

**STATEMENT OF POLICY
FOR
SOUTHBROOK MOBILE HOME PARK**

1. LOCATION AND SIZE OF SPACE

The location and approximate size of your space is: _____

As described on the attached map of the park (Exhibit D)

Our policy on reserving spaces is as follows:

We regrettably cannot reserve spaces. It's first come, first served.

Your rent on the space will start the day your Lease Agreement is signed, on unoccupied spaces.

Your rent on the space will start the date Sales/Purchase Agreement is closed on homes already in the Park.

2. FACILITY CLASSIFICATION

The federal fair-housing age classification of this park is:

55 and older, one member of the unit must be at least 55 or older.

Our policy in applying this classification includes the following terms and conditions:

We reserve the right to apply different age or occupancy limits to subsequent buyers of your home.

As a 55 and older park, we also apply the following rules:

We require a minimum age of 40 for new tenants.

We cannot promise to keep this age classification forever. It could change without your consent.

3. CURRENT ZONING

The current zoning affecting the use of the rented space is:

RM

Permitted uses include: Residential – multiple family – such as:

Condominiums, Duplexes, Apartments, Mobile Home Parks

The zoning authority for this park is: City of Salem.

Pending zoning action which could impact the park's zoning of which owner is aware:

NONE

If there are definite future plans to seek a change in the zoning or permitted uses of the park land, check this box and explain below:

There are NONE

4. RENT ADJUSTMENT POLICY

Under current state law the landlord may increase your rent with 90 days notice. State law does not limit the amount or the frequency of rent increases, but you must be given the opportunity to meet with management to discuss any increase. Your rental agreement may give you more protection than state law.

Our policy is to give you no less than 90 days notice (minimum 90) of a rent increase. It is also our policy to adjust rents:

Only one time each year per your rental agreement, unless the park incurs expenses for government mandated improvements or programs.

How rent increases are determined:

RENT INCREASE SHALL BE DETERMINED BY PROPERTY OWNER BY REFERENCE TO INCREASED COSTS, PREVAILING MARKET RENTS, PREVAILING ECONOMIC CONDITIONS, AND REPAIR OR IMPROVEMENT COSTS.

See Details below:

INCREASED COSTS: Refers to any increases experienced by the Owner since the delivery of notice of the last increase in the space rental in the total costs arising out of or related to the ownership, operation and management of the park.

PREVAILING MARKET RENTS: Refers to the space rental amount or fee charged in mobile home parks comparable to this park, or the space rental amount or fee willingly paid from time to time by new residents of this park. A park will be deemed comparable if it is located in the same general vicinity as this park or in a comparable vicinity and offers similar densities, amenities and services.

PREVAILING ECONOMIC CONDITIONS: Refers to those factors which bear on the economic viability of a real estate investment and which would be considered by a prudent businessman in establishing the space rental amount and user fees or any increase in the amount thereof. These factors may include:

- a) The costs attendant to the replacement of this park in the economic environment existing at the time of any rental increase, including land acquisition costs, construction costs, and losses associated with the operation of a park prior to full occupancy, and the level at which the space rental must be established in order that the park referred to in this clause;

- b) The level of interest rates and other financing charges associated with construction, interim and permanent financing;
- c) The availability of alternative forms of real estates investments which, absent the rental increase in questions, might reasonably be expected to yield a greater return on investment capital;
- d) The levels of the Consumer Price Index, defined as the United States Department of Labor, Consumer Price Index, Portland an Vicinity Average -- All Urban Consumers, 1967 = 100, or, in the event of the discontinuation of publication of the Consumer Price Index, then an alternative index which has been reasonably related to the Consumer Price Index in evaluating economic conditions, and which has been, or can reasonably be expected to be, generally accepted as a replacement index for the Consumer Price Index;
- e) The level at which the space rental mount or user fee must be established in order that the Owner will realize a reasonable return on the Owners equity. For this purpose, the Owner's equity refers to the fair market value of the park from time to time, valued at the highest and best use of land under existing or obtainable zoning classifications, less existing mortgage indebtedness;
- f) Other economic factors which might reasonable be expected to affect either the value of the park, the rate of retain available to the Owner of the park at the existing level of rent, the present value of the real estate investment in the then current economic conditions, and which would be taken into consideration by a prudent business man in considering the amount of rental increase or fee required in the park in order to realize a rate of return similar to other at risk real estate ventures from the then current value of the park.

