



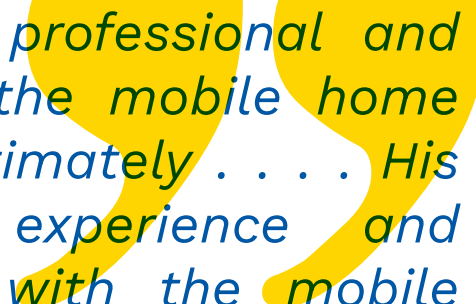
Southwest
Michigan

SOUTHWEST MICHIGAN THREE MHC PORTFOLIO

3 STARS | 300 +/- SITES | #09223366 | 04/15/24

 **\$11,000,000**
TARGET PRICE

Skip to NDA 



“James is professional and he knows the mobile home industry intimately His extensive experience and familiarity with the mobile home community--buyers and sellers seeking to find each other--accelerated the time for a successful sale.”

Judy E. - Owner





Presented by



JAMES MCCAUGHAN
Director - Midwest

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NON-ENDORSEMENT & DISCLAIMER

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Portfolio Discussion



Three MHC Portfolio

Yale Realty & Capital Advisors is pleased to present this three-asset, 300-site manufactured housing community portfolio. The portfolio's footprint is concentrated in southwest Michigan, in some of the Midwest's fastest-growing markets.

With an overall occupancy of about 70%, the purchaser has an opportunity to add significant value to the properties primarily through infill of existing sites and vacant homes, as well as increases to below-market rents at each community. Additionally, each property comes with enough room to approximately double the site count.

The economic and demographic trends present in the assets' respective markets will spur a quick lease-up at each. Each of the properties is located in a bedroom community of a large economic hub that provides substantial employment opportunity in manufacturing, logistics, and many other fields.

Finally, while an all-cash sale would be preferable, the seller would consider a strong offer incorporating a seller note. The offering materials summarize loan terms that would be acceptable on a seller-financed transaction.

Please contact James McCaughan with any questions.



Portfolio Highlights

- High-quality MHC's located in some of the strongest markets in the Midwest with positive economic and demographic trends to support housing demand

- Opportunity to increase asset values through active management, lease-up, and rent increases

- Each property includes room to approximately double site count

- Seller willing to consider holding note with terms preferable to projected third-party financing



Portfolio Overview

PURCHASE OVERVIEW

 TARGET PRICE	\$11,000,000
Home Inventory Price	\$100,000
Community Price	\$10,900,000
Down Payment	\$3,500,000
Loan Amount	\$7,400,000

PORTFOLIO OVERVIEW

Property Type	MHP
Age Restriction	All-Age
Number of Sites	300 +/- Sites
Purchase Price Per Site	\$33,550 - \$39,650
Income Per Site	\$4,450 - \$5,250
Expenses Per Site	(\$2,350 - \$2,800)
Acreage	170 +/- Acres

	PROPERTY #1	PROPERTY #2	PROPERTY #3
Property Acreage	50 +/- Acres	50 +/- Acres	70 +/- Acres
Flood Zone	Zone X	Zone X	Zone X
Average Site Rent	\$446	\$447	\$385
UTILITIES			
Water	Well	Well	City - Submetered
Sewer	City & Lift Station	Septic	City - Submetered
Trash	Curbside	Curbside	Curbside
AMENITIES			
Clubhouse			✓
On Site Office	✓	✓	
Playground			✓
Pet Friendly	✓	✓	✓
Off-Street Parking	✓	✓	✓
Paved Roads	✓	✓	✓



Transaction Overview

UNDERWRITING ASSUMPTIONS

Rental Rate Growth	<ul style="list-style-type: none"> -Property #1: \$54 1/1/2025, 3% 2026+. -Property #2: \$53 1/1/2025, 3% 2026+. -Property #3: \$39 in Y1, \$42 in Y2, 5% from Y3-4, 3% in Y5.
Lease Up	<ul style="list-style-type: none"> -Property #1: 24 Homes/Sites in Y1, 8 Sites in Y2. -Property #2: 9 Homes/Sites in Y1. -Property #3: 24 Homes/Sites per year in Y1-2, 6 Sites in Y3.
Other Income Growth Rate	5% Per Year
Expense Growth Rate	3% Per Year

