NOTICE OF TRANSFER OF PROPERTY
and
NOTICE OF ASSIGNMENT OF RENT

The resident indicated Exhibit A, residing at the address indicated on Exhibit A is notified that on March 13, 1997, your landlord, Paul and Eleanor Sade as Trustees of the Paul and Eleanor Sade 1985 Trust transferred the real property which is the subject of your rental agreement for the above referenced space to Park Acquisition Corporation of Marin Valley Mobile Country Club ("PAC") and assigned to the PAC the right to receive rents to become due on or after that date under your lease/rental agreement for the above referenced mobile home pad.

PAC subsequently transferred that real property to the Novato Financing Authority and assigned to the Novato Financing Authority the right to receive rents to become due on or after that date under your lease/rental agreement for the above referenced mobile home pad.

The security deposit for your lease/rental agreement, if any, is listed on Exhibit A was also assigned to the PAC and subsequently to the NFA and the Novato Financing Authority has assumed any obligations relating to such security deposit.

The Novato Financing Authority and the Park Acquisition Corporation of Marin Valley Mobile Country Club and others have entered into certain management agreements and agreements related to the collection of rents whereby you are requested to send or deliver your future rental payments to the park office and make all your future rent payments checks to:

First Trust of California

Executed this 13th day of March, 1997, at Novato, California.

Park Acquisition Corporation of Marin Valley Mobile Country Club

Owen V. Haxton

by Owen V. Haxton
President

Burton L. Vreeland

and by Burton L. Vreeland
Secretary

Novato Financing Authority

Sonia H. Seeman

by

and

Paul and Eleanor Sade 1985 Trust

Paul Sade Trustee

by Paul Sade, Trustee

Eleanor Sade, Trustee

and by Eleanor Sade, Trustee

SUPPLEMENT TO DISCLOSURE STATEMENT
FROM THE CITY OF NOVATO

TO THE RESIDENTS OF THE MARIN VALLEY MOBILE COUNTRY CLUB PARK ("PARK"):

By a Disclosure Statement dated February 21, 1997 and delivered to you on ________________, 1997 ("original disclosure statement"), a summary of some of the terms and conditions of the Novato Financing Authority's (NFA) acquisition of the Park was provided to you. This document supplements that original disclosure statement and must be read in conjunction with the original disclosure statement.

Under California law, a tenant of property owned by a governmental agency, such as the NFA, may be required to pay to the County a possessory interest tax. This tax is assessed on the value of the leasehold interest. Therefore, if the NFA acquires the Park, each resident may be subject to a possessory interest tax levied by the County of Marin. The NFA cannot make any representation as to the amount of said tax, or whether it will, in fact, be imposed by the county.

As part of the notices amending your rental agreements for your space which the Park Acquisition Corporation (PAC) will be sending to you after the NFA acquires the property, you will be advised of the possibility that your space rental may be subject to the possessory interest tax.

This document and the original disclosure statement provide only a brief and partial description of the subject transaction. The full and complete details of this transaction are contained in the written documents in the possession of the City, NFA and PAC. These documents are available for your study and review at the Park's office.

Memorandum for Record

From: Owen Haxton

To: Residents

Date: March 7, 1997

I have been assured that additional information on this subject will be presented on Monday evening during, or before, the City Staff Briefing of the residents at the Club House at 7:00 p.m.

Do not get information second hand. Please attend this meeting.

DISCLOSURE STATEMENT FROM CITY OF NOVATO
REGARDING MARIN VALLEY TRANSACTION
AS OF FEBRUARY 21, 1997

TO THE RESIDENTS OF MARIN VALLEY MOBILE COUNTRY CLUB PARK ("PARK"):

As you know, the City of Novato ("City"), its Redevelopment Agency ("RDA"), the Park Acquisition Corporation ("PAC"), their representatives and many other entities and persons have been negotiating the terms and conditions under which bonds may be issued to generate the funds necessary to purchase the Park. In order to assist the residents of the Park to understand the deal points of the purchase, the City, PAC and RDA believed it important to distribute to you this Statement which provides information about this transaction.

If you have any questions about this Statement or the transaction, please feel free to contact Sonia Seeman at 415-897-4301.

The Basic Structure

PAC (which is a corporation created by and made up of residents of the Park), has come to the City and RDA asking for financial assistance in purchasing the Park from the Sades. Neither the City nor the RDA has the cash to pay the approximate $15.250 million purchase price negotiated by PAC. So, PAC has proposed that the California Local Government Finance Authority ("CLGFA") issue bonds of approximately $17.1 million to generate the funds necessary to, among other things, pay the purchase price to the Sades, develop reserves for capital improvements and maintenance and pay the professionals who are negotiating this transaction.

Once it has issued the bonds, CLGFA will loan the proceeds to a new governmental entity created by the City and the RDA, specifically, the Novato Financing Authority ("NFA"). With this loan, the NFA will buy the Park and will be the owner of the Park into the foreseeable future: possibly for as long as 35 years, and likely for at least 6-10 years. The NFA is governed by a 5-member board of directors, three of whom are selected by the City Council. The NFA will enter into an agreement with PAC by which PAC will be given rights to manage and operate the Park. However, this agreement can be terminated by NFA with the consent of the insurance company ("FSA") which is insuring the repayment of the bonds to the bondholders. PAC intends to hire a private company, Storz Management Company ("Storz"), to manage the Park.

