

Analysis of:

Hermann Oaks Mobile Home Park

6403 Hermann Rd.
Houston, Texas

Prepared for:
Prospective Purchasers

Prepared by:
Randy Smith
Principal Broker



Western Equities
Investment Real Estate Services
1910 N.E. 30th Ave., Portland, OR 97212 USA
Tel: (503) 242-0033 Fax: (503) 281-4054

Hermann Oaks Mobile Home Park

6421 Hermann Rd.

Houston, Texas 77050

Executive Summary

One of the nicest manufactured home parks in Houston!

Please don't disturb tenants or managers!

Asking Price:	For the park only, without mobile home paper:	\$ 1,655,000
	For one rental mobile home:	\$ 5,500
	Total Purchase price:	\$ 1,670,500

Financing: The existing loan on the park is not assumable, so the Buyer must place new financing on the park. We have a lending source that has already been provided with the park financials and is ready to make a new loan of up to 70% LTV, 6-7% interest rate, 25 year amortization, 5 year call. Please see lender letter in this package!

Income/Expenses:	Estimated 2010 effective income is	\$ 247,248
	<u>Estimated 2010 expenses are</u>	<u>\$ 97,627</u>
	Net Operating Income Park Only	\$ 149,621

The park consists of 74 mobile home pads, of which 2 are currently vacant. There is one park owned home that is currently rented. The buyer can realize significant upside by filling the vacant pads. This home is to be sold separately, but must be purchased by the buyer at the same time as the park at a value of approximately \$5,500.

Cap Rate: Current proforma cap rate is 9.76 % for the park only (without the rental home). Current rent on the pads are \$235 per month.

Disclosure: One of the principals in the park ownership has a valid real estate license, and is acting as transactional broker.

Property Description: Hermann Oaks Mobile Home Park, in Houston, Texas, is a well maintained manufactured home community, with private sewer plant, well water, cable TV, gas & electricity on site, with scheduled rents of \$235.00 per month per pad. Individual water metering is

in place, and the tenants are billed separately for water and sewer. The state of Texas allows the landlord to charge up to 9% as a surcharge on the water bill. Both the well and sewer plant are tested and managed by an expert third party company. There has never been a problem with either system to the best of the seller's knowledge, and detailed records will be provided by the management company for the ownership period. All homes in the park have (or will have) skirting.

This is one of the nicer older manufactured home parks in Houston! The current owners have invested lots of time and money to increase the park's "curb appeal". There are a number of mature trees on the grounds. New fencing has been installed around the park's perimeter. The park was repaved three years ago, and is in excellent condition. It is conveniently located in northeast Houston, Texas, and is only 10 minutes from Bush International Airport (IAH).

Houston is one of the premier metropolitan centers in the country, a vibrant and beautiful city of 2,245,108 residents (as of Jan, 2009). It is among the fastest-growing metropolitan areas in the United States. The area grew 25.2 percent between the 1990 and 2000 censuses—adding more than 950,000 people—while the nation's population increased 13.2 percent over the same period. From 2000 to 2007, the area grew by 912,994 people. From 2000 to 2030, the metropolitan area is projected by Woods & Poole Economics to rank fifth in the nation in population growth—adding 2.66 million people. According to Forbes Magazine, Houston ranks number 4 as a recession-proof metro area in the U.S.

Feel free to call the listing broker, Randy Smith for further details, or to answer questions you may have. He can be reached at: (503) 242-0033, or on his cell phone: (503) 320-3030 or via email: randysmith@westernequities.com.

Please note that the transactional broker is one of the owners of this property.

Annual Property Operating Data

Hermann Oaks Mobile Home Park

Purpose	Proposed sale	Price	\$1,665,000
Name	Hermann Oaks Mobile Home Park	-Loans	0
Location	Houston, Texas	Down Payment	1,665,000
Property Type	Manufactured Home Park	+Acq Costs	0
Date	22 June 2010	+Loan Points	0
Units	74	Investment	1,665,000

