



5 MHC PORTFOLIO

Greater Houston MSA

TARGET PRICE




\$30,500,000

**3.0
STAR**

**250-300
SITES**

**#07430909
01/27/22**



Dana's attention to detail, her established relationships with qualified, potential buyers and her successful track record of marketing similar businesses, made the process flow with a semblance of ease. Dana's insight and experience proved helpful beyond measure as we brought the process to a close.

Bob and Jayne Garret. - Owners





Thank you for your consideration



DANA SMITH

Regional Director - Southwest

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Property Discussion



5 - MHC Portfolio

This rare opportunity of a 5 park MHC portfolio throughout the Houston, TX markets grants the future buyer an option to be a large owner in one of the highest demand markets in Texas. With all 5 parks on municipal utilities, within a 70-mile radius of one another in the Houston MSA, you can operate with ease and consistently capitalize on the finer details to maintain the quality and income of the communities.

All communities have below market rents, providing plenty of upside in the rental income and areas to improve revenue day one by at least 10%. The current owner purchased these communities over the past few decades and has put over \$2.5MM across the board in capital expenditures including paving and fixing up the roads, putting in public utility lines, renovating the homes, upgrading and fixing the utility systems, and improving the overall physical appearances of the communities exponentially.

The rate order utility system at the largest community in the portfolio is an incredibly attractive revenue producing feature and asset. By owning the rights to distribute the water, this grants the ability to buy the water wholesale and sell retail to make a profit on the water. With this rate order, the utility commission reimburses the owner for every repair, improvement, and maintenance item that is made on the utility system, completely removing any utility expense from this community. The utility commission not only reimburses you for any repair or improvement on the system, but they also reimburse you on the costs you for the operations to provide water to these residents, which is typically an 8-10% return on what you invest into the system as a huge added benefit.

Property Highlights

- 5 communities all within a ~70 mile radius all in the Houston MSA providing ease for economies of scale and bolt on properties.
- Below market rents in a very high demand market.
- Low R&M costs, and a manager in place to manage all 5 properties.
- Major value in privately owned utility system with rate order allowing rights to distribute water to be bought wholesale sold retail. Municipal utilities throughout portfolio.
- Low percentage of POH.



Property Overview

PURCHASE OVERVIEW



TARGET PRICE

\$30,500,000

Home Inventory Price \$2,080,000

Park Owned Utility System \$1,750,000

Community Price

\$26,670,000

Down Payment \$10,670,000

Loan Amount \$16,000,000

PROPERTY DETAILS

Property Type All Age MHC

Number of Sites 250 - 300

Purchase Price Per Site \$88,900 - \$106,700

Income Per Site \$6,850 - \$8,200

Expenses Per Site (\$2,100 - \$2,550)

Acreage - Property #1 +/-6 AC.

Acreage - Property #2 +/-2 AC.

Acreage - Property #3 +/- 5 AC.

Acreage - Property #4 +/-3 AC.

Acreage - Property #5 +/-13 AC.

PROPERTY AMENITIES AT ALL 5 PARKS



Off-Street Parking



Paved Streets

UTILITY INFORMATION

Utility Service	Provider	Meter	Paid By
Water - All Parks	Municipal	Submetered	Tenant
Sewer - All Parks	Municipal	Submetered	Tenant
Trash - 4 Parks	Curbside	Monthly Fee	Tenant
Trash - Property #4	Dumpster	Monthly Fee	Tenant



Transaction Overview

UNDERWRITING ASSUMPTIONS

Rental Rate Growth	Year 1: \$50; Years 2-3: \$30 Per Year Years 4-5: 5% Per Year
Lease Up	Year 1: 8 Lots
Other Income Growth Rate	5% Per Year
Expense Growth Rate	2.5% Per Year

LOAN OVERVIEW

Down Payment	\$10,670,000
Loan Amount	\$16,000,000
Loan to Value	65%
Interest Rate	3.50%
Amortization	30 Years
Interest Only Period	3 Years
Loan Term	10 Years
Interest Only Payment	\$46,667
Amortization Payment	\$71,847
Financing Type	Agency

FINANCIAL MEASUREMENTS

	YEAR 1	YEAR 3	YEAR 5
Effective Gross Income	2,048,848	2,277,200	2,504,171
Less: Operating Expenses	(633,940)	(764,410)	(896,239)
Operating Expenses Ratio	30.9%	33.6%	35.8%
Net Operating Income	1,414,908	1,512,790	1,607,932
Less: Annual Debt Service	(560,000)	(560,000)	(862,166)
Debt Coverage Ratio	2.53	2.70	1.86
Net Cash Flow	854,908	952,790	745,767
Cap Rate on Cost	5.31%	5.67%	6.03%
Exit Cap Rate Assumption	5.25%	5.25%	5.25%
Economic Occupancy %	100.0%	100.0%	100.0%
Gross Rent Multiplier	14.7	13.9	13.5
Cash on Cash Return	8.0%	8.9%	7.0%
Internal Rate of Return (IRR)	3.1%	12.0%	13.2%

