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FILED

DEC 21 2017

SUPERIOR COURT OF CALIFORNIA
COUNTY OF DEL NORTE

1 LEGAL SERVICES OF NORTHERN CALIFORNIA

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18 SUPERIOR COURT OF CALIFORNIA
19 COUNTY OF DEL NORTE

20 NANCY HALL, an individual,

21 Plaintiff,

22 v.

23 NWE4, LLC, an Oregon Limited Liability
24 Corporation; RED HILLS HOLDINGS, an
25 Oregon Limited Liability Corporation; ROBERT
26 BARNETT, an individual; STEPHEN MASON,
27 an individual; TRI PROPERTY
28 MANAGEMENT SERVICES, INC., a
California Corporation; and DOES 1 through 25,
inclusive,

Defendants.

Case No.: CVUJ-2017-1321

COMPLAINT FOR DAMAGES (VIOLATION
OF THE MOBILEHOME RESIDENCY LAW,
CAL. CIV. CODE §§798, *et seq.*; NEGLIGENCE;
BREACH OF IMPLIED WARRANTY OF
HABITABILITY; NUISANCE; EMOTIONAL
DISTRESS; FOR FRAUD IN THE
INDUCEMENT; FOR RECISISION OF
CONTRACT; AND VIOLATIONS OF
BUSINESS & PROFESSIONS CODE §§17200,
et seq.; AND FOR INJUNCTIVE RELIEF
(Unlimited Civil)

1 Plaintiff alleges:

2 **INTRODUCTION AND PARTIES**

- 3 1. Plaintiff Nancy Hall is, and at all times mentioned herein was, a resident of Del Norte County,
4 California. Ms. Hall is a disabled senior on a limited income.
- 5 2. For persons on limited incomes, mobilehome parks provide a rare opportunity for affordable
6 and stable homeownership. Mobilehome owners purchase and own their mobilehomes, but pay
7 rent for the land upon which the mobilehomes are installed. The Mobilehome Residency Law
8 (MRL) regulates the relationship between mobilehome park owners and homeowners who are
9 tenants in the park. Civil Code §§ 798 *et seq.* The MRL also regulates the purchase of
10 mobilehomes within the park and the standards for which the park must be maintained. *Id.*
- 11 3. On or about August 1, 2016, Ms. Hall entered into a written lease agreement with defendants
12 by the terms of which defendants rented to Ms. Hall Space 18 at Redwood Grove Mobilehome
13 Park, located at 16400 Highway 101 North, Klamath, California 95548. Ms. Hall rented the
14 space on a month-to-month basis at the agreed rental amount of \$350.00 per month, payable
15 monthly in advance on the 1st day of every month.
- 16 4. On or about August 5, 2016, Ms. Hall agreed to purchase the mobilehome situated at Space 18
17 in Redwood Grove Mobilehome Park. Ms. Hall had an oral agreement with defendant Stephen
18 Mason, defendant NWE4's agent, to purchase the mobilehome. The terms of that agreement
19 were never memorialized in writing. Ms. Hall did not receive any of the disclosures required
20 by the Mobilehome Residency Law (MRL). Instead, on or about August 5, 2016, Ms. Hall
21 wrote a check for \$4,458.65, and was handed a simple receipt with the following detail:
22 "Purchase of #18 and closing cost".
- 23 5. On or about October 13, 2016, Housing and Community Development (HCD) issued a
24 registration card and certificate of title indicating that Ms. Hall was the owner of the
25 mobilehome situated at Space 18 in Redwood Grove Mobilehome Park. Both the registration
26 card and the certificate of title misidentify the Ms. Hall's mobilehome serial number, the width
27 of Ms. Hall's mobilehome, and Ms. Hall's address.
- 28

