



MOBILE HOME PARK MONTHLY

January 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 12/28/11

Equity Lifestyle Properties (ELS)

65.95 down 0.40

PE Ratio - 77.32

UMH Properties Inc. (UMH)

9.28 down 0.01

PE Ratio - 30.63

Sun Communities Inc. (SUI)

36.57 down 0.07

PE Ratio - 962.11

A NOTE FROM FRANK AND DAVE

TIME FOR NEW YEAR'S RESOLUTIONS

The concept of New Year's Resolutions is to force you to pick goals for the year ahead, so that you can build a roadmap to hit those goals during the course of the year. We have our own resolutions for 2012, which include buying more parks, continuing to improve the ones we already own, and to re-build much of our writings from the past, to make them fresh and timelier. We think that New Year's Resolutions are a great habit, and everyone should share in them. In fact, we think that having an annual tradition of creating goals is one of the best parts of the holidays.

Before you leave your computer, enter our monthly contest and send us any and all feedback. You can reach us at (800) 950-1364 or mhpsfeedback@gmail.com.

Until February,

Frank Rolfe and Dave Reynolds



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HOW TO MAKE MONEY WITH MOBILE HOME PARKS

We see all types of deals out there. Small parks. Large parks. RV parks. But the deals that make money all seem to share the same DNA. Here's a short course in the basics of making money with mobile home parks – just in time for the New Year.

To make money, buy only parks that won't lose money

I know it sounds elementary, but the first rule of making money is to make sure you buy a park that will not lose money. What this means is that the park in question already has a positive cash flow sufficient to cover the note payment and provide a return on capital. What does this eliminate? You got it – parks that sell at a price higher than a 10% cap rate, and parks that are vacant. If you buy a park at a 4% cap rate, then how are you going to make any money? Never buy into the concept of land appreciation. While that might sell well in California and Florida, that's not the mobile home park business – that's land speculation. We are in the income property business, and the only way values rise is when income rises. If you are starting out at a 4% cap rate, then it will take you a lifetime just to get the park in a position where it is worth what you paid for it. Don't be a sucker.

Focus on parks that have upside that you can control

A good mobile home park will have upside in raising rents and cutting costs. These are variables that you can control. RVs and mobile homes moving in are things you can't. Raising your rents is one of the best ways to make money – every dollar you bring in goes straight to the bottom line with no time, effort or risk on your part. Sub-metering water and billing it back to the customer is another great strategy. It costs money up front, but is a fast pay back. Cutting costs, such as replacing the manager with a less expensive alternative or appealing property taxes, are another great way to increase the net income, without a lot of effort and capital investment.

Buying a park at a 10% cap rate is great – but you need some additional upside, even if it's only raising the rent annually.

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BOOTCAMP ALERT!

THE NEXT MOBILE HOME PARK BOOTCAMP WILL BE HELD JANUARY 13-15 IN SANTA ANA, CA.

FOR MORE INFORMATION VISIT [MOBILE HOME PARK STORE](#)

OR

CALL SHARON AT (800) 950-1364.

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



January Contest

Each month we will be holding a new contest. The details and entry rules will only be available in the newsletter.

January Contest: We want to know YOUR top 3 ways to keep your park full of tenants.

We know that some people struggle with keeping their parks full, so we would like to hear your tips. If you have a full park, tell us how you keep it that way.

The winner of this month's content will be whoever can provide us the top 3 ways to keep a mobile home park full of tenants.

If you win, you'll receive a custom mobile home park T-shirt from Frank & Dave's Trailer Wear department. These shirts are so rare that you can't buy them! So give it a shot, and send in, or email, your entry ASAP.

Rules:

-Must send your entry to mhpscontest@gmail.com.

-Email must include contact details. (Email address and phone number) Please include how you would like to be contacted if you are one of the winners.

-Entries must be submitted to mhpscontest@gmail.com no later than January 31, 2011 at 11:59pm CST.

-After January 31, a creative team will narrow down entries and determine the top entry. The winner will then be contacted for their shipping address.



