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**OFFERING MEMORANDUM FOR INVESTORS
LOOKING for a LEGITIMATE 10%+ IRR YIELD**

- Property has years of 100% occupancy with waiting list
- Av. length of stay about 7 years, some as long as 16, some 2nd generation
- Units kept in good shape. All inspected 2x/yr
- No rent increase in 7 years. Tenants expecting a minimum \$50 increase
- 5500+ Custom Executive home serves for IRS as “General Managers” quarters and is thus fully expensed. Current owner will lease back 2 years
- MHP has 5+ acres. Executive home 0.95 AC, developable land 15.xx AC
- Located in Killeen/Ft Hood area with large military population
- Massive growth and development around property
- Multiple legitimate property offerings and sales within 1 mile in the \$8.50+/SF price range with recent sales and current development ongoing

**If you are an investor, or represent an investor, looking for a
LEGITIMATE 10%+ IRR YIELD, that**

- Is *offered for sale as an LLC*, not “property transaction” (tax benefit)
- has no additional money needed to be spent to be profitable
- is and has been at 100% occupancy and has a waiting list to get in
- is WAY under market rents and tenants expecting an increase
- clean, neat, and no “criminal activity” area (owner recent retired cop)
- is well managed and low cost of operation and operating expenses
- has marketable assets that can be “sold off” from the income producing portion and arguably “pay off” the entire purchase price
- comes complete with a 5500+/- sf custom home, pool, spa, view and PRIVACY counted as a “General Managers Quarters” by IRS which owner will “lease back” for 2 years @ 3,000/month (\$36,000/yr)

***Then you REALLY should consider THIS Central Texas jewel of an investment
property located at 3307 FM 3481, Harker Heights, Texas***

3307 FM 3481, Harker Heights, Texas is a fascinating and tremendous opportunity for an investor to obtain a very “cash flow positive” property that needs little done to it at all, that has immediate rent raise expected by the tenants (No rent raise in 7 plus years), that has stable tenants, AND that has immediate and substantial ability to market part of the package of parcels for enough funds to retire the entire debt, then THIS is for you! This package is offered FIRMLY priced STARTING at \$1,900,000 and includes everything listed above and THEN some!!

A LITTLE ABOUT THE SELLER and his OFFER: The Seller is retired former military, retired former command level civilian police officer, entrepreneur, pilot, and business owner who is now liquidating some of his holding to turn his attention to other ventures. This is NOT a “distress sale” in ANY shape or fashion. There is NO DEBT. There is NO COMPELLING NEED to sell the property package. He will NOT sell if he does not get HIS terms. Period. \$1.9M is a legitimate STARTING POINT for negotiations for this package. He will NOT sell in any manner except as the sale of a new LLC (to be formed having no liabilities and only the parcels as assets of the LLC holding company) to place all the assets (currently in LLCs) into prior to close of the transaction. Closing will be at and through his attorney’s office. He prefers an ALL CASH transaction at that price point, but WILL CONSIDER owner financing with a minimum of 50% down from the buyer. NO bank or other lender financing. The 50% down payment must come from buyers funds and/or may not be collateralized funds. He will ONLY accept a 1st lien position with no second liens allowed. Seller in negotiations with cell tower company for placing a cell tower near high point of the property on small piece of land. Seller to retain 50% revenue rights for the cell tower, if built, for a period of 10 (ten) years, after which time all revenues, if built, shall inure to the benefit of the new owners. “Ownership” of the cell tower parcel, if built, inures to the LLC, but the revenue stream for 10 years splits 50%/50% with the current owner. This clause survives the transaction close if the tower is not yet built. This is the reason for the “xx” in the acreage listings, as this parcel would be cut out from the current 5 parcels.

In an all cash transaction, the buyer receives 100% ownership of the LLC and all the assets thereof, without debt, liens, or encumbrances (other than the 10 year revenue sharing of any cell tower built) which comprises 5 separate parcels of land totaling 21.xx acres of land, +/-, the Mobile Home Park and ownership of 27 of the 28 units, the custom “general managers quarters”, and the contiguous and adjacent developable 15.xx additional acres. Current owner willing to continue in the role of “General Manager” as needed at no cost for a period of at least 6 months to facilitate a smooth transition with the new owners.

There is currently an “on site” manager who manages all of the Sellers rental properties, including the MHP and 10 separate other properties [comprising an additional 11 units NOT in this offering, but available for an additional \$500,000.] She also manages some of his other commercial interests. Her compensation for this is her monthly rental cost. She has been managing for over 6 years and a resident even longer. There is an available private contractor “handyman” (not an “employee” as defined by the tax or labor code) who has been doing all the maintenance there in excess of 10 years, and for a price that is way less than market for the services rendered. He is currently charging around \$15/hr for his services. Both are willing to continue doing what they are doing if desired by the new owner.