- 1 6. Defendant NWE4, LLC (“NWE4”) is an Oregon Limited Liability Corporation with its
2 principle place of business at 2250 NW Flanders Street, Suite Garden 2, Portland, Oregon
3 97210. NWE4 became the owner of Redwood Grove Mobilehome Park (then called Arbor
4 Glen) in 2015 as the result of a deed in lieu of foreclosure.
- 5 7. Defendant Red Hills Holdings, LLC, (“Red Hills”) is an Oregon Limited Liability Corporation
6 with its principle place of business located at 2250 NW Flanders Street, Suite Garden G2,
7 Portland, Oregon 97210. Red Hills is listed as both the manager and the registered agent for
8 defendant NWE4 in NWE4’s most recent annual report filed with the Oregon Secretary of
9 State.
- 10 8. Defendant Robert (“Bobby”) Barnett is a partner and co-founder of Red Hills and is listed as
11 having signing authority for NWE4 in NWE4’s Articles of Organization. Mr. Barnett has
12 personal knowledge of the issues described in this Complaint.
- 13 9. Defendant Stephen Mason is the agent for NWE4 and acted as such when he entered into an
14 oral agreement to sell Ms. Hall’s mobilehome to her in or about August 2016. Mr. Mason, by
15 and through defendant TRI Property Management Services, Inc., was the real estate agent and
16 property manager at all times relevant to the facts described in this Complaint.
- 17 10. Defendants DOES 1 through 25, inclusive, are sued herein under fictitious names, their true
18 names and capacities being unknown to Plaintiff. Plaintiff will amend this complaint to allege
19 their true names and capacities when ascertained. Plaintiff is informed and believes, and
20 thereon alleges, that each of the fictitiously named defendants is responsible in some manner
21 for the occurrences herein alleged and that Plaintiff’s damages as herein alleged were
22 proximately caused by such defendants.
- 23 11. Plaintiff is informed and believes and thereon alleges that at all times herein mentioned each of
24 the Defendants was the agent of each of the remaining defendants, and in doing the things
25 hereinafter alleged, was acting within the course and scope of such agency.
- 26 12. At all times mentioned in this complaint, Defendants owned, operated, maintained, managed
27 and controlled the Redwood Grove Mobilehome Park (referred to in this complaint as
28 “Redwood Grove MHP”) located at 16400 Highway 101 North in Klamath, California.

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JURISDICTION AND VENUE

13. This Court has jurisdiction over this action pursuant to Code of Civil Procedure § 71 by virtue of the fact that the complained-of acts and practices giving rise to this action took place, in whole and in part, in the State of California; the contractual relationship alleged by Plaintiff was entered into in California for the purposes of leasing property in Del Norte County. Further, this action is based on violations of the California Business and Professions Code, and jurisdiction to seek damages and injunctive relief exists, without limitation, pursuant to California Business and Professions Code §§ 17202 and 17203.
14. Venue is proper in the Superior Court for the County of Del Norte pursuant to CCP §§ 392 and 395 because Redwood Grove Mobilehome Park is located in the unincorporated area known as Klamath in Del Norte County, the business practices occurred within the County of Del Norte, and Defendants contracted to perform an obligation in the County of Del Norte and the subject contracts were entered into in the County of Del Norte.
15. The amount in controversy exceeds the jurisdictional minimum of this Court.

FIRST CAUSE OF ACTION

Violation of the Mobilehome Residency Law

(Against ALL Defendants)

16. Plaintiff hereby refers to and incorporates the allegations set forth in paragraphs 1-15 above.
17. Defendants sold and facilitated the sale of the mobilehome purchased by Plaintiff in Redwood Grove Mobilehome Park. Defendants failed to provide the disclosures required upon sale or transfer of a mobilehome, in violation of the MRL, Civil Code § 798.74.5.
18. Defendants are required to maintain the physical improvements in the common facilities in good working order or condition, and an action against management for failure to maintain the park in good and working order is permitted for its failure to do. Civil Code § 798.84. The MRL governs, in part, the rights of homeowners to enforce proper maintenance of the park. *Id.*
19. On November 15, 2017, Plaintiff notified Defendants of the failure to maintain the physical improvement in the common facilities, specifically the sewer main line, in good working order or condition, as required by the MRL. *Id.*

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paper and human waste. Defendants did not clean the mess, but allowed the hazardous condition to continue in Ms. Hall's yard.

29. On October 1, 2017, the red "sewer alert" light began blinking in the Park, and Ms. Hall immediately contacted Defendants. Four days later, the main sewer line erupted again. Defendants did not clean up the resulting sewage spill.

30. On October 25, 2017, HCD again inspected the Park and issued another citation, finding that "sewer leakage ... in violation of [applicable laws] ... [is] from a main line running through the common area of the park..."

31. As of the date of the filing of this Complaint, sewer issues in the Park continue to be an issue.

32. The lack of an adequate sewage disposal system is a threat to the public health. Contact with raw sewage can cause serious illness, including bacterial (E. coli, salmonella), viral (hepatitis), and parasitic infections.

33. As a proximate result of the Defendants' failure to provide an adequate sewage disposal system, the dwellings have been rendered untenable.

34. The lack of a functioning sewage disposal system constituted and continues to constitute a nuisance within the meaning of Civil Code Section 3480 in that they created and continue to create a health hazard to Plaintiff and interfered and continue to interfere with Plaintiff's comfortable enjoyment of the dwelling.

