

EDGEWATER ESTATES
214 Chapman Road
Castle Rock, Washington



A Beautiful 43-Space, "All Ages", Manufactured Home Community

April 2009

For further information contact:

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**EDGEWATER ESTATES
Castle Rock, WA**

TERMS OF SALE

Sales Price:	\$ 1,750,000
Down Payment:	<u>425,000</u>
Balance to be Financed:	\$ 1,325,000

Financing: Seller to provide financing on the sale through a land sales contract based on approval of Purchaser. The contract terms to be 6.5% interest, first 3 years interest only, the following 7 years includes principal and interest amortized over a 27 year schedule and contract payable in full at the end of year 10.

	<u>Interest Only</u>	<u>Amortizing Payments</u>
Principal	\$ 1,325,000	\$ 1,325,000
Amortization Term (mos.)		324
Interest	6.50%	6.50%
Monthly Payments	\$ 7,177	\$ 8,686
Annual Payments	\$ 86,125	\$ 104,232

Investment Summary

Price per Space	\$40,698
Capitalization Rate	6.7%
Net Operating Income	\$117,905
Cash Flow	\$31,780
Return on Cash Invested	7.5%

**EDGEWATER ESTATES
Castle Rock, WA**

Pro Forma of Income and Expenses

<u>Income</u> ⁽¹⁾			<u>Pro Forma</u>
			<u>Income</u>
2 Spaces	@	\$310	\$ 7,440
38 Spaces	@	\$320	145,920
2 Spaces	@	\$330	7,920
1 Space	@	\$340	4,080
43 Space Income Total			\$ 165,360
RV Storage Income			1,440
Less Vacancy Credit ⁽³⁾	@		<u>(7,680)</u>
Gross Effective Income			\$ 159,120

Expenses

Property Taxes ⁽⁴⁾		15,840
Insurance - Actual		1,760
Septic System Service ⁽⁵⁾		2,000
Water System Testing & Maintenance ⁽⁶⁾		1,250
Electricity - park only		600
On-Site Management ⁽⁷⁾		
Salary @ \$300/month		3,600
Manager Housing		3,720
Payroll Expenses		648
Repairs/Maintenance - 6%		9,547
Office/Administrative - budget		1,250
Accounting & Legal - budget		<u>1,000</u>
Total Operating Expenses - 26%		\$ 41,215

Net Operating Income	\$ 117,905
Debt Service	<u>86,125</u>
Before Tax Cash Flow	\$ 31,780

Notes

1. Rents last increased by \$25 effective January 1, 2009 to \$320 per month.
2. There are currently two vacant spaces in the park.
3. 2009 property taxes for the house and park reflect an assessed value of \$1,222,150 and total taxes of \$12,291.44. Pro Forma taxes reflect current millage rate multiplied by 90% of the sales price.
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. The owner inspects all tanks twice a year.
5. Water system testing and maintenance is performed on a regular basis in accordance with federal and state requirements. Budget includes supplies for system.
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 6% of gross income. Includes budget for building, equipment and storage shed maintenance as well as reserve for capital repairs and utility system repairs.

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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 17.61 acres. A survey has been conducted to prepare the two (2) acres associated with the home to be subdivided away from the "mother parcel" of 19.61 acres leaving the property to be conveyed in through the sale. The developed manufactured home park 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 Department of the Army, Corp of Engineers' flood plain maps establish a flood plain elevation of the Cowlitz river adjacent to Edgewater Estates at 57 feet. 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.

According to the Seller, the park has never experienced any flooding.

SPACE SIZES: The majority of spaces are 55 feet wide by 95 feet deep. Approximately six (6) smaller spaces range in size from 43-47 feet wide by 75-90 feet deep.

SW/DW RATIO: There are currently eighteen (18) doublewide and twenty-three (23) singlewide homes in the park. The two vacant spaces can accommodate doublewide homes.

FAIR HOUSING STATUS: Edgewater Estates is designated as a "family" park. There are currently no children living in the park and 30 of the 40 occupied spaces 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 fronts the Cowlitz River. The "living" area around the house is bordered with a chainlink fence.

- Carports/Storage Sheds
The park currently owns and maintains fourteen (13) 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 area is 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 three 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 and duplex 7½-horse power pressure pump. Park water is treated by an online 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 Columbia Analytical in Longview, WA. The original first phase of the development containing 15 spaces is served by galvanized 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.