For someone wishing to have the owner finance the transaction, then a minimum of 50% or \$950,000 down, whichever is greater, plus closing costs and document preparation fees and cost of closing at the attorneys office. If purchase is \$1.9M, then \$950,000 down and owner carry a balance of \$950,000. Owner will retain as additional collateral 50.1% ownership of the LLC until ALL the purchase price is paid off. At the time purchase is paid in full, a document signed at the closing of the transaction will automatically vest 100% ownership of the LLC holding company to the purchaser but with the proviso that any revenues from any cell tower built shall be shared revenue at 50%/50% for a period of 10 (Ten) years and that such agreement shall endure after the close of the purchase transaction. Ownership of the land on which the cell tower to be built, if built, to remain with the LLC holding company created for the transaction. Only revenues are shared.

The terms of the loan are:

50% down (minimum of \$950,000, depending on purchase price)

Interest rate of 5.5% on a balance of \$950,000*

(*note: balance of \$850,000 = 4.5%; balance of \$750,000 = 3.5%; balance of \$650,000 = 2.5%; balance of \$550,000 = 1.5%; balance below \$500,000= 1% interest)

30 (Thirty) year amortization

10 (Ten) year balloon

Re-compute payment and interest any time balance reductions listed above are met.

At a loan of \$950,000 @ 5.5% interest, 30 yr amortization, the monthly payment would be currently approximately \$5,394/month or \$64,728 annually.

ADDITIONAL TERMS:

It is legitimate and right that the new owner may choose to sell all or part of the developable land or even the “general managers quarters”. Should such sale take place, then the “first fruits” of any such sale will go to eliminate the remaining outstanding balance on the loan in a ratio of 75%/25% to current seller for any sale proceeds up to the remaining loan balance amount and then 0% to current seller AND full release of 100% control and ownership of the LLC. No “non-emergency” capital expenditures in excess of 10,000 shall be made without prior consent of current owner, and NO DEBT shall remain from any such capital expenditure which will attach to the LLC holding company. At the Sellers asking price he is willing to do the following after closing of the transaction, and to have held in escrow the funds to cover the cost of:

- resurfacing of the asphalt roadways into the MHP
- re-skirting any units damaged by weed-eaters
- replacement of any refrigerator over 10 years old with similar new, used, or refurbished, which will lower the utility cost to the tenants
- install private entry gates, with coded access, to both entrances to the MHP
- all items above to be done by current sellers own contracting company which will reduce the overall cost of the project to “cost”

Financial Data Attached and made a part of this Offering Memorandum. Calculations include provision of a \$50.00/month/unit rent increase which has NOT been done yet, but is calculated in the financials. Current tenants are expecting that rent increase. Seller has NOT incorporated that raise yet to give the new owner ability to adjust as THEY want. **The improvements indicated above have also NOT been announced to the current tenants**, and Seller can allow the new owner the benefit of “legitimizing” a rent increase not only on the basis of no rent increase in 7 years, but in the change to a “gated community” and replacement of refrigerators to lower their utility costs, thus mitigating some of the rent increase. These improvements will also benefit the new owner by making additional future rent increases legitimate by these “value added” items. Also included is the Seller “lease back” at 36,000/yr General Managers Quarters.

MOST ASKED QUESTION: “So, if it is this good why is he selling it?”

Simple. Seller is retired from serving his country in the military and his community as a command level police officer and has built a private getaway in Panama, on the Pacific Ocean side, and has a new residence already built there. The property faces the ocean. About 50 yards in front of the property is a 5200 foot runway from an FAA recognized airport, long enough to land Learjets on. Another 50 yards from there you are putting your feet in the water at the beach in the Pacific Ocean. The seller is developing a total of 22 duplexes on the property in addition to his already built private residence to be used as vacation get-aways. The first is already built with 21 others to go. There will be a large bar, pool, and gathering place to relax. We will be selling deeded fractional ownership or entire ownership of these units as vacation or corporate get away places complete with private airport that you can land and walk to your private get away cabana. In short, he is making his dreams come true, and using some of his current assets to provide funding for this project which will also provide him a comfortable long term living in a beautiful place. Reason enough? *(If interested in this as an investment also, or as a place to “get away from it all” please inquire to Listing Broker, who also is a participant in the Panama venture as a principal)*

The owner KNOWS he is giving a good deal, and it is his intent to “leave a lot of meat on the bone” for the buyer of the property because the sale of it finances his dream project. With no “need” to sell the property, he can and will wait for his price. NO LOWBALL OFFERS will be considered. He is well aware that property across the street, up the street a few hundred yards, and all around is selling in the \$8.50/sq ft (about \$370,000/acre) range and yes, he has done the math. (see attached maps with sales and listed comps).