35. As a proximate result of Defendants' negligence and their failure to repair the defective and dangerous conditions or to have them repaired within a reasonable time or at all, as alleged above, Plaintiff suffered serious emotional and physical distress, physical illness, discomfort and annoyance all to her general damage in the sum of \$15,000 and of \$50 for each day of occupancy of the premises from the date of the filing of this complaint.

36. Defendants' failure to put the premises into a condition fit for human occupation at the time of renting and/or selling to Plaintiff and their failure to repair the defective and dangerous conditions or to have them repaired within a reasonable time after Plaintiff notified them of them, or at all, as alleged above, were oppressive and malicious within the meaning of Civil Code Section 3294 in that they subjected Plaintiff to cruel and unjust hardship in willful and

1 conscious disregard of Plaintiff's rights and safety, thereby entitling Plaintiff to an award of
2 punitive damages.

3 **THIRD CAUSE OF ACTION**

4 **Negligent Maintenance Resulting in Personal Injury**

5 **(Against ALL Defendants)**

6 37. Plaintiff hereby incorporates the allegations set forth above in paragraphs 1-36 above.

7 38. As owners and operators of the Redwood Grove MHP, Defendants have an affirmative duty to
8 provide a safe, functioning sewage system to their tenants.

9 39. Defendants failed to exercise ordinary care in the maintenance and management of the
10 Redwood Grove MHP sewer system.

11 40. As a proximate result of the negligence of Defendants, and each of them, Plaintiff was
12 seriously injured in her health sustaining illnesses including bacterial infection, diarrhea, and
13 vomiting.

14 41. For her pain and suffering through the above-described physical illnesses, Plaintiff, is entitled
15 to damages of \$5,000.

16 42. As a further and proximate result of the negligent acts of Defendants, Plaintiff has suffered
17 severe emotional distress. Daily living has become a struggle as Plaintiff has been forced to
18 live in unsanitary conditions for the past fifteen months. As a result of this emotional distress,
19 Plaintiff is entitled to damages of \$5,000.

20 43. As a further and proximate result of the negligent acts of Defendants, Plaintiff has incurred
21 necessary medical and related expenses in an amount according to proof.

22 **FOURTH CAUSE OF ACTION**

23 **Breach of Implied Warranty of Habitability**

24 **(Against ALL Defendants)**

25 44. Plaintiff hereby refers to and incorporates by this reference the allegations set forth in
26 paragraphs 1-43 above.

27 45. When Defendants entered into a lease agreement with Plaintiff, Defendants impliedly
28 warranted that the premises were habitable.

1 46. At the time Defendants rented Space 18, the premises were unfit for human occupation in that
2 they substantially failed to comply with applicable building and housing code standards that
3 materially affect the Plaintiff's health and safety.

4 47. From the date Plaintiff took possession of the unit, Plaintiff became increasingly aware of the
5 numerous defective and dangerous conditions listed in this complaint.

6 48. Plaintiff repeatedly notified Defendants of the defective and dangerous conditions described in
7 this complaint and requested that defendant have them repaired, but Defendants failed and
8 refused to repair them, or have them repaired, within a reasonable time.

9 49. Plaintiffs paid rent each month from August 2016 through December 2017.

10 50. The reasonable rental value of the premises as they existed in their defective and dangerous
11 condition up to December 2017 was substantially less than what was being charged.

12 51. The reasonable rental value of the premises as they existed in their defective and dangerous
13 condition from August 2016 to the present is zero. The estimated overcharged rent to Plaintiff
14 is \$5,250.

15 52. As a further and proximate result of Defendants' maintenance of the nuisance, Plaintiff
16 suffered discomfort and annoyance, all to her general damage in the amount of \$15,000 and
17 \$50 per day from the date of the filing of this complaint.

18 53. As a further and proximate result of Defendants' maintenance of the nuisance, Plaintiff has
19 suffered damage in the value of her mobilehome and economic loss, all to her damage in an
20 amount according to proof.

21 **FIFTH CAUSE OF ACTION**

22 **Maintenance of Nuisance**

23 **(Against ALL Defendants)**

24 54. Plaintiff hereby refers to and incorporates by this reference the allegations set forth in
25 paragraphs 1-53 above.

26 55. The defective and dangerous conditions of the premises as alleged in this complaint constituted
27 a nuisance within the meaning of Civil Code Section 3479 and Code of Civil Procedure
28

1 Section 731 in that they deprived Plaintiff of the safe, healthy, and comfortable use of the
2 premises.

3 56. As a proximate result of Defendants' maintenance of the nuisance, Plaintiff suffered
4 discomfort and annoyance, all to her general damage in the sum of \$15,000 and for \$50 per day
5 from the filing of this complaint.

