



MOBILE HOME PARK MONTHLY

October 2011

A NOTE FROM FRANK AND DAVE

We held our Mobile Home Park Investors' Boot Camp in Minneapolis last month.

It was interesting to see how high quality the parks in Minneapolis are – what they don't have in physical charm they make up with in landscaping. The tenants have a great pride of ownership, and even a 50 year old trailer is immaculately maintained.

Next month we're going to be in Miami, Florida on November 11th to 13th. We don't do a lot of Boot Camps in Florida, so if you live in the area, you definitely might consider attending.

If you've already been to the Boot Camp, then remember that you're welcome to come back again at virtually no cost. Just call Sharon at (970) 856-4882.

Don't forget to enter our monthly contest and send us any and all feedback.

You can reach us at (800) 950-1364 or email mhpsfeedback@gmail.com.

Until November,

Frank Rolfe and Dave Reynolds



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 MHP REIT

Stock Prices

As of 9/28/2011

Equity Lifestyle Properties (ELS)

64.04 down 1.58

UMH Properties Inc. (UMH)

9.31 down 0.11

Sun Communities Inc. (SUI)

36.39 down 0.77

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In the spirit of Halloween – there's more than Goblins to worry about out there...

By Frank Rolfe

Many people are in such a rush to buy a mobile home park that they forego proper due diligence and launch themselves into a nightmare that it's hard to escape from. NEVER buy a mobile home park without following our 30 Days of Diligence format, and obtaining the necessary third party reports, such as the Phase I Environmental Study. While there are some great parks for sale out there, there are an equal number of stinkers that you should never get involved in. So never buy a park that you don't know inside out and that has passed every test from the Test Ad to the Phase I. It's okay to say "boo" on October 31st, we just don't want you to be saying "boo-hoo".

HOW TO NEGOTIATE A MOBILE HOME PARK PURCHASE PRICE

There are many books on the market regarding negotiation. One thing they almost all have in common is that they're wrong about the process – certainly on a big ticket item like a mobile home park. Although you might be able to get some tips on buying or selling a used car from these materials, there's definitely a better way to negotiate a mobile home park.

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CONGRATULATIONS to Michael Thompson for winning September's funniest story contest! See page 5 for his hilarious story.

WANTED!

SEEKING REHABBER OR TEAM OF REHABBERS TO REHAB MOBILE HOMES IN THE MIDWEST. EMAIL DAVE AT DAVE@MHPS.COM WITH YOUR RESUME.



October Contest

Each month we will be holding a new contest. The details and entry rules will only be available in the newsletter, so keep your eyes open.

October contest: What would be your most compelling argument to a national lender to make a loan on a new or used mobile/manufactured home?

The top winner will be determined and awarded our new Mobile Home Park Store shirt.

Good Luck!!!

Rules:

-Must state in email your most compelling argument 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 October 31, 2011 at 11:59pm CST.

-After October 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 Negotiate a Mobile Home Park Purchase Price *continued*

This is not Hollywood Many negotiation books want you to believe that negotiation is a sales pitch – something that you can rehearse and works on everything from selling pencils to skyscrapers. They try and convince you that if you fail at negotiating what you want, it's all your fault because you didn't have your speech rehearsed enough, or you forgot the special gimmick that seals the deal.

The truth is that negotiation is not based on some canned sales pitch. Real negotiation – the kind that leads to contracts being signed – is nothing more than properly laying out what you want out of the deal, and listening and trying to provide the seller with what they want, as well. It's a communication process, not carnival hucksterism.

Win/win negotiating is always best What is win/win negotiating? It's the process of both buyer and seller walking away from the transaction with a happy, satisfied feeling that they achieved in obtaining their goals. It is *not* the type of negotiation in which one party wins over the other, either through taking advantage of the other party's weakness in timing or other issues. That type of negotiating is often called "Russian Negotiation", in which there is a clear winner and clear loser when the deal is done. The problem with Russian Negotiation is that it rarely leads to a deal being struck unless one party is desperate, and can often lead to further problems such as litigation since often the losing party harbors a grudge or attempts to get back at the one who has "wronged" them.

Win/win negotiation, on the other hand, is 100% based on truth and mutual respect. A win/win deal leaves the buyer and seller with a lasting bond of friendship and esteem. And – most importantly of all – only win/win negotiating has a good chance of getting a successful acquisition put together.

Act like a consultant Many people blow negotiations by trying to be aloof and distant – kind of a "poker face" appearance coupled with what they think are skills from a Donald Trump episode. While those may work great on-camera, nobody negotiates like that in real life. Why? Because those types of stand-off situations only work when one party is desperate to sell, or they would walk away. The moms & pops that you negotiate with do *not* need to sell their park to you. It's income producing and they have lots of offers. So the whole concept of "forcing" them into signing up is ludicrous.

Tell the truth We never make up problems with a park, just to get a lower price. Why? Because we have seen too many situations in which the buyer blows the deal because they got too greedy. We try to make our best offer and stick with it – not try to throw out low-ball prices looking for a sucker. If a deal works at \$1 million, then we might try to offer \$900,000 and see if they'll counter. We're not going to offer \$500,000 and see if we can con them into that price. We also don't make up ridiculous rationalizations like "the roads need \$80,000 of repair" when they actually only need \$200 of cold-patch. Over the years, we've noticed that people who try to take advantage only end up with lousy, week portfolios because the sellers with good parks don't give them the time of day, and they are relegated to the sellers who have no other option because their park is so poor.