PRIVATE VIEWING ONLY, AND BY APPOINTMENT ONLY. No conversations with the current residents as they do NOT know about the marketing of the property. No “For Sale” signs are posted. Either Owner or Broker MUST be with you at all times if you are on the property. If viewing the executive home, which is the Sellers private residence, is in the plan, you MUST give at least 72 hour notice to arrange an appropriate visit tour of the entire property.

THIS INFORMATION HAS BEEN OBTAINED FROM SOURCES BELIEVED RELIABLE. While we do not doubt its accuracy we have not verified it and make no guarantee, warranty, expressed or implied, or representation about it. It is your responsibility to independently confirm its accuracy. You and your advisors should conduct a careful, independent investigation of the property(ies) to determine to your satisfaction the suitability of the property(ies) for your needs.

10-Year Cash Flow Analysis

Hazel MHP



INITIAL INVESTMENT

| | |
|----------------------|-------------|
| Purchase Price | \$1,900,000 |
| + Acquisition Costs | \$19,000 |
| - Mortgage(s) | \$950,000 |
| + Loan Fees & Points | \$9,500 |
| Initial Investment | \$978,500 |

MORTGAGE DATA

| | |
|---------------------|-----------|
| Loan Amount | \$950,000 |
| Interest Rate | 5.500% |
| Amortization Period | 30 Years |
| Periodic Payment | \$5,394 |
| Annual Debt Service | \$64,728 |

1ST LIEN

CASH FLOW

| End of Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| POTENTIAL RENTAL INCOME | \$151,380 | \$155,921 | \$160,599 | \$165,417 | \$170,380 | \$175,491 | \$180,756 | \$186,178 | \$191,764 | \$197,517 |
| - Vacancy / Credit Loss | \$1,514 | \$1,559 | \$1,606 | \$1,654 | \$1,704 | \$1,755 | \$1,808 | \$1,862 | \$1,918 | \$1,975 |
| EFFECTIVE RENTAL INCOME | \$149,866 | \$154,362 | \$158,993 | \$163,763 | \$168,676 | \$173,736 | \$178,948 | \$184,316 | \$189,846 | \$195,542 |
| + Other Income | \$36,000 | \$37,080 | \$38,192 | \$39,338 | \$40,518 | \$41,734 | \$42,986 | \$44,275 | \$45,604 | \$46,972 |
| GROSS OPERATING INCOME (GOI) | \$185,866 | \$191,442 | \$197,185 | \$203,101 | \$209,194 | \$215,470 | \$221,934 | \$228,591 | \$235,450 | \$242,514 |
| - Operating Expenses | \$38,164 | \$38,171 | \$38,177 | \$38,184 | \$38,191 | \$38,198 | \$38,205 | \$38,212 | \$38,219 | \$38,226 |
| NET OPERATING INCOME (NOI) | \$147,702 | \$153,271 | \$159,008 | \$164,917 | \$171,003 | \$177,272 | \$183,729 | \$190,379 | \$197,231 | \$204,288 |
| Net Operating Income (NOI) | \$147,702 | \$153,271 | \$159,008 | \$164,917 | \$171,003 | \$177,272 | \$183,729 | \$190,379 | \$197,231 | \$204,288 |
| - Annual Debt Service 1st Lien | \$64,728 | \$64,728 | \$64,728 | \$64,728 | \$64,728 | \$64,728 | \$64,728 | \$64,728 | \$64,728 | \$64,728 |
| CASH FLOW BEFORE TAXES | \$82,974 | \$88,543 | \$94,280 | \$100,189 | \$106,275 | \$112,544 | \$119,001 | \$125,651 | \$132,503 | \$139,560 |
| Sales Proceeds | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Sales Price | \$2,555,000 | \$2,650,000 | \$2,749,000 | \$2,850,000 | \$2,955,000 | \$3,062,000 | \$3,173,000 | \$3,287,000 | \$3,405,000 | \$3,526,000 |
| - Sales Expenses | \$153,300 | \$159,000 | \$164,940 | \$171,000 | \$177,300 | \$183,720 | \$190,380 | \$197,220 | \$204,300 | \$211,560 |
| - Mortgage Balance 1st Lien | \$937,203 | \$923,683 | \$909,402 | \$894,314 | \$878,376 | \$861,538 | \$843,751 | \$824,960 | \$805,110 | \$784,139 |
| Sales Proceeds Before Tax | \$1,464,497 | \$1,567,317 | \$1,674,658 | \$1,784,686 | \$1,899,324 | \$2,016,742 | \$2,138,869 | \$2,264,820 | \$2,395,590 | \$2,530,301 |
| Investments Measures | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| EOY Value using Going in Cap Rate | \$1,972,000 | \$2,045,000 | \$2,121,000 | \$2,200,000 | \$2,280,000 | \$2,363,000 | \$2,449,000 | \$2,537,000 | \$2,628,000 | \$2,721,000 |
| EOY Loan-to-Value (LTV) | 48% | 45% | 43% | 41% | 39% | 36% | 34% | 33% | 31% | 29% |
| Debt Service Coverage Ratio (DSCR) | 2.28 | 2.37 | 2.46 | 2.55 | 2.64 | 2.74 | 2.84 | 2.94 | 3.05 | 3.16 |
| Before Tax Cash on Cash | 8.48% | 9.05% | 9.64% | 10.24% | 10.86% | 11.50% | 12.16% | 12.84% | 13.54% | 14.26% |
| Unleveraged Property Yield (IRR) | 32.85% | 21.30% | 17.69% | 15.91% | 14.87% | 14.17% | 13.67% | 13.30% | 13.02% | 12.79% |
| Equity Yield (IRR) | 58.15% | 34.40% | 27.24% | 23.74% | 21.66% | 20.26% | 19.25% | 18.49% | 17.88% | 17.39% |