6 57. As a further proximate result of Defendants' maintenance of the nuisance, Plaintiffs have
7 suffered property damage and economic loss, all to her damage in an amount according to
8 proof.

9 58. In maintaining the nuisance, Defendants acted with full knowledge of the consequences thereof
10 and of the damage being caused Plaintiff. Despite this knowledge, Defendants have failed to
11 abate the nuisance by repairing the defective and dangerous conditions of the premises or
12 causing them to be repaired. Their failure to act was both oppressive and malicious within the
13 meaning of Civil Code Section 3294 in that it subjected Plaintiff to cruel and unjust hardship in
14 willful and conscious disregard of Plaintiffs' rights and safety, thereby entitling Plaintiff to an
15 award of punitive damages.

16 **SIXTH CAUSE OF ACTION**

17 **Fraud in the Inducement**

18 **(Against All Defendants)**

19 59. Plaintiff hereby refers to and incorporates by this reference the allegations set forth in
20 paragraphs 1-58 above.

21 60. On or about August 5, 2016, Plaintiff agreed to purchase the mobilehome located in Redwood
22 Grove MHP, Space 18. Ms. Hall worked with NWE4's agent, Mr. Mason, to effectuate the sale
23 of the mobilehome.

24 61. Mr. Mason is a professional property manager, licensed California Real Estate Broker, and
25 formerly licensed contractor and real estate appraiser. Mr. Mason works for the commercial
26 real estate management company, defendant TRI Property Management Services, Inc. ("TRI").
27 TRI, by and through Mr. Mason, is NWE4's property manager at Redwood Grove MHP.
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1 62. Ms. Hall is a disabled senior with no experience in real estate. This mobilehome is the first
2 home she has ever purchased.

3 63. Mr. Mason did not prepare a standard purchase and sale agreement, nor did he engage a title
4 company or open an escrow.

5 64. Mr. Mason did not provide Ms. Hall with any standard disclosure forms.

6 65. Mr. Mason did not make any verbal disclosures to Ms. Hall about the condition of the property
7 or the mobilehome.

8 66. Mr. Mason did not explain to Ms. Hall the difference between the \$4,000 purchase price and
9 the \$4,458.65 check that Ms. Hall was asked to write. The additional \$458.65 was listed as
10 "costs" on the receipt, but without a breakdown of any kind.

11 67. Mr. Mason did not ensure that the information on the title certificate and registration card was
12 accurate, thereby denying Ms. Hall the benefit of clean title and registration.

13 68. Ms. Hall has performed all of the conditions, covenants, and promises required on her part,
14 including payment of all purchase and closing costs, all property taxes, and all monthly
15 payments for the rental of Space 18.

16 69. Plaintiff believes, and thereon alleges, that all defendants had actual or constructive knowledge
17 of the issues with the sewer system at Redwood Grove MHP when they sold the mobilehome
18 to Ms. Hall.

19 70. Plaintiff believes, and thereon alleges, that defendants negligently or intentionally withheld or
20 misrepresented material facts regarding the mobilehome and the Redwood Grove MHP that
21 induced Ms. Hall to purchase the mobilehome.

22 71. Had Ms. Hall been aware of the dangerous and unsanitary conditions at the Park prior to
23 purchasing the mobilehome, she would not have purchased the mobilehome.

24 72. Ms. Hall has suffered economic damages as a result of defendants' actions in withholding or
25 misrepresenting conditions at the Park and transferring faulty title and registration.

26 73. The extent of Ms. Hall's economic damage is unknown at this time. But Ms. Hall has been
27 damaged in that the value of the mobilehome now is less than the sales price. Ms. Hall cannot
28 now sell her mobilehome in a Park that is plagued by dangerous and unsanitary sewage issues.

1 74. Ms. Hall has also suffered consequential damages for closing costs, taxes, moving expenses,
2 improvements made to the mobilehome, and other expenses, among other damages, in an
3 amount according to proof at trial.

4 75. In doing the things alleged in this Complaint, said Defendants, and each of them, acted with
5 oppression, fraud, and malice, and said acts were approved or ratified by each of the remaining
6 Defendants. Plaintiff is therefore entitled to punitive damages in an amount according to proof.

7 **SEVENTH CAUSE OF ACTION**

8 **Violation of California Business & Professions Code § 17200**

9 **(Against All Defendants)**

10 76. Plaintiff hereby refers to and incorporates by this reference the allegations set forth in
11 paragraphs 1-75 above.