As a condition of the sale, the park will continue to provide free water service to the single family residence until such time that public water is provided to the park and the properties in the area is required by Cowlitz County to connect to the public water system.

- Sewer System

A private septic disposal system serves Edgewater Estates. The system contains 38 concrete septic tanks. Plastic risers and lids have recently been placed on all of the tanks to provide easy access. Each tank is connected to a separate septic disposal field in a looped configuration. Soil percolation characteristics in the area are excellent. All of the septic tanks have been replaced in the last 10 years. All tanks are inspected twice a year and are pumped on an as-needed basis.

Portions of several individual drainfields are located within the two acre "house" parcel that will be subdivided from the "park" parcel. The park will be granted an underground easement at no cost to allow the drainfields to continue to be used and maintained on the property. If public sewer becomes available to the park and Cowlitz County requires the park to connect to the service, the park will be required to abandon this easement.

- Electrical System Underground 200 amp electrical service is provided to each space. Cowlitz PUD is the electrical provider and is completing the process of relocating some transformers throughout the park, moving all currently existing overhead service underground and adding two new electrical services.

- Telephone/Cable TV System Telephone and Cable TV service is provided to each space.

- Fire Protection System A single fire hydrant is located in the park and is served by a six-inch line.

- Garbage System Individual can service is provided to each home. Tenants are responsible for their own garbage service. The park provides a "burn" area for yard debris.

2008/2009 PROPERTY TAX INFO:

	<u>Assessed</u>		
<u>Acct. #</u>	<u>Value</u>	<u>Taxes</u>	<u>Tax Rate (\$000)</u>
R016369	\$1,222,150	\$12,291.44	\$ 10.057227

UNDERLYING FINANCING: The property is currently owned "free and clear" of any encumbrances.

RESIDENT MANAGER HOME: The sale will include a 2007 Liberty, 22.5' x 44' three bedroom, two bathroom is located on Space 12C. The home has never been occupied.

ROAD EASEMENT: Seller will provide a 60' wide road easement from the northern boundary of the property that will extend from Chapman Road to the park. The road is intended to provide access to the back of the park for potential future development of the vacant riverfront property.

Edgewater Estates - Castle Rock, WA



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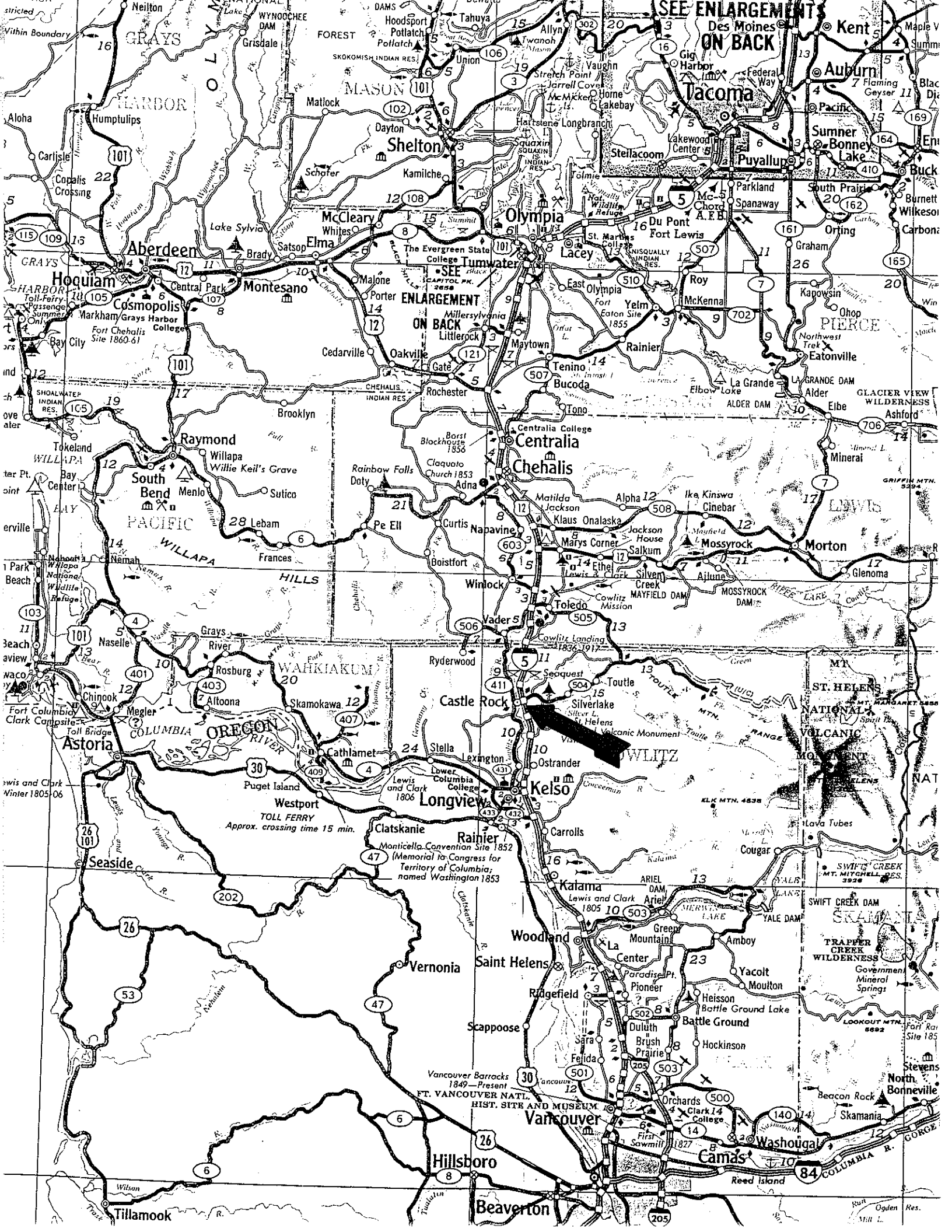
Edgewater Estates - Castle Rock, WA





