



Eastern
Pennsylvania

MANUFACTURED HOUSING COMMUNITY

3.5 STARS

125 +/- SITES

#03386320 | 04/25/23



\$8,000,000

TARGET PRICE

So much was involved with our prospective sale, but Harrison was very capable in handling whatever came up. We recommend Harrison to anyone who might ask for a reference.

Sandy S. - Former Community Owner



Thank you for your consideration



HARRISON BELL
Director - Mid-Atlantic

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985-373-3472

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Critical Deadlines

MAY 18TH, 2023



Offers Due

LOI's and supplemental information will be due at 5pm on the due date. Supplemental information is required and includes standard due diligence list and/or company/buyer bio.

MAY 22ND - 25TH, 2023



Best and Final Offers Period

Seller will take this time to review all LOI's and supplemental information. Selected buyers will be contacted and, if they choose, given an opportunity to make their offer more attractive.



Projected Timelines

BEGINNING OF JUNE 2023



Targeted PSA Deadline

The above time period reflects the seller's ideal time period for the PSA to be drafted and executed.

BEGINNING OF JULY 2023



Completion of Due Diligence

Seller has indicated the preferred time period for due diligence to be **30-45** days from the execution of the PSA.

BEGINNING OF AUGUST 2023



Closing Period

Seller has indicated the preferred time period for financing and closing to be **30** days from the due diligence deadline.



Property Discussion



Manufactured Housing Community

The subject property is a high-quality community in Eastern Pennsylvania with significant upside. The market has several comps, all of which have less than 5% vacancy, if any. Meanwhile, this property has roughly 15% vacancy as the owners are out-of-state and have not placed orders for new homes to be brought on-site. Furthermore, the current rents are at least 20% below market, so there is a lot of potential with this investment opportunity.

The property is serviced by well water and a WWTP, both of which are in good condition. The existing WWTP operator is being compensated at \$3,600 per month, so a group with properties in the area could lower the existing OpEx substantially. In addition, the trash expense is almost double what we've seen in this region of the country at over \$30 per can per month. As such, the existing OpEx of close to 46% should drop considerably as occupancy improves and the property is run more efficiently.

As for sales comps, we have sold several communities in this region over the past 24 months and this would be by far the lowest price per pad. Other sales have been in the \$80k-\$100k+ per pad with no significant differences in location, size, or quality. This is a great opportunity for both regional and national owners to acquire an institutional asset with tremendous upside.




Property Highlights

- Agency Quality Community
- ~20% Below Market Rents
- 90% Tenant Owned Homes
- ~15% Vacancy in Market with Less than 5% Vacancy



Property Overview

PURCHASE OVERVIEW

 TARGET PRICE	\$8,000,000
Home Inventory Price	\$250,000
Community Price	\$7,750,000
Down Payment	\$3,750,000
Loan Amount	\$4,000,000

PROPERTY DETAILS

Property Type	MHC
Number of Sites	125 +/- Sites
Purchase Price Per Site	\$51,650 - \$77,500
Income Per Site	\$4,600 - \$6,850
Expenses Per Site	(\$2,100 - \$3,150)
Acreage	150 +/- Acres

UTILITY INFORMATION

Utility Service	Provider	Meter	Paid By
Water	Well	None	Tenant
Sewer	WWTP	None	Community
Trash	Curbside	None	Community

