

PRESS RELEASE

SANTA NELLA, CALIFORNIA

DECEMBER 18, 2003

NORTHERN CALIFORNIA RV RESORT LEASED FOR 15 YEARS

The close of a 15 year lease with an option to purchase for \$2,825,000 for the San Luis RV Resort located at 28485 Gonzaga Road in Santa Nella, California was completed on December 18, 2003. John Grant of Park Brokerage Inc. represented the lessee and the lessor in the lease with an option to purchase.

The RV park was built in 1967 and contains 108 large, full hook up RV sites with 90 24x60 pullthru sites. 59 of the sites have 50 amp electric service. The park also has 40 tent sites and RV and boat storage. The park has good paved and gravel interior roads with many shade trees. Amenities include a swimming pool, tennis court, country store, office, restrooms and showers, rv dump station, horseshoe pits, three recreation rooms with large kitchens, and a gazebo and lawn area. The property has a total of 23.90 acres and 14 acres are vacant with an old CUP approval for 210 RV sites. The park is serviced by a local water district and sewage is handled by an onsite waste water pond. The property was in average-good condition at time of sale.

The RV site rents are \$30 daily, \$162 weekly, and \$385 monthly. Tent sites are \$20 daily, and RV and boat storage rates are \$40 per month. The park is located just west of the intersection of Highway 5 and Highway 152 on the western edge of the San Joaquin Valley just outside the Bay Area and Monterey. It enjoys strong demand from monthlies, snowbirds and people driving up and down Highway 5, urban getaways, and clubs. Monthly occupancy rates vary between 66%-75% with demand from many nearby construction projects.

The property was leased for 15 years with an option to purchase at any time during the lease for \$2,825,000. The lessee paid \$400,000 in nonrefundable option consideration. The capitalization rate was 9.15%. The lessee is responsible for making the underlying 1st trust deed payments and the lessor is receiving a 6% return on their equity after the option consideration.

John Grant commented, "The parties originally contracted to sell the property but then decided it was in their best interest to lease the property initially. The advantage to the lessor (Seller) is that no capital gains taxes are due from a lease. The advantage to the lessee (buyer) was that he was able to get the lessor to reduce the option consideration (down payment) \$200,000 since the lessor did not need to pay capital gains taxes. The lessee also enjoys that the property taxes do not increase".

Grant added, "Rents and occupancy continue to increase for most RV parks in California. A combination of record recreational vehicle sales, high apartment rents and housing prices making RV parks an affordable housing alternative, and strong construction activity with workers using RV parks for local housing are making RV parks more and more valuable. The lessee has large upside in building additional RV sites on the vacant 14 acres. They plan to phase in the additional sites by first adding very large pull thru sites to capture more of the "big rig" RV traffic on Highway 5. There is also more and more demand from monthlies".

John Grant sells and finances manufactured housing communities and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 103 manufactured housing

communities and RV parks in the last 15 years and financed over 100. John can be reached at 800-987-3363.