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10-Year Cash Flow Analysis

Hazel MHP



INCOME

| End of Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| POTENTIAL RENTAL INCOME (PRI) | \$151,380 | \$155,921 | \$160,599 | \$165,417 | \$170,380 | \$175,491 | \$180,756 | \$186,178 | \$191,764 | \$197,517 |
| - Vacancy / Credit Loss | \$1,514 | \$1,559 | \$1,606 | \$1,654 | \$1,704 | \$1,755 | \$1,808 | \$1,862 | \$1,918 | \$1,975 |
| EFFECTIVE RENTAL INCOME (ERI) | \$149,866 | \$154,362 | \$158,993 | \$163,763 | \$168,676 | \$173,736 | \$178,948 | \$184,316 | \$189,846 | \$195,542 |
| + Other Income | \$36,000 | \$37,080 | \$38,192 | \$39,338 | \$40,518 | \$41,734 | \$42,986 | \$44,275 | \$45,604 | \$46,972 |
| GROSS OPERATING INCOME (GOI) | \$185,866 | \$191,442 | \$197,185 | \$203,101 | \$209,194 | \$215,470 | \$221,934 | \$228,591 | \$235,450 | \$242,514 |

EXPENSE DETAIL

| | | | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Real Estate Taxes | \$665 | \$672 | \$678 | \$685 | \$692 | \$699 | \$706 | \$713 | \$720 | \$727 |
| Personal Property Taxes | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 |
| Property Insurance | \$960 | \$960 | \$960 | \$960 | \$960 | \$960 | \$960 | \$960 | \$960 | \$960 |
| Property Management | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 |
| Repairs and Maintenance | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 |
| Utilities : Electric | \$780 | \$780 | \$780 | \$780 | \$780 | \$780 | \$780 | \$780 | \$780 | \$780 |
| Utilities : Water & Sewer | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 |
| Miscellaneous Contract Services | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 |
| Other Operating Expenses | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 |
| TOTAL OPERATING EXPENSES | \$38,164 | \$38,171 | \$38,177 | \$38,184 | \$38,191 | \$38,198 | \$38,205 | \$38,212 | \$38,219 | \$38,226 |
| NET OPERATING INCOME (NOI) | \$147,702 | \$153,271 | \$159,008 | \$164,917 | \$171,003 | \$177,272 | \$183,729 | \$190,379 | \$197,231 | \$204,288 |



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10-Year Cash Flow Analysis

Hazel MHP



ASSUMPTION / INPUTS

| | |
|-------------------------|-------------|
| Purchase Price | \$1,900,000 |
| Year 1 Potential Income | \$151,380 |
| Vacancy & Credit Loss | 1.00% |
| Year 1 Expenses | \$38,164 |
| Acquisition CAP Rate | 7.77% |
| Sale Price - CAP Rate | 6.00% |

| | |
|---|-------|
| Acquisition Costs (% of Purchase Price) | 1.00% |
| Annual Income Increase | 3.00% |
| Other Income Increase | 3.00% |
| Annual Expense Increase | N/A |
| Loan Fees & Points | 1.00% |
| Cost of Sale upon Disposition | 6.00% |

