

Cornerstone Village MHP, Carbondale, IL

Price: \$ 4,000,000

Terms: \$1,000,000 down; owner financing 6% interest only for 5 years

Park Description

400 Spaces

- Total Park Owned Homes: 72
- Total Occupied Homes: 37
- Total Vacant Homes: 35
 - 5 almost ready to rent
 - 30 need rehab
- Park is on city water and sewer
- Total Tenant Owned Homes: 42
- Total Vacant Lots: 62
- Total Abandoned homes: 24
- 200 additional lots are on the property but need to have the infrastructure replaced

Overview of Income and Expenses

Current Numbers

- Gross Income: \$ 425,482
- Expenses: \$292,500
- Net Income: \$ 132,982

Estimated Numbers after plan completion

- Estimated Capital needed to complete project \$1,180,000
- Projected Gross: \$1,409,698
- Projected Expenses: \$514,116
- Projected NOI : \$895,582
- Projected Net Cash Flow : \$380,782 (after note & mh payments)

Cap Rate after phase 4: 17.2%

$$\begin{aligned} \$4,000,000 \text{ (sales price)} + \$1,180,000 \text{ (capital)} &= \$5,180,000 \text{ (Investment)} \\ 895,582 \div 5,180,000 &= 17.2\% \end{aligned}$$

Cash on Cash after phase 4: 17.4%

$$\begin{aligned} \$1,000,000 \text{ (down payment)} + \$1,180,000 \text{ (capital)} &= \$2,180,000 \text{ (Investment)} \\ 380,782 \text{ (net cash flow)} \div 2,180,000 &= 17.4\% \end{aligned}$$

Cornerstone Village MHP

Current Income and Expenses

Income	Monthly	Annual
Park owned homes	\$23,240	\$278,880
Space Rent	\$10,500	\$126,000
Utility Income	\$4,800	\$57,600
Subtotal	\$38,540	\$462,480
Less approximately -8% delinquency and vacancy factor	\$3,083	\$36,998
Total Gross Income	\$35,457	\$425,482
Expenses	Monthly	Annual
Repairs and Maintenance	\$2,500	\$30,000
Management Contract Labor	\$1,500	\$18,000
Maintenance Contract Labor	\$2,500	\$30,000
Taxes & Insurance	\$5,672	\$68,064
Telephone and Internet	\$153	\$1,836
Electric	\$650	\$7,800
Gas	\$300	\$3,600
Water/Sewer	\$6,000	\$72,000
Garbage	\$2,900	\$34,800
Consulting Fee	\$1,200	\$14,400
Other Expenses	\$1,000	\$12,000
Total Expenses	\$24,375	\$292,500
Net Operating Income	\$11,082	\$132,982

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*Estimated costs may not include any appliances and are approximate; additional funds may be required if utilities need to be added or replaced, more repairs are needed than originally estimated for, costs of materials increase, or any other unforeseen circumstance arises.

Phase 1

Total estimated capital for phase 1: \$249,000

- Take possession of 24 abandoned homes; est. cost \$1,000 each; total \$24,000
- Make sure all tenants are being charged \$65 for utilities
- Rent 5 almost ready to rent homes for \$585 each; total \$2,925
- Rehab and rent 15 vacant homes
 - Estimated cost to rehab each home \$15,000; total \$225,000
 - Rents for homes \$585 each; total: \$8,775

Total rent added for phase 1: \$11,700

Proforma Phase 1* after completing items in phase 1 of project plan; estimated capital costs \$249,000*.

Income	Monthly	Annual
Park owned homes	\$34,940	\$419,280
Space Rent	\$10,500	\$126,000
Utility Income	\$6,370	\$76,440
Subtotal	\$51,810	\$621,720
Less approximately -8% delinquency and vacancy factor	\$4,145	\$49,738
Total Gross Income	\$47,665	\$571,982
Expenses	Monthly	Annual
Repairs and Maintenance	\$3,000	\$36,000
Management Contract Labor	\$1,500	\$18,000
Maintenance Contract Labor	\$3,000	\$36,000
Taxes & Insurance	\$5,840	\$70,080
Telephone and Internet	\$153	\$1,836
Electric	\$650	\$7,800
Gas	\$300	\$3,600
Water/Sewer	\$7,300	\$87,600
Garbage	\$3,200	\$38,400
Consulting Fee	\$1,200	\$14,400
Other Expenses	\$1,000	\$12,000
Total Expenses	\$27,143	\$325,716
Net Operating Income	\$20,522	\$246,266
less note payment	\$15,000	\$180,000
Net Cash Flow	\$5,522	\$66,266

Phase 1 Cap Rate: 5.7%
 $\$246,266 \text{ (NOI)} \div \$4,249,000 \text{ (price + capital)} = 5.7\%$

Phase 1 Cash on Cash: 5.3%
 $\$66,266 \text{ (NCF)} \div \$1,249,000 \text{ (cash invested)} = 5.3\%$

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Phase 2

Total estimated capital for phase 2: \$225,000

- Rehab and rent 15 vacant homes
 - Estimated cost to rehab each home \$15,000; total \$225,000
 - Rents for homes \$585 each; total \$8,775

Total rent added
for phase 2: \$8,775

Proforma Phase 2* after completing items in phase 2 of project plan; estimated capital costs \$225,000*.

