

## PRESS RELEASE

ATASCADERO, CA

MAY 31, 1995

### **NO RENT CONTROL AND LAND TO ADD SPACES PROVIDES UPSIDE FOR INVESTOR**

The sale of the Hilltop Mobile Manor 5715 Santa Cruz Road was completed May 31, 1995 for \$1,800,000.

The park contains 51 mobile home spaces, 15 RV spaces, 2 houses and 3 apartments. The sale also included approximately 4 acres of additional land where the buyer will eventually add spaces. The park is located just off Highway 101 amid rolling hills and mature oak trees.

“The buyer sees lots of upside in the park with the ability to add new spaces and not having rent control to hold back under-market rents,” commented John Grant, who brokered the transaction. Vince Reynolds, who with Grant completed the transaction, added, “Atascadero is the only city in San Luis Obispo County without rent control, and there is a very low vacancy rate in the city’s seven other parks. The buyer feels that rents can be increased over time.” In addition, the seller carried very advantageous financing that allowed the buyer to have a cash flow in excess of 10% of the down payment at the close of escrow.

The buyer placed a \$600,000 down payment on the park and obtained a new 1st Trust Deed for \$400,000. The new financing arranged by Grant and Reynolds was based on the 11th District Cost of Funds with a margin of four percent. The loan is amortized over 20 years and due in 15 years. The seller carried a \$800,000 2nd Trust Deed, amortized over 30 years due in 15 years, with a 7% interest rate in years 1 & 2 then 8% for the remainder of the term. Reynolds commented, “the seller had a very low basis left in the property. By carrying the secondary financing and qualifying for an installment sale, he was able to offset the capital gain taxes and provide the buyer with below - market interest rates to increase the cash on cash return.”

John Grant and Vince Reynolds, both of Business Real Estate, sell and finance mobile home and RV parks exclusively and have sold 27 parks in the last five years with dozens financed.

For further information contact John or Vince at (800) 794-1660.