

2007 Park Economic Forecast



10 Year Real Estate Cycle?

Should I refinance?

Are rates changing?

What are the risks?

What are the benefits?

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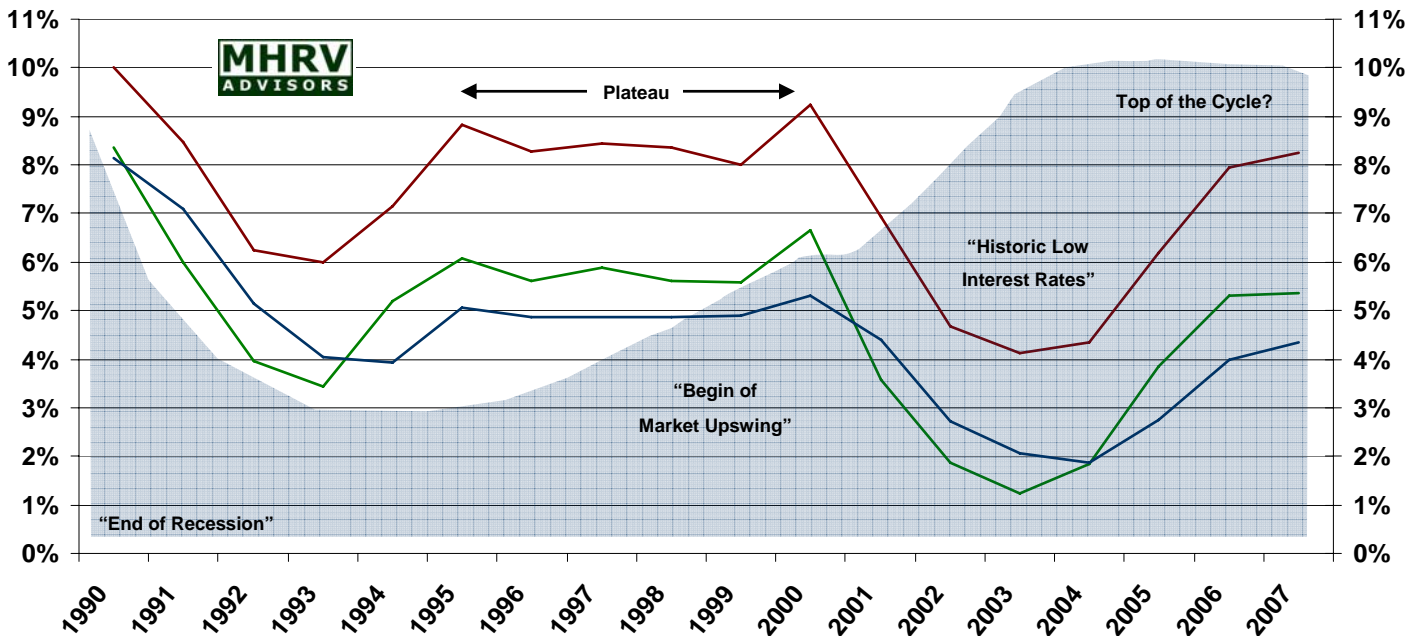
Year (average)	Prime Rate	6-Month LIBOR	11 District COFI
1990	10.01%	8.35%	8.15%
1991	8.46%	6.00%	7.09%
1992	6.25%	3.96%	5.14%
1993	6.00%	3.45%	4.05%
1994	7.14%	5.19%	3.93%
1995	8.83%	6.07%	5.06%
1996	8.27%	5.60%	4.86%
1997	8.44%	5.90%	4.88%
1998	8.35%	5.61%	4.86%
1999	7.99%	5.59%	4.91%
2000	9.23%	6.66%	5.32%
2001	6.92%	3.59%	4.40%
2002	4.68%	1.87%	2.71%
2003	4.12%	1.23%	2.06%
2004	4.34%	1.86%	1.87%
2005	6.19%	3.84%	2.74%
2006	7.96%	5.30%	3.99%
2007	8.25%	5.37%	4.36%
10 Year Average	7.30%	4.75%	4.47%

After 17 consecutive rate increases, the Prime Rate has leveled at 8.25%, up from the historic lows in 2003 of 4%. Ten(10) years ago the Prime Rate was at 8.5% near the start of the "real estate boom". This supports the conventional wisdom of a 10 year real estate cycle. The catalyst for this cycle was historic low interest rates versus the boom of the 1980's which was based on speculation and over leverage. During the recession of 1990 the prime rate was at 10% with loans in the 11% to 12% interest rate range. Even if rates stay steady, value will begin to drop as speculation curbs demand and higher interest rates reduce returns and push cap rate higher. Due to these historical figures, 2007 will be a key year for securing the future of your park financing and cash flow for the next 5 to 10 years, especially if you:

- Have a variable or short term fixed rate loan on your park
- Plan on pulling out cash to apply to new investments or improvements
- Plan on selling in the next few years (**YOUR PARK IS WORTH MORE NOW**)
- Have a "conduit" or "defeasance" loan even with up to 3 years left on the lockout or prepayment penalty (current rates can offset cost)
- A loan coming due now or in the next few years

Waiting too long will inevitably be more costly and limit your options. Specializing exclusively with park loans and sales we can provide you with a free confidential loan analysis that will have honest and reliable recommendations. Your current loan may be the best course of action but should it become evident that a new loan will be in your best interest we have a solid track record of negotiating the best loan, rate and terms that meets your goals, not the lenders.

Please call us for a no cost and confidential loan analysis.
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Broker Opinion of Real Estate Values

January 2007 Rates

Prime 8.25% **11th COFI 4.35%** **6-Month Libor 5.36%**