994  
(For reference purposes  
only.)

Mountain Shadows Mobile Home Community

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

AS PROVIDED IN PARAGRAPH 12 ABOVE, I HEREBY SELECT EITHER DANNY BRINEMAN OR  
JOYCE CROENNE (CIRCLE 1 NAME ONLY) AS MY PROXY, ON ALL THE TERMS AND  
CONDITIONS PROVIDED IN PARAGRAPH 12 ABOVE.

DATED: \_\_\_\_\_, 20\_\_

SIGNATORY

SPACE NO.

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