PROPERTY AMENITIES



Fishing Pond



Pavilion



Playground



Basketball Court



Off-Street Parking



Paved Roads



Transaction Overview

UNDERWRITING ASSUMPTIONS

Rental Rate Growth \$50 4/1/24, \$50 4/1/25,
\$40 4/1/26, 5% Annually 2027+

Lease Up 1 Home & 5 Sites Y1,
9 Sites Y2

Other Income Growth Rate 5% Per Year

Expense Growth Rate 3% Per Year

LOAN OVERVIEW

Total Equity Contribution \$4,000,000

Loan Amount \$4,000,000

Loan to Value 52%

Interest Rate 5.50%

Amortization 30 Years

Interest Only Period 5 Years

Loan Term 10 Years

Interest Only Payment \$18,333

Amortization Payment \$22,712

Financing Type Agency

FINANCIAL MEASUREMENTS

	YEAR 1	YEAR 3	YEAR 5
Effective Gross Income	687,102	956,174	1,061,752
Less: Operating Expenses	(314,023)	(349,877)	(374,997)
Operating Expenses Ratio	45.7%	36.6%	35.3%
Net Operating Income	373,079	606,297	686,755
Less: Annual Debt Service	(220,000)	(220,000)	(220,000)
Debt Coverage Ratio	1.70	2.76	3.12
Net Cash Flow	153,079	386,297	466,755
Cap Rate on Cost*	4.81%	7.82%	8.86%
Exit Cap Rate Assumption	6.00%	6.00%	6.00%
Economic Occupancy %	88.4%	98.4%	98.4%
Gross Rent Multiplier	10.5	11.9	11.7
Cash on Cash Return*	4.1%	10.3%	12.4%
Internal Rate of Return (IRR)*	N/A	21.8%	20.4%

*Return calculation is based only on the Community Price



Property Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



Property Photos

STREET VIEW



STREET VIEW



STREET VIEW



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STREET VIEW



5 Year Pro Forma

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME					
Potential Rental Income	740,800	773,056	849,856	920,512	974,272
Rent Increase Income	27,972	66,600	61,272	46,620	39,960
Lease Up	18,290	70,315	108,731	115,031	120,431
Pro Forma Utility Passthrough Income		43,740	46,721	48,122	49,566
Less: Vacancy	(99,360)	(103,644)	(113,844)	(123,228)	(130,368)
Less: Inventory Premium	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Other Income	39,400	41,370	43,439	45,610	47,891
Effective Gross Income	687,102	851,437	956,174	1,012,667	1,061,752
EXPENSES					
Advertising	1,500	1,545	1,591	1,639	1,688
Cable, Phone, Internet	2,000	2,060	2,122	2,185	2,251
Electric	23,800	24,514	25,249	26,007	26,787
General & Administrative	4,500	4,635	4,774	4,917	5,065
General & Administrative - CC Fees	512	635	713	755	792
Insurance	9,500	9,785	10,079	10,381	10,692
Licenses & Permits	1,000	1,030	1,061	1,093	1,126
Natural Gas	2,200	2,266	2,334	2,404	2,476
Off-Site Management Fees @ 4.0%	27,484	34,057	38,247	40,507	42,470
Payroll Expense	30,000	31,500	33,075	34,729	36,465
Professional Fees	5,000	5,150	5,305	5,464	5,628
Real Estate Taxes	87,698	87,698	90,329	93,039	95,830
Repairs & Maintenance	19,500	20,085	20,688	21,308	21,947
Replacement Reserves	6,400	6,592	6,790	6,993	7,203
Trash	41,800	43,054	44,346	45,676	47,046
Water & Sewer	49,300	50,779	52,302	53,871	55,488
Lease Up Operational Expense	1,829	7,032	10,873	11,503	12,043
Total Expenses	314,023	332,417	349,877	362,471	374,997
Net Operating Income	373,079	519,021	606,297	650,196	686,755
Less: Annual Debt Service	(220,000)	(220,000)	(220,000)	(220,000)	(220,000)
Net Cash Flow	153,079	299,021	386,297	430,196	466,755



