



Manufactured Housing Communities of Oregon

## MHCO Form 50A: Lease Addendum on Rent Increase (Rent Formula)

Revised 3-2019 | This form is exclusively licensed to:

Name of Community/Park:

Address:

**NOTICE TO LANDLORDS:** THIS ADDENDUM SHOULD ONLY BE USED WHERE THE APPROPRIATE BOX HAS BEEN CHECKED AT SECTION 5 OF THE MANUFACTURED DWELLING SPACE LEASE AGREEMENT. THE RENT FORMULA PROVIDED BELOW IS IN PLACE OF THE RENT INCREASE AGREEMENT AGREED TO BETWEEN LANDLORD AND TENANT IN SAID LEASE AGREEMENT. **IF NOT FULLY UNDERSTOOD, SEEK COMPETENT LEGAL ADVICE BEFORE SIGNING.**

### 1. BASE RENT

“Base Rent” shall mean the monthly amount of space rent paid by TENANT to LANDLORD, adjusted annually as described below. On the Commencement Date, TENANT agrees to pay Base Rent in the amount of \$\_\_\_\_\_ per month together with such other additional fees, costs, charges, and deposits as provided herein, or in the Rules and Regulations. Unless otherwise provided in writing in this Lease Agreement, the Rules and Regulations, or elsewhere, and signed by LANDLORD, all such payments, including Base Rent, shall be due and payable in advance on the first day of each month during the term of this Lease Agreement.

### 2. ADJUSTMENT FORMULA TO BASE RENT

TENANT’S Base Rent shall be adjusted annually on the “Anniversary Date,” which is defined to mean the 1st day of the same month as the month in which this Agreement commenced, for each year of the term of this Lease Agreement. The Base Rent shall be adjusted automatically, effective on the Anniversary Date. LANDLORD shall provide TENANT with a minimum ninety (90) day advance written notice of the amount of the annual adjustment to the Base Rent. If the written notice of rent increase is issued less than 90 days prior to the Anniversary Date, the rent adjustment will go into effect on the 1st day of the first month following expiration of the 90-day written notice, regardless of the fact that adjustment occurs after the Anniversary Date. The Base Rent shall be adjusted upward annually by an amount equal to the percentage increase, if any, in the Portland Consumer Price Index (“CPI”) for the previous twelve months ending 120 days prior to the Anniversary Date. If CPI decreases, Base Rent shall remain at the current year’s level.

Notwithstanding anything to the contrary contained herein, and in addition to Paragraph 1 above, LANDLORD shall have the absolute right to institute an assessment no more frequently than once in any calendar year to recoup some or all of the cost not otherwise covered by insurance to repair or replace any Park property damaged or destroyed as the result of any act of God, terrorism, war, weather, earthquake, or other similar unanticipated event. Assessments shall not be deemed to be rent or a rent increase. Once the assessments have covered the portion of the repair or replacement costs sought by LANDLORD, they shall cease. Written notice of any such assessment increase shall be preceded by not less than 90 days’ notice and include a short



explanation of its purpose. Such assessments are payable in accordance with the notice of assessment, or if not contained in said notice, they shall be payable together with the Base Rent. Tenants expressly consent to this adjustment formula as an integral part of the Lease, and stipulate that rent increases and assessments levied in accordance the with formula are NOT a unilateral modification of the Lease. We expressly consent to this rent formula.

### 3. RENT INCREASE LIMITS (OPTIONAL TO LANDLORD)

The annual adjustment to Base Rent in Section 2, above, shall not be less than(insert percentage) \_\_\_\_\_%, (“Floor”) nor more than (insert percentage not to exceed seven percent (7.00%)) \_\_\_\_\_% of the preceding year’s Base Rent or Adjusted Base Rent (“Ceiling”). **If this provision is to apply, landlord should have tenant initials here:** \_\_\_\_\_.

**Example.** Assume Base Rent is \$400.00 per month.The consumer price index increase for the previous twelve months ending 120 days prior to the Anniversary Date is 5%. A 5% cost of living increase would translate to a \$20 monthly rent increase, i.e. 5% ofX \$400 = \$20.00. The new Adjusted Base Rent would be \$420.00.

**Example.** Assume Base Rent is \$400.00 per month.The consumer price index increase for the previous twelve months ending 120 days prior to the Anniversary Date is 2%. However, if 3.75% is used as the minimum annual increase, i.e. the Floor, this would translate to a \$15.00 monthly increase, i.e. 3.75% of \$400 = \$15.00. The new Adjusted Base Rent would be \$415.00.

**Example.** Assume Base Rent is \$400.00 per month. The consumer price index increase for the previous twelve months ending 120 days prior to the Anniversary Date is 10%. However, if 7.75% is used as the maximum annual increase, i.e. the Ceiling, this would translate to a \$31 monthly increase, i.e. 7.75% of \$400 = \$31.00. The new Adjusted Base Rent would be \$431.00.