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How to Make Money with Mobile Home Parks continued

Do terrific due diligence

If you do lousy due diligence – or none at all – you will probably never make any money with a mobile home park, unless it is through sheer luck. Due diligence is what allows you to confirm that the park is a good buy, and to detect a clunker and ditch it early on. When you do great due diligence, the odds that you will make money are huge, and that you will fail slight. When we talk to people who have done well with their park, they all share a propensity to do great diligence. When people call us who have parks that don't work and won't sell, you find that they have done no basic research at all prior to buying the park.

And be a decent operator

You don't have to be a great manager to have a successful park. But you can't be terrible. You have to know how to collect rent and stay on top of rules violations, and hold expenses down. You would be shocked at some of the income and expense statements we see on parks we do due diligence on. And the property condition is even worse. Even if you buy the greatest deal in the world, it's not going anywhere if you don't know how to run it.

Conclusion

The mobile home park industry is being fueled by the decline of the U.S. economy – and this is a huge market shift, not just a fad. There is plenty of money to be made in mobile home parks. But you have to go about it the right way.

THINK "TRAILER PARK" NOT "HIGHLAND PARK"

When I bought my first park, I often found myself thinking in terms of myself and not my customers. For example, I would be obsessed with aesthetics, when the customers could care less. For example, I repainted my laundry building three times because I did not like the shade of green. Or how about the time I paid an architect to do a layout of how to attach logs pieces to the roof of an old singlewide, and paint the trailer terra-cotta with a turquoise door, so that the mobile home looked like Santa Fe, New Mexico? I developed a saying for such idiocy: "think trailer park and not Highland Park". It means, don't look at things as though you're the customer – with your own upscale tastes – but like your *real* customer sees them [Highland Park is the nicest suburb of Dallas]. It doesn't matter if you would never live in a mobile home with a velvet painting of Elvis in it *because you don't live in a mobile home*. Leave the customers – and their tastes – alone.

WHAT'S WITH THE PIZZA BOXES?

HAVE YOU EVER NOTICED HOW MANY PIZZA BOXES YOU FIND IN THE MOBILE HOME WHEN THE TENANT HAS RUN OFF AND YOU HAVE TO CLEAN IT OUT? WE USED TO MAKE BETS ON THE PIZZA BOX COUNT WHEN SOMEBODY RAN OFF. THE HIGHEST EVER WAS 10. WHY DO THEY EAT SO MUCH PIZZA AND THEN LEAVE THE BOXES ON THE FLOOR, COUNTER OR FURNITURE? WE'RE NOT SURE, BUT JUST LIKE "BASEBALL, HOT DOGS AND APPLE PIE" IS "TRAILERS, PIZZA BOXES AND BEER CANS".

The MHBay.com team focused on one thing in 2011: **Becoming the most effective website for selling Mobile Homes.**

We have implemented so many new features and improvements that if you are involved in any part of the Mobile Home sales process, you should talk to us and find out how we can support your Mobile Home related business.

Here are some of our recently added features:

- New featured listings give much more exposure
- New detailed listing page increased leads site-wide by 40%
- Streamlined account management process makes MHBay easier to use than ever.

In fact, we are working with many of the largest MH sellers in the industry. Find out today how MHBay can benefit your business.

Phone: 1-800-950-1364
Email: info@mhbay.com



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MOBILE HOME PARKS FOR SALE

- Emporia, KS
- 232 Lots
- Cap Rate is 9.7%
- \$2,550,000



For more information, contact Michael Calin at (248) 925-8165.

- Kent City, MI
- 74 Lots
- Cap Rate is 11.0%
- \$700,000



For more information, contact Christopher Bultinck at (312) 935-1048.

- Birmingham, AL
- 66 Lots
- Cap Rate is 13.1%
- \$1,220,000



For more information, contact Cliff Yang at (205) 617-4932.

- Kenosha, WI
- 77 Lots
- Cap Rate is 11.0%
- 1,609,596



For more information, contact Andrea Longhurst at (248) 408-2364.

- Idaho, ID
- 25 Lots
- Cap Rate is 9.0%
- \$649,000



For more information, contact Wes Leisy at (208) 221-2800.

- Helena, MT
- 106 Lots
- Cape Rate is 12.0%
- \$999,000



For more information, contact John Hurd at (361) 949-3273.



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