

**Totem Village Manufactured Home Community
36451 South Sawtell Road
Molalla, Oregon**



**A 34 Space, "All-Ages" Mobile Home Park
Plus an 1800-Square Foot Rental House.**

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**For further information contact:
Loren Landau (503-546-7662) or Brett Case (503-546-7653)
Commonwealth Commercial Brokerage Company
18150 SW Boones Ferry Rd.
Portland, OR 97224**

503-244-2300 • Fax: 503-768-4660

Totem Village

Molalla, Oregon

Terms of Sale

Park Value:	\$	1,875,000	
Contract Value:		37,500	(Approximately 75% of current balance)
Total Value:	\$	1,912,500	
Down Payment:		575,000	
Balance:	\$	1,337,500	

Financing: Seller to provide financing through a note and trust deed. The terms and conditions are listed below. The Seller will prepare the appropriate documents for review by Buyer. Payoff of the note will not be allowed in the first five (5) years. There will be a declining 5/4/3/2/1 percentage early termination penalty beginning in Year 6.

	<u>Months 1-24</u>	<u>Months 25-120</u>
Principal	\$ 1,337,500	\$ 1,337,500
Amortization Term (mos.)		336
Interest	4.75%	4.75%
Monthly Payments	\$5,294	\$7,205
Annual Payments	\$63,528	\$86,460

Investment Summary (exclusive of contract payments or value):

	<u>Pro Forma</u>	<u>With Increase</u>
Price per Space	\$ 53,571	
Capitalization Rate	6.2%	6.8%
Net Operating Income	\$ 116,791	\$126,685
Cash Flow	\$ 53,263	\$63,157
Return on Cash Invested	9.9%	11.8%

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Pro Forma of Income and Expenses

<i>Income</i> (1)	<u>Rent</u>	<u>Pro Forma</u> <u>Income</u>	<u>With \$25</u> <u>Increase</u>
34 Spaces	@ \$ 420	\$ 171,360	\$ 181,560
1 Manager House	@ \$ 1,200	14,400	14,400
Space Rental Income		\$ 185,760	\$ 195,960
Vacancy	(2) 3%	(5,573)	(5,879)
Gross Effective Income		\$ 180,187	\$ 190,081
 Expenses			
Property Taxes	(4)	\$ 9,231	
Insurance - Quote		1,993	
Water - Budget		1,800	
Other Utilities		8,575	
Maintenance Budget - 6%	(5)	10,811	
<u>On-Site Manager Fees</u>	(6)		
Salary		10,200	
Free Housing		14,400	
Payroll Expenses		1,836	
Office Expenses		2,229	
Legal and Accounting - Budget		1,000	
Discount to tenants for Street Lighting		1,320	
Total Operating Expenses - 35.2%		\$ 63,396	
 Net Operating Income		\$ 116,791	\$ 126,685
Debt Service		63,528	63,528
Before Tax Cash Flow		\$ 53,263	\$ 63,157
% of Return		9.9%	11.8%

NOTES:

1. The rents were last increased \$10.00 effective 9/1/14. Comparable market rents are approximately \$475 - \$500.
2. All spaces and the rental house are occupied.
3. Unless otherwise noted the figures shown reflect actual 2014 expenses.
4. Current 2015/2016 Property Taxes with 3% discount.
5. Budget reflects 6% of pro forma gross income. Actual 2014 repair and maintenance were \$16,008 which included \$5,378.25 for the purchase of new appliances in the manager home and \$6,842.20 for one-time tree work and new sign for the park.
6. Manager's salary varies based on hours worked. Salary = \$9,816; payroll tax and w/c = \$1,725.

PROPERTY DESCRIPTION

GENERAL DESCRIPTION:	Totem Village is an established, all-ages mobile home park located 4.5 miles south of Molalla, Oregon, in rural Clackamas County. See enclosed vicinity map with directions.
AGE:	1971
ACREAGE:	16.35
ZONING:	Agricultural Forest. Totem Village is a pre-existing, non-conforming use.
FAIR HOUSING STATUS:	Totem Village is designated as a family, all-ages mobile home community.
FLOOD PLAIN/WETLAND:	Totem Village is not located within any flood hazard area nor are any wetlands located on the property.
SPACE SIZES:	All lots are spacious; typical lots measure 70 feet wide by 95 feet deep.
SINGLE-WIDE/ DOUBLE-WIDE RATIO:	At the present time there are 18 double-wide homes and one triple-wide home in the park. The remaining spaces are occupied by single-wide homes. All the spaces are large enough to accommodate a full size double or triple wide home.
IMPROVEMENTS:	
- Interior Streets	Interior streets are approximately 18 feet in width and are paved with asphalt concrete. There are two separate entrances to the community. The streets have been well-maintained and are in good condition.
- Off-street Parking	Each space is improved with an asphalt driveway/approach leading to a 10x20 foot concrete parking pad with carport/storage unit. Additional gravel off-street parking is available on each space.
- Carport/Storage Sheds	Each space is improved with a wood frame carport measuring 10 feet wide by 24 feet long with enclosed

