

PRESS RELEASE

FALLBROOK, CALIFORNIA

JUNE 11, 1996

**TENANTS PAY TOP DOLLAR FOR OLDER PARK
COUNTY MAKES DOWN PAYMENT**

The sale of the Rancho Glen Mobile Home Park located at 202 Ammunition Road in the north San Diego county town of Fallbrook was completed on June 11, 1996 for \$1,700,000. John Grant and Vince Reynolds of Business Real Estate Brokerage Company represented the seller in the transaction.

The all age park has 48 spaces and two studio apartments. It is located on 3.12 acres on a corner in the middle of downtown Fallbrook. The park was built in 1960 and contains singlewide mobile homes and some travel trailers. The park's amenities are a small clubhouse and a pool.

A number of years ago the park had been an adults only mobile home park. In recent years the tenancy in the park has been changing from retired adults to mostly agricultural workers.

The buyer was the tenant association, Towne Centre Mobilehome Association, a California nonprofit mutual benefit corporation. The sellers carried a \$1,250,000 AITD with an underlying American Savings Bank loan. The down payment was provided by the county of San Diego, pursuant to the Mobilehome Occupancy Assistance Program. The program is funded by the Community Development Block Grant Program administered by the federal Department of Housing and Urban Development, and was secured by \$450,000 third trust deed and a \$75,000 fourth trust deed.

John Grant commented, "\$34,000/space for a blue collar, small space park in a secondary location with vacancy problems is top dollar. There are a number of governmental programs now available for low income tenant groups to buy the mobile home parks they live in. Tenants will typically pay a premium to buy their mobile home park as compared to a private investor."

Vince Reynolds added, "The downside of selling to low income tenant associations is the seller has to carry financing to make the sale. The tenants will be buying the park without a nickel of thier own money. The governmental agencies will be providing the down payment, and there will not be enough cash to pay for all the seller's equity. In addition, conventional lenders will not provide new financing to a tenant group, or allow existing financing to be assumed. In this transaction American Savings Bank would not allow an assumption solely by the tenant group, and the sellers had to carry an AITD and continue to guarantee the loan."

Grant commented again "Selling to the tenants, even with the seller financing involved, may produce the best value as an exit strategy. This park had over market rents of \$380, and was experiencing large vacancy and declining tenant quality. There was no upside left in this park-only downside."

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.

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