	\$/Unit	% of GI	Annual \$
Gross Income			
Current Rents Annualized (1 units)	\$208,320	77.0%	\$208,320
\$10 Rent Increase 74 Pads (74 units)	120	3.3%	8,880
Trash Annualized	226	6.2%	16,733
Water Annualized	108	3.0%	8,025
Sewer Annualized	233	6.4%	17,256
Late Charges & Misc	31	0.8%	2,282
Mobile Home Sales	21	0.6%	1,557
Interest on MH sales	102	2.8%	7,527
Total Gross Income	\$3,656	100.0%	\$270,580
- Vacancy & Credit Loss	141	3.9%	10,457
Effective Income	\$3,515	96.1%	\$260,123
Less: Operating Expenses			
Insurance	100	2.7%	7,423
Property Taxes	98	2.7%	7,219
Manager	155	4.3%	11,500
Manager Rent	36	1.0%	2,700
Repairs & Maintenance	164	4.5%	12,133
Supplies/Dues/Legal	12	0.3%	898
Postage & Printing Est.	3	0.1%	250
Telephone Estimate	3	0.1%	240
Garbage	226	6.2%	16,733
Elec & Water & Sewer Plant	506	13.8%	37,452
Utility Billing Service	15	0.4%	1,079
Total Operating Expenses	\$1,319	36.1%	\$97,627
Net Operating Income	\$2,196	60.1%	\$162,496
Less: Debt Service	0	0.0%	0
Cash Flow Before Taxes	\$2,196	60.1%	\$162,496

Capitalization Rate	9.76%
Gross Income Multiplier	6.15
Cash on Cash	9.76%
Price/Unit	\$22,500

The data and calculations presented herein, while not guaranteed, have been obtained from sources we believe to be reliable, primarily from the seller. Potential purchasers must verify all information regarding this property independently, and are urged to obtain the advice of qualified accounting, legal, and 1031 tax-deferred exchange professionals.

Analysis Assumptions Report

Hermann Oaks Mobile Home Park

Investment Assumptions

Price of Property	\$1,665,000.00
Date of Acquisition	1 January 2010
Holding Period	5 Years
Inflation Rate	3% per Year
Sale Price Method	8% Capitalization of NOI on Sale Date
Selling Costs	4.5%

Investor's Assumptions

Present Value Discount Rate	8% per Year
Tax Rate - First Year	28%
Tax Rate - Following Years	28%
Capital Gain Rate	15%
Cost Recovery Recapture Rate	25% - Losses Carried Forward

Estimated Depreciation Assumptions

Depreciable Amount	\$900,000.00
Depreciable Life	15 Years
Depreciation Method	150% Declining Balance
Recapture Method	Excess Over Straight Line
Depreciation Start Date	at Acquisition

Current Rents Annualized Revenue Assumptions

Annual Revenue (1 Units @ \$17,360.00/Unit/Month)	\$208,320.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Vacancy Factor	4%

\$10 Rent Increase 74 Pads Revenue Assumptions

Annual Revenue (74 Units @ \$10.00/Unit/Month)	\$8,880.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	No Growth is Projected
Vacancy Factor	5%

Trash Annualized Revenue Assumptions

Annual Revenue	\$16,733.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Vacancy Factor	4%

Analysis Assumptions Report

Hermann Oaks Mobile Home Park

Water Annualized Revenue Assumptions

Annual Revenue	\$8,025.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Vacancy Factor	4%

Sewer Annualized Revenue Assumptions

Annual Revenue	\$17,256.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate
Vacancy Factor	4%

Late Charges & Misc Revenue Assumptions

Annual Revenue	\$2,282.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	Annual at the Inflation Rate

Mobile Home Sales Revenue Assumptions

Annual Revenue	\$1,557.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	No Growth is Projected

Interest on MH sales Revenue Assumptions

Annual Revenue	\$7,527.00
Revenue Start Date	at Acquisition
Revenue Period	Until Projected Sale
Revenue Growth Method	No Growth is Projected

Insurance Expense Assumptions

Annual Expense	\$7,423.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Property Taxes Expense Assumptions

Annual Expense	\$7,219.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Analysis Assumptions Report

Hermann Oaks Mobile Home Park

Manager Expense Assumptions

Annual Expense	\$11,500.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	No Growth is Projected

Manager Rent Expense Assumptions

Annual Expense	\$2,700.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	No Growth is Projected

Repairs & Maintenance Expense Assumptions

Annual Expense	\$12,133.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Supplies/Dues/Legal Expense Assumptions

Annual Expense	\$898.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Postage & Printing Est. Expense Assumptions

Annual Expense	\$250.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Telephone Estimate Expense Assumptions

Annual Expense	\$240.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Garbage Expense Assumptions

Annual Expense	\$16,733.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	No Growth is Projected