In order for the NFA to have sufficient revenues to pay back the buyers of the bonds issued by CLGFA (the "bondholders"), PAC will have the principal responsibility of setting rents and approving the budget for expenditures appropriate for the Park.

However, the City's RDA will have ultimate budget approval, subject to FSA consent.

Given the purchase price, the costs of issuing (see Attachment A) and administering the payback of the bonds, the anticipated costs of operating the Park and installing projected capital improvements (currently estimated to be $650,000 over the next ten years), and the interest rate to be paid on the bonds, it is expected that for at least 6-10 years after the purchase of the Park by the NFA or longer (depending on the Park's economic performance), the PAC will have to increase rents every year by at least 75% of the percentage increase in the CPI, which is the maximum automatic, annual rent increase allowed under the City's current rent control law. It is predicted (but not guaranteed) these increases will cover the capital improvement costs mentioned above. This does not include repairing and/or replacing the sewer which is estimated to cost $800,000. However, if the need to make capital improvements occurs sooner or the costs are actually higher than predicted, additional rent increases will be imposed upon the Park by the PAC to cover those costs if other sources are unavailable.

The bonds must be paid back, with interest, by NFA. The first source of funds which are to be used to pay back these bonds is the rents paid by the Park's residents. To attract investors to buy these bonds, they must have some security supporting them in the event the NFA defaults. However, only about $15.5 million of the bonds are secured by the Park property and insurance. The other $1.7 million (the "subordinate bonds") is not secured by insurance and so, payment on these bonds is secured by the RDA. CLGFA has required the RDA to cover CLGFA for many other liabilities dealing with the operation of the Park. Consequently, it is the City's and RDA's opinion that the NFA will have to control the Park, through its agreements with PAC and Storz, until at least it is released from RDA's pledge to cover the subordinate bond payments (at least 6-10 years and possibly longer). The affordability requirements will last at least 15 years and possibly longer.

The RDA's indemnification of CLGFA has put at risk some or all of RDA's housing set aside funds[1] which the RDA accrues each year from property taxes generated in the Redevelopment Project Area. Currently, that represents approximately $250,000 annually. Because all of the RDA's housing set aside funds are thus being affected by this Park transaction, initially at least 80 spaces and potentially 130 spaces in the Park will have to be restricted to low and moderate income residents, not only in terms of the rent

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[1] These are funds which the RDA is required by law to set aside for the development and preservation of low and moderate income housing.

which can be charged for those spaces, but also in terms of the income which the renters of those spaces can annually earn. By the time this transaction closes, PAC will be required to obtain from the residents verification of their incomes in order to qualify this transaction for tax exempt bonds. As of the date of this Statement, PAC has stated that it has obtained the requisite income information from the requisite number of the Park's residents to so qualify this transaction.

For a minimum of 15 years or as long as the RDA remains potentially liable under the Pledge Agreement or the Indemnification Agreement or any sums owed RDA under the Pledge Agreement have not been paid, at least 80 and potentially 130 residents of the Park must be low or moderate income ("income eligible"). Annually, PAC is required to certify that these residents of the Park are income eligible and are occupying spaces at affordable rents for their income levels as determined from time to time by the RDA. If at the time a resident wishes to sell his or her mobilehome ("selling resident"), less than the requisite number of income eligible residents reside in the Park (or, if there are exactly the requisite number of income eligible residents in the Park and the selling resident is one of them), that selling resident will be required to sell his/her mobilehome to a buyer who is income eligible. Such a requirement may have an adverse effect on the value of the selling resident's mobilehome.

Summary of Salient Deal Points

1. The Park will be purchased and owned by a new governmental entity, called the NFA.

2. The NFA will be controlled by a five-member board, the majority of which shall be appointed by the City.

3. The NFA will own the Park into the indefinite future, likely for at least 6-10 years, but possibly for 35 years.

4. The NFA may, but is not required to, convey the Park to a to-be-formed non-profit 501(c)(3) corporation, but only if the conveyance is approved by NFA, CLGFA and others. Consequently, it is possible that this transfer may not occur.

5. The PAC will determine whether rents are to be increased, when they are to be increased and by how much, all consistent with the City's rent control laws and the purchase documents and ultimately subject to the NFA's and the FSA's approval.

6. It is highly likely that for at least 6-10 years or longer (depending on the Park's economic performance) rents will increase annually by at least 75% of the percentage increase in the CPI; and if other costs are incurred in the operations of the Park which are

not covered by existing rents, the rents will be increased to cover those costs, again consistent with applicable rent control laws.

7. The RDA's indemnification of CLGFA has put at risk some or all of RDA's housing set aside funds which the RDA accrues each year from applicable property taxes. Because all of the housing set aside funds are thus being controlled by this Park transaction, at least 80 and potentially 130 residents in the Park will have to be persons of low or moderate income.

