

EDGEWATER ESTATES
214 and 228 Chapman Road
Castle Rock, Washington



A Beautiful 43-Space, "All Ages", Manufactured Home Community
with Single Family Residence and Shop

September 2012

For further information contact:

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Edgewater Estates

Castle Rock, WA

TERMS OF SALE

Park Value:	\$ 1,850,000
Home/Shop Value:	250,000
Total Sales Price:	<u>\$ 2,100,000</u>
Down Payment:	<u>600,000</u>
Balance to be Financed:	\$ 1,500,000

Financing: Purchaser to secure a new loan on the best available terms. Any and all costs associated with securing the new loan shall be borne by Purchaser. The debt service appearing in the pro forma reflects the following terms:

	<u>5-Year Term</u>	
<i>Principal</i>	\$ 1,500,000	
<i>Amortization Term (mos.)</i>	360	
<i>Interest</i>	5.125%	
<i>Monthly Payments</i>	\$ 8,167	
<i>Annual Payments</i>	\$ 98,004	
<u><i>Investment Summary</i></u>	<u><i>Pro Forma</i></u>	<u><i>3% Vacancy</i></u>
<i>Price per Space (MHP)</i>	\$43,023	
<i>Capitalization Rate</i>	6.7%	7.2%
<i>Net Operating Income</i>	\$140,768	\$151,729
<i>Cash Flow</i>	\$42,764	\$53,725
<i>Return on Cash Invested</i>	7.1%	9.0%

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Pro Forma of Income and Expenses

<u>Income</u> ⁽¹⁾			<u>Pro Forma</u>	<u>With 3%</u>
			<u>Income</u>	<u>Vacancy</u>
3 Spaces	@	\$340	\$ 12,240	\$ 12,240
40 Spaces	@	\$350	168,000	168,000 ⁽⁸⁾
1 House	@	\$1,200	14,400	14,400
43 Space Income Total			\$ 194,640	\$ 194,640
RV Storage Income			1,440	1,440
Less Vacancy Credit ⁽²⁾			(16,800)	(5,839)
Gross Effective Income			\$ 179,280	\$ 190,241
<u>Expenses</u>				
Property Taxes ⁽³⁾		12,220		
Insurance - Actual		1,850		
Septic System Service ⁽⁴⁾		2,000		
Water System Testing & Maintenance ⁽⁵⁾		1,250		
Electricity - park only		900		
On-Site Management ⁽⁶⁾				
Salary @ \$300/month		3,600		
Manager Housing		4,080		
Payroll Expenses		648		
Repairs/Maintenance - 5% ⁽⁷⁾		8,964		
Office/Administrative - budget		1,750		
Accounting & Legal - budget		1,250		
Total Operating Expenses		\$ 38,512		
Net Operating Income			\$ 140,768	\$ 151,729
Debt Service			98,004	98,004
Before Tax Cash Flow			\$ 42,764	\$ 53,725

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Pro Forma of Income and Expenses

Notes

1. Rents last increased by \$20 on the tenant anniversary beginning November 1, 2012. Rents shown reflect the new rent.
2. Vacancy reflects the four currently vacant double-wide spaces. There are currently three additional spaces which are not paying rent where the Seller currently has title or will acquire title prior to closing. One of these homes could serve as the resident manager's home. "Free and Clear" title to these homes will be provided to Purchaser at closing.
3. 2012 property taxes for the house and park reflect an assessed value of \$1,277,150 and total taxes of \$12,220.14.
4. There are 38 septic tanks serving the park. The projected budget provides for pumping six (6) tanks per year on an ongoing scheduled basis. Seller will have all tanks pumped prior to closing.
5. Water system testing and maintenance is performed on a regular basis in accordance with federal and state requirements. Budget includes supplies for system. The water system currently has a GREEN rating.
6. The owner currently manages the park. The proposed budget is consistent with similar sized communities. Manager to receive free housing and a salary of \$300 a month.
7. Represents 5% of gross income. Includes budget for building, equipment and storage shed maintenance as well as reserve for capital repairs and utility system repairs.
8. The home is currently occupied by the Seller.

