



San Marcos Mobilehome Residents Association
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PITFALLS OF LONG TERM LEASES

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There is nothing really wrong with a long term space lease, so long as it is fair and totally understood by everyone. No group of mobile home dwellers enjoy rent reviews or the cost to all involved in the deliberations. To pluck a half dozen mobile home dwellers out of the park residents and expect them to go toe to toe with Park Owner/Investors and their attorneys (you better believe that they involve their attorneys even if you do not see them). In such negotiations it is so easy to inject intimidation, flattery, half truths and even outright lies.

Taking advantage of persons who are less sophisticated, too trusting and ill equipped for such proceedings, is not fair and reasonable.

When being offered these leases, there are some things you will not be told. You will hear how you will no longer be threatened with huge rent increases. It is true that the annual base rent increase is reasonable and cannot be changed. Where you can and most likely will be gouged is in the turn-over rent increases and the pass through charges which the lease allows. The residents bear the increases represented by the Consumer Price Index (C.P.I.) and many feel it is not truly representative of the increases in consumer costs of living. It has been estimated by experts that the Park incurs only about 46 per cent of the CPI as attributed to consumers. Therefore, even the acceptable increase of the full CPI is a concession to the Investors.

Turn over rent increases impact the buyer of homes in your Park. There is a complicated formula which is only explained for the first year of the lease and they neglect to tell you how in a few years it can increase to well over a \$100. Such increases tend to decrease your equity in your home and could take \$10,000 or more out of your sale proceeds. In fact, it may very well have such an impact that you lose far more, if you can even find a buyer. Ask the agents who try to sell homes in your park.

Pass through or additional rent is fraudulent. You are being expected to pay for capital replacements of roads, clubhouse roofs, swimming pools, sewer lines and other costs which are the **Park Owner's responsibility**. He owns these common areas and maintaining and/or replacing them is his cost of doing business. All you own is the mobile or manufactured home sitting on his dirt, for which you pay a monthly fee which provides him or her with a cash flow usually exceeding his monthly cost of operating the Park by 100 per cent. In other words, if you are paying \$500.00 per month space rent plus utilities, he is pocketing at least \$250.00 of it each and every month. Why does he need you to replace his property infrastructure? Let him fund a reserve for such costs, which is exactly what homeowners in resident owned parks are required to do by law. He may have attempted to get you or your neighbors to replace retaining walls, remove dead and dangerous trees, but this should always be challenged.

Whose trees or walls are they? You do not own them, he does. There are other terms in these 20 page leases which serve to give even more control by Park Owners and Managers over mobile home dwellers. Three or four pages would be more than adequate, but when 20 pages AND another 80 or so pages of rules and regulations and even the MRL, are shoved under your nose for your signature (which they like to call a "vote"), who will truly study what they are being given and told to sign within 30 days. When anyone tries to communicate these facts to the homeowners, they are denied the right to freedom of speech and are discriminated against by the Park Management. Since the perception is that the City is supporting the out of town Investors, many feel like they are fighting City Hall.

The cards are unfairly stacked against homeowners at every turn, which is precisely why the leases being promoted by the City and their partners (Park Owners) are being rejected by most mobile home parks.