

FRIENDLY VILLAGE MOBILE HOME PARK

5450 N. Paramount Blvd., Long Beach, CA



- 182 Doublewide MH Sites + 2 Apts
- Infill Los Angeles Location
- 4 Star, Very Good Condition
- Large Clubhouse, Pool, Spa, RV Storage
- Modest Rent Levels, No Rent Control
- Buyer to Obtain New Loan
- Sales Price \$20,750,000, 6.2% Cap Rate

For Further Information Contact:

John Grant

Park Brokerage Inc.

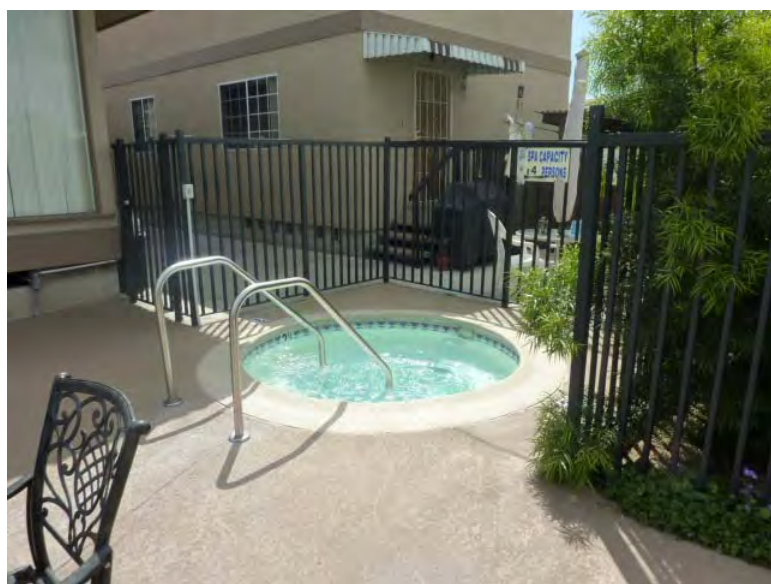
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MANUFACTURED HOUSING COMMUNITY			Price \$20,750,000	
Friendly Village Mobile Home Park 182 MH Sites + 2 Apartments, Pool, Large Clubhouse			Down Payment Cash to New Loan	
Address/City 5450 N. Paramount Blvd., Long Beach		County Los Angeles	State California	
Est. Vac. & Expense % See attached excel spread sheet		Age Built 1970	Loan Buyer to obtain	
Capitalization Rate 6.2%		Est. Spendable Return	Total Return	
Parcel Size 18.73 Acres		No. Sites 182 MH Sites + 2 Apts	Water City	Sewer City
Listing Salesman John Grant (800) 987-3363			Price per Site: \$112,772	
DESCRIPTION AND TENANT INFORMATION: Very well maintained and managed all ages community in a strong infill metro location in the City of Long Beach. 182 all doublewide sites with 100% doublewide homes. Site rents are very reasonable at \$789-\$959 with a \$828 average plus submetered gas, electric, and water, and flat rate sewer, utilities tax, and security service. Trash is included in the rent and should be passed thru. Broker believes market is \$1,000 and annual rent increases are effective October of each year. No rent control in the City of Long Beach and all month to month tenancies or one year rental agreements. Only one vacant site and strong dealer activity in the community. Amenities include a large swimming pool, spa, RV storage, and 4,775 square feet clubhouse with office, large rec room, television room, kitchen, exercise room, laundry, and bathrooms. Owner spent \$200,000 remodeling the clubhouse in 2006. The two apartments are a total of 2,160 square feet in two stories, next door to the clubhouse, and are occupied by the managers and backup manager. City sewer and water utilities, cathodic protection on the gas system, and 100 amp electric. Asphalt streets had a two inch overlay in 2006, were resealed in 2009 and are in good condition. The property was built on a former landfill but owner has a January, 2010 phase one report that states “based on the onsite monthly methane monitoring, no further action regarding the former landfill is recommended at this time with respect to the current use of the subject property”. The Seller also acquired environmental insurance in 2005 for a one time fee of approximately \$71,000. The park is now considered a clean site with no environmental issues. At time of construction in 1970, the utilities lines, clubhouse, pool, and all other improvements were built on pylons driven through the landfill portion of the underlying ground into the solid earth. No settling of the utilities and property improvements is evident. Friendly Village is located in an excellent market adjacent to major employment areas, freeways, shopping, and recreation. The City of Long Beach has a public park next door to the community and plans to expand the park.				
TOTAL ESTIMATED NET INCOME BEFORE DEBT SERVICE			1,279,592	
LOAN INFORMATION The current loan is due in October, 2010. Please see attachment with a number of loan quotes Seller has obtained.			TOTAL ANNUAL PRIN. & INTEREST PAYMENT	
			EST. ANNUAL PRE-TAX CASH FLOW (SPENDABLE)	
			PLUS PRINCIPAL REDUCTION YEAR ONE	
			TOTAL RETURN	