REPAIRS AND IMPROVEMENTS: The mobile home owner may also be required to bear, in the form of increased rent, a pro-rated share of the cost of installing capital improvements or performing major repairs in the park.

Space Rental Amount

Southbrook Mobile Home Park has several categories of rent, depending on lot size and location.

The tenant will be responsible for payment of rent, special use fees, pass-through charges, user fees and other financial obligations, as follows:

1. Monthly Rent

The base rent for your space is \$_____ per month.

2. Special Use Fees – (Mandatory fees and charges)

Type of Fee:

- 1. Late Rent Charge \$ 50.00

2. Returned Check Charge	\$ 50.00
3. Guest Fee	\$ 0.00
4. Recreation Hall Reservation	\$ 35.00
5. Recreation Hall Security/Damage Deposit	\$ 50.00
6. _____	\$ _____
7. _____	\$ _____

3. Pass-Through-Charge

The tenant will be responsible for payment of pass-through charges which are the tenant's proportionate share of the direct costs and impact or hookup fees for any governmentally mandated capital improvement or program. This may include the direct costs and impact or hookup fees incurred for capital improvements or programs required by or for public or private regulated utilities. The charges may be assessed more often than annually and will be assessed to tenant on a pro rata basis. The pro rata share will be determined by dividing the number of mobile home spaces leased by a tenant by the total number of leased mobile home spaces in the park. We will give 90 days notice of an increase for this reason but we don't have to wait for your anniversary date to do this.

4. Generally

The costs of all other services required by tenant are solely tenant's responsibility.

The dollar amounts set above represent only the amounts charged for each rental category on the date hereof such amounts are subject to increase.

Wherever "0" appears for the amount charged for any category described above, it means that charges for that category are not imposed by landlord on the date hereof. The amount of those charges may be increased upon 90 days written notice.

Nothing in this Statement of Policy shall be deemed a waiver of the landlord's right to collect from tenant any damages caused by tenant, tenant's family or tenant's guests.

We reserve the right to make changes in this rent adjustment policy.

5. User Fees

The tenant is responsible for the payment of user fees if tenant agrees to the provision of services for such fees by the landlord.

"User fees" are defined as those amounts charged in addition to the space rental amount for non-essential optional services provided by or through landlord to tenant under a separate written agreement between tenant and the person furnishing the optional service or services.

User fees are subject to increase. Notice of an increase in user fee charges will be provided to tenant ninety (90) days prior to the increase. Notice for each individual user charge will be as provided in the User Fee Agreement (See Exhibit C). the current user fees in the park are as follows:

1. Swimming Pool Key \$ 3.00

6. More Information

Many financial consultants and mortgage lenders advise consumers to keep the total of rent, utility and mobile home mortgage payments below 30% of take-home pay or income. This can be important if your income is fixed but your rent increases over time. Please understand that we want you as a tenant if you can afford to live here. We don't want to create financial problems for you or us, so we share these facts with you.

By way of example, the rent for a typical space eight years ago on April 1, was \$142.00. Current rent is \$204.00 and increase of \$62.00 or 45% in 8 years. At this rate of increase the rent 5 years from today would be \$242.00 and 10 years from today would be \$281.00. Actual rent may be more or less than this hypothetical example.

