



MOBILE HOME PARK MONTHLY

February 2012



The Mobile Home Park Investment Study Course includes 24 hours' worth of material that will teach you how to BUY, SELL, OPERATE, AND TURNAROUND any Mobile Home Park.

Current REIT Stock

Prices as of 1/28/12

Equity Lifestyle Properties (ELS)

70.38 up 1.48

PE Ratio - 82.51

UMH Properties Inc. (UMH)

10.10 up 0.08

PE Ratio - 33.33

Sun Communities Inc. (SUI)

40.49 up 0.04

PE Ratio - 1,065.53

A NOTE FROM FRANK AND DAVE

February 14th is Valentine's Day. But that doesn't mean that you need to get too cozy with your tenants. One of the biggest mistakes that many moms & pops make is to become "friendly" with their residents.

The end result? Below market rents and bad collections – they just can't bear to be the "bad guy" by charging the correct rent or filing evictions. It's O.K. to be civil. It's O.K. to be polite. But it's never appropriate to "hang out" with your residents, or look to them for friendship and companionship. When you find yourself worrying more about your residents than your net income, it's time to sell your park.

A good owner is focused on maximizing the income from their property – that's what you always want to do. Need friends? There are a thousand places to find them, but a park is *never* one of those places.

HAVE A HAPPY VALENTINE'S DAY! And remember you can always reach us at (800) 950- 1364.

Until March,

Frank Rolfe and Dave Reynolds



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WHAT ABOUT YOUR UTILITY SYSTEMS?

Written by Kurt Kelley, President of Mobile Insurance

When purchasing a manufactured home community, experienced investors focus considerable pre-purchase due diligence on the community's utility systems. This infrastructure is a large part of the value of most properties. Major problems associated with utility systems can quickly destroy a community's value.

As such, it is important to consider the utility system when you are insuring your community. You should determine what portions of the utility system the park owns, and what portions are owned by a utility provider. Also determine the cost to replace park owned utility systems. Community utility systems include power pedestals at home sites, street lights, power poles, water pumps/wells, sewage tanks, sewage pumps, and other sewage plant equipment. Next, determine the susceptibility to damage and malfunction inherent in each. During the past year, park owning clients of Mobile Insurance have had tornadoes strip away power pedestals, lightning destroy electrical stations, fires melt and collapse underground utility lines, and mechanical breakdowns cripple sewage lift stations. These weren't small losses. Ask your insurance agent to help you assess your risk.

Most park utility systems are less susceptible to damage than park owned buildings, signs, fences, and other improvements. Therefore, the cost to insure them is usually less. For example, most park owners can insure every power pedestal in their park for less than the cost to replace just one. When insurance isn't a good choice, consider funding long-term capital improvement accounts so you are prepared when cash is needed. Plan ahead and protect your investment. If you haven't already, consider implementing a utility infrastructure risk management plan.

BOOTCAMP ALERT!

**THE NEXT MOBILE HOME PARK BOOTCAMP
WILL BE HELD MARCH 9-11 IN
SAN ANTONIO, TX.**

FOR MORE INFORMATION VISIT

[MOBILEHOMEPAKSTORE](#)

OR

CALL SHARON AT (800) 950-1364

**THIS IS AN OPPORTUNITY YOU DON'T WANT
TO MISS!**

Top **TEN** Rules for Park Managers

- 1. Do Not Ever take Cash**
- 2. Write a receipt for every payment**
- 3. Complete your rent roll / ledger sheet
daily**
- 4. Charge late fees promptly**
- 5. Post late notices regularly**
- 6. Always Call 911 for any behavior problem-
Do not become involved**
- 7. Do not let your friends get away with
more than anyone else**
- 8. Be careful of other tenants that want to
be your friend so that you will let stuff
slide**
- 9. Verify that utilities are transferred into
the tenants name when they move in**
- 10. Have proof that the money you collect
was deposited into the bank account**



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CRAZY THINGS I'VE FOUND IN ABANDONED TRAILERS

I've renovated and sold literally hundreds of trailers in my career, and sometimes the things you find inside the abandoned homes are a little strange. Here are some of the weirdest items I've seen. Compare them to your own list.

Weird contents #1

Everything. Clothes, toys, electronics, TV, furniture – everything the tenant owned. All in perfect order, with no sign of any problem. What happened here? All I could figure was that the adults were put in jail and the kids in foster homes, or the whole family ran off in the middle of the night to escape a warrant. But pretty spooky. The long-shot would be abduction by aliens.

Weird contents #2

A closet filled with women's underwear – stacked from floor to ceiling. Hundreds and hundreds of pairs. What made this really odd was that the resident was a single, elderly man. Never knew what happened *and didn't want to know*. When this guy disappeared, the sales in the local department store underwear department must have plunged.

Weird contents #3

Live dogs. The tenant had run off and left the dogs to fend for themselves. Don't worry, we called the SPCA, and the dogs were fine. Fortunately, we were alerted about dogs barking in the abandoned unit, so they were only there by themselves for a day. But who would leave their dogs in the trailer? Or maybe the dogs were the actual tenant. In that park, it would have been hard to tell the difference.

Got any stories of your own? Send them in to us – we'd like to see them!