CCBC Rent Survey
Cowlitz County, Washington

<u>Park Name</u>	<u>City</u>	<u># of Spaces</u>	<u>Year Built</u>	<u>Base Rent</u>	<u>Rent Includes</u>	<u>Last Increase</u>	<u>Increase Amount</u>	<u>Vacant Spaces</u>	<u>Survey Date</u>
Edgewater Estates	Castle Rock	43	1977	\$320	WS	Jan-09	\$ 25.00	2	Mar-09
Hazel Dell MHP	Castle Rock	20	1964	\$280	WSG	May-08	\$ 30.00	-	Apr-09
Columbia Terrace Estates	Kalama	138	1979	\$380		Dec-08	\$ 30.00	-	Mar-09
Brookhollow MHP	Kelso	193	1977	\$305		Jan-07	\$ 15.00	1	Mar-09
Tim WA MHP	Kelso	115	1970	\$375		Jan-09	\$ 22.00	-	Mar-09
Westside Haven MHP	Kelso	69	1976	\$265				5	Aug-08
Three Rivers MHP	Kelso	56	1960	\$247 - \$267		Jun-08	\$ 10.00	-	Mar-09
Town n' Country	Kelso	30	1975	\$235		Jan-08	\$ 25.00	2	Mar-09
Cimarron MHP	Kelso	19	1964	\$275		Aug-03			
Heron Pointe MHC	Longview	229	1990	\$295 - \$315		Jan-09	\$ 15.00	-	Mar-09
Del Ray II "Snook"	Longview	114	1965	\$320 - \$340	WSG	Jan-09	\$ 25.00	14	Mar-09
Sunny Meadows	Longview	76	1976	\$300		Jun-08	\$10	1	Mar-09
Del Ray I	Longview	76	1955	\$365	WSG	Jan-09	\$ 35.00	-	Mar-09
The Plaza	Longview	63	1974	SW \$340, DW \$350	WSG	Jan-09	\$ 15.00	2	Mar-09
Cedar Valley MHP	Longview	34	1969	\$345	WSG	Jan-07	\$10	-	Mar-09
Equestrian Estates	Longview	14	1995	\$255		Jun-06	\$ 20.00	-	Mar-09
Coal Creek MHP	Longview	14	1970	\$290	WSG	Jan-06	\$ 15.00	-	Nov-06
Woodland East MHP	Woodland	130	1992	\$325	WSG	Jan-07	\$ 20.00	-	Mar-09
North Fork MHP	Woodland	28	1964	\$315		Jan-09	\$ 15.00	-	Mar-09



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
MT. MITCHELL RES. 3928

TRAPPER CREEK WILDERNESS
Government Mineral Springs

LOOKOUT MTN. 5692
Fort Stevens Site 185

Beacon Rock
North Bonneville

Skamania

Reed Island
84 COLUMBIA R. GORGE

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

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

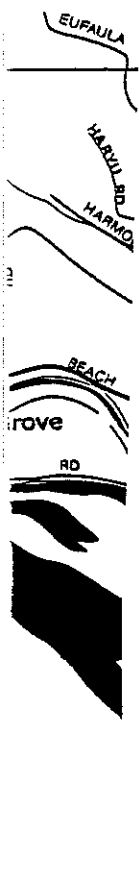
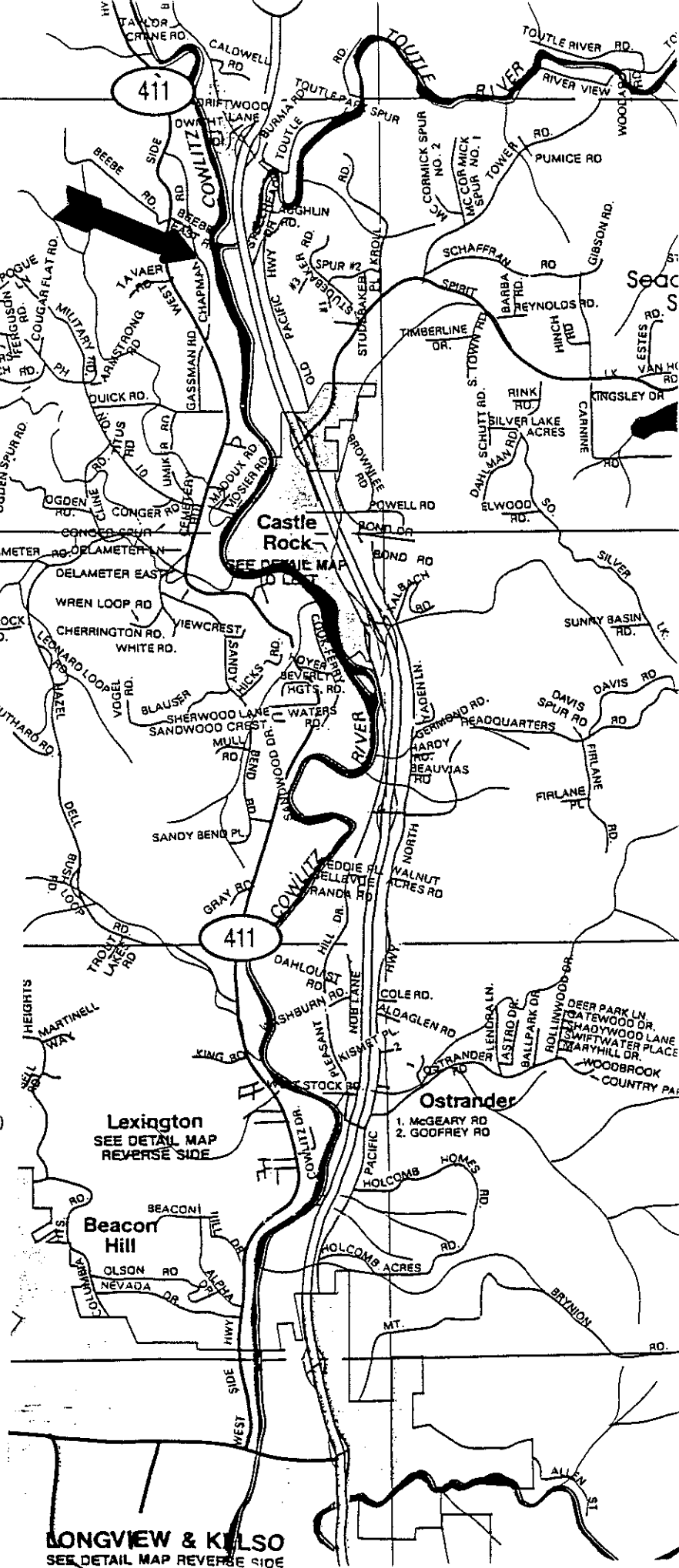
Follow the signs on Huntington
Avenue to Castle Rock.

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).

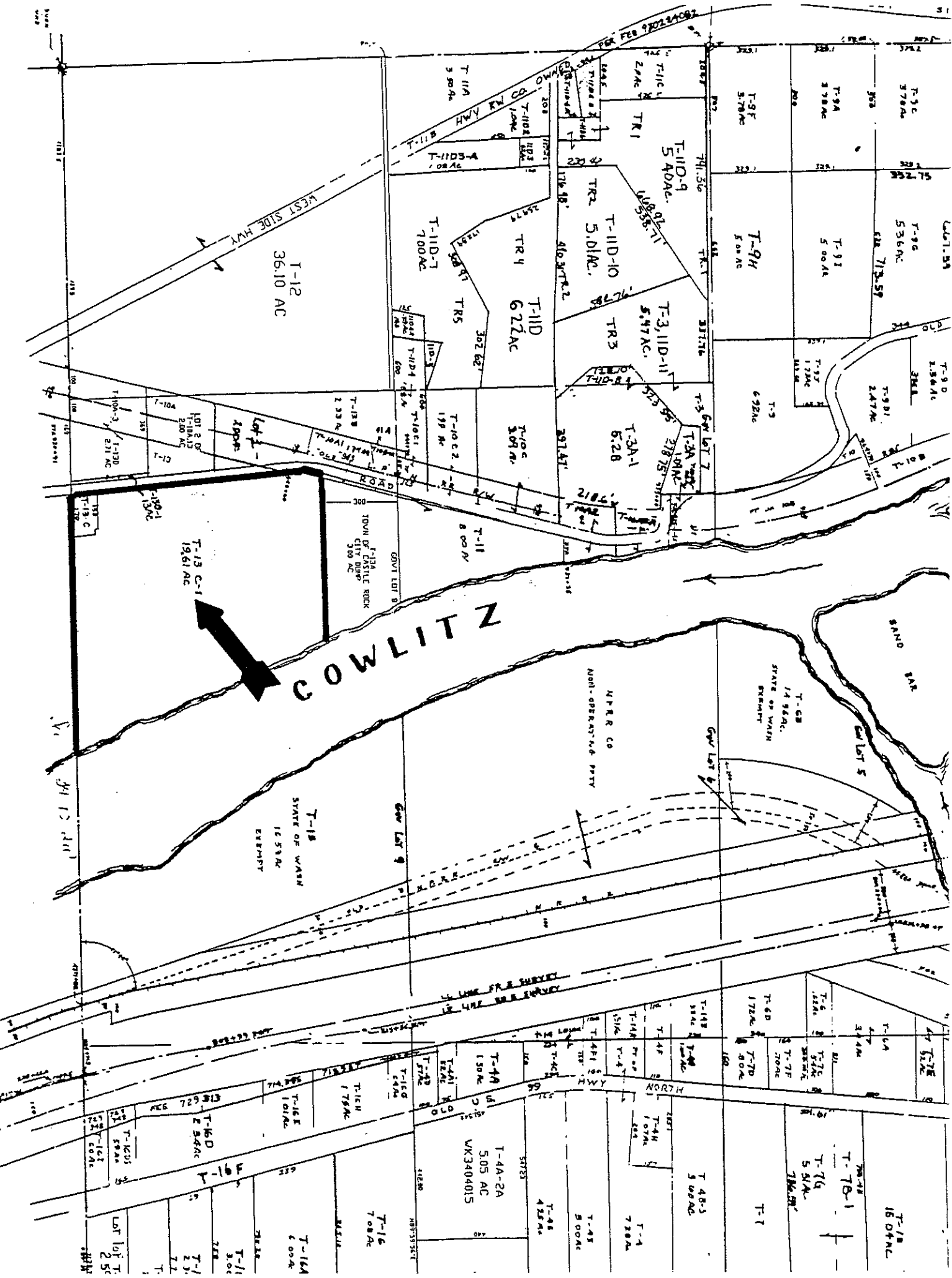
Turn right (north) and proceed 1.8
miles on Westside Highway to
Chapman Road.