10-YEAR EQUITY YIELD & EFFECTIVE LOAN RATE

| Unleveraged Investment | | | Financing Cash Flow | | | Equity Investment | |
|---------------------------|---------------|---|---------------------|-------------|---|---------------------------|-------------|
| Cash Flow & 10-year Yield | | | & Effective Rate | | | Cash Flow & 10-year Yield | |
| N | | | N | | | N | |
| 0 | (\$1,919,000) | + | 0 | \$940,500 | = | 0 | (\$978,500) |
| 1 | \$147,702 | | 1 | (\$64,728) | | 1 | \$82,974 |
| 2 | \$153,271 | | 2 | (\$64,728) | | 2 | \$88,543 |
| 3 | \$159,008 | | 3 | (\$64,728) | | 3 | \$94,280 |
| 4 | \$164,917 | | 4 | (\$64,728) | | 4 | \$100,189 |
| 5 | \$171,003 | | 5 | (\$64,728) | | 5 | \$106,275 |
| 6 | \$177,272 | | 6 | (\$64,728) | | 6 | \$112,544 |
| 7 | \$183,729 | | 7 | (\$64,728) | | 7 | \$119,001 |
| 8 | \$190,379 | | 8 | (\$64,728) | | 8 | \$125,651 |
| 9 | \$197,231 | | 9 | (\$64,728) | | 9 | \$132,503 |
| 10 | \$3,518,728 | | 10 | (\$848,867) | | 10 | \$2,669,861 |

Property IRR/Yield = 12.79%

Effective Loan Rate = 5.60%

Equity IRR/Yield = 17.39%

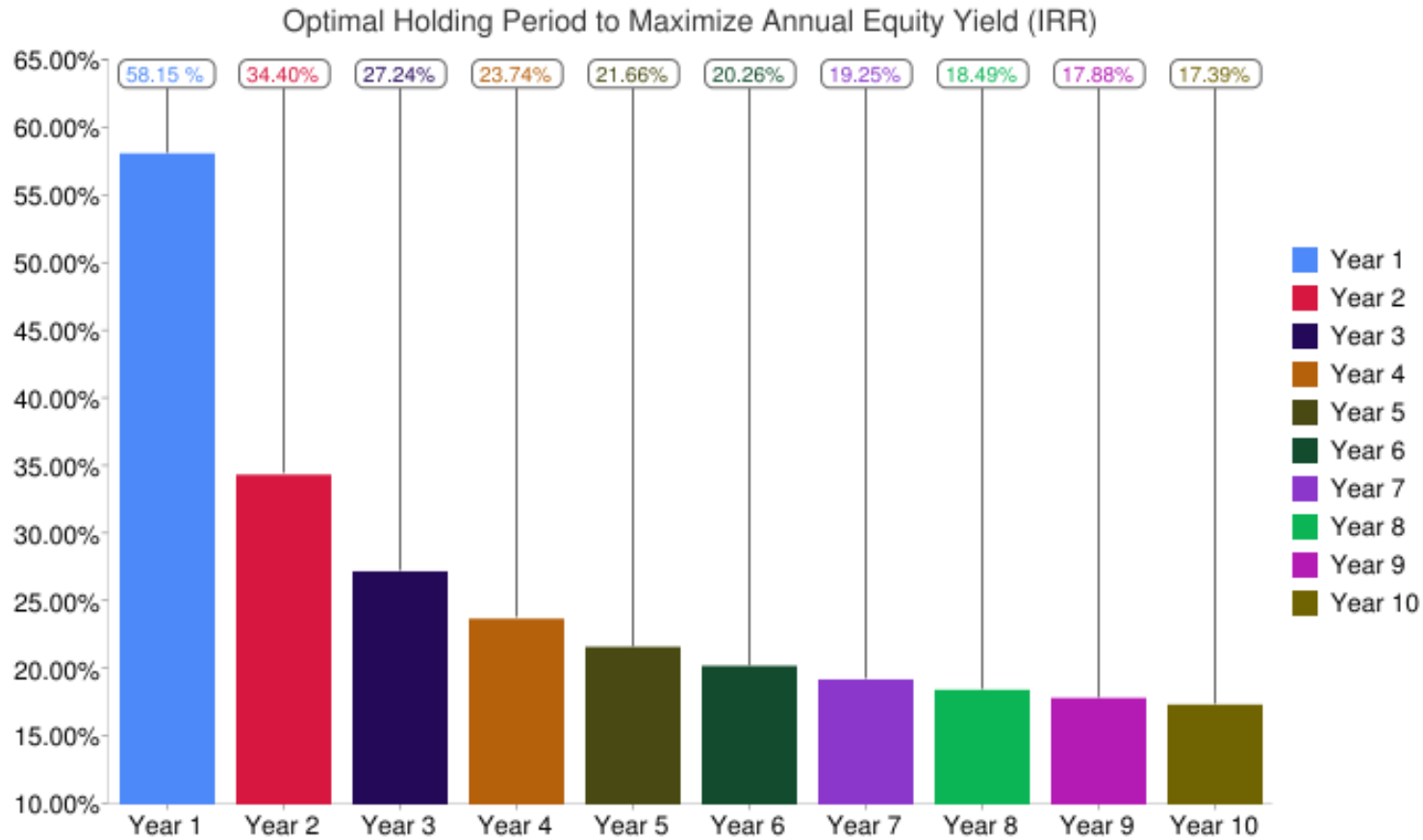
Positive Leverage! Leverage INCREASED the Yield by 4.61%



