



Northeastern  
South Dakota

## NORTHEASTERN SOUTH DAKOTA MHP

3 STARS

| 150± SITES

| #11419241 | 03/07/24



**\$7,925,000**

TARGET PRICE

Skip to NDA





# Presented by




**KEN SCHEFLER**  
Director - Upper Midwest

Ken@yaleadvisors.com  
312-858-8906

## NON-ENDORSEMENT & DISCLAIMER

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, express or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. The information, calculations and data presented in this report are believed to be accurate but are not guaranteed. The information contained in this report shall not be considered as a substitution for legal, accounting or other professional advice. Please seek proper legal and tax advice as appropriate before making investments.



*I want to thank you and your team at Yale advisors for your professionalism and due diligence... you managed to organize and answer all questions for the buyer, creating a smooth transition... I would not hesitate to use your firm again.*

Steven K. - Owner

---



# Critical Deadlines

**APRIL 11<sup>TH</sup>, 2024**



## **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.

**APRIL 14<sup>TH</sup> - 18<sup>ST</sup>, 2024**



## **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 MAY 2024



### Targeted PSA Deadline

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

## BEGINNING OF JUNE 2024



### 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 JULY 2024



### Closing Period

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





# Property Highlights

- Institutional Scale – Over 100 sites in a metro with \$250k home prices demonstrating a need for affordable housing.
- Strong Day 1 Cashflow – The community is 89% occupied, with 70% of tenants being TOH. There is also self-storage on site that generates additional income.
- Value Add Opportunity – 15 vacancies and 22 rental homes allow for upside without the headaches of a large turnaround project, and median incomes support the conversion to TOHs.
- Strong Infrastructure – Municipal water, sewer, and trash, paid by the community with upside to start billing back. Electric and gas billed directly to tenants.



# Property Discussion



## Northeastern South Dakota MHP

Yale Realty and Capital Advisors is proud to present the opportunity to acquire a 150+/- site MHC in northeastern South Dakota. This property boasts city utilities in a metro with homes prices over \$250k and an 89% occupancy, making this a highly attractive acquisition for any investor.

The tenant mix is extremely desirable with 89% occupancy and 70% of those tenants owning their own homes. There is also plenty of upside with 15 vacancies and 22 rental homes that can be converted to TOHs. Upside includes billing back for water, sewer, and trash, which are all municipal and currently paid for by the community. Additionally, there are vacant self-storage units which have not been utilized and can provide another income stream.

The metro is strong with median home prices stretching past \$250k, demonstrating the need for affordable housing. The community is a short distance from national retail branches, including Target, Walmart, and Menards.

Considering the rare opportunity to acquire a 150+/- site institutionally sized community with 89% occupancy and additional upside with municipal utilities, this would make an extremely strong addition to any investor's portfolio.



# Property Overview

## PURCHASE OVERVIEW

**Total Investment** **\$8,000,000**

Projected CAPEX Investment \$75,000



**TARGET PRICE**

**\$7,925,000**

Home Inventory Price \$1,075,000

**Community Price** **\$6,850,000**

Down Payment \$3,325,000

Loan Amount \$3,525,000

## PROPERTY DETAILS

Property Type MHP

Number of Sites 150± Sites

Purchase Price Per Site \$39,050 - \$54,650

Income Per Site \$3,850 - \$5,400

Expenses Per Site (\$1,250 - \$1,750)

Acreage 30-40 AC.

## UTILITY INFORMATION

Utility Service	Provider	Meter	Paid By
Water	Municipal	None	Community
Sewer	Municipal	None	Community
Trash	Curbside	None	Community

## PROPERTY AMENITIES



Pet Friendly



Playground



Off-Street Parking



Basketball Court



Paved Roads





# Transaction Overview

## UNDERWRITING ASSUMPTIONS

Rental Rate Growth	\$60 per year in Yr 1 & 2; 5% per year from Yr 3-5
Lease Up	6 homes leased up in Yr 1 & 9 homes leased up in Yr 2
Other Income Growth Rate	5% Per Year
Expense Growth Rate	3% Per Year

## PROPOSED FINANCING OVERVIEW

Total Equity Contribution	\$4,475,000
<b>Loan Amount</b>	<b>\$3,525,000</b>
Loan to Value	51%
Interest Rate	6.75%
Amortization	30 Years
Interest Only Period	1 Years
Loan Term	5 Years
Interest Only Payment	\$19,828
Amortization Payment	\$22,863
Financing Type	Agency

