SUMMARY OF MEMORANDUM OF UNDERSTANDING

This summary provides an overview of the key rights, responsibilities, and procedures contained in the MOU. This summary is intended to help residents understand the main points of the MOU. The full MOU contains additional details, definitions, and procedures that govern mobilehome park operations in the City of Paramount.

Disclaimer: This Summary is for informational and educational purposes only and does not constitute legal advice, nor does it create an attorney-client relationship. It is not a substitute for professional legal advice, and you should consult a licensed attorney in your jurisdiction for advice regarding specific legal issues or questions.

This Memorandum of Understanding (MOU) is an agreement between the City of Paramount and the Owner of the Mobilehome Park ("park owners"). Its purpose is to protect mobilehome owners ("residents") from unreasonable rent increases, maintain fair treatment in the park, and ensure that park owners can receive a reasonable return to operate and maintain the park.

1. Purpose of the MOU

The MOU exists to:

- Limit annual rent increases.
- Provide clear rules about when and how rent can be increased.
- Establish processes for park improvements and cost pass-throughs.
- Ensure transparency in billing and park operations.
- Create opportunities for residents and park owners to communicate and resolve concerns.

2. Rent Increases

- Annual Rent Cap
- Rent may increase once per year.
- The maximum annual increase is 3%.
- Vacancy Adjustments

When a space becomes due to removal or destruction of the mobilehome, or a home is sold to a new owner:

- The park owner may raise rent to market rate for the new resident.
- After that, the 3% annual cap applies again.

Vacancy increases are not allowed when:

- A current resident moves their mobilehome to another space within the same park.
- A home is transferred to a spouse, heir, family member, joint tenant, or personal representative after death.
- A co-owner is added or removed and the resident still lives in the home.
- A home is temporarily removed from the space so the park owner can perform rehabilitation, or capital improvements on the space, or for the resident to upgrade the home with a newer model on the same spacce.

3. Capital Improvements and Capital Replacement Costs

In addition to the 3% annual rent adjustment, the park owner may recover up to 75% of the cost of capital improvement or capital replacement projects by spreading (amortizing) those costs evenly across all spaces. These charges are not included in space rent and must be separately identified on the monthly park rent statement.

Examples include:

- Major replacements like full street or sewer line replacements.
- New infrastructure or amenity construction (clubhouse, laundry, pool renovations).

Restrictions and protections include:

- Annual pass-through adjustment costs (plus any old pre-MOU fees and pass-throughs) cannot exceed 4% of the average base rent in the park each year.
- The owner must follow strict notice, documentation, and bidding requirements.
- Residents may file a protest of a proposed capital improvement or capital replacement pass-through adjustment if it does not meet MOU rules, and either the park owner or residents may pursue binding arbitration if dissatisfied with the outcome of the protest.
- Capital improvement and capital replacement projects require a resident vote, and must receive approval from a majority of occupied spaces. Major water and sewer projects, which are defined to mean replacement of more than 75% of the park's water or sewer system, are exempt from the resident vote requirement.
- Capital improvement and capital replacement pass-through adjustments are separate from rent, and are not included in determining the 3% annual space rent increase.

4. Property Tax Increase Costs as a Result of a Park Sale

If the park is sold and property taxes increase:

- The new park owner owner may pass through the increased property taxes that exceeds 2% over the prior fiscal year's property tax under the prior park owner, spread evenly over five years.
- The property tax pass-through adjustment does not count toward the 4% pass-through cap.
- The property tax pass-through adjustment is separate from rent, and is not included in determining the 3%annual space rent increase.

5. Transparency in Billing

Every monthly rent statement must clearly list by separate line items:

- Current base rent.
- The amount and date of any annual rent increase.
- Each pass-through adjustment, its purpose, total project cost, start/end date, and amortization schedule.
- Any pre-MOU pass-through adjustments initially imposed by the park owner prior to the effective date of the MOU.
- Any other separately billed utilities or state-authorized fees.

When the amortization period of a pass-through ends, the charge must be removed from the rent bill.

6. Safety Net Program for Low-Income Residents

Each park must offer a rent assistance program for qualifying low-income homeowners.

Key features:

- Available to households with income ≤2× monthly rent and assets under $50,000 (not counting the home, furniture, or vehicles).
- Assistance helps ensure rent does not exceed 33% of household income, up to $150/month.
- Residents must apply each year and must have lived in the park at least one year.

7. Registration and Recordkeeping Requirements

Park owners must:

- File initial and annual rent schedules and detailed annual rent rolls with the City.
- Maintain copies of the MOU, park rules, utility information, and other required documents in the park office for resident review.

Prospective residents must receive:

- A summary of the MOU (this document).
- A full copy of the MOU upon request.

8. Communication Between Residents and Park Management

- Each park will have a Homeowner Oversight Board to communicate with management.
- The park owner must meet with this group upon reasonable notice (no more than once each 30 days).
- Residents may still meet individually with management to address personal concerns.

Additionally, a Citywide Working Group of park owners, residents, and City representatives will meet during the first year to address issues related to the MOU.

9. Dispute Resolution

If disputes arise:

- If residents dispute a property tax pass-through adjustment, they may request mediation with thet park owner to resolve the dispute.
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- For disputes about capital improvement and capital replacement pass-through adjustments:
  - Residents must file a protest with the City.
  - A City decision on a protest about a capital improvement or capital replacement pass-through adjustment can be appealed to binding arbitration.

10. Enforcement

- The City may take action to enforce the MOU on behalf of residents.
- Residents and the Homeowner Oversight Board may sue the park owner for violations of the MOU.