Be prepared to walk away Since you are approaching this as a win/win deal, that means that you have to make money, too. If the seller won't sign up at the price that works, then thank them for their time and quit. You would be amazed at how many sellers come back to us a while later and agree to our earlier offer that they refused. When you are willing to quit, it sends a firm message to the seller that the price is the top of the market. Don't ever get so anxious to buy a park that you are willing to lose money just to get the deal done.

Conclusion Negotiating is an art. But it's not some surreal, impressionistic type of art. It's more like a Norman Rockwell painting. People want to be treated fairly and want an up-front "solutions-driven" process. With a win/win approach, there is always a happy ending.

Time kills deals.

The minute that you find a good deal, every second that you fail to sign it, you are at risk that somebody else will, or that the seller will change their mind.

The Best Deals Are Those That Are Hardest to Find.

A mobile home park that is off the radar screen of direct-mail and phone lists is one that has never been contacted before, and the seller is not very sophisticated because they are probably doing zero marketing.



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BOOTCAMP ALERT!

The next Mobile Home Park Bootcamp will be held November 11-13 in Miami, FL.

At the Embassy Suites Miami Int. Airport

For more information visit

<http://www.mobilehomeparkstore.com/landing/mobile-home-park-boot-camp.htm> or

call Sharon at (970) 856-4882.

This is an opportunity you don't want to miss!



- MHBay is the best place to list mobile homes for sale.
- Keeping your mobile home community full is one of the most difficult parts of running a successful mobile home business.
- There are a wide range of advertising options available, but MHBay.com provides one of the largest audiences of mobile home buyers on the Internet.

PARK FOR SALE



- Kansas City, Kansas
- 105 Lots on 18 Acres
 - Cap Rate is 10.7
 - \$1,950,000

For more information, contact Jeff Mueller at (303) 328-2049.

PARK FOR SALE



- Little Rock, Arkansas
- 75 Lots on 13.6 Acres
 - Cap Rate is 13.5
 - \$850,000

For more information, contact Howard Huang at (510) 316-1975.



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April 6th, 2011 - 6:00pm

My business partner Andrew Sullivan and I attended Frank & Dave's Bootcamp in Dallas in May of 2010. Since then we have purchased an 87 lot MHP in Tulsa, Oklahoma. We jumped right into this property, working hard to fill all vacant lots. We did many rehabs ourselves at night and on weekends. On a Wednesday night, we were painting the inside of a home that had just been vacated about 2 weeks prior.

After about an hour in the home, around 6:00pm, there was a LOUD BANGING on the front door. Both Andrew and I looked at each other and wondered if it could be Mario, a laborer who worked for us part time. I told Andrew, "that better not be Mario banging on the door like that." Andrew approached the front door, opened it, and said "OH CRAP," as he stuck both hands up in the air. I was down the hallway, so I could not see out the front door. My initial thought was, Great...we are being robbed! Andrew walked out the front door with his hands up, as I approached the front door from the hallway. I poked my head around the front door and had 8 Military Rifles (SIG-556) pointed straight at me. "Put your hands up and come out slowly!" they said. My stomach completely dropped, and I walked outside as they were yelling at Andrew "Drop the brush!" Hahaha, he had walked out with the paint brush in his hand, which apparently they thought could be a weapon?? I had little red dots all over my chest from the lasers on their rifles. I have never had a gun pointed at me in my life...so you can imagine having 8 pointed at you at once.

It was the FBI SWAT team! These men were dressed in full on combat gear, with helmets, bullet proof vests, camo, boots, "SWAT" in big letters across their chest...all of the gear you would expect to see on someone in the military in the Middle East. After we stepped outside, they asked for our ID's, so I reached for my wallet. BIG MISTAKE. Everyone yelled, "Keep your hands up!" So I put them back up. One of the local lady Sheriff's (who had been escorting the FBI while in Tulsa) came over and took my wallet out of my pocket.

One of the "leaders" of the SWAT team then told everyone to relax, because he said "these guys are clearly not who we are looking for." At that point, I almost had my stomach back, and was able to relax a little bit. I asked the "leader" if they were going to pay for the paint brush that Andrew was forced to drop in the dirt. They laughed a little bit, and said, "No."

They had pulled up to the home in undercover "painters" vans (2 vans and a black suburban). They were looking for a man, who had threatened to kill several law enforcement officials, and also threatened to bomb a local FBI Building. One of the FBI SWAT team members mentioned that he had said "I am going to make Timothy McVeigh look like a child."

They patted my back and asked if I was okay, they could clearly see that Andrew and I were terrified. We had a little chuckle as we told them that that was probably the scariest thing we had ever been through. They asked what we had been doing going in and out of all of these homes the past 2 days. (They had been watching us from a distance the last few days.) We explained that we owned the park, and were rehabbing homes to get them ready to rent. They searched the home that we were currently painting and asked who had lived in the home, so we pulled the lease and gave them the name. We had a resident named who had apparently been "seeing" the man off and on. The man was not on the lease, but they had information that "Carol" had been dating him off and on. Carol had moved out of our park about 2 weeks prior.

The man was caught a few days later in Tulsa

This park is the first park that Andrew and Myself have purchased since attending Frank and Dave's bootcamp. I wanted to call Frank and Dave and tell them that "you did not prepare us for this!" Haha. For a minute, we questioned the industry that we had just entered into, but then we got our rent checks the next month and forgot all about this incident.

-Michael Thompson



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