4x10 foot storage shed. The carports and storage sheds are owned by the community but the park has been consistently moving the ownership to homes on turnover. A doublewide, wood framed carport is located adjacent to the manager's home.

- Patios
Each space is improved with an 8x40 foot concrete patio that lies adjacent to the carport.
- Playground
The property has a playground area for children. The area boasts a swing set, slide and climbing area.
- Perimeter Fencing
The property is enclosed by a farm fence along the north, west and south boundaries. That portion of the property occupied by the single-family rental home is also fenced with the farm fencing.
- Shop/Utility Building
A shop/utility building measuring 40 feet by 100 feet is located on the property adjacent to the park. The building has separate gravel drive access off Sawtell Road and is currently used for the owner's personal storage. This building has corrugated metal roof and siding, and a concrete floor. 200 amp electrical service and water are extended to the building.
- Horse Barn
A free standing wood frame building measuring 40x40 feet, together with a fenced pasture is located behind the rental house. The building features two 10x20 foot stalls with steel gates that access other enclosed areas of the building that are used for feeding horses or access to separate pasture areas. Water and power are provided to the barn.
- Storage Area
A graveled equipment storage area measuring approximately 120 feet by 100 feet is located adjacent to the shop/utility building and is enclosed with a six foot high chain link fence topped with barb wire. This area is used for storing tenant vehicles at no charge.

UTILITY SYSTEMS:

- Electricity
200-amp underground electrical service is provided to each space as well as the shop/utility building.

- Interior Lighting

Overhead street lights are located at various points throughout the community. These lights are wired directly to individual tenant spaces. These tenants receive a \$10.00 per month discount to offset the cost of electrical service.

- Water System

Two private wells (Oregon PWS#4101171) provide drinking and irrigation water to each space and the rental house. The primary well serving the mobile home park is located adjacent to the shop/utility building. This well has a six inch casing, is 285 feet deep and has a five horse power pump. The water system is pressurized with a 1000-gallon steel water tank located inside the shop/utility building. A compressor is available to maintain a pressure "head" in the tank, if necessary. All required health division tests have been completed; the system operates in conformance with the Health Department standards.

Interior water distribution lines are 2-½ inch PVC plastic; laterals to individual spaces are galvanized iron.

A second well with a one horsepower pump is located behind the single family residence, provides water service to the house and is also connected to the primary water system to serve as a backup source, if necessary. A well building containing a 500- gallon steel tank is located adjacent to the well.

- Septic System

Totem Village is served by a private sewage disposal system. The system consists of a 3,000-gallon effluent filtering tank and a 3,000-gallon dosing tank together with effluent transmission lines and the construction of five 600 lineal foot drainfield cells. Concrete septic tanks throughout the park flow into the system.

In addition, the park is served by a re-circulating gravel filter system. The property operates under Oregon WPCF permit and is monitored by an independent contractor.

HOME SALES CONTRACT: Space #13 was sold to the current tenant on a home sales contract. The contract will be included in the sales price and has a current balance of approximately \$50,000.

MANAGER'S HOUSE: An approximately 1,800 square foot single family residence is located on the property and has separate access to Sawtell Road. The home includes three bedrooms and two bathrooms, together with a two-car carport. A free standing, two-car garage is located adjacent to the home. The home has its own septic system and well. The home has been substantially remodeled to accommodate the manager and office.

MANAGEMENT: The current on-site manager has been working at the property during the entire tenure of the current owner. Recently, the owner has become aware of inappropriate management practices which led to losses against scheduled rents of approximately \$30,000. All of the spaces are occupied and should be paying space rent. The manager has remained to handle maintenance but it is recommended to replace the on-site manager.

2015/2016 TAX/ VALUE INFORMATION: Parcel #01128693

Market Value:

Land	\$890,902
Improvements	<u>901,950</u>
Total	\$1,702,852

Assessed Value:	\$858,667
2015/2016 Taxes:	\$9,231.10 (after 3% discount)