Analysis Assumptions Report

Hermann Oaks Mobile Home Park

Elec & Water & Sewer Plant Expense Assumptions

Annual Expense	\$37,452.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Utility Billing Service Expense Assumptions

Annual Expense	\$1,079.00
Expense Start Date	at Acquisition
Expense Period	Until Projected Sale
Expense Growth Method	Annual at the Inflation Rate

Lender Letter 2 2 2010.txt

Randy,

I analyzed the information you sent over on Hermann Oaks. Based on the package's inc/exp statement, photos, and assumptions, I believe we could offer similar terms as referenced in the financing section of the package:

70% LTV

20-25 year amortization

5-7 year fixed rate

Rates ranging from 6-7%

Obviously the stronger the potential borrower the better our terms will be. If this deal is put under contract we would love to take a closer look at the historic numbers and the borrower's personal financial strength and experience.

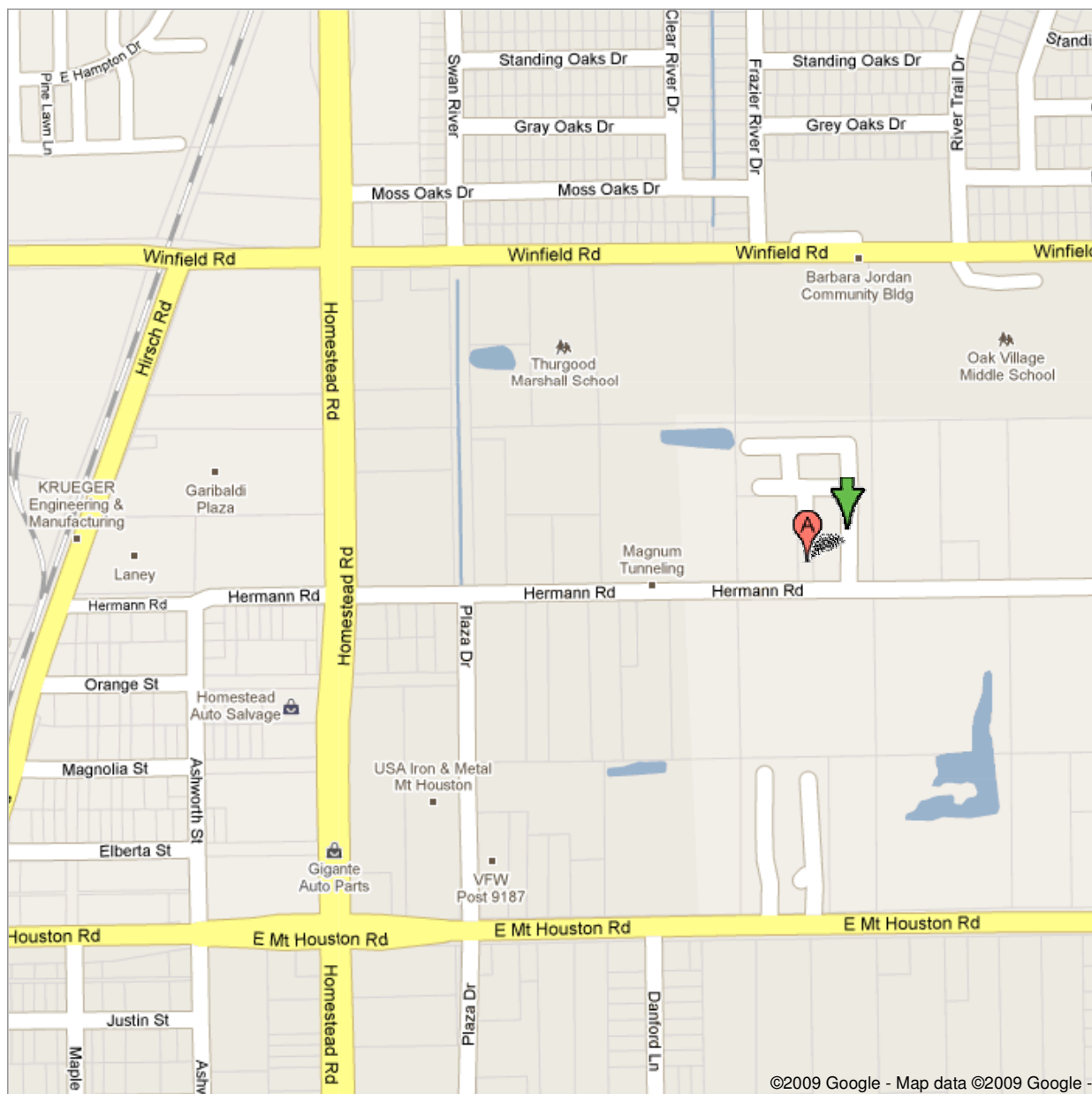
Thanks Randy. Hope to hear from you soon.