5. PERSONAL PROPERTY, SERVICES AND FACILITIES PROVIDED BY LANDLORD

Buildings

1. Are there any recreational or common facilities available for use by tenants? YES

a) TYPE OF BUILDING: Recreation Hall
Intended purpose: Meetings, Tenant activities,
Tenant Private Parties
Location: 2040 National Ct. S.E.
Approximate floor area: 40 x 45
Capacity in number of people: 60

Swimming Pool

Does the Park provide a swimming pool? YES

If yes, please provide the following information:

a) General Location and Size: South of the Recreation Hall – 20 x 50
b) Is the pool heated? Yes

Other Facilities and Permanent Improvements

A description of all other facilities and permanent improvements available for use by tenant is as follows:

1. One lake on Park property and two lakes bordering property.
2. _____

Are all improvements complete? YES

Personal Property

List all items of personal property that are available for use by residents. Tenant is advised that any such park-owned equipment is used by tenant, tenant's family or tenant's guests at their own risk. Tenant waives any and all claims against landlord for any damages suffered as the result of such use:

1. Pool Table (in Recreation Hall)
2. Recreation Hall furniture
3. Fully equipped Kitchen
4. Swimming Pool furniture/umbrellas
5. Gas barbecue
6. Picnic tables

Days and Hours of Operation

The days and hours that the facilities of the park will be generally available for use by residents, is as follows:

	<u>Facility</u>	<u>Days Available</u>	<u>Office Hours Available</u>
1.	Recreation Hall	Daily	9 a.m. – 9 p.m.
2.	Swimming Pool (in season)	Daily	9 a.m. – 5 p.m. (for guests of residents) 5 p.m. – 9 p.m. (residents only)

The landlord expressly reserves the right to alter the days and hours of operation in accordance with procedures prescribed in the Rules and Regulations. In case of emergency or repairs, the facility may be closed and the residents will be notified promptly by posting such notice on the affected facility.

More Information

All of the facilities, personal property and services provided by landlord are subject to published use rules which can change from time to time with reasonable notice. All facilities have been completed. The landlord reserves the right from time to time to alter or change any of such facilities, personal property or services by their removal, relocation or alteration. No assurance is given that any of the foregoing facilities, personal property or services will remain available for the residents' use for any specified period after the date hereof.

Some things you should know we do NOT provide are:

- | | |
|---|---|
| <input checked="" type="checkbox"/> locked gates | <input checked="" type="checkbox"/> first aid services |
| <input checked="" type="checkbox"/> security guards/patrols | <input checked="" type="checkbox"/> emergency utility services |
| <input checked="" type="checkbox"/> a local bus stop (in the Park) | <input checked="" type="checkbox"/> restricted access to the Park |
| <input checked="" type="checkbox"/> fire hydrants in the Park
(on City streets only) | |

We must ask you to be responsible for the security of your own home and possessions and report any security problems to police and management. The park has no security services or systems. Tenant assumes the risk of and waives any claim against landlord for damages resulting from the criminal acts of third parties.

Our policy on landscape maintenance is as follows:

1. Management is responsible for maintenance of all common areas.
2. Tenants are responsible for maintenance of all landscape on their lot.

In general and except as expressly provided to the contrary in the Rental Agreement or Rules, each tenant is responsible for the maintenance and repair of his or her mobile home, mobile home lot and all improvements thereon (including landscaping).

6. UTILITIES AND SERVICES AND PAYMENT RESPONSIBILITY

	PAYMENT BY:		
	<u>TENANT</u>	<u>LANDLORD</u>	<u>FURNISHED BY:</u>
Sewer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	City of Salem
Water	<input checked="" type="checkbox"/>	<input type="checkbox"/>	City of Salem
Garbage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	D & O Garbage Service Inc.
Electricity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Portland General Electric
Natural Gas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	N.W. Natural Gas
Telephone	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Qwest
Cable TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Comcast
Yard Light	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Landlord – maintenance only - light bulb and electric eye

Changes to Utilities and Other Services: We must reserve the right to change these utility arrangements, including the billing procedure, with reasonable notice to you. Nonessential utilities, such as cable TV, could be discontinued if no provider were available.