Income	Monthly	Annual
Park owned homes	\$43,715	\$524,580
Space Rent	\$10,500	\$126,000
Utility Income	\$7,345	\$88,140
Subtotal	\$61,560	\$738,720
Less approximately -8% delinquency and vacancy factor	\$4,925	\$59,098
Total Gross Income	\$56,635	\$679,622
Expenses	Monthly	Annual
Repairs and Maintenance	\$3,500	\$42,000
Management Contract Labor	\$1,500	\$18,000
Maintenance Contract Labor	\$3,500	\$42,000
Taxes & Insurance	\$5,840	\$70,080
Telephone and Internet	\$153	\$1,836
Electric	\$650	\$7,800
Gas	\$300	\$3,600
Water/Sewer	\$8,350	\$100,200
Garbage	\$3,400	\$40,800
Consulting Fee	\$1,200	\$14,400
Other Expenses	\$1,000	\$12,000
Total Expenses	\$29,393	\$352,716
Net Operating Income	\$27,242	\$326,906
less note payment	\$15,000	\$180,000
Net Cash Flow	\$12,242	\$146,906

Phase 2 Cap Rate: 7.3%

$\$326,906 \text{ (NOI)} \div \$4,474,000 \text{ (price + capital)} = 7.3\%$

Phase 2 Cash on Cash: 9.9%

$\$146,906 \text{ (NCF)} \div \$1,474,000 \text{ (cash invested)} = 9.9\%$

Cornerstone Village MHP - Project Plan

Phase 3

Total estimated capital for phase 3: \$396,000

- Repair exterior of the 24 homes took possession of recently* cost \$1,500 each, total: \$36,000
- Rehab and rent 24 vacant homes
 - Estimated cost to rehab each home \$15,000; total: \$360,000
 - Rents for homes \$585 each; total \$14,040

Total rent value for phase 3: \$14,040

Proforma Phase 3* after completing items in phase 3 of project plan; estimated capital costs \$396,000*.

Income	Monthly	Annual
Park owned homes	\$57,755	\$693,060
Space Rent	\$10,500	\$126,000
Utility Income	\$8,905	\$106,860
Subtotal	\$77,160	\$925,920
Less approximately -8% delinquency and vacancy factor	\$6,173	\$74,074
Total Gross Income	\$70,987	\$851,846
Expenses	Monthly	Annual
Repairs and Maintenance	\$4,000	\$48,000
Management Contract Labor	\$1,500	\$18,000
Maintenance Contract Labor	\$4,000	\$48,000
Taxes & Insurance	\$5,840	\$70,080
Telephone and Internet	\$153	\$1,836
Electric	\$650	\$7,800
Gas	\$300	\$3,600
Water/Sewer	\$9,750	\$117,000
Garbage	\$3,700	\$44,400
Consulting Fee	\$1,200	\$14,400
Other Expenses	\$1,000	\$12,000
Total Expenses	\$32,093	\$385,116
Net Operating Income	\$38,894	\$466,730
less note payment	\$15,000	\$180,000
Net Cash Flow	\$23,894	\$286,730

Phase 3 Cap Rate: 9.5%

$\$466,730 \text{ (NOI)} \div \$4,870,000 \text{ (price + capital)} = 9.5\%$

Phase 3 Cash on Cash: 15.3%

$\$286,730 \text{ (NCF)} \div \$1,870,000 \text{ (cash invested)} = 15.3\%$

* This step should really be done throughout phase 1 and 2 so park is more desirable to potential tenants, estimate is for steps, paint, and minor repairs to skirting/exterior; additional funds may be needed for roof or complete skirting replacement

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Cornerstone Village MHP

Phase 4 project plan

Total estimated cost for phase 4: \$310,000

- Fill 62 vacant lots with new homes
 - Estimated rent \$750 each; total: \$46,500
 - Estimated cost to install each home \$5,000; total \$310,000
 - Estimated cost/home \$50,000 (fully financed), with estimated payments of \$450/home:
Total: \$27,900

Total rent added for
phase 4: \$46,500

Proforma Phase 4* after completing items in phase 4 of project plan; estimated capital costs \$310,000*.

Income	Monthly	Annual
Park owned homes	\$104,255	\$1,251,060
Space Rent	\$10,500	\$126,000
Utility Income	\$12,935	\$155,220
Subtotal	\$127,690	\$1,532,280
Less approximately -8% delinquency and vacancy factor	\$10,215	\$122,582
Total Gross Income	\$117,475	\$1,409,698
Expenses	Monthly	Annual
Repairs and Maintenance	\$6,000	\$72,000
Management Contract Labor	\$2,500	\$30,000
Maintenance Contract Labor	\$6,000	\$72,000
Taxes & Insurance	\$5,840	\$70,080
Telephone and Internet	\$153	\$1,836
Electric	\$650	\$7,800
Gas	\$300	\$3,600
Water/Sewer	\$14,500	\$174,000
Garbage	\$4,700	\$56,400
Consulting Fee	\$1,200	\$14,400
Other Expenses	\$1,000	\$12,000
Total Expenses	\$42,843	\$514,116
Net Operating Income	\$74,632	\$895,582
Less Mobile Home Payments	\$27,900	\$334,800
Less Note Payment	\$15,000	\$180,000
Net Cash Flow	\$31,732	\$380,782

*after this, you still have 200 lots that need the infrastructure replaced and can then be infilled

Phase 4 Cap Rate: 17.2%

$\$895,582 \text{ (NOI)} \div \$5,180,000 \text{ (price + capital)} = 17.2\%$

Phase 4 Cash on Cash: 17.4%

$\$380,782 \text{ (NCF)} \div \$2,180,000 \text{ (cash invested)} = 17.4\%$

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* estimated increases/additional expense due to adding new homes