The information contained herein has either been given to us by the owner or the property or obtained from sources that we deem reliable. We have no reason to doubt its accuracy but we do not guarantee it. Vacancy factors used herein are an arbitrary percentage used only as an example. It does not necessarily relate to actual vacancy, if any. The value of this investment is dependent upon these estimates and assumptions made above, as well as the investment income, the tax bracket and other factors which your tax advisor and/or legal counsel should evaluate. **THE PROSPECTIVE BUYER SHOULD CAREFULLY VERIFY EACH ITEM OF INCOME, EXPENSE, AND ALL OTHER INFORMATION CONTAINED HEREIN.**

FRIENDLY VILLAGE MOBILE HOME PARK

	ACTUAL Year End 2008	ACTUAL Year End 2009	ACTUAL April 09-March 10	Broker's Proforma					
REVENUES									
Base Rent	1,624,109	1,743,196	1,750,819	1,839,889	←	Current rent roll annualized. Broker is using 2% vacancy rate, but currently only one vacant space and all other rents current. Park had Oct/2009 rent increase of \$39 across the board. The same \$39 rent increase is planned for Oct/2010 that will increase the base rent \$85,176 per year.			
Less 2% Vacancy				-36,798					
Late/NSF Fees	1,584	4,400	4,775	4,775					
RV Storage	1,440	1,590	1,680	1,680					
Application Fee	135	350	275	275					
Interest Income	2,034	334	424	424					
Laundry	1,553	1,141	1,444	1,444					
Electric	106,261	109,847	110,235	110,235					
Gas	80,176	61,473	59,415	59,415					
Water	36,840	40,198	40,736	40,736					
Sewer	12,183	14,861	15,557	15,557					
Utilities Tax	11,135	10,547	10,489	10,489					
Security Service Reimburse	53,488	53,750	53,400	53,400					
Concession	-10,328	-13,749	-8,607	-8,607	←	Additional onsite management compensation			
Rental Assistance	-7,956	-11,605	-13,180	-13,180					
Gain (Loss) on Sale of Home	5,723	3,764	0	0					
Miscellaneous	0	0	952	952					
TOTAL REVENUE	1,918,377	2,020,097	2,028,414	2,080,686					
EXPENSES									
Payroll									
Manager Salary	44,094	40,026	40,800	40,800	←	Management couple also receives apartment.			
Maintenance Salary	33,631	34,642	34,774	34,774					
Bonus	2,000	2,400	2,400	2,400					
Payroll Tax	7,643	6,675	7,071	7,071					
Payroll Service Fee	1,709	1,157	1,124	1,124					
Total Payroll	89,077	84,900	86,169	86,169					
Maintenance and Repair									
General Maintenance	15,067	10,515	13,441	13,441					
Contract Labor	1,275	1,200	1,200	1,200					
Supplies	3,746	973	1,893	1,893					
Pool Maintenance	6,633	6,014	6,014	6,014					
Sewer Maintenance	5,347	9,655	9,763	9,763					
Electric Maintenance	7,262	5,505	14,246	14,246					
Landscaping	885	0	0	0					