12 77. Defendants' business practices as alleged herein constitute unlawful conduct in violation of the
13 Mobilehome Residency Law as well as other laws governing contracts, business practices, and
14 the sale of mobilehomes.

15 78. Defendants' business practices as alleged herein, including its failure to provide proper
16 disclosures and maintain the common areas in violation of the MRL and other governing laws,
17 are unfair and/or fraudulent.

18 79. Defendants' business practices as alleged herein represent unfair competition and violation
19 Cal. Bus. & Prof. Code § 17200 *et seq.*

20 **PRAYER**

21 WHEREFORE, Plaintiff prays for judgment against all Defendants as follows:

22 On the First Cause of Action (Violation of the Mobilehome Residency Law):

- 23 1. For an amount not to exceed \$2,000 for each willful violation of the MRL by the
24 management, in addition to all other damages afforded by law.

25 On the Second Cause of Action (Negligence):

- 26 1. For general damages in the sum of \$15,000 and \$50 per day from and after the date of the
27 filing of the Complaint for discomfort and annoyance;
28 2. For special damages in the form of statutory penalties in the sum of \$5,000.

- 1 3. For punitive damages in an amount appropriate to punish the Defendants and deter others
- 2 from engaging in similar conduct;
- 3 4. For an order that Defendants abate and repair the untenable conditions;
- 4 5. For an order pursuant to Code of Civil Procedure Section 564 appointing a receiver to
- 5 conduct the abatement and repairs;

6 On the Third Cause of Action (Negligence Resulting in Physical Illness):

- 7 1. For general damages in the sum of \$5,000 for pain and suffering;
- 8 2. For general damages in the sum of \$5,000 for emotional distress;
- 9 3. For medical and related expenses according to proof;

10 On the Fourth Cause of Action (Breach of Warranty of Habitability):

- 11 1. For general damages in the sum of \$5,520 for overpaid rents;
- 12 2. For general damages in the sum of \$15,000 and \$50 per day from and after the date of the
- 13 filing of the Complaint;
- 14 3. For damage to property and economic loss according to proof;
- 15 4. For an order that Defendants abate and repair the untenable conditions;
- 16 5. For an order pursuant to Code of Civil Procedure Section 564 appointing a receiver to
- 17 conduct the abatement and repairs;

18 On the Fifth Cause of Action (Nuisance):

- 19 1. For general damages in the sum of \$15,000 for discomfort and annoyance and \$50 per day
- 20 from and after the date of the filing of the Complaint;
- 21 2. For general damages to property and economic loss according to proof;
- 22 3. For punitive damages in an amount appropriate to punish the Defendants and deter others
- 23 from engaging in similar conduct;
- 24 4. For an order that Defendants abate and repair the dangerous and defective conditions;
- 25 5. For an order pursuant to Code of Civil Procedure Section 564 appointing a receiver to
- 26 conduct the abatement and repairs;

1 On the Sixth Cause of Action (Fraud in the Inducement):

- 2 1. For rescission of the purchase agreement and repayment of the \$4,458.65 purchase price,
3 plus costs and fees associated with rescission, plus repayment of property taxes for FY 16/17
4 and FY 17/18.
- 5 2. For punitive damages in an amount appropriate to punish the Defendants and deter others
6 from engaging in similar conduct;

7 On the Seventh Cause of Action (Unfair Business Practices):

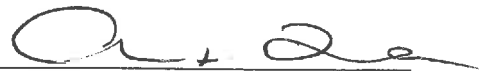
- 8 1. For restitution pursuant to Business & Professions Code § 17203.
- 9 2. For a preliminary and permanent injunction prohibiting Defendants from failing to provide
10 the required disclosures upon sale or property.
- 11 3. For a preliminary and permanent injunction prohibiting Defendants from failing to properly
12 maintain the common area improvements of the Park, including the sewer and water systems.

13 On All Causes of Action:

- 14 1. For treble damages for unfair or deceptive practices against seniors or disabled persons,
15 pursuant to Civil Code § 3345;
- 16 2. For pre-judgment interest;
- 17 3. For costs of suit incurred herein;
- 18 4. For attorneys' fees; and
- 19 5. For such other and further relief as the court may deem proper.

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21 Dated: December 19, 2017

BLACK & RICE LLP

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24 Autumn E. Luna
25 Attorney for Plaintiff
26 NANCY HALL
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VERIFICATION

I, Nancy Hall, am the plaintiff in this action. I have read the attached Complaint and know the contents thereof. The same is true of my own knowledge, except as to those matters that are therein stated on information and belief, and, as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

December 20, 2017


Nancy Hall