7. REFUNDABLE DEPOSITS, NON-REFUNDABLE FEES, AND INSTALLATION CHARGES IMPOSED BY PROPERTY OWNER OR GOVERNMENT

All costs of moving a home into (and out of) the park and any damage to the park resulting from this process are tenant's sole responsibility. The costs to get into the Park are shown below:

The following non-refundable fees are imposed by Property Owner:

1. Application Fee \$ 60.00*

*Application Fee is per person.

A description of all improvements, both temporary and permanent, which are required to be installed by tenant on the mobile home space as a condition of occupancy in the park and the required date for completion is as follows:

- | | |
|-----------------------------|------------------------|
| 1. Skirting | 30 days from occupancy |
| 2. Gutters & Downspouts | 30 days from occupancy |
| 3. Insulate all water lines | 30 days from occupancy |
| 4. Permanent steps | 30 days from occupancy |

If this box is checked, you have applied to buy a home in the park and as a condition of leaving the home in the park, you or the present owner will be required to do certain things to the home and/or space.

- a) Home must be kept in good repair, cleaned and/or painted as required.
- b) Driveway must be clean, free from oil and grease stains.
- c) Space must be free from debris and must be landscaped.
- d) Other: _____

8. RENTAL AGREEMENT TERMINATION POLICY

Under current state law, your tenancy may terminate for cause as specified by law, which includes among other causes the failure to pay rent and violation of park rules or your rental agreement. It may also terminate upon closure of the park or upon expiration of your rental agreement term.

Term of the tenancy offered:

THE TENANCY OFFERED IS A MONTH TO MONTH RENTAL AGREEMENT.

Following is a summary of the Park policy on sale of your home, and on assumption (if allowed) of your rental agreement by the buyer. For details see Rental Agreement, sections 12 & 13.

Your rental agreement is NOT assumable by the buyer of your home. We require buyers of your home to get our approval BEFORE THEY BUY, to meet our new tenant criteria at that time and to sign the Rental Agreement and rules we are then using, all of which may be different from current ones.

Following is a summary of the park policy on conditions, if any, which may require your home to be removed from the park. You may replace it with another home during the term of your tenancy. Homes may stay in the Park as long as they comply with State and Local codes and our maintenance policy.

9. PARK CLOSURE POLICY

Under current state law, all or part of the park may be closed with 365 days notice and the landlord has no further obligation to tenants. The park may be closed with notice of 180 to 364 days if the landlord finds you another space and pays your moving expenses. Low income tenants can get a tax credit for moving costs.

IF WE SHOULD DECIDE IN THE FUTURE TO CLOSE ALL OR PART OF THE PARK, WE WILL GIVE YOU NO LESS THAN 365 DAYS NOTICE (MINIMUM 180 DAYS) PRIOR TO SUCH CLOSURE TO ALLOW YOU TIME TO MAKE PLANS.

Contractual Protection Against Closure:

- Landlord offers no contractual protection against future closure of the park and reserves the right to close the park at any time with notice to tenant as stated above.

Assistance to tenant if park closes:

- In the event of closure, we can not offer you any assistance in excess of that required by law as of the date of our Rental Agreement with you. This means that you could have to find another place for your mobile home and pay the moving costs yourself.
- If this box is checked, property owner has the following plans for closure of the park or for changes in the use of the land under the park.

10. POLICY REGARDING SALE OF THE PARK

Under current state law, the owner may sell the park to anyone and you have no special priority("right of first refusal") to buy it. A buyer may raise the rent with 90 days notice unless your rental agreement provides otherwise. The owner may be obliged to notify a tenant association of a possible sale and to negotiate with a tenant association.

