



MOBILE HOME PARK MONTHLY

April 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 03/31/12

Equity Lifestyle Properties (ELS)

69.74 up 1.29

PE Ratio - 108.97

UMH Properties Inc. (UMH)

10.96 down 0.07

PE Ratio - 43.84

Sun Communities Inc. (SUI)

43.33 up 0.19

PE Ratio - -866.60

A NOTE FROM FRANK AND DAVE

It's hard to believe that the first quarter of 2012 is over. The end of a quarter is a good chance to reassess where you stand in relation to your goals. We make up comprehensive goals at the end of each year, which are our map for the New Year. But no matter how good your goals are, they are pointless unless you compare your actual performance to them, and figure out where you are lacking. We call this process "budget/actual/difference" – and it's an integral part of our management process. If you are not using this technique, we urge you to implement it ASAP. If you don't even have a budget for 2012, then this weekend would be a good time to write one. After all, there's still 75% of the year left to go.

Have a Happy Easter!

Until May,

Frank Rolfe and Dave Reynolds



PO Box 457, Cedaredge, CO 81413

www.mobilehomeparkstore.com

www.mhbay.com

www.mobilehomeuniversity.com

E: mhpsfeedback@gmail.com

P: (800) 950-1364

F: (970) 856-4883



MOBILE HOME PARK MONTHLY

April 2012

Top **TEN** Places To Find A Mobile Home To Buy To Fill A Lot In Your Community

1. **In your own park.** Never overlook the cost savings of retention of your existing homes. If there is a home selling for a low price, that somebody else might buy to pull out, you should buy it. It will cost you \$5,000 in moving and set-up costs alone to replace that \$2,000 unit.
2. **In somebody else's park (but nobody real close to you).** Raiding nearby parks is a bad idea, as it will only result in the park owner returning the favor. However, a mobile home in a different, regional market normally won't result in retaliation, and sometimes you can find great deals in those same homes that the park owner should have bought themselves.
3. **Repo lists.** All of the major mobile home lenders have these, and there can be some real bargains if you're a good shopper. Of course, the average pricing is up from a few years ago, so don't expect to "steal" anything.
4. **The internet, such as www.mhbay.com.** You can sometimes find just the right used home on-line.
5. **Dealer's lots.** Some mobile home dealers take "trade-in" mobile homes when they sell new ones, and they really don't know what to do with them. Their marketing is set up for new homes, not used, so they typically languish in their parking lot.
6. **Mobile home brokers.** These are folks that buy used homes for the sole purpose of re-selling them. The best part is that they are normally already on wheels and freshly transported, so you know they can be moved.
7. **Lonnie dealers.** It's a whole lot easier to let a Lonnie dealer find the home and bring it in. For more resources on where to find Lonnie dealers and how to work with them, go to www.mobilehomer.com.
8. **Property tax sales.** You'd be shocked on the low turn-out at mobile home property tax sales. We were at one in Springfield, Illinois last year, and we were the only bidder there. We were only there to buy a certain home that was already in our park. There were 15 homes auctioned, and we were the only one that even gave a bid. The minimum opening bid was only \$600. Pretty interesting, huh?
9. **Factories building new mobile homes.** You can buy factory-direct these days from Fleetwood, Clayton and Legacy. You can get decent homes from the \$20's. New homes don't require any renovation, and customers like them better.
10. **RVs.** Don't overlook filling vacant lots with long-term RVs if 1) the demand is there and 2) the city will allow it. Many people are choosing to retire into RVs and, with \$4 gas, they're not moving around much. A long-term RV is the next best thing to a mobile home.

A MOBILE HOME PARK STORY

One of our favorite eviction stories was the tenant who had a split personality. Half the time, she was an army reservist and computer programmer named Maria. But the other half of the time she was Lucius Pellegrinus, a Roman warrior. After a period of unpaid rent, we filed an eviction on Maria and on the given date and time, she showed up in court in a white toga, rope belt and sandals. It was not Maria that day, it was Lucius. You can imagine the hilarity in the court when the judge had Lucius come before the judge, which he did so speaking in flowing roman dialect. Even though Lucius would only admit to being a friend of Maria, he promised to advise her of the eviction proceedings. Sadly, on the day of vacating the mobile home, it was only Maria wandering off. We had fully expected Lucius to leave on a chariot.

QUIP

Benjamin Franklin once said "it's not the cost of the fireplace, but the cost to keep it in wood". What he meant is that the long-term operating cost is more important than the up-front cost. This relates to park amenities. While we are not big on amenities, some cost a whole lