

Contempo Marin Homeowners Association

September 28, 2007

To All Contempo Marin Homeowners:

By now you have received the annual letter from the park owner detailing the amount your rent will rise effective January 1, 2008. This amount is calculated under the City of San Rafael's rent control ordinance. The letter may, in addition, detail separate amounts awarded the owner for capital pass throughs. The letter will also contain a reference to the pending legal action and state the amount your rent will increase if the owner prevails in the lawsuit.

In the past the receipt of this letter has caused a great deal of concern, discussion and anguish on the part of the residents. Your Homeowners Association is sending this letter to bring you up to date on the facts involved with the legal action, address your concerns, and hopefully put an end to incorrect information.

Legal Action

Manufactured Home Communities (MHC), now Equity Lifestyle Properties, has sued the City of San Rafael in federal district court maintaining that the City's rent control ordinance is unconstitutional. The City has been joined in the suit by your Homeowner's Association as an intervener and is represented by pro bono legal counsel. On July 26, 2007 Judge Walker of the federal district court issued a "Preliminary findings of facts and legal standards, preliminary conclusions of law and request for further briefing." We must stress that the key word here is "preliminary" and that this was not a decision by the court contrary to one rumor that has been floating around.

Both parties responded to the court's request for additional briefs and the next step will probably be a ruling by the court. Regardless of the direction of the ruling it is expected that the ruling will be appealed to the Ninth Circuit Court of Appeals.

Arbitration

The owner requested a rent increase of \$90,047.23 or \$227.39 per space to cover expenditures for five areas of the park: sidewalk improvements, kitchen/clubhouse improvements, spa/pool improvements, re-construction of lagoon pump and sewer system improvements. After arbitration hearing the owner was allowed \$69,955.12 or \$174.15 per space. Rent was to be increased by \$14.51 per month for one year to reimburse the owner for allowed capital improvements or replacements. The arbitrator's decision was appealed to the City Council and a hearing was set for September 4, 2007. This hearing has been continued to a date to be announced.

Summary

Neither the federal court case nor the arbitration has been decided at this time. We are fortunate to be ably represented by our attorneys and your board is in frequent contact with them to keep abreast of the situation. Because of the pending actions we cannot discuss all of the details to you in this letter. We urge you not to listen to or spread gossip or rumors including those which may originate outside the park. If you have concerns or questions any member of the board (names, phone numbers and email addresses are listed in the Voice) would be happy to talk with you at any time. We urge you to get your information from your association – the best way to do this is to attend our monthly general meetings and talk with us.

The Board of the Contempo Marin Homeowners Association