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214 Chapman Road
Castle Rock, Washington

PROPERTY DESCRIPTION

- GENERAL DESCRIPTION: Edgewater Estates is an attractive, "senior oriented", all-ages manufactured home community located north of Castle Rock, Washington, off west-side highway (Hwy 411) and Chapman Road in Cowlitz County Washington. See enclosed vicinity map and directions.
- Castle Rock is a small community of approximately 2,150 residents located approximately seven (7) miles north of Longview/Kelso, Washington, and approximately fifty (50) miles north of Portland, Oregon, off Interstate 5.
- Edgewater Estates is exceptionally well maintained and features large lots, attractive space landscaping, expansive open areas, and a river front setting along the Cowlitz River. Homeowners have access to the river for fishing and other recreational uses.
- AGE: The first phase, containing fifteen (15) spaces was completed in 1967. The remaining spaces were developed and completed in 1977. Forty (40) of the forty three (43) spaces were approved by Cowlitz County in 1975; the remaining three (3) spaces are "grandfather" approved by the County.
- ACREAGE: Approximately 18.54 acres for park and home. The developed manufactured home park with drainfields occupies approximately seven (7) acres.
- ZONING: The property is not zoned under current County zoning ordinances. The comprehensive plan designates two (2) acre residential lots. The park is a pre-existing nonconforming use.

FLOOD PLAIN STATUS:	The property is located outside of the designated 100-year floodplain. The property is in the Flood Zone B areas in the 500-year flood boundary. Survey maps of the park (the site is generally flat) identify elevations on the property ranging between 62 and 65 feet.
SPACE SIZES:	The majority of spaces are 55 feet wide by 95 feet deep. Approximately six (6) smaller spaces range in size from 35-45 feet wide by 65-75 feet deep.
SW/DW RATIO:	There are currently eighteen (18) doublewide and twenty-one (21) singlewide homes in the park. The four vacant spaces can all accommodate doublewide homes.
FAIR HOUSING STATUS:	Edgewater Estates is designated as a "family" park. There are currently no children living in the park and 26 of the 35 occupied homes qualify as 55 or older.
IMPROVEMENTS:	
- Interior Streets	Interior streets are 35 foot wide. Street surfaces were repaved in 1997 and sealed in 1999 and are in very good condition.
- Off street parking	Each space is improved with an asphalt driveway and parking pad. Most driveways are large enough to accommodate two cars. Overflow parking is also provided at various locations throughout the park
- Interior Lighting	Decorative streetlights are located throughout the park. Several tenants have installed yard lights near the street adjacent to the driveway on their spaces.
- Perimeter Fencing	The front (east boundary) is outlined with a landscaped hedge and chainlink fence. An eight-foot high chain link fence extends across the northern and southern boundaries of the property. The west boundary front the Cowlitz River. The "living" area around the house is bordered with a decorative fence.

- Carports/Storage Sheds

The park currently owns and maintains fourteen (14) storage sheds and carports in the first phase. The sheds and carports are in good condition. The owner has been consistently transferring carports and sheds to the tenants on turnover. The remainder of the sheds and carports are owned and maintained by individual tenants.

- RV Storage Area

A wood frame "carport style" structure is located along the south boundary of the property and is large enough to accommodate 12-15 recreational vehicles. This is a gated area available for tenant use. In addition, there is an enclosed workshop and storage area adjacent to the RV storage area.

UTILITY SYSTEMS:

- Water System

In 2001 the park added three pressure tanks, 85-gallons each, to enhance the performance of the water system. The park, as well as the single-family residence, is served by a single well. The well generates 100 gallon per minute flow. A 1.5 horse power pump (replaced in January, 2009) is set at 90 feet. The system features a 51,300-gallon concrete reservoir/holding tank together with duplex two-horse power pumps and duplex 7½-horse power pressure pumps. Park water is treated by an on-line water conditioning system and chlorinating system. Water quality is excellent and all required water quality test reports are in compliance with State and Federal standards. The testing is performed by Addy Labs in Vancouver, Washington. The original first phase of the development containing 15 spaces is served by plastic water lines; the remainder of the park lines are PVC plastic. The system is approved for 80 hookups. Individual water meters have been installed on all spaces except for space #1. The system (#22421) is currently rated "green" by the Washington State Department of Health.

two car garage. In addition to the home, the lot has a 32' x 52' shop with two separate garage doors. The shop contains a ½ bathroom, full kitchen, two post car lift, a two-stage 60 lb. air compressor and an attached two-car awning all included with the sale. The home has a separate gated access off Chapman Road and is completely separated from the park by a 15' arborvitae hedge.