WHY EISENHOWER UNDERSTOOD AFFORDABLE HOUSING

When he first enlisted in the Army, future General, Douglas MacArthur, who came from a wealthy background, wrote to his parents "the food is inedible and the beds are so uncomfortable you can barely sleep". Meanwhile, future President, Dwight Eisenhower, who came from a poor family, wrote his parents when he enlisted "the Army is great -- you even get three meals a day and your very own bed". I don't think that Eisenhower ever owned a mobile home park, but he would have been very sympathetic to our industry.

MOBILE HOME HUMOR

A guy walks into a bar with a Parakeet on his shoulder. The bartender looks up and says "where did you get that?" The Parakeet says "down at the trailer park – they're all over the place". ☺



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ARA's National Manufactured Housing Team Executes \$330 Million Sale *Largest Brokered Deal Comprised of 16- Properties Totaling 5,919 Home Sites in Four States*

Austin, TX (January XX, 2012) — Atlanta-headquartered ARA, the largest privately held, full-service investment advisory brokerage firm in the nation focusing exclusively on the multi-housing industry, is pleased to announce the sale of a high quality 16-property, all-age manufactured home community portfolio containing 5,919 land lease home sites located in the states of Arizona, Colorado, Michigan and Texas. The sale also includes related assets, including manufactured homes and resident loans.

ARA National Manufactured Housing Group Co-Directors, Todd Fletcher, based in Denver, CO, and Andrew Shih, based in Austin, TX, represented the seller, Hometown America, a large private owner/operator based in Chicago, IL, in the transaction. The buyer, American Manufactured Communities REIT ("AMC"), is a privately-held REIT newly formed to acquire, own and operate manufactured housing communities and related assets, including manufactured homes and loans to residents, in certain markets throughout the United States.

AMC's senior management team is deeply experienced in the industry and is led by CEO Erik Hagen, a respected industry veteran in the operations, management, and acquisitions of manufactured home communities.

"The portfolio originated when we represented Hometown America in the sale of their Texas portfolio consisting of six properties containing almost 2,200 home sites. We were able to successfully increase the size of the portfolio by matching the wants and needs of both buyer and seller," said Shih. "AMC wanted an appropriately sized portfolio, with scale sufficient to launch the company and create management efficiencies out of the gate. They also wanted higher quality assets, which these all are, in strong sub-markets. Our client had been exploring the idea of exiting certain markets over a period of time and by adding the ten additional properties to the original Texas group, it helped them to achieve their goal in a much quicker fashion."

The portfolio consisted of mostly Class A communities totaling 5,919 sites that offer attractive amenity packages in desirable locations across four states. The high quality portfolio consists of six all-age communities in Texas (four in the Dallas/Fort Worth metroplex, and two in Austin), six in Colorado (five in the Denver/Boulder area, and one outside of Fort Collins), two in Arizona, and two in Michigan, in addition to a related portfolio of manufactured homes and loans to residents secured by their homes.

"Todd, Andrew and the rest of the ARA team did an outstanding job. They achieved the result we were looking for and completed the last step in repositioning our portfolio. This allows us to re-focus our efforts on seeking high quality acquisitions to augment our remaining core portfolio of properties," said Pat Zilis, co-President and CFO of Hometown America. He added "It was impressive that ARA accomplished this goal by finding an under-the-radar buyer that now adds another large, well-capitalized owner to our sector. The ARA team's ability to shepherd this sophisticated transaction through the closing process demonstrates the level of professionalism, experience, and patience they bring to each assignment. It is a substantive achievement by everyone involved and a good sign for the sector to see a deal of this size and structure get to the finish line."

the sale included all of the home notes and home inventory at the respective communities. Property financing of the acquisition was provided via eight Fannie Mae loans originated by Grandbridge Capital, three CMBS loans from UBS, and three existing loans that were assumed.

"Ultimately, this sale is a success because our client, Hometown America, is happy with the result and our performance, and that is what we value most at ARA," said Fletcher. "In addition, it is exciting because it may be the largest brokered sale in the history of our sector and it reinforces our belief that hiring a national platform with a product-specific focus on the asset class like ARA's adds significant value to our clients."

To schedule an interview with an ARA executive regarding this transaction or for more information about ARA, nationally please contact Lisa Robinson at lrobinson@ARAUSA.com, 678.553.9360 or Amy Morris at amorris@ARAUSA.com, 678.553.9366; in the ARA Manufactured Housing national office, Andrew Shih at ashih@ARAUSA.com or 512.637.1219.



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MOBILE HOME PARKS FOR SALE

- Tampa, FL
- 6 Lots
- Cap Rate is 16.0%
- \$170,00
- Great Starter Park!



For more information, contact
Janel Rand at (813) 967-7910.

- Bartlesville, OK
- 73 Lots
- Cap Rate is 11.0%
- \$750,000



For more information, contact
Brett Yetter at (719) 531-7650.

- Lakeland, FL
- 19 Park Owned
Homes
- Cap Rate is 20.0%
- \$595,000



For more information, contact
Ron Munien at (407) 952-4822.

- Ocala, FL
- 102 Lots
- Cap Rate is 9.8%
- \$2,200,000



For more information, contact
Bob Webster at (561) 573-4774.

- Albany, OR
- 102 Lots
- Cap Rate is 6.5%
- \$4,580,000



For more information, contact
Kim Berry at (503) 980-3512.

- Griffin, GA
- 116 Lots
- Cape Rate is 11.5%
- \$2,000,000



For more information, contact
Maxwell Baker at (678) 808-2812.



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