

# TAHOE VERDE

1080 Julie Lane, South Lake Tahoe, CA



- **Beautiful 4 Star, 265 Space Family Park**
- **No Rent Control, All City Services**
- **84% Double Wide, All with Carports and a Few Garages**
- **New 1<sup>st</sup> Trust Deed at 3.85% Amortized for 30 Due in 10**
- **7% Cash on Cash**
- **Well Maintained, Streets in Excellent Condition**
- **51 Manicured Acres**
- **Property Has Undergone 5 Years of Review and Approval for Final Map**

---

**David K. Rogers**  
**Park Brokerage, Inc.**  
PO Box 1084  
Cedar Glen, CA92321  
(O) 909-337-6589 (C) 562-879-0367  
[David.Rogers.ParkBrokerage@gmail.com](mailto:David.Rogers.ParkBrokerage@gmail.com)

# TAHOE VERDE

1080 Julie Lane, South Lake Tahoe, CA



## TAHOE VERDE

### Income & Expenses

INCOME	CURRENT	PRO FORMA
<b>GROSS POTENTIAL RENT</b>	<b>\$2,159,256</b>	<b>\$2,115,060</b>
<b>Other Income</b>		
Electric	157,890	157,890
Gas	189,114	189,114
Sewer & Trash	136,830	136,830
Late Fees	12,220	9,102
<b>Total Other Income</b>	<b>\$496,054</b>	<b>\$492,936</b>
<b>GROSS POTENTIAL INCOME</b>	<b>\$2,655,310</b>	<b>\$2,607,996</b>
Vacancy/Collection Allowance (%GPR)	317,410 (14.7%)	269,280 (12.7%)
A self-induced vacancy factor of 8% occurred when the owners began a map conversion in 2007; when older units became available they were removed for vacant lots. See underwriting notes for more details.		
<b>EFFECTIVE GROSS INCOME</b>	<b>\$2,337,900</b>	<b>\$2,338,716</b>
<b>EXPENSES</b>		
<b>Property Taxes</b>	<b>103,792</b>	<b>187,085</b>
<b>Insurance</b>	<b>40,415</b>	<b>17,500</b>
<b>On-Site Management</b>	<b>198,715</b>	<b>157,440</b>
<b>Off-Site Management</b>	<b>115,114</b>	<b>73,831</b>
<b>Utilities</b>		
Electric	161,641	161,641
Gas	185,717	185,717
Water	64,336	64,336
Sewer & Trash	175,063	175,063
Other Utilities	1,126	1,126
<b>Total Utilities</b>	<b>587,883</b>	<b>587,883</b>
<b>Repairs &amp; Maintenance</b>	<b>354,241</b>	<b>194,944</b>
<b>General &amp; Administrative</b>	<b>70,820</b>	<b>32,593</b>
<b>Reserves &amp; Replacements</b>	<b>0</b>	<b>10,600</b>
<b>Meter Reading</b>	<b>8,036</b>	<b>6,360</b>
<b>Licenses/Permits</b>	<b>10,865</b>	<b>4,000</b>
<b>Legal Fees</b>	<b>62,816</b>	<b>37,000</b>
<b>LLP/LLC Fee</b>	<b>0</b>	<b>3,000</b>
<b>TOTAL EXPENSES</b>	<b>\$1,552,697</b>	<b>\$1,312,236</b>
<b>NET OPERATING INCOME</b>	<b>\$785,203</b>	<b>\$1,026,480</b>

## Tahoe Verde

**Price**  
**\$17,000,000**

**4 Star, 265 Space  
Family Park**

**Down Payment**  
**\$5,100,000**

<b>Address/City</b> 1080 Julie Lane, South Lake Tahoe	<b>County</b> El Dorado	<b>State</b> California	
<b>Est. Income &amp; Expense %</b> See page 3	<b>Age</b> Approximately 30 years	<b>Loan</b> 11,900,000	
<b>Capitalization Rate</b> 6.03%	<b>Est. Spendable Return</b> 7% (\$357,024)	<b>Total Return</b> 11.14% (\$568,332)	
<b>Parcel Size</b> 51 Acres	<b>No. Sites</b> 265	<b>Water</b> City	<b>Sewer</b> City
<b>Listing Salesman</b> David K. Rogers (909) 337-6589		<b>Price per Site:</b> \$64,150	