8. For a minimum of 15 years or as long as the RDA remains potentially liable under the Pledge Agreement or the Indemnification Agreement or any sums owed RDA under the Pledge Agreement have not been paid, at least 80 and potentially 130 residents of the Park must be low or moderate income occupying spaces at affordable rents for their income levels as determined from time to time by the RDA ("income eligible"). If at the time a resident wishes to sell his or her mobilehome ("selling resident"), less than the requisite number of income eligible residents reside in the Park (or, if there are exactly the requisite number of income eligible residents in the Park and the selling resident is one of them), that selling resident will be required to sell his/her mobilehome to a buyer who is income eligible. Such a requirement may have an adverse effect on the value of the selling resident's mobilehome.

9. Before the CLGFA bond proceeds are actually delivered to the NFA to buy the Park, residents will have to complete, sign and deliver to PAC income certification forms showing the income and assets of those qualifying residents. As of the date of this Statement, PAC has stated that it has obtained the requisite income information from the requisite number of the Park's residents.

10. The CLGFA bonds are secured by a pledge of the Park revenues and one or more mortgages (deeds of trust) on the Park. If the bonds go into actual or threatened default because Park revenues are not sufficient to make the annual bond payments or for other specified reasons which include minimum vacancy and net operating income requirements, the Park could be foreclosed upon and its ownership transferred to other parties.

Warning

The above represents only a partial description of this complicated transaction. You cannot rely upon it as a full or complete disclosure of this matter's legal, financial or practical implications. For further information, you should obtain copies of and read all of the written documents which represent the full scope of the transaction from the City or PAC. Said documents are available for your study and review at the Park's office.

Joan C. Thayer
Assessor-Recorder

Most of the residents are aware that the Marin Valley Mobile Country Club was acquired by the Novato Financing Authority (NFA) in March 1997. The NFA is a joint powers authority of the City of Novato and the Redevelopment Agency of the City of Novato. This acquisition created taxable possessory interests for the mobile home spaces in the park. Taxable possessory interests are private property interests (the mobile home spaces) in publicly owned real property (Marin Valley Mobile Country Club). As such, they are assessable and subject to real property taxes.

There was a question as to who should be the taxpayer of record for the possessory interest, i.e., the Park Acquisition Corporation (PAC) or the residents of the Park. Based on a legal opinion from the California State Board of Equalization (SBE) the Assessor's office assigned the possessory interest to the PAC for the years 1997-98, 1998-99 and 1999-2000. The PAC questioned the validity of being assigned the possessory interest, and, after discussions with the Assessor's Office the SBE was provided with additional information, and again guidance was requested. The second response from the SBE gave the opinion that although PAC would appear to create the possessory interest, it was their opinion that PAC was not sufficiently autonomous to be more than an agency and therefore, did not own the possessory interest.

The conclusion from the letters from the SBE is that the residents are leasing the sites from the NFA and would own the possessory interests which are assessable. The possessory interest tax bills for 1997-98, 1998-99 and 1999-2000 had been issued but were held in abeyance awaiting further guidance from the SBE. These tax bills will be canceled and new tax bills for the aforementioned years will be issued to the residents in the near future. The 2000-2001 and subsequent possessory interest tax bills will go directly to the residents. It should be emphasized that whether the PAC or the tenants were deemed to be the holder of the possessory interest, the tax burden would have to be borne by the residents of the park. It is believed that the current year assessments will average about $50 per space. In addition to the current year assessments that you will receive soon, you will sometime in the future receive a bill for the three prior years since purchase of the park. If you have moved in since purchase, your bill from the tax collector will be prorated to only the time you have owned the home in the park.

Senior Citizen Assistance

This program provides direct cash reimbursement for part of the taxes paid on the homes of qualified persons who will be 62 years of age or older on December 31, or to qualified, totally disabled individuals of any age. For more information call the Franchise Tax Board at 1-800-852-5711. If you need to work out a payment plan for the assessments you should call Walter Jones at the county offices at 499-3676.

COUNTY OF MARIN

OFFICE OF THE ASSESSOR–RECORDER

Joan C. Thay
Assessor-Recor

IMPORTANT TAX INFORMATION FOR NEW OWNERS AT MARIN VALLEY MOBILE COUNTRY CLUB

The County of Marin annually assesses property taxes for each individual space directly to the owner of the mobile home. These assessments and the corresponding bill(s) are unsecured (they do not become a lien on the land) and if unpaid will result in the recording of a lien against the mobile home owner.

The person owning the mobile home on January 1 is responsible for the tax. The sale or removal of the mobile home after January 1 does not relieve that person from their legal obligation to pay the tax. State law does not allow either the Assessor to prorate the assessment or the Tax Collector to prorate the taxes. Any proration is a matter between the buyer and seller.

If you have any questions regarding the assessed valuation, you may call the Assessor-Recorder's Office at (415) 499-7215.

Questions regarding the tax bill may be directed to the Tax Collector at (415) 499-6139.

CIVIC CENTER • P. O. BOX C • SAN RAFAEL, CA 94913 • 415.499-7215 • FAX 415.499.6542