PARK-OWNED HOMES:

There are currently three park-owned manufactured homes in the park. Any park-owned homes not sold prior to closing will be transferred "free and clear" to the Purchaser at no additional cost as an offset to park rent. It is intended that one of the homes, would be used as a resident manager's home.

SELLER CONTRACTS:

There is one Seller-contract for Space #36 which will be included in the sale.

DEVELOPMENT LAND:

There is an estimated 7-8 unoccupied acres fronting the Cowlitz River. This property could be accessed through a new private road to the north boundary of the park and house. It is believed by Seller this property could be developed into three additional single family residential lots.

Edgewater Estates - Castle Rock, WA



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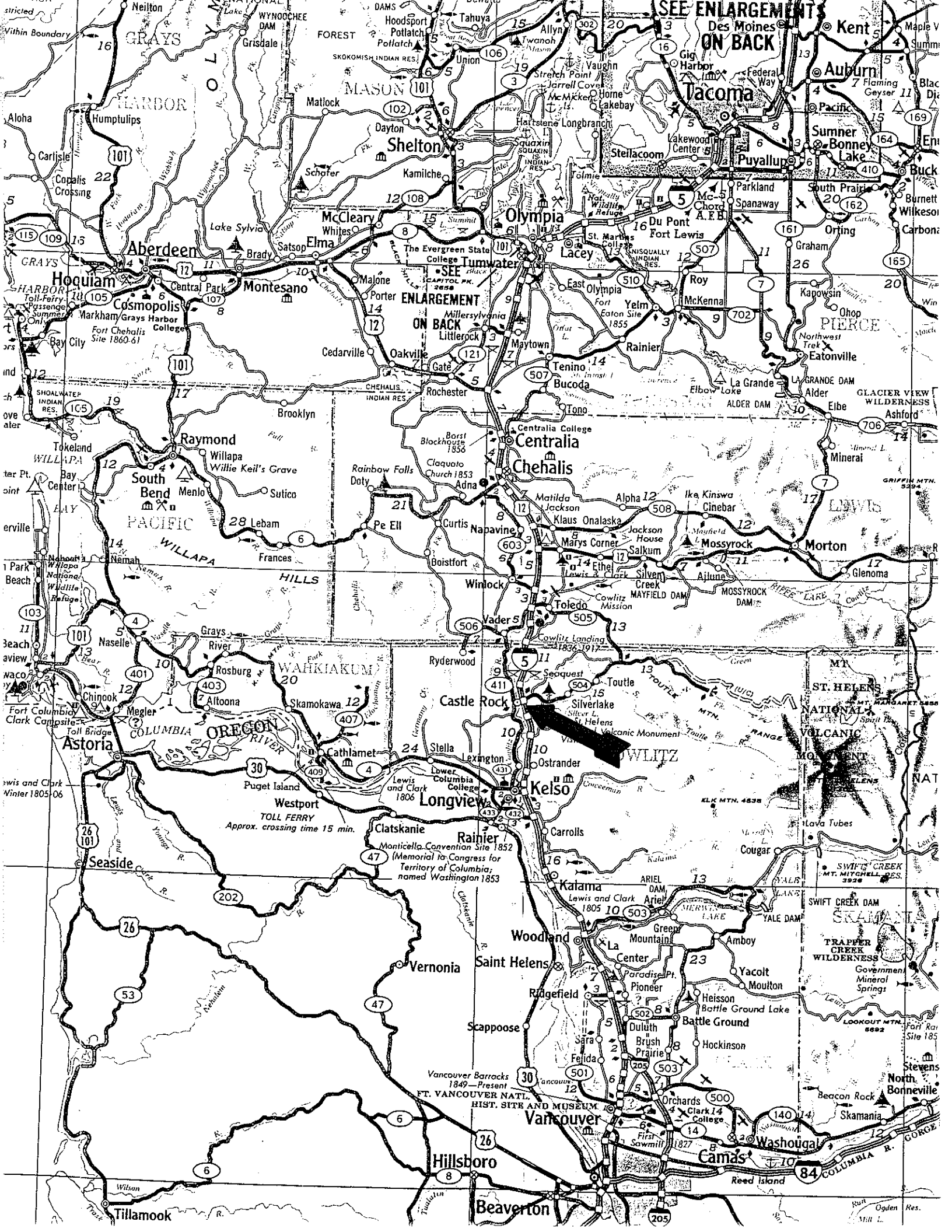
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SEE ENLARGEMENT ON BACK