FRIENDLY VILLAGE MOBILE HOME PARK

Meter Reading	2,990	3,708	3,137	3,137			
Security Service	57,846	55,254	58,072	58,072			
Total Maintenance and Repair	101,051	92,824	107,766	107,766			
Office Expense							
General Office Expense	11,159	9,571	8,732	2,108	←	\$3/space Office overhead charge.	
Telephone	3,299	2,549	2,485	2,485			
Internet Service	600	600	600	600			
Telecommunication Service	71	0	0	0			
Licenses/Permits	2,580	7,344	5,968	5,968			
Dues/Membership	1,866	2,384	2,134	2,134			
Education	2,101	1,637	1,663	1,663			
Resident Retention	2,673	3,163	2,909	2,909			
Total Office Expense	24,349	27,248	24,491	17,867			
Utilities							
Electric	97,545	107,045	108,579	108,579			
Gas	90,023	61,898	57,149	57,149			
Water	32,025	36,062	37,538	37,538			
Sewer	4,572	5,166	5,447	5,447			
Trash	24,818	24,683	25,433	25,433			
Cable Service	584	600	600	600			
Total Utilities	249,567	235,454	234,746	234,746		Litigation has been settled with developer of next door property regarding encroachment issues.	
Professional Fees							
Legal & Professional Fees	150,591	291,665	156,242	15,000	←		
Accounting	15,288	15,288	15,288	0	↘	\$7/space accounting overhead charge.	
Tax Preparation Fee	2,380	2,435	2,495	2,495			
Total Professional Fees	168,259	309,388	174,025	17,495			
Other Expenses							
Insurance	36,118	19,729	29,729	19,729		New property taxes per Prop. 13. Trailing 12 months had extra payment.	
Workman's Comp Insurance	7,363	5,867	5,867	5,867			
Property Taxes	179,082	190,733	292,045	237,458	←	Professional Management fee at industry norm of 4% of rents only	
Management Fee	115,485	121,280	122,007	72,124	←		
Meals & Entertainment	179	244	44	44			
Travel	796	403	229	229			
LP/LLC Fee	1,600	1,600	1,600	1,600			
Total Other Expenses	340,623	339,856	451,521	337,051			
TOTAL EXPENSES	972,926	1,089,670	1,078,718	801,094			
NET INCOME	945,451	930,427	949,696	1,279,592	←	Net income used for valuation	

RENT SURVEY APRIL 2010

Park	# of Sites	Rent	Status	Vacancies	Utilities Included	Quality to Subject
Subject Friendly Village Mobile Home Park 5450 N. Paramount Blvd., Long Beach	184	\$789-\$949	All Ages	1	None	
Belmont Shores Mobile Estates 6261 E. Pacific Coast Hwy, Long Beach	347	\$800-\$1,000	55+	2	Water	Park slightly inferior, Location superior
Americana Mobile Home Park 16600 Downey Avenue, Paramount	172	\$850-\$950	All Ages	3	None	Comparable
Windward Village 3595 Santa Fe Ave., Long Beach	305	\$840-\$975	All Ages	0	None	Comparable
Villa Park 6475 Atlantic Avenue, Long Beach	324	\$925-\$975	All Ages	0	None	Comparable

SALES COMPARABLES

	# of Sites	Price	Cap Rate	Closing Date	\$/Site	Quality to Subject
Subject Friendly Village Mobile Home Park 5450 Paramount Blvd., Long Beach	184	\$20,750,000	6.20%		\$112,772	
Goforth Mobile Home 1801 E. Collins Avenue, Orange	73	\$6,850,00	5.20%	Oct, 2009	\$93,836	Inferior
The Cliffs Moble Home Park 4920 Old Cliffs Road, San Diego	262	\$29,750,000	5.30%	Nov, 2009	\$113,550	Comparable
El Nido Mobile Estates 27703 Ortega Highway San Juan Capistrano	156	\$13,500,000	5.00%	Aug, 2009	\$86,538	Superior but in very difficult rent control
Ramona Terrace 1212 "H" Street, Ramona	218	\$16,014,000	5.50%	Aug, 2009	\$73,459	Comparable but inferior location
Canoga Mobile Estates 8811 Canoga Ave., Los Angeles, CA	198	\$21,000,000	5.60%	July, 208	\$106,061	Comparable but in rent control