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The Equity Yield by Year graph represents the total ANNUAL return based on the year of disposition of the property. This graph shows the optimal holding period for the investment in order to maximize the annual equity yield. For example, the Year 5 Equity Yield percentage represents the annual yield received for years 1-5, assuming you sell the property at the end of year 5.



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10-Year Cash Flow Analysis

Hazel MHP



INITIAL INVESTMENT

| | |
|----------------------|-------------|
| Purchase Price | \$1,900,000 |
| + Acquisition Costs | \$19,000 |
| - Mortgage(s) | \$0 |
| + Loan Fees & Points | \$0 |
| Initial Investment | \$1,919,000 |

MORTGAGE DATA

1ST LIEN

| | |
|---------------------|-------|
| Loan Amount | \$0 |
| Interest Rate | % |
| Amortization Period | Years |
| Periodic Payment | \$0 |
| Annual Debt Service | \$0 |

CASH FLOW

| End of Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| POTENTIAL RENTAL INCOME | \$151,380 | \$155,921 | \$160,599 | \$165,417 | \$170,380 | \$175,491 | \$180,756 | \$186,178 | \$191,764 | \$197,517 |
| - Vacancy / Credit Loss | \$1,514 | \$1,559 | \$1,606 | \$1,654 | \$1,704 | \$1,755 | \$1,808 | \$1,862 | \$1,918 | \$1,975 |
| EFFECTIVE RENTAL INCOME | \$149,866 | \$154,362 | \$158,993 | \$163,763 | \$168,676 | \$173,736 | \$178,948 | \$184,316 | \$189,846 | \$195,542 |
| + Other Income | \$36,000 | \$37,080 | \$38,192 | \$39,338 | \$40,518 | \$41,734 | \$42,986 | \$44,275 | \$45,604 | \$46,972 |
| GROSS OPERATING INCOME (GOI) | \$185,866 | \$191,442 | \$197,185 | \$203,101 | \$209,194 | \$215,470 | \$221,934 | \$228,591 | \$235,450 | \$242,514 |
| - Operating Expenses | \$38,164 | \$38,171 | \$38,177 | \$38,184 | \$38,191 | \$38,198 | \$38,205 | \$38,212 | \$38,219 | \$38,226 |
| NET OPERATING INCOME (NOI) | \$147,702 | \$153,271 | \$159,008 | \$164,917 | \$171,003 | \$177,272 | \$183,729 | \$190,379 | \$197,231 | \$204,288 |
| Net Operating Income (NOI) | \$147,702 | \$153,271 | \$159,008 | \$164,917 | \$171,003 | \$177,272 | \$183,729 | \$190,379 | \$197,231 | \$204,288 |
| - Annual Debt Service 1st Lien | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CASH FLOW BEFORE TAXES | \$147,702 | \$153,271 | \$159,008 | \$164,917 | \$171,003 | \$177,272 | \$183,729 | \$190,379 | \$197,231 | \$204,288 |
| Sales Proceeds | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Sales Price | \$2,555,000 | \$2,650,000 | \$2,749,000 | \$2,850,000 | \$2,955,000 | \$3,062,000 | \$3,173,000 | \$3,287,000 | \$3,405,000 | \$3,526,000 |
| - Sales Expenses | \$153,300 | \$159,000 | \$164,940 | \$171,000 | \$177,300 | \$183,720 | \$190,380 | \$197,220 | \$204,300 | \$211,560 |
| - Mortgage Balance 1st Lien | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sales Proceeds Before Tax | \$2,401,700 | \$2,491,000 | \$2,584,060 | \$2,679,000 | \$2,777,700 | \$2,878,280 | \$2,982,620 | \$3,089,780 | \$3,200,700 | \$3,314,440 |
| Investments Measures | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| EOY Value using Going in Cap Rate | \$1,972,000 | \$2,045,000 | \$2,121,000 | \$2,200,000 | \$2,280,000 | \$2,363,000 | \$2,449,000 | \$2,537,000 | \$2,628,000 | \$2,721,000 |
| EOY Loan-to-Value (LTV) | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Debt Service Coverage Ratio (DSCR) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Before Tax Cash on Cash | 7.70% | 7.99% | 8.29% | 8.59% | 8.91% | 9.24% | 9.57% | 9.92% | 10.28% | 10.65% |
| Unleveraged Property Yield (IRR) | 32.85% | 21.30% | 17.69% | 15.91% | 14.87% | 14.17% | 13.67% | 13.30% | 13.02% | 12.79% |
| Equity Yield (IRR) | 32.85% | 21.30% | 17.69% | 15.91% | 14.87% | 14.17% | 13.67% | 13.30% | 13.02% | 12.79% |