Pierce Redmond
Security Mortgage Group, LLC
810 Crossroads Building
Two State Street
Rochester, New York 14614



Address **6403 Hermann Rd**
Houston, TX 77050

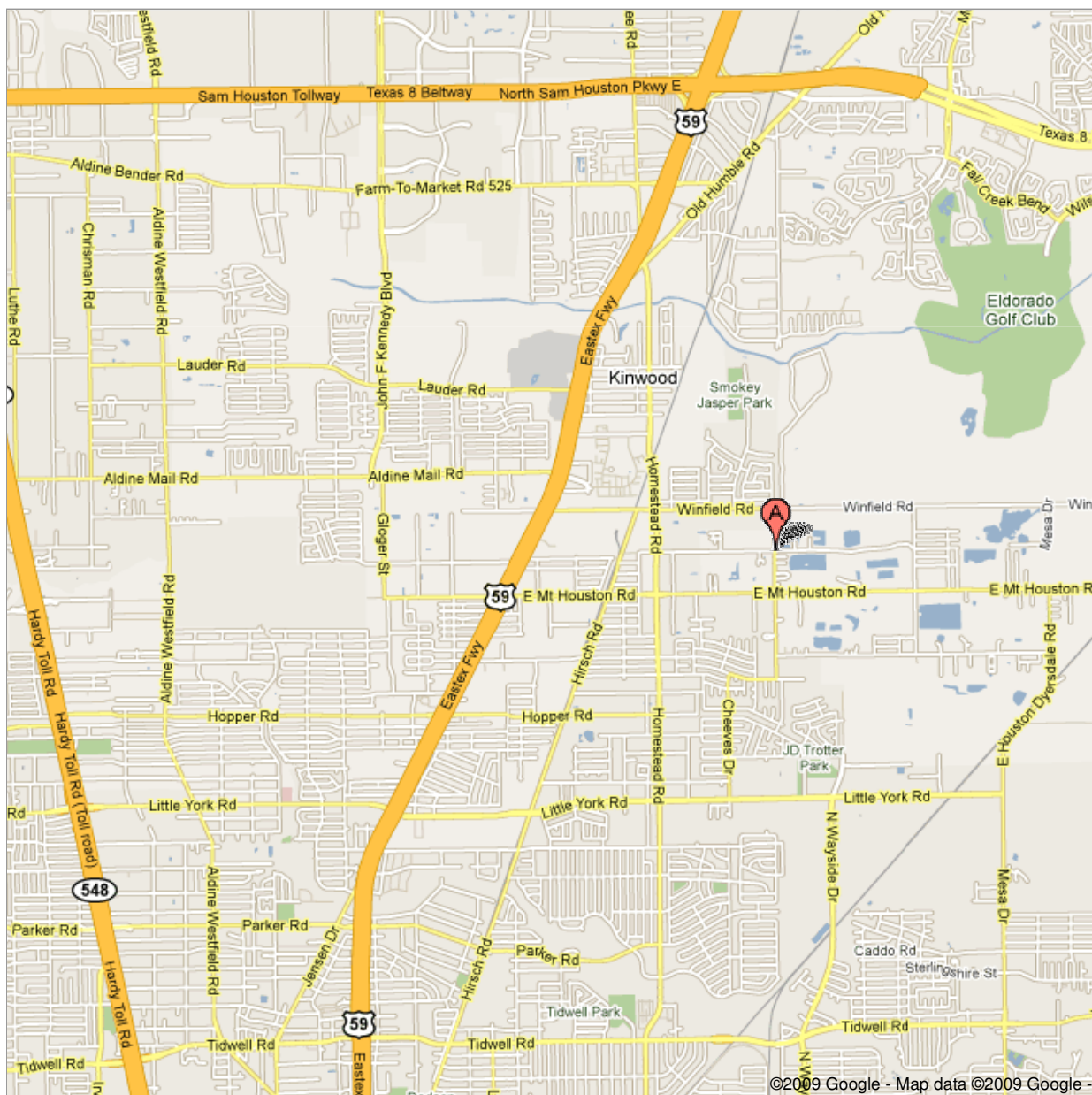
Notes Hermann Oaks Mobile Home
Park, 6124 Hermann Rd.,
Houston, Texas