PROPOSED FINANCING OVERVIEW

Timing	Sale	Year 4
Total Equity Contribution	\$5,000,000	\$5,000,000
Loan Amount	\$6,000,000	\$11,000,000
Loan to Value	55%	N/A
Interest Rate	7.50%	6.00%
Amortization	30 Years	30 Years
Interest Only Period	3 Years	2 Years
Loan Term	3 Years	10 Years
Interest Only Payment	\$37,500	\$55,000
Amortization Payment	N/A	\$65,951
Financing Type	Seller	Agency

FINANCIAL MEASUREMENTS

	YEAR 1	YEAR 3	YEAR 5
Effective Gross Income	1,450,110	1,999,049	2,156,921
Less: Operating Expenses	(766,633)	(1,049,385)	(1,118,439)
Operating Expenses Ratio	52.9%	52.5%	51.9%
Net Operating Income	683,477	949,664	1,038,482
Less: Annual Debt Service	(450,000)	(450,000)	(660,000)
Debt Coverage Ratio	1.52	2.11	1.57
Net Cash Flow	233,477	499,664	378,482
Cap Rate on Cost*	6.27%	8.71%	N/A
Exit Cap Rate Assumption	6.50%	6.50%	6.50%
Economic Occupancy %	79.4%	99.1%	100.0%
Gross Rent Multiplier	7.5	7.3	7.4
Cash on Cash Return*	4.8%	10.2%	N/A**
Internal Rate of Return (IRR)*	N/A	24.7%	22.2%

*Return calculation is based only on the Community Price

**Year 4's refinance would return all capital.



Property #1 Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



Property #2 Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



Property #3 Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW




STREET VIEW



STREET VIEW





I have used Yale Capital and Chris San Jose for 12 CMBS loans, bank derivative fixed rate loans, and Freddie Mac and Fannie Mae loans. Chris and his team have done a fantastic job in securing the amounts and rates I was looking for. I will continue to use Chris in all my future financing needs.

Paul G. - Owner



5 Year Pro Forma

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME					
Potential Rental Income	1,629,964	1,747,612	1,885,948	1,953,148	2,024,092
Rent Increase Income	79,092	94,392	44,916	47,520	40,932
Lease Up	154,818	425,820	554,424	595,200	612,792
Less: Vacancy	(466,992)	(505,548)	(549,492)	(571,776)	(595,200)
Less: Rental/LPO Premium	(44,572)	(44,572)	(44,572)	(44,572)	(44,572)
Other Income	97,800	102,690	107,825	113,216	118,877
Effective Gross Income	1,450,110	1,820,394	1,999,049	2,092,736	2,156,921
EXPENSES					
Advertising	6,000	6,180	6,365	6,556	6,753
Cable, Phone, Internet	13,500	13,905	14,322	14,752	15,194
Electric	33,700	34,711	35,752	36,825	37,930
General & Administrative	15,975	16,454	16,948	17,456	17,980
General & Administrative - CC Fees	125	161	180	189	195
Insurance	31,200	32,136	33,100	34,093	35,116
Licenses & Permits	3,000	3,090	3,183	3,278	3,377
Meals, Travel, & Entertainment	2,500	2,575	2,652	2,732	2,814
Natural Gas	8,100	8,343	8,593	8,851	9,117
Off-Site Management Fees	58,004	72,816	79,962	83,709	86,277
Payroll Expense	187,418	193,041	198,832	204,797	210,941
Professional Fees	9,000	9,270	9,548	9,835	10,130
Real Estate Taxes	63,368	65,269	67,227	69,244	71,321
Real Estate Taxes - Non-Ad Valorem	11,232	11,569	11,916	12,274	12,642
Real Estate Taxes Reassessment		158,770	163,533	168,439	173,492
Repairs & Maintenance	99,650	102,640	105,719	108,890	112,157
Replacement Reserves	23,400	24,102	24,825	25,570	26,337
Trash	30,150	31,055	31,986	32,946	33,934
Water & Sewer	151,000	155,530	160,196	165,002	169,952
Lease Up Operational Expense	19,310	55,498	74,545	80,402	82,782
Total Expenses	766,633	997,113	1,049,385	1,085,840	1,118,439
Net Operating Income	683,477	823,281	949,664	1,006,896	1,038,482
Less: Debt Service	(450,000)	(450,000)	(450,000)	(660,000)	(660,000)
Net Cash Flow	233,477	373,281	499,664	346,896	378,482



Cash Flow Analysis

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RENTAL ACTIVITY ANALYSIS					
Effective Rental Income	1,352,310	1,717,704	1,891,224	1,979,520	2,038,044
Other Income	97,800	102,690	107,825	113,216	118,877
Effective Gross Income	1,450,110	1,820,394	1,999,049	2,092,736	2,156,921
Less: Operating Expenses	(766,633)	(997,113)	(1,049,385)	(1,085,840)	(1,118,439)
OPERATING EXPENSES RATIO	52.9%	54.8%	52.5%	51.9%	51.9%
Net Operating Income	683,477	823,281	949,664	1,006,896	1,038,482
Less: Annual Debt Service	(450,000)	(450,000)	(450,000)	(660,000)	(660,000)
Net Cash Flow	233,477	373,281	499,664	346,896	378,482
PROPERTY RESALE ANALYSIS					
Projected Sales Price	10,515,037	12,665,858	14,610,208	15,490,708	15,976,643
Less: Selling Expenses	(315,451)	(379,976)	(438,306)	(464,721)	(479,299)
Less: Loan Balance	(6,000,000)	(6,000,000)	(6,000,000)	(11,000,000)	(11,000,000)
Net Sale Proceeds	4,199,586	6,285,882	8,171,902	4,025,987	4,497,344
CASH SUMMARY					
Net Cash Flow	233,477	373,281	499,664	346,896	378,482
Previous Years Net Cash Flow		233,477	606,758	1,106,422	6,453,318
Net Sale Proceeds	4,199,586	6,285,882	8,171,902	4,025,987	4,497,344
Cash Out/(Pre Payment)				5,000,000	
Down Payment	(4,900,000)	(4,900,000)	(4,900,000)	(4,900,000)	(4,900,000)
Total Cash Generated	(466,937)	1,992,641	4,378,323	5,579,304	6,429,144
FINANCIAL MEASUREMENTS					
Cap. Rate on Cost*	6.3%	7.6%	8.7%	N/A	N/A
Exit Cap. Rate Assumption	6.5%	6.5%	6.5%	6.5%	6.5%
Mortgage Constant	7.5%	7.5%	7.5%	11.0%	11.0%
Debt Coverage Ratio	1.52	1.83	2.11	1.53	1.57
Loan to Value Ratio*	57%	47%	41%	71%	69%
Gross Rent Multiplier	7.5	7.0	7.3	7.4	7.4
Cash on Cash Return*	4.8%	7.6%	10.2%	N/A**	N/A**
Internal Rate of Return (IRR)*	N/A	19.0%	24.7%	22.3%	22.2%

*Return calculation is based only on the Community Price

**Year 4's refinance would return all capital.





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

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

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Regarding Property: Offering #09223366 - Three MHC Southwest MI Portfolio

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 James McCaughan (or any party designated by James McCaughan) (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) one (1) year 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 one (1) 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: JAMES MCCAUGHAN | FAX 941-827-7977 | JMcCaughan@yaleadvisors.com | TEL. 305-588-5302

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