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10-Year Cash Flow Analysis

Hazel MHP



INCOME

| End of Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| POTENTIAL RENTAL INCOME (PRI) | \$151,380 | \$155,921 | \$160,599 | \$165,417 | \$170,380 | \$175,491 | \$180,756 | \$186,178 | \$191,764 | \$197,517 |
| - Vacancy / Credit Loss | \$1,514 | \$1,559 | \$1,606 | \$1,654 | \$1,704 | \$1,755 | \$1,808 | \$1,862 | \$1,918 | \$1,975 |
| EFFECTIVE RENTAL INCOME (ERI) | \$149,866 | \$154,362 | \$158,993 | \$163,763 | \$168,676 | \$173,736 | \$178,948 | \$184,316 | \$189,846 | \$195,542 |
| + Other Income | \$36,000 | \$37,080 | \$38,192 | \$39,338 | \$40,518 | \$41,734 | \$42,986 | \$44,275 | \$45,604 | \$46,972 |
| GROSS OPERATING INCOME (GOI) | \$185,866 | \$191,442 | \$197,185 | \$203,101 | \$209,194 | \$215,470 | \$221,934 | \$228,591 | \$235,450 | \$242,514 |

EXPENSE DETAIL

| | | | | | | | | | | |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Real Estate Taxes | \$665 | \$672 | \$678 | \$685 | \$692 | \$699 | \$706 | \$713 | \$720 | \$727 |
| Personal Property Taxes | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 | \$3,499 |
| Property Insurance | \$960 | \$960 | \$960 | \$960 | \$960 | \$960 | \$960 | \$960 | \$960 | \$960 |
| Property Management | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 | \$5,160 |
| Repairs and Maintenance | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 | \$3,600 |
| Utilities : Electric | \$780 | \$780 | \$780 | \$780 | \$780 | \$780 | \$780 | \$780 | \$780 | \$780 |
| Utilities : Water & Sewer | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 |
| Miscellaneous Contract Services | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 | \$3,000 |
| Other Operating Expenses | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 | \$8,500 |
| TOTAL OPERATING EXPENSES | \$38,164 | \$38,171 | \$38,177 | \$38,184 | \$38,191 | \$38,198 | \$38,205 | \$38,212 | \$38,219 | \$38,226 |
| NET OPERATING INCOME (NOI) | \$147,702 | \$153,271 | \$159,008 | \$164,917 | \$171,003 | \$177,272 | \$183,729 | \$190,379 | \$197,231 | \$204,288 |



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10-Year Cash Flow Analysis

Hazel MHP



ASSUMPTION / INPUTS

| | |
|-------------------------|-------------|
| Purchase Price | \$1,900,000 |
| Year 1 Potential Income | \$151,380 |
| Vacancy & Credit Loss | 1.00% |
| Year 1 Expenses | \$38,164 |
| Acquisition CAP Rate | 7.77% |
| Sale Price - CAP Rate | 6.00% |

| | |
|---|-------|
| Acquisition Costs (% of Purchase Price) | 1.00% |
| Annual Income Increase | 3.00% |
| Other Income Increase | 3.00% |
| Annual Expense Increase | N/A |
| Loan Fees & Points | 0.00% |
| Cost of Sale upon Disposition | 6.00% |

10-YEAR EQUITY YIELD & EFFECTIVE LOAN RATE


| Unleveraged Investment | | | Financing Cash Flow | | | Equity Investment | |
|---------------------------|---------------|---|---------------------|-----|---|---------------------------|---------------|
| Cash Flow & 10-year Yield | | | & Effective Rate | | | Cash Flow & 10-year Yield | |
| N | | | N | | | N | |
| 0 | (\$1,919,000) | + | 0 | \$0 | = | 0 | (\$1,919,000) |
| 1 | \$147,702 | | 1 | \$0 | | 1 | \$147,702 |
| 2 | \$153,271 | | 2 | \$0 | | 2 | \$153,271 |
| 3 | \$159,008 | | 3 | \$0 | | 3 | \$159,008 |
| 4 | \$164,917 | | 4 | \$0 | | 4 | \$164,917 |
| 5 | \$171,003 | | 5 | \$0 | | 5 | \$171,003 |
| 6 | \$177,272 | | 6 | \$0 | | 6 | \$177,272 |
| 7 | \$183,729 | | 7 | \$0 | | 7 | \$183,729 |
| 8 | \$190,379 | | 8 | \$0 | | 8 | \$190,379 |
| 9 | \$197,231 | | 9 | \$0 | | 9 | \$197,231 |
| 10 | \$3,518,728 | | 10 | \$0 | | 10 | \$3,518,728 |