## FINANCIAL MEASUREMENTS

	YEAR 1	YEAR 3	YEAR 5
<b>Effective Gross Income</b>	<b>673,580</b>	<b>926,515</b>	<b>1,019,671</b>
Less: Operating Expenses	(219,767)	(295,169)	(314,614)
Operating Expenses Ratio	32.6%	31.9%	30.9%
<b>Net Operating Income</b>	<b>453,813</b>	<b>631,346</b>	<b>705,057</b>
Less: Annual Debt Service	(237,938)	(274,357)	(274,357)
Debt Coverage Ratio	1.91	2.30	2.57
<b>Net Cash Flow</b>	<b>215,876</b>	<b>356,989</b>	<b>430,700</b>
Cap Rate on Cost*	6.55%	9.12%	10.18%
Exit Cap Rate Assumption	7.00%	7.00%	7.00%
Economic Occupancy %	91.3%	100.0%	100.0%
Gross Rent Multiplier	8.7	9.1	9.3
<b>Cash on Cash Return*</b>	<b>6.3%</b>	<b>10.5%</b>	<b>12.7%</b>
<b>Internal Rate of Return (IRR)*</b>	<b>N/A</b>	<b>23.3%</b>	<b>21.1%</b>

\*Return calculation is based on the Community Value and the Projected CAPEX Investment



# Property Photos

AERIAL VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



# Property Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



PLAYGROUND



MAILBOX CENTER



# Pro Forma Growth Assumptions

## Start Date & Hold Period

- **Pro Forma Start Date:** 7/1/2024
- **Projected Hold Period:** 5+ Years

## Rental Revenue Growth

	Year 1	Year 2	Year 3	Year 4	Year 5
Pelican View Estates	\$60	\$60	5.0%	5.0%	5.0%

## Lease Up

	Year 1	Year 2	Year 3	Year 4	Year 5
Pelican View Estates	6	9	-	-	-

## Global Other Income Growth

- Global other income growth of 5% per year

## Global Expense Growth

- Global expense growth of 3% per year

## Pro Forma Utility Passthrough Income Growth

- Budgeted water and sewer to be passed on to tenants beginning in year 2
- The projected CAPEX budget of \$75k is to install meters in Year 1.

## Real Estate Taxes

- **Tax Reassessment Value:** By assuming a purchase price allocation of 25% to goodwill, we estimate the taxable value will increase by ~2.5x
- **Tax Reassessment Liability:** Based on an increase in taxable value of 2.5x (250%), we project a potential increase in taxes of ~\$55k. This liability is not budgeted to hit the bottom line until year 2 of the hold period.

## Lease Up OPEX

- None

## Disposition Assumptions

- **Exit Capitalization Rate:** 7.00%
- **Selling Expenses:** 3.00%

## PROPOSED FINANCING OVERVIEW

Interest Rate	Loan Amount	Amortization	Interest Only Period	Loan Term	Financing Type
6.75%	\$3,525,000	30 Years	1 Years	5 Years	Agency





# 5 Year Pro Forma

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>INCOME</b>					
Potential Rental Income	788,871	890,391	991,911	1,034,211	1,078,203
Rent Increase Income	90,720	90,720	37,800	39,312	40,824
Lease Up	15,840	63,000	94,500	99,180	104,040
Pro Forma Utility Passthrough Income		43,775	45,088	46,441	47,834
Less: Vacancy	(68,400)	(79,200)	(90,000)	(94,500)	(99,180)
Less: Rental/LTO Premium	(159,951)	(159,951)	(159,951)	(159,951)	(159,951)
Other Income	6,500	6,825	7,166	7,525	7,901
<b>Effective Gross Income</b>	<b>673,580</b>	<b>855,560</b>	<b>926,515</b>	<b>972,217</b>	<b>1,019,671</b>
<b>EXPENSES</b>					
Advertising	1,500	1,545	1,591	1,639	1,688
Electric	7,700	7,931	8,169	8,414	8,666
General & Administrative	7,000	7,210	7,426	7,649	7,879
Insurance	14,100	14,523	14,959	15,407	15,870
Licenses & Permits	500	515	530	546	563
Meals, Travel, & Entertainment	500	515	530	546	563
Natural Gas	6,500	6,695	6,896	7,103	7,316
Off-Site Management Fees	26,943	34,222	37,061	38,889	40,787
Payroll Expense	44,825	46,170	47,555	48,981	50,451
Professional Fees	3,000	3,090	3,183	3,278	3,377
Real Estate Taxes	25,499	26,263	27,051	27,863	28,699
Real Estate Taxes Reassessment		51,982	53,542	55,148	56,802
Repairs & Maintenance	23,400	24,102	24,825	25,570	26,337
Replacement Reserves	7,050	7,262	7,479	7,704	7,935
Trash	1,250	1,288	1,326	1,366	1,407
Water & Sewer	50,000	51,500	53,045	54,636	56,275
<b>Total Expenses</b>	<b>219,767</b>	<b>284,813</b>	<b>295,169</b>	<b>304,740</b>	<b>314,614</b>
<b>Net Operating Income</b>	<b>453,813</b>	<b>570,747</b>	<b>631,346</b>	<b>667,477</b>	<b>705,057</b>
<b>Less: Annual Debt Service</b>	<b>(237,938)</b>	<b>(274,357)</b>	<b>(274,357)</b>	<b>(274,357)</b>	<b>(274,357)</b>
<b>Net Cash Flow</b>	<b>215,876</b>	<b>296,390</b>	<b>356,989</b>	<b>393,120</b>	<b>430,700</b>