**DESCRIPTION AND TENANT INFORMATION:** Tahoe Verde is a beautiful 4-star family park located in South Lake Tahoe. The park lies on 51 manicured acres with wide, well maintained streets. Tahoe Verde has 202 double wide homes, 2 triple wide homes and 36 singles all with carports and a few with garages. Tahoe Verde has a large lodge-style clubhouse, pool, spa, picnic grounds, sauna and playground. Tenants pay for gas, electricity, sewer and trash, but do not currently pay for city water. Less than 10 minutes walking and less than a 2-minute drive are a Raley's Supermarket, Round Table Pizza, South Tahoe High School, Wells Fargo bank, Chevron, Big K and a Toyota dealership. The park is a 5-minute drive to Tahoe Keys. Several large employers – UPS and Tahoe Public Works, to name a couple – are adjacent to the property. Priced slightly above a 6 cap with upside in filling spaces, this 4-star park without rent control should deliver a 7% cash on cash return and an unbelievable 11.14% total return in year one and has a map conversion with tremendous upside in the future.

<b>TOTAL ESTIMATED NET INCOME BEFORE DEBT SERVICE</b>	<b>\$1,026,480</b>
<b>LOAN INFORMATION</b>	<b>TOTAL ANNUAL PRIN. &amp; INTEREST PAYMENT</b>
New Fannie-based 1 <sup>st</sup> Trust Deed of \$11,900,000 at 3.85% Principal and Interest Amortized for 30 Due in 10.	<b>\$669,456</b>
	<b>EST. ANNUAL PRE-TAX CASH FLOW (SPENDABLE)</b>
	<b>\$357,024</b>
	<b>PLUS PRINCIPAL REDUCTION YEAR ONE</b>
	<b>\$211,308</b>
	<b>TOTAL RETURN</b>
	<b>\$568,332</b>

The information contained herein has either been given to us by the owner or the property or obtained from sources that we deem reliable. We have no reason to doubt its accuracy but we do not guarantee it. Vacancy factors used herein are an arbitrary percentage used only as an example. It does not necessarily relate to actual vacancy, if any. The value of this investment is dependent upon these estimates and assumptions made above, as well as the investment income, the tax bracket and other factors which your tax advisor and/or legal counsel should evaluate. **THE PROSPECTIVE BUYER SHOULD CAREFULLY VERIFY EACH ITEM OF INCOME, EXPENSE, AND ALL OTHER INFORMATION CONTAINED HEREIN.**

## TAHOE VERDE

---

### Pro Forma Underwriting and Operational Notes

#### Gross Potential Rent

Assuming 100% occupancy as of July 2012, gross rent would be \$180,140 per month less the park owned home income of \$3,885 is \$176,255 per month, making the annual rent \$2,115,060. (\$176,255 x 12 months). The last rent increase was 1 to 3% and was done in June of 2012. The pro forma assumes no rent increase.

#### Other income

In November 2011 the TV cable company entered into an agreement to provide services directly to the tenants. Park owner received a one-time payment of \$33,125 which is not included in the pro forma income but does appear on the 2012 profit and loss statement. The laundry income is too small to include as 86% of the double wide homes have laundry rooms. Late fee income is \$3,000 lower than 2011 actual. **The park does not charge for water which ran over \$60,000 in 2011.**

#### Vacancy Factor and Collection Allowance

The park owner began a lot conversion in 2007 and bought older homes and left the lots empty as part of the strategy to sell lots. This turned out to be a kind of self induced vacancy issue and only got a little worse over the past several years. The vacancy factor Includes 26 vacant lots, 3 pull out homes that will be vacant lots and 5 homes that need rehab. It adds space numbers 128,135, 197,199, 203, and 219 which are either new homes, homes that have been just rented or scheduled for completion in the next 15 days. Broker is using 34 vacancies at an average rent rate of \$660 a month for vacancy allowance, making the annual vacancy allowance \$269,280.

