

MANUFACTURED HOME COMMUNITIES OFFERING

46 SPACES
HEART O THE HILLS
 13792 Highway 8
 El Cajon, CA 92021



INVESTMENT HIGHLIGHTS

- Well Located 3-Star All Age Community
- The Park Can Accommodate Up to 95% Doublewide Homes. There are 44 DW and 2 SW Sites
- High Demand for Doublewide Spaces - New Home Sales in the Low \$100,000's
- San Diego County. No Rent Control. Twenty Four (24) 15 Year Leases which begin to expire in 2010
- Annual San Diego CPI Increases (3.8% 2006) for Long Term Lease Residents

LOCATION HIGHLIGHTS

- 20 Miles from Downtown San Diego
- Alternative and Affordable Housing
- Encircled by Mountain Barriers
- Covers 14 Square Miles

OFFERING SUMMARY

| | |
|--|----------------------|
| Price | \$4,250,000 |
| Down Payment | (35%) \$1,500,000 |
| Loan Amount | \$2,750,000 |
| Loan Type | Proposed New |
| Interest Rate | 6.250% |
| Spaces | 46 |
| Price Per Space | \$92,391 |
| Year Built | 1968 |
| Lot Size | 214,750 / 4.93 Acres |
| Current Cap Rate | 4.77% |
| Pro Forma Cap Rate | 5.03% |
| Current GRM | 12.70 |
| Pro Forma GRM | 12.30 |
| Current Net Cash Flow After Debt Service | 2.1% |
| Pro Forma Net Cash Flow After Debt Service | 2.8% |
| Current Total Return | 2.1% |
| Pro Forma Total Return | 2.8% |



Listed by:

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INVESTMENT OVERVIEW

Heart O the Hills Mobile Home Park is a 46 space mobile home park located in El Cajon, California. The property has been improved with streets, curbs, gutters, lighting, fencing and utility hookups. According to County Zoning, the subject property is zoned RS7 (Single-Family Residential - 1 unit per 6,000 S.F). This zoning permits one single family home per legal lot. The subject property is a non-conforming use and does not have a major use permit because the park was in place before major use permits were issued according to County Zoning.

The existing site improvements consist of recently resealed asphalt pave internal roads, fencing, signage and poured concrete pads. The concrete pads can accommodate 44 doublewide mobile home and 2 singlewide mobile homes. Currently, there are 12 singlewide homes and 34 doublewide homes in the park. Of the 34 double wide homes, 17 are newer (maximum of four years old), 7 have been rebuilt and 3-4 are less than ten years old. The park has all city services: water is supplied by the County Water Authority and is administered by the city of San Diego, sewage treatment is provided by the Metropolitan Sewage System, natural gas and electric power are supplied by San Diego Gas and Electric Company, and Pacific Bell is the telephone service supplier.

SPACE MIX

| No. of Spaces | Space Type | Current Rents | Monthly Income | Pro Forma Rents | Monthly Income |
|---------------|--------------|---------------|-----------------|-----------------|-----------------|
| 12 | SingleWide | \$363-\$526 | \$6,032 | \$377-\$546 | \$6,261 |
| 34 | SingleWide | \$527-\$550 | \$18,244 | \$547-\$571 | \$18,937 |
| 46 | Total | | \$24,276 | | \$25,198 |

OPERATING DATA

| | Current | Pro Forma |
|---|-----------------------------|-----------------------------|
| INCOME | | |
| Gross Potential Rent | \$291,312 | \$302,376 |
| Other Income | 2400 | 2400 |
| Utility Income | 44955 | 44955 |
| Gross Potential Income | \$338,667 | \$349,731 |
| Vacancy/Collection Allow. | <u>1.0% 2,913</u> | <u>1.0% 3,024</u> |
| Effective Gross Income | \$335,754 | \$346,707 |
| Expenses | 132,885 | 132,885 |
| Net Operating Income | \$202,869 | \$213,822 |
| Debt Service | 171,875 | 171,875 |
| Net Cash Flow After Debt Service | <u>2.1% \$30,994</u> | <u>2.8% \$41,947</u> |
| Total Return | <u>2.1% \$30,994</u> | <u>2.8% \$41,947</u> |



| | Current | Pro Forma |
|----------------------------------|------------------|------------------|
| EXPENSES | | |
| Real Estate Taxes | \$47,300 | \$47,300 |
| Insurance | 4,270 | 4,270 |
| On-Site Management / Rent Credit | 6,000 | 6,000 |
| Utilities | 50,864 | 50,864 |
| Repairs & Maintenance | 15,000 | 15,000 |
| Supplies | 1,050 | 1,050 |
| Legal / CPA | 2,138 | 2,138 |
| Replacement & Reserves | 4,600 | 4,600 |
| Fees / Dues | 1,663 | 1,663 |
| Total Expenses | \$132,885 | \$132,885 |
| Expenses per Space | \$2,889 | \$2,889 |
| % of EGI | 39.6% | 38.3% |

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