# Cash Flow Analysis

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>RENTAL CASH FLOW SUMMARY</b>					
Effective Rental Income	667,080	848,735	919,348	964,693	1,011,770
Other Income	6,500	6,825	7,166	7,525	7,901
<b>Effective Gross Income</b>	<b>673,580</b>	<b>855,560</b>	<b>926,515</b>	<b>972,217</b>	<b>1,019,671</b>
Less: Operating Expenses	(219,767)	(284,813)	(295,169)	(304,740)	(314,614)
Operating Expense Ratio	32.6%	33.3%	31.9%	31.3%	30.9%
<b>Net Operating Income</b>	<b>453,813</b>	<b>570,747</b>	<b>631,346</b>	<b>667,477</b>	<b>705,057</b>
Less: Annual Debt Service	(237,938)	(274,357)	(274,357)	(274,357)	(274,357)
<b>Net Cash Flow</b>	<b>215,876</b>	<b>296,390</b>	<b>356,989</b>	<b>393,120</b>	<b>430,700</b>
<b>PROPERTY RESALE ANALYSIS</b>					
Projected Sales Price	6,483,047	8,153,533	9,019,227	9,535,393	10,072,247
Less: Selling Expenses	(194,491)	(244,606)	(270,577)	(286,062)	(302,167)
Less: Loan Balance	(3,525,000)	(3,487,432)	(3,447,249)	(3,404,268)	(3,358,294)
<b>Net Sale Proceeds</b>	<b>2,763,555</b>	<b>4,421,494</b>	<b>5,301,401</b>	<b>5,845,063</b>	<b>6,411,786</b>
<b>CASH SUMMARY</b>					
Net Cash Flow	215,876	296,390	356,989	393,120	430,700
Previous Years Net Cash Flow		140,876	437,266	794,255	1,187,375
Net Sale Proceeds	2,763,555	4,421,494	5,301,401	5,845,063	6,411,786
Projected CAPEX Investment	(75,000)				
Down Payment	(3,325,000)	(3,325,000)	(3,325,000)	(3,325,000)	(3,325,000)
<b>Total Cash Generated</b>	<b>(420,569)</b>	<b>1,533,760</b>	<b>2,770,656</b>	<b>3,707,439</b>	<b>4,704,861</b>
<b>FINANCIAL MEASUREMENTS</b>					
Cap. Rate on Cost*	6.6%	8.2%	9.1%	9.6%	10.2%
Exit Cap. Rate Assumption	7.0%	7.0%	7.0%	7.0%	7.0%
Mortgage Constant	6.8%	7.8%	7.8%	7.8%	7.8%
Debt Coverage Ratio	1.91	2.08	2.30	2.43	2.57
Loan to Value Ratio**	54%	43%	38%	36%	33%
Gross Rent Multiplier	8.7	9.2	9.1	9.2	9.3
<b>Cash on Cash Return*</b>	<b>6.3%</b>	<b>8.7%</b>	<b>10.5%</b>	<b>11.6%</b>	<b>12.7%</b>
<b>Internal Rate of Return (IRR)*</b>	<b>N/A</b>	<b>21.3%</b>	<b>23.3%</b>	<b>22.0%</b>	<b>21.1%</b>

\*Return calculation is based on the Community Value and the Projected CAPEX Investment

\*\*Calculation based only on Community Value





Thank you for  
your  consideration



**KEN SCHEFLER**  
Director - Upper Midwest

Ken@yaleadvisors.com  
312-858-8906





# See What Sets Us Apart

Realty & Capital Advisors



## THE ONLY TRUE NATIONWIDE TEAM

An *award-winning, collaborative national team* of *industry experts* that provide tailored service to our clients in their dedicated markets.