Address **Hermann Rd**
Houston, TX 77050

Notes Hermann Oaks Mobile Home
Park, 6124 Hermann Rd.,
Houston, Texas

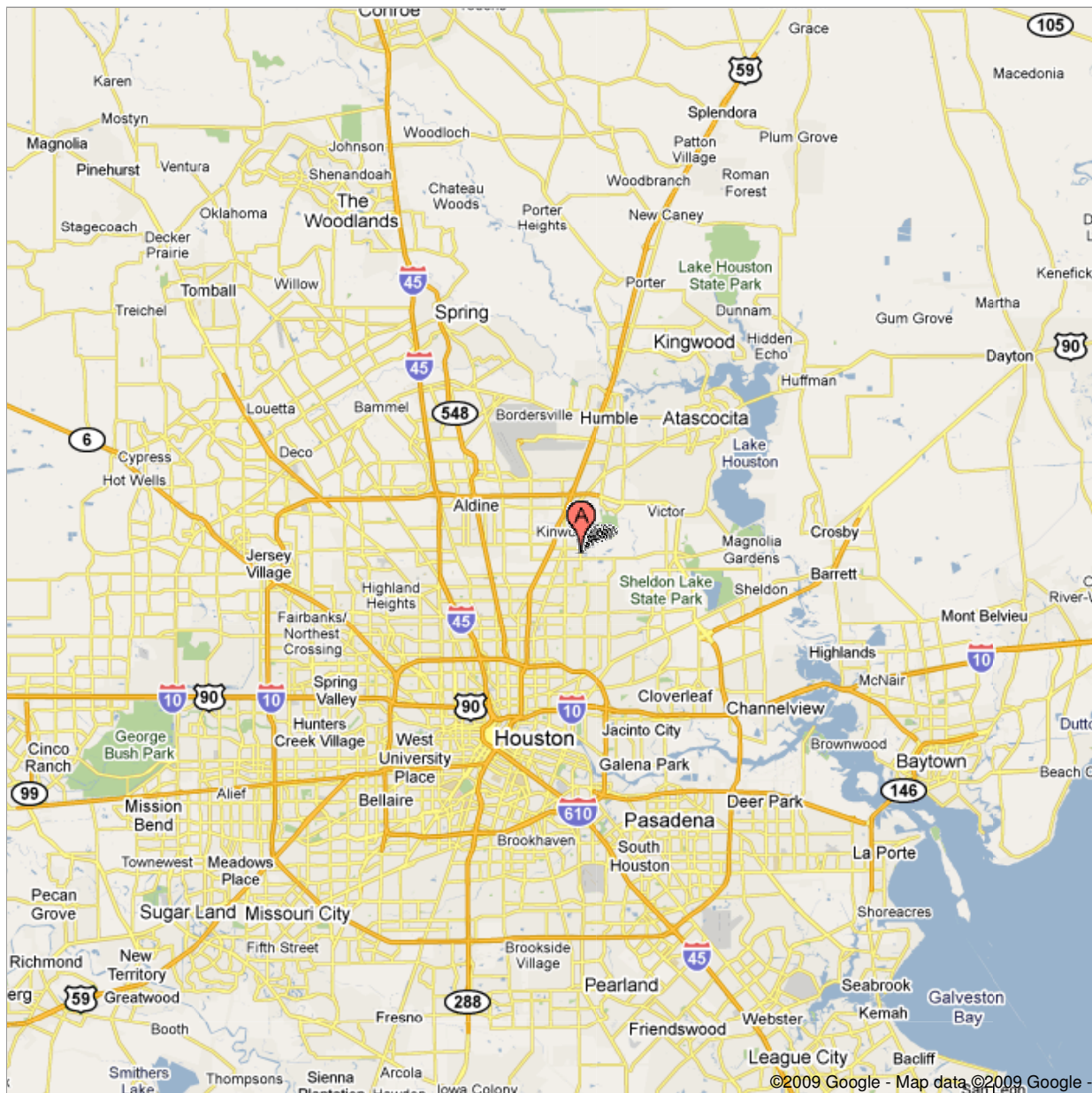




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