SEE ENLARGEMENT ON BACK



Monticello Convention Site 1852 (Memorial to Congress for Territory of Columbia; named Washington 1853)

SWIFT CREEK DAM

TRAPPER CREEK WILDERNESS

LOOKOUT MTN. 5892

Fort Stevens Site 185

Beacon Rock

North Bonneville

Wilson

**Directions to Edgewater Estates in
Castle Rock, Washington**

Take the Castle Rock exit off I-5
(approx. 7 miles north of Longview, WA)

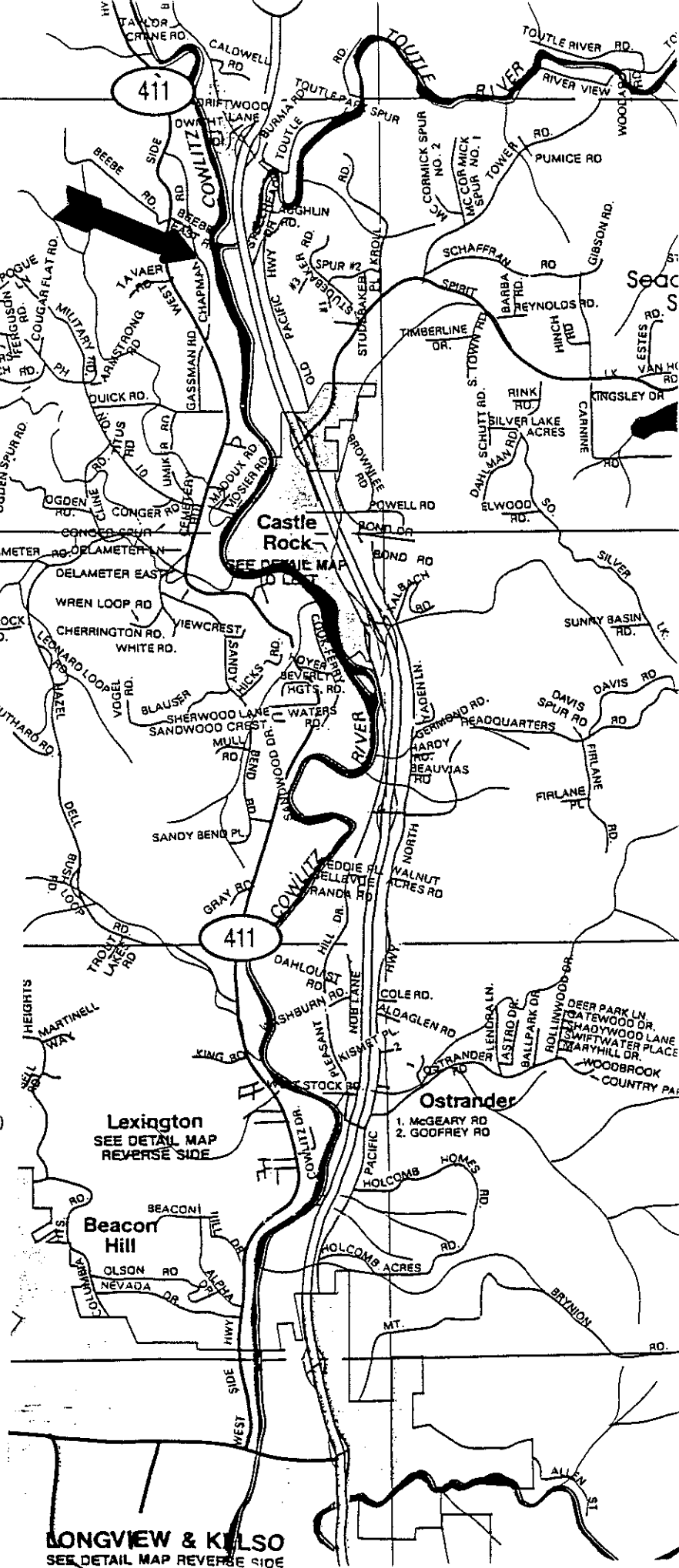
Follow the signs on Huntington
Avenue to Castle Rock.