## TAILORED LENDING OPTIONS

Offering clients the *lowest rates and fees* while providing the *optimal loan terms*. In addition, our borrowers benefit from a *99% application to closing ratio*.



## YALE SELLERS NET 10-20% MORE

We have a proven track record of *netting sellers 10-20% more in proceeds* compared to selling direct.



## FULL SERVICE SHOP

With access to our exclusive network of *2,500+ pre-qualified buyers* and *200+ specialized lenders* and an *Equity Division* that establishes partnerships between operators and capital.

**\$6.1B+**  
TOTAL  
PRODUCTION

**610+**  
TOTAL  
COMMUNITIES

**108,500+**  
TOTAL  
SITES



ALSO AWARDED IN 2019 & 2018



# Meet the Award-Winning Team

The First True Nationwide MH & RV Advisory

## YALE REALTY



## YALE CAPITAL MARKETS



## YALE DEVELOPMENT



# Yale Capital



**CHRIS SAN JOSE**

President of Lending  
**305-760-9060**  
Chris@yaleadvisors.com



**GREG RAMSEY**

Vice President of Lending  
**904-864-3978**  
Greg@yaleadvisors.com



**DEREK ORR**

Loan Analyst  
Derek@yaleadvisors.com

We have been building strong partnerships and taking care of our clients with the highest standard of professionalism since 2012.

## Fannie Mae | Freddie Mac

- 10 to 30 Year Terms
- 30 Year AM, up to Full Term Interest-Only
- Up to 80% LTV
- Non-Recourse

## CMBS

- 5 to 10 Year Terms
- 30 Year AM, up to Full-Term Interest-Only
- Up to 80% LTC
- Non-Recourse

## Bank Loans

- 5 to 10 Year Terms
- Up to 30 Year AM, Partial Interest-Only
- Up to 80% LTC
- Recourse or Partial Recourse

## Bridge Loans

- 2 to 4 Year Terms
- Interest-Only
- Up to 80% LTC Including Cap-Ex
- Non-Recourse, Flexible/No Prepayment Penalty

## Equity

- Sourcing Single Investor Funds for Proven MHC and RV Operators/Developers
- Development, Portfolio Expansion, Recapitalizations
- Flexible Deal Structure; Common, Preferred and Joint Venture Equity

# Yale Analysts & Transaction Management



**SILO ALCANTARA**

Senior Analyst  
[Silo@yaleadvisors.com](mailto:Silo@yaleadvisors.com)



**GRANT HAWKINS**

Analyst  
[GHawkins@yaleadvisors.com](mailto:GHawkins@yaleadvisors.com)



## Yale Marketing & Office



**SUSAN ARDIELLI**

Marketing Manager  
[Marketing@yaleadvisors.com](mailto:Marketing@yaleadvisors.com)



**YELEINE CAICEDO**

Office Manager  
[Office@yaleadvisors.com](mailto:Office@yaleadvisors.com)

© 2023 Yale Realty & Capital Advisors

All rights reserved, no part of this document may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of Yale Realty & Capital Advisors. In accordance with our normal practice, we must state that this offer is for the use of the recipient only. None of its content may be disclosed to parties other than the recipient without the prior written permission of Yale Realty & Capital Advisors. Such disclosure will only be made on the basis that the contents are not passed to persons other than those specified in the consent. In addition, neither the whole nor any part of this offering, nor any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear.

CONNECT WITH US      /yaleadvisors

**1-877-889-9810**

**[INFO@YALEADVISORS.COM](mailto:INFO@YALEADVISORS.COM)**

**FAX 941-827-7977**

**[YALEADVISORS.COM](http://YALEADVISORS.COM)**

# Non Disclosure Agreement

Regarding Property: Offering #11419241 - 150+/- Site MHC in Northeastern South Dakota

Our policy requires that we obtain this Non-Disclosure Agreement (the "Agreement") before disclosing certain information about certain real estate that may be available for sale or investment. This information must be kept confidential. In consideration of Yale Realty Advisors ("Yale") and Ken Schefler (or any party designated by Ken Schefler) (the "Broker") providing the information on such real estate which may be available for purchase or for sale (the "Potential Transaction"), I understand and agree:

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: KEN SCHEFLER | FAX 941-827-7977 | Ken@yaleadvisors.com | TEL. 323-393-0116

Click Here to Sign Electronic NDA