Property IRR/Yield = 12.79%

Effective Loan Rate = N/A

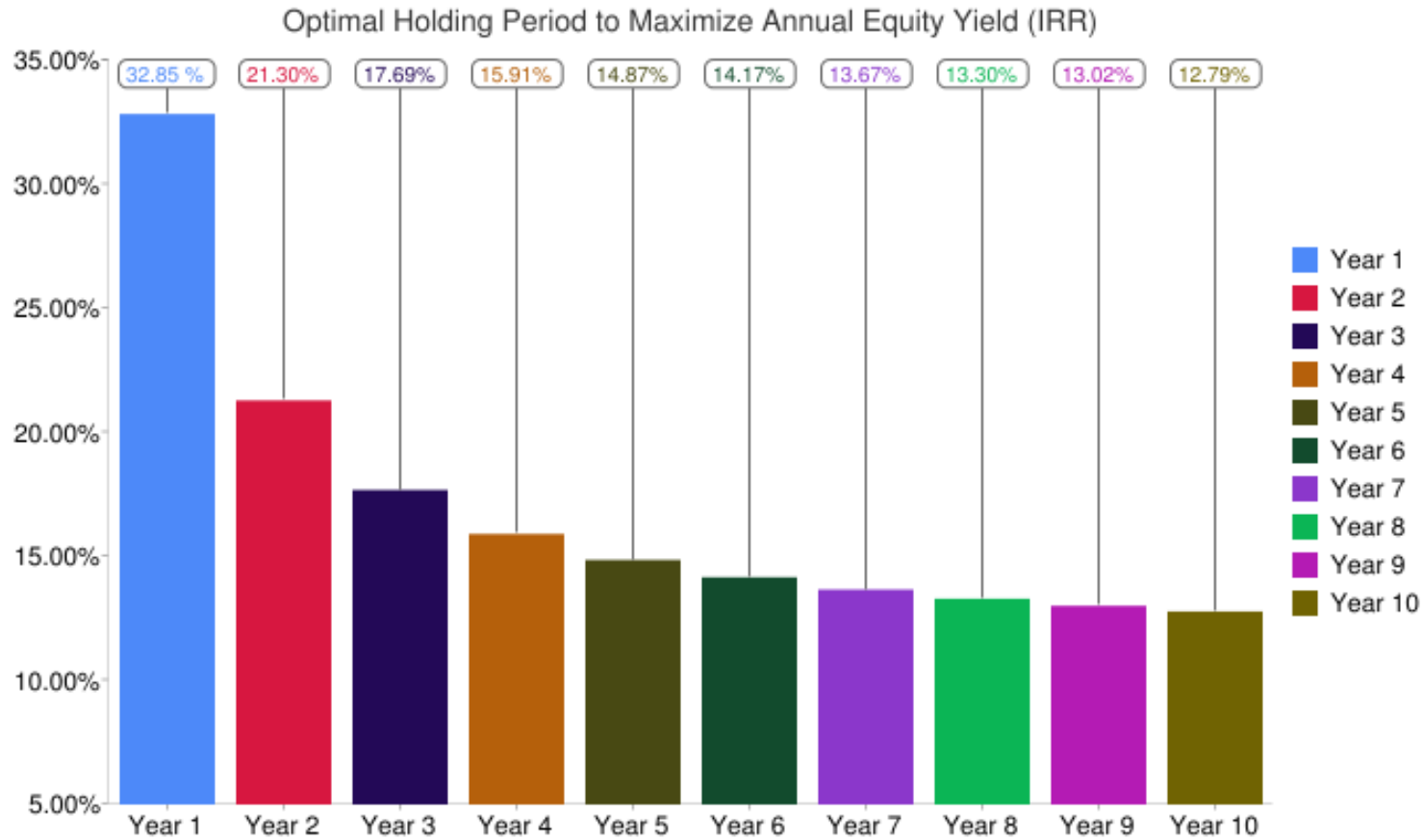
Equity IRR/Yield = 12.79%

Neutral Leverage - The Equity Yield Remained the SAME with Leverage


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The Equity Yield by Year graph represents the total ANNUAL return based on the year of disposition of the property. This graph shows the optimal holding period for the investment in order to maximize the annual equity yield. For example, the Year 5 Equity Yield percentage represents the annual yield received for years 1-5, assuming you sell the property at the end of year 5.



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