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



LONGVIEW & KILSO
SEE DETAIL MAP REVERSE SIDE

03/31/99 THIS MAP IS TO ASSIST IN LOCATING PROPERTY ONLY. COWLITZ CO. ASSESSOR



COWLITZ

T-13 C-1
19.61 AC

T-12
36.10 AC

T-11D-9
5.40 AC

T-11D-10
5.01 AC

T-3, 11D-11
5.47 AC

T-9H
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T-9I
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T-9J
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T-9K
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T-9L
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T-11A
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T-11B
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T-11C
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T-11D
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T-11F
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T-11J
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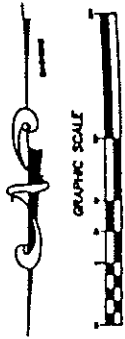
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LEGEND

EXISTING PROPOSED

WATER



LOT LIMITS



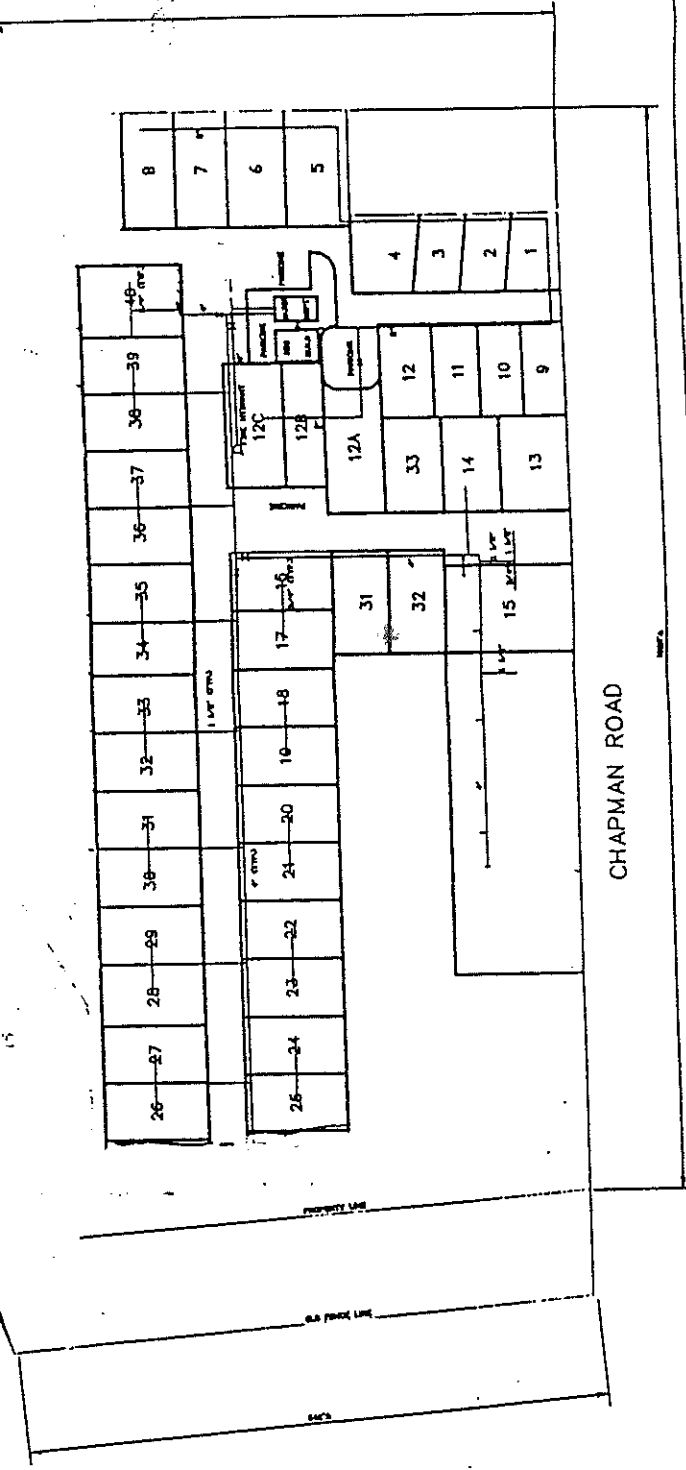
HYDRANT



VALVES



COMLITZ RIVER



CHAPMAN ROAD