#### Property Taxes

Taxes are 1.0542 plus \$7,781 on two lots. \$17,000,000 times .010542 plus \$7,871 for direct assessments or \$187,085.

#### Property Insurance

Current ownership includes earthquake, flood, umbrellas and other coverage. Broker adjusted to industry averages and a new owner's expense should be less than \$17,500.

#### Onsite employees

Manager couple is Robert and Kathleen Ferencik, Assistant manager couple is Salvador and Katrina Ortiz. Maintenance is Scott Kirkland. The property currently has two additional temporary workers that were used to prepare property for sale. The employees have health, dental, vision and matching 401k contributions. Based on visits to the park and interviews with employees broker is using the following for onsite employee expense.

Robert and Kathleen Ferencik currently are paid \$3,400 a month plus housing and aforementioned benefits. Change to \$3,200 plus housing and 25% burden on payroll for taxes and benefits or \$4,660 a month. Salvador and Katrina Ortiz currently are paid \$2,773 plus housing and benefits. Change to \$2,600 plus housing and 25% burden on payroll and benefit cost or \$3,910 per month. Maintenance is Scott Kirkland at \$12.00 an hour plus 2 temporary employees used periodically. Change to 2 full time employees at a total of \$21.00 an hour plus 25% burden on payroll or benefit cost or \$4,550 a month. \$13,120 a month or \$157,440 which broker believes to be generous.

**Offsite Management**

4% on pro forma actual rents collected.

**Utility income and Expenses**

Income and Expense is 2011 Actual

**Repair and Maintenance**

The property owners have 2 snow tractors, 3 dump trucks and numerous pieces of equipment for snow removal. The snow removal cost alone for employees averaged over \$86,000 per year and over \$17,000 per year for equipment and truck repair. In December 2011 they hired Alpine Smith to remove snow. In June of 2012 they signed a three year contract with Alpine at \$61,300 per year flat rate, significantly reducing the snow removal cost. The property also expensed a 3 year average of \$97,940 to repair park owned homes that they acquired to either make a vacant lot or repair and market as a rental. This program should be eliminated. They originally let some of these homes go because they were converting the park to individual lots for sale or using them as rentals. Most of these rentals can be sold to existing renters and the balance of the homes can be sold at below market prices based on meetings with local realtors.

Three year average of all repair and maintenance cost \$948,697 divided by 3	\$316,232
Subtract 3 year snow removal average	- \$86,720
Add snow removal contract	+ \$61,300
Subtract 3 year average of park owned home repair	- \$97,940
Add remaining homes to be rehabbed	<u>+ \$20,000</u>
	\$194,400

Repair and Maintenance cost revised average includes pool and hot tub resurfacing (2011) and other capital improvements in the past three years. It also is worth noting that \$80,000 worth of street work is scheduled for August 13 through 17, 2012.

**General and Administrative Expenses**

Telephone answering service appears as a utility expense. This expense was deleted considering they have two couples working full time for the park. Billing service was moved

from G and A to a separate line item and reduced from over \$8,000 to \$6,360 which is \$2 per space per month. Licenses and permits were moved from G and A to a separate line item and reduced because the broker believes the cost to the park is too high to continue to own park- owned homes. Therefore, the income on rented homes was removed from Gross Potential rent. The new owner should sell these homes for less than the annual rent difference and no longer incur the permits or license fees. Three homes are being demolished. Five other homes will be sold at below market and the fees will no longer be applicable.

### **Dues and Subscriptions**

Fee adjusted to \$3,000

### **Temporary help**

No longer used for two reasons: broker added a full time maintenance person and they no longer need additional personnel for snow removal.

### **Computer hardware and software expense.**

Currently the property owns 4 computers, 2 of which do not appear necessary. Broker believes \$4,000 per year is sufficient for computer cost.

### **Reserves and Replacements**

\$40 per space per year