Turn left on "A" street (the first stop sign)
in downtown Castle Rock.

Proceed west on "A" street across the
Cowlitz River (approximately one mile) to
West Side Highway (state Highway 411).

Turn right (north) and proceed 1.8
miles on Westside Highway to
Chapman Road.

Turn right on Chapman Road and
proceed approximately 3/10 of a mile
to Edgewater Estates.



LONGVIEW & KILSO
SEE DETAIL MAP REVERSE SIDE



LEGEND

EXISTING PROPOSED

WATER



LOT LIMITS



HYDRANT

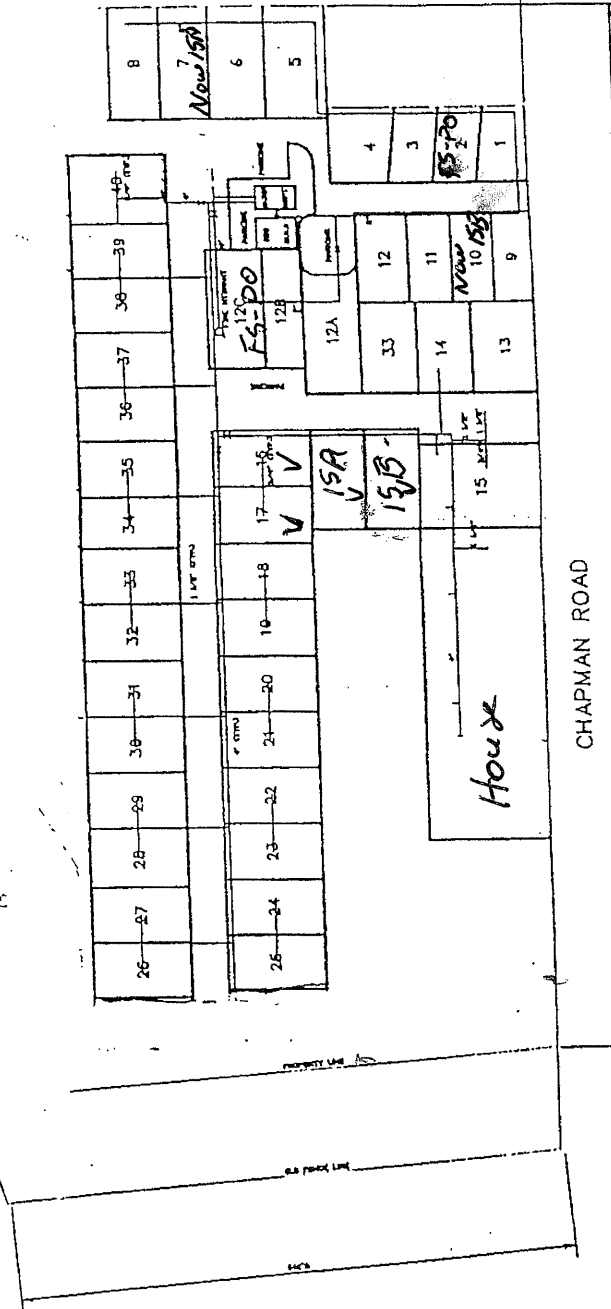


VALVES

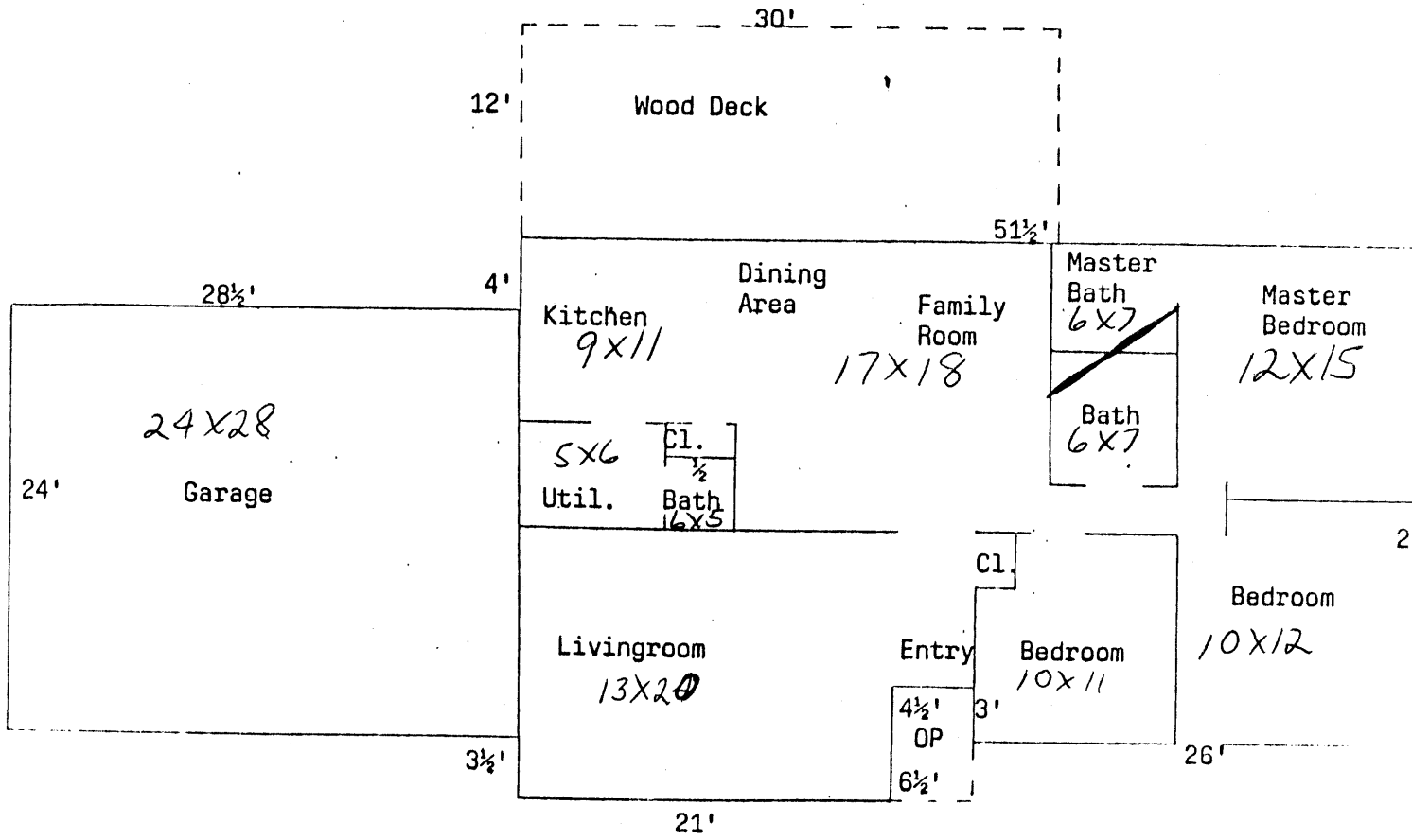


COMLITZ RIVER

CHAPMAN ROAD



Improvement Sketch
228 Chapman Rd.
Castle Rock, WA



Single Family Residence and Shop

