

PRESS RELEASE

CARSON, CALIFORNIA

MAY 21, 2002

BUYER TO TACKLE TOUGH RENT CONTROL

The sale of the Vista del Loma Mobile Estates located at 20600 S. Main Street, Carson (Los Angeles area), California was completed on May 21, 2002 for \$2,150,000. John Grant of Park Brokerage Inc. represented the buyer and the seller in the sale.

The all ages community was built in 1974 and has 86 sites. It is a high quality, four star community with all doublewide homes, clubhouse, pool, spa, RV storage, laundry, and gated entry. The park is situated on 10.2 acres. The community is serviced by city water and sewer systems. The community was in very good condition at time of sale.

The site rents were very low at \$244-\$286 per month and included the sewer, water, and trash utilities. The market site rent is approximately \$500 per month with the resident paying all the utilities. The community has not had a vacancy since it was originally filled. The community is subject to the very onerous City of Carson rent control ordinance which strictly limits rent increases.

The community sold at a 7.7% capitalization rate. The price per site was \$25,000. Washington Mutual Bank provided new financing of \$1,460,000 at an initial one month Libor adjustable interest rate of 4.6%.

John Grant commented, "Vista del Loma is the high quality, doublewide, infill community that most investors desire. However, the City of Carson rent control ordinance might be the worst in California. You are not allowed an annual, permissive rent increase each year, but instead must make a very labor and paper intensive application to the City documenting your every receipt and invoice. The rent increase process is very politically controlled by the city officials (that the manufactured housing community residents elect) and typically very limited rent increases are given. In addition the rent control ordinance does not allow any vacancy decontrol".

Grant added, "Vista del Loma has not had a rent increase since 1997 and only two rent increases since it was built. The buyer specializes in owning manufactured housing communities in rent controlled cities and working with the difficult rent increase applications. He understands the rent increase process is long, arduous, and expensive. However, the sales price at \$25,000 per site was very attractive, and the site rents are only half of what they should be. The property offers significant upside if the rents can be increased or if vacancy decontrol is ever enacted".

John Grant sells and finances manufactured housing communities and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 87 manufactured housing communities and RV parks in the last 14 years and financed over 100. John can be reached at 800-987-3363.