Cash Flow Analysis

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RENTAL ACTIVITY ANALYSIS					
Effective Rental Income	647,702	810,067	912,735	967,057	1,013,861
Other Income	39,400	41,370	43,439	45,610	47,891
Effective Gross Income	687,102	851,437	956,174	1,012,667	1,061,752
Less: Operating Expenses	(314,023)	(332,417)	(349,877)	(362,471)	(374,997)
OPERATING EXPENSES RATIO	45.7%	39.0%	36.6%	35.8%	35.3%
Net Operating Income	373,079	519,021	606,297	650,196	686,755
Less: Annual Debt Service	(220,000)	(220,000)	(220,000)	(220,000)	(220,000)
Net Cash Flow	153,079	299,021	386,297	430,196	466,755
PROPERTY RESALE ANALYSIS					
Projected Sales Price	6,217,978	8,650,342	10,104,953	10,836,601	11,445,909
Less: Selling Expenses	(186,539)	(259,510)	(303,149)	(325,098)	(343,377)
Less: Loan Balance	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Net Sale Proceeds	2,031,439	4,390,832	5,801,804	6,511,503	7,102,531
CASH SUMMARY					
Net Cash Flow	153,079	299,021	386,297	430,196	466,755
Previous Years Net Cash Flow		153,079	452,099	838,396	1,268,592
Net Sale Proceeds	2,031,439	4,390,832	5,801,804	6,511,503	7,102,531
Down Payment	(3,750,000)	(3,750,000)	(3,750,000)	(3,750,000)	(3,750,000)
Total Cash Generated	(1,565,482)	1,092,931	2,890,201	4,030,095	5,087,878
FINANCIAL MEASUREMENTS					
Cap. Rate on Cost*	4.8%	6.7%	7.8%	8.4%	8.9%
Exit Cap. Rate Assumption	6.0%	6.0%	6.0%	6.0%	6.0%
Loan Constant	5.5%	5.5%	5.5%	5.5%	5.5%
Debt Coverage Ratio	1.70	2.36	2.76	2.96	3.12
Loan to Value Ratio*	64%	46%	40%	37%	35%
Gross Rent Multiplier	10.5	11.2	11.9	11.8	11.7
Cash on Cash Return*	4.1%	8.0%	10.3%	11.5%	12.4%
Internal Rate of Return (IRR)*	N/A	13.9%	21.8%	21.3%	20.4%

*Return calculation is based only on the Community Price





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- Up to 80% LTV
- Rates in the 5.25-6% Range
- Non-Recourse

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- Rates in the 6.25-6.75% Range
- Non-Recourse

Bridge Loans

- 2 to 4 Year Terms
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- Up to 80% LTC Including Cap-Ex
- Floating Rates as Low as 7%
- Non-Recourse, Flexible/No Prepayment Penalty

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Regarding Property: Offering #03386320

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1. (a) That any confidential or proprietary information (the “Confidential Information”) of the potential selling party (the “Seller”) provided is sensitive and confidential, and that its disclosure to others may be damaging to the Seller. I agree that upon the earlier of: (i) two (2) years from the date of this Agreement and (ii) the request of Broker, Yale or Seller, any Confidential Information furnished to me shall be either returned or destroyed, and I shall certify to such destruction.

(b) Not to disclose, for a period of two (2) years from the date I sign this Agreement, any Confidential Information regarding the Potential Transaction to any other person who has not also signed this Agreement or a joinder thereto, except to the extent necessary to secure the advice and recommendations of my employees, officers, directors, members, managers, advisors, attorneys, accounts or financing sources (collectively, the “Representatives”) regarding the Potential Transaction. “Confidential Information,” as used in this Agreement, shall include the fact that the Potential Transaction is for sale or open to offers, and any other data provided. My Representatives shall abide by the terms of this Agreement, and I agree to be liable for any breach of the provisions of this Agreement by any of my Representatives.

(c) Not to contact the Seller or its Representatives, suppliers or customers except through the Broker. I shall present all correspondence, inquiries, offers to purchase and negotiations relating to the Potential Transaction directly to the Broker, and all such negotiations shall be conducted exclusively through the Broker. At such a time as a LOI or PSA is reached regarding the Potential Transaction, I agree to copy the Broker on all communication and negotiations related to the Potential Transaction.

2. That all information regarding the Potential Transaction is provided by the Seller or other sources and is not verified by the Broker or Yale. The Broker and Yale have done their best to ensure the accuracy of said information, but the Broker and Yale make no, representation or warranty, express or implied, as to the accuracy of such information. I agree that the Broker and Yale are not responsible for the accuracy of any other information I receive, and I agree to indemnify and hold the Broker, Yale, and each of their Representatives harmless from any claims or damages which may occur by reason of the inaccuracy or incompleteness of any information provided to me with respect to any Potential Transaction.

I acknowledge that I have received an exact copy of this Agreement and that I have read this Agreement carefully and fully understand it.

Signature

Date

Printed Name

Email

Company

Phone

Sign, date, and send back to Broker: HARRISON BELL | FAX 941-827-7977 | Harrison@yaleadvisors.com | TEL. 985-373-3472

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