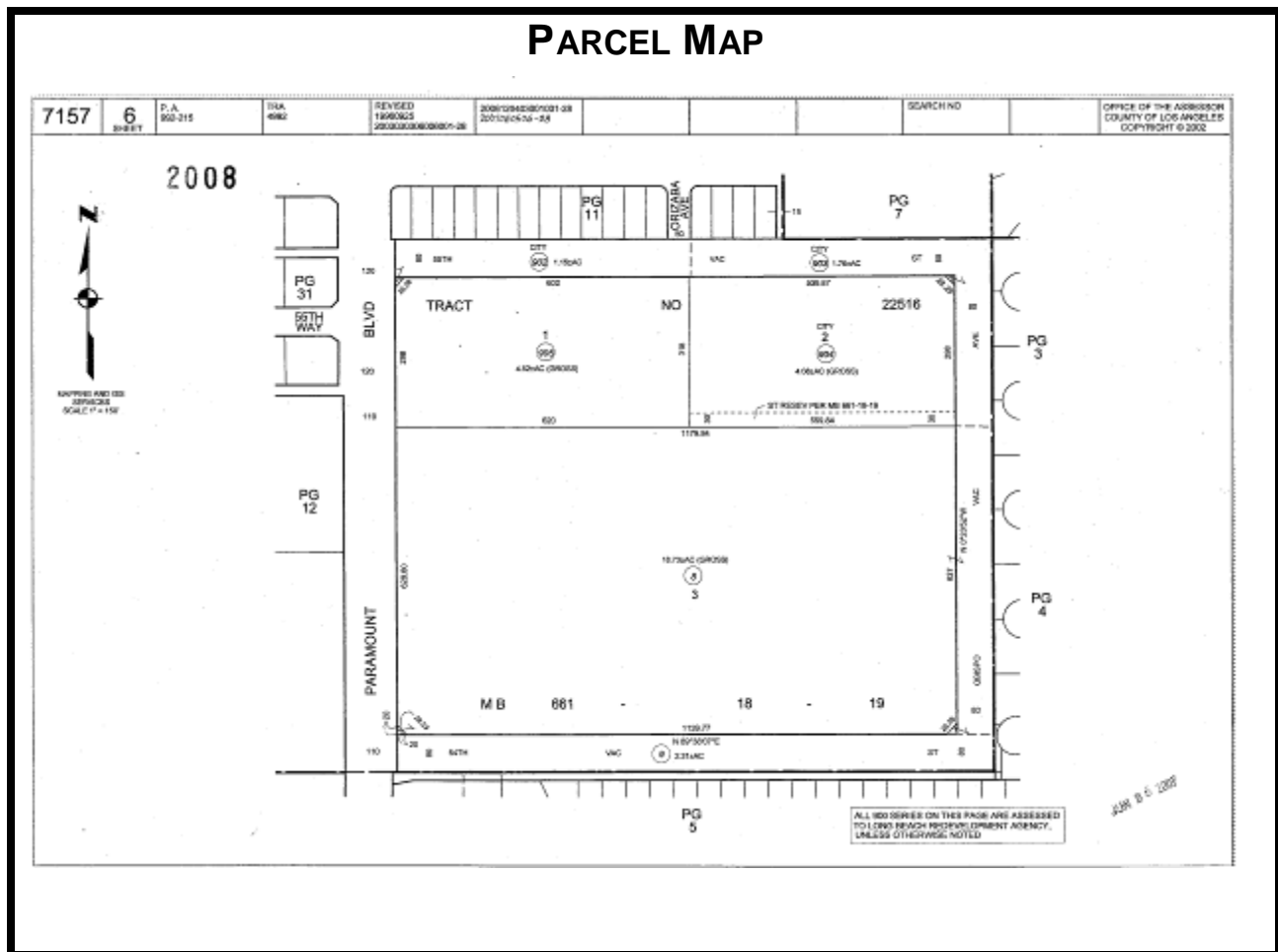
FRIENDLY VILLAGE
Loan Options

April 9, 2010

Current 10-YR Treasury 3.88%
 Current 5-YR Treasury 2.63%
 Current 7-YR Treasury 3.33%
 Prime 3.25%

MAXIMUM LTV

	<u>10-Yr Fixed</u>	<u>10-Year Fixed</u>	<u>10-Year Fixed</u>	<u>5-Year Fixed</u>
Recourse	Non-Recourse	Non-Recourse	Non-Recourse	Non-Recourse
Term	10 Years	10 Years	10 Years	5 Years
Amort. (Years)	25	30	30	30
Spread over 10-Yr Treasury	2.40%	2.20%	2.70%	4.40%
Current Rate	6.28%	6.08%	6.58%	7.03%
Floor	-	-	6.25%	7.00%
Total Loan Proceeds	\$12,250,000	\$11,000,000	\$10,800,000	\$10,800,000
Maximum LTV	70%	60%	70%	60%
Appraisal Value Necessary	\$17,500,000	\$18,333,333	\$15,428,571	\$18,000,000
Debt Service Coverage Ratio	1.25	1.45	1.38	1.35
NOI Necessary	\$1,215,552	\$1,157,403	\$1,139,867	\$1,167,540
Loan Fee	\$122,500	\$165,000	\$135,000	\$216,000
Prepayment	Yield Maint	Defeasance	Yield Maint	Defeasance
Assumable	Yes	Yes	Yes	Yes
Monthly Payment	\$81,037	\$66,517	\$68,833	\$72,070



Site Map