**Return calculation is based only on the Community Price.*



Property #1 & #2 Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



Property #3 Photos

STREET VIEW



STREET VIEW



MAIL BOXES



STREET VIEW



STREET VIEW



DUMPSTERS



Property #4 Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



Property #5 Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



5 Year Pro Forma

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME					
Potential Rental Income	1,809,258	1,974,258	2,073,258	2,172,258	2,265,678
Rent Increase Income	160,200	96,120	96,120	90,840	97,620
Lease Up	45,420	48,300	51,180	53,760	56,520
Pro Forma Utility Passthrough Income	110,861	113,633	116,474	119,386	122,370
Less: Vacancy	(40,620)	(45,420)	(48,300)	(51,180)	(53,760)
Less: Rental/LTO Premium	(277,631)	(277,631)	(277,631)	(277,631)	(277,631)
Other Income	241,360	253,428	266,099	279,404	293,374
Effective Gross Income	2,048,848	2,162,688	2,277,200	2,386,837	2,504,171
EXPENSES					
Advertising	4,500	4,613	4,728	4,846	4,967
Auto Expense	1,000	1,025	1,051	1,077	1,104
Cable, Phone, Internet	510	523	536	549	563
General & Administrative	2,605	2,670	2,737	2,805	2,875
General & Administrative - CC Fees	1,450	1,487	1,524	1,562	1,601
Insurance	29,150	29,879	30,626	31,391	32,176
Licenses & Permits	5,000	5,125	5,253	5,384	5,519
Meals, Travel, & Entertainment	4,000	4,100	4,203	4,308	4,415
Off-Site Management Fees	81,954	86,508	91,088	95,473	100,167
Payroll Expense	75,000	76,875	78,797	80,767	82,786
Professional Fees	10,000	10,250	10,506	10,769	11,038
Real Estate Taxes	76,216	78,121	80,074	82,076	84,128
Real Estate Taxes Reassessment		46,696	93,392	140,087	186,783
Repairs & Maintenance	56,350	57,759	59,203	60,683	62,200
Replacement Reserves	13,750	14,094	14,446	14,807	15,177
Supplies	1,550	1,589	1,628	1,669	1,711
Trash	58,497	59,959	61,458	62,995	64,570
Water & Sewer	212,407	217,718	223,161	228,740	234,458
Total Expenses	633,940	698,989	764,410	829,989	896,239
Net Operating Income	1,414,908	1,463,699	1,512,790	1,556,847	1,607,932
Less: Annual Debt Service	(560,000)	(560,000)	(560,000)	(862,166)	(862,166)
Net Cash Flow	854,908	903,699	952,790	694,682	745,767



Cash Flow Analysis

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RENTAL ACTIVITY ANALYSIS					
Effective Rental Income	1,807,488	1,909,260	2,011,101	2,107,433	2,210,797
Other Income	241,360	253,428	266,099	279,404	293,374
Effective Gross Income	2,048,848	2,162,688	2,277,200	2,386,837	2,504,171
Less: Operating Expenses	(633,940)	(698,989)	(764,410)	(829,989)	(896,239)
OPERATING EXPENSES RATIO	30.9%	32.3%	33.6%	34.8%	35.8%
Net Operating Income	1,414,908	1,463,699	1,512,790	1,556,847	1,607,932
Less: Annual Debt Service	(560,000)	(560,000)	(560,000)	(862,166)	(862,166)
Net Cash Flow	854,908	903,699	952,790	694,682	745,767
PROPERTY RESALE ANALYSIS					
Projected Sales Price	26,950,636	27,879,979	28,815,051	29,654,237	30,627,284
Less: Selling Expenses	(808,519)	(836,399)	(864,452)	(889,627)	(918,819)
Less: Loan Balance	(16,000,000)	(16,000,000)	(16,000,000)	(15,692,940)	(15,374,958)
Net Sale Proceeds	10,142,117	11,043,580	11,950,600	13,071,671	14,333,507
CASH SUMMARY					
Net Cash Flow	854,908	903,699	952,790	694,682	745,767
Previous Years Net Cash Flow		854,908	1,758,607	2,711,397	3,406,079
Net Sale Proceeds	10,142,117	11,043,580	11,950,600	13,071,671	14,333,507
Down Payment	(10,670,000)	(10,670,000)	(10,670,000)	(10,670,000)	(10,670,000)
Total Cash Generated	327,026	2,132,187	3,991,997	5,807,750	7,815,353
FINANCIAL MEASUREMENTS					
Cap Rate on Costs	5.3%	5.5%	5.7%	5.8%	6.0%
Exit Cap Rate Assumption	5.25%	5.25%	5.25%	5.25%	5.25%
Debt Coverage Ratio	2.53	2.61	2.70	1.81	1.86
Loan to Value Ratio	59%	57%	56%	53%	50%
Gross Rent Multiplier	14.7	14.1	13.9	13.7	13.5
Cash on Cash Return	8.0%	8.5%	8.9%	6.5%	7.0%
Internal Rate of Return (IRR)	3.1%	9.9%	12.0%	12.7%	13.2%





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Signature

Date

Printed Name

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Company

Phone

Sign, date, and send back to Broker: **DANA SMITH** | FAX 941-827-7977 | Dana@yaleadvisors.com | TEL. 303-323-5649

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