Park Policy

- We have no definite present plans for sale of the park but you will appreciate that we cannot predict the future. For this reason, we cannot offer any assurances on this point.
- We cannot offer our tenants any special priority ("right of first refusal") if we sell the Park, but we will notify you and comply with valid State law in effect on the date of our Lease Agreement with you.
- If we sell, the buyers cannot raise the rent until the date provided in your Rental Agreement.
- In the event of sale of the park, we can offer no protection against rent increases and must reserve the right for a buyer to raise rents as provided in the Rental Agreement.

11. DISPUTE RESOLUTION POLICY

To encourage park residents and the owner/manager to settle disputes, it is the policy of this Park that each issue with merit shall be given a fair hearing within 30 days of receipt of a formal complaint. Park management will meet and confer with the complainant and attempt to resolve the problem.

Disputes not resolved under the above procedure shall be resolved as follows:

The second step, after the informal in-park hearing discussed above, is mediation.

We must respectfully decline to mediate or arbitrate disputes relating to: (a) Park closure; (b) Park sale, or (c) Rent, including the amount of rent, rent increases, and nonpayment of rent.

12. THE FOLLOWING ATTACHMENTS ARE EXHIBITS TO THIS DOCUMENT:

- | | | |
|-------------------------------------|--|---|
| <input checked="" type="checkbox"/> | Rental Agreement | A |
| <input checked="" type="checkbox"/> | Rules and Regulations
(Good Neighbor Guidelines,
Swimming Pool Rules, and
Use of the Recreation Hall) | B |
| <input checked="" type="checkbox"/> | User Fee Agreements
(Digital Code Agreement or
Four (4) Code Agreement) | C |
| <input checked="" type="checkbox"/> | Park Layout | D |

13. OTHER IMPORTANT INFORMATION:

Amendment of Rental Agreement, Park Rules and Statement of Policy:

Our Rental Agreement, Park Rules and Statement of Policy can be amended without your consent in compliance with Oregon law.

Park Management:

Managers are: _____

Office Phone: 503-399-1281

Office hours: 8 a.m. – 12:00 p.m. or by appointment

Legal Advice and Cancellation by You of Rental Agreement:

You have the right to seek legal advice. We recommend you show this Statement of Policy and all Exhibits to an attorney and get advice on your rights and responsibilities under these documents, as well as the risks you are assuming, before you sign a rental agreement with us. Once you sign the agreement, we will allow you to cancel it by written notice to us for a period of 5 days or until occupancy in the park, whichever first occurs. After that, it is binding on you.

Amendments:

This Statement of Policy contains in summary from the Property owner's representations of park policies in effect as of this date. It is subject to Property owners reserved rights to amend or change these policies, as stated herein. This Statement of Policy is not itself a contract.

We reserve the right to amend this Statement of Policy and its exhibits from time to time: (a) for future tenants, (b) for all tenants to exercise the rights reserved herein, and (c) to comply with changes in federal, state and local laws.

If you are a prospective new tenant or an existing tenant being offered a new Rental Agreement, the policies in this document will be incorporated in the Rental Agreement you sign, which is a binding legal contract for the term thereof and any renewals.

If you are an existing tenant in this park not being offered a new Rental Agreement, then the following applies:

1. This Statement of Policy contains a summary of parts of your present Rental Agreement.
2. This Statement of Policy cannot change your present agreement without your consent. Anything in this document that conflicts with your Rental Agreement is not binding on you, unless a change in the law has had the effect of changing your Rental Agreement.
3. This document may also contain policies which are not part of your present agreement. You can make these policies part of your contract with the Property owner by signing a new Rental Agreement. Unless you sign a new Rental Agreement, certain policies may be subject to change.

Effective Date: _____ **until** _____

Applicant or tenant acknowledges receipt of this Statement of Policy and Exhibits by signing here.

Date

EXHIBITS

Rental Agreement
Rules & Regulations
User Fee Agreements
Park Layout