

1 MARK C. ZEBROWSKI  
MORRISON & FOERSTER LLP  
2 3811 Valley Centre Drive, Suite 500  
San Diego, California 92130-2332  
3 Telephone: (858) 720-5100  
Facsimile: (858) 720-5125

4 Attorneys for Cross-Defendants  
5 DEANZA HARBOR RESORT AND GOLF, LLC; TERRA  
VISTA MANAGEMENT, INC. AND MICHAEL GELFAND  
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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 COUNTY OF SAN DIEGO

10  
11 DE ANZA COVE HOMEOWNERS  
ASSOCIATION, INC., a California non-profit  
12 corporation,

13 Plaintiff,

14 v.

15 CITY OF SAN DIEGO, a municipal corporation;  
and DOES 1-100, inclusive,

16 Defendant(s).  
17

Case No. GIC821191

**DECLARATION OF MICHAEL  
GELFAND RE: PROPERTY TAX  
ISSUE**

Dept: 66  
I/C Judge: Hon. Charles R. Hayes

Complaint Filed: November 17, 2003  
Trial Date: June 10, 2005

18 AND RELATED CROSS-ACTION.  
19

20 I, MICHAEL GELFAND, declare that:

- 21 1. I make this declaration based upon personal knowledge and would and could  
22 competently testify hereto in court if so requested.
- 23 2. I am the President of De Anza Corporation, manager of Gelfand Properties, LLC,  
24 which is the manager of De Anza Harbor Resort & Golf, LLC (DHRG). I am also President of  
25 Terra Vista Management, Inc. I am familiar with the process by which DHRG billed the  
26 residents who leased sites at the mobilehome park at 2727 De Anza Road up to November 23,  
27 2003.

1           3.       At least since the time that residents entered into the Long Term Rental  
2 Agreements (LTRAs) with DHRG's predecessor over a decade ago, DHRG charged rent that  
3 encompassed all operating expenses incurred by DHRG (other than certain utilities that were  
4 separately billed).

5           4.       In other words, other than certain utility charges, DHRG's expenses, including  
6 property taxes for operating that mobilehome park, were not separately invoiced to residents.

7           5.       From the rent received from the park's residents and the income received from the  
8 property's other operations, DHRG itself paid the property's operating expenses, which included  
9 the County of San Diego possessory use tax.

10          6.       For the tax year beginning July 2002, the assessed value was \$5,794,042 and  
11 DHRG was billed and paid the County \$65,120 for the possessory interest tax.

12          7.       For the tax year beginning July 2003, the assessed value was \$5,909,922 and  
13 DHRG was billed and paid \$67,494 for the possessory interest tax. However, because DHRG's  
14 possessory interest expired during that taxable year, DHRG successfully appealed this tax bill.  
15 The assessed value was then reduced to \$1,310,000, and DHRG was refunded \$51,850, resulting  
16 in a net possessory interest tax paid of \$15,644.

17          8.       DHRG did not pay the County of San Diego's annual possessory interest tax as a  
18 gift for the residents. The residents' rent payments and income received from the property were  
19 used to pay the tax as a business operating expense of DHRG.

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

22               Executed on December 2, 2004 at San Diego, California.

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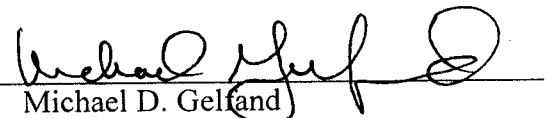
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Michael D. Gelfand