

PRESS RELEASE

YUMA, ARIZONA

JUNE 14, 1996

CALIFORNIA BUYER OVERCOMES NEW FINANCING HURDLE TO PURCHASE YUMA MOBILE HOME AND RV PARK

The sale of the May Avenue Mobile Home Park located at 304 May Avenue Yuma, Arizona was completed June 14, 1996 for \$1,180,000. John Grant and Vince Reynolds of Business Real Estate Brokerage Company represented the seller in the transaction.

The senior park has 113 mobile home spaces, 31 RV spaces, and a 3 bedroom/2 bath managers house. It is located on 12 acres and contains two doublewide homes with the balance singlewides. Many of the spaces can accommodate doublewide homes. The RV park and 40 of the mobile home spaces were originally built in the mid 60's, and the balance of the mobile home park was built in the late 70's. The park has no amenities other than a shade pavilion, shuffleboard courts, and a laundry building. The park has direct bill gas and electric, and a septic sewage system.

“Because this park required a new 1st trust deed and most lenders consider Yuma a tertiary market, we were having difficulty finding adequately priced financing. The local banks just were not realistic with their pricing and would not go above 50% loan to value, and there are no Arizona statewide banks lending on mobile home parks. The only viable lenders for the property were the wall street securitization conduits, and their costs for a small \$830,000 loan were prohibitive. When a thrift and loan entered the mobile home park financing market in Arizona and said they would lend in Yuma at a 70% loan to value and normal costs, we knew we had a deal” said Reynolds. The buyer put \$350,000 down and obtained the new 1st trust deed of \$830,000 from a Southern California based thrift and loan. The loan is amortized over 30 years and due in 7 years at LIBOR + 4.25%. The loan was the lenders first venture into Arizona..

“The seller is the largest mobile home park owner in the country, and they acquired the park in a portfolio purchase of a large pool of mobile home parks. The park was smaller than their other parks, and was not in a market where they had other parks. While the park was doing fine, they realized the park was too small for their team to effectively manage the park” commented Grant.

“Most of the tenants in the park are snowbirds and only live in Yuma six months of the year. The park has no pool or clubhouse, and with a majority of the tenants gone for half the year, the park requires very little management. The buyer plans on filling the RV spaces with park models which will further reduce the amount of management needed for the park.” said Reynolds.

Grant added, “The buyer liked the fact that the park offered a cash on cash return of at least 15%, with \$150 rents in a \$190 market, and that there is no rent control in Arizona. Arizona has a state law that prohibits local rent control. This was a great opportunity to purchase a low maintenance, senior park with below market rents and great cash flow. In addition Yuma is one of the fastest growing small cities in the country, and the number of snowbirds visiting Yuma increases every year”

John Grant and Vince Reynolds of Business Real Estate sell and finance mobile home and RV parks exclusively throughout the states of California, Arizona, and Nevada. They have sold 34 parks in the last eight years with dozens financed. For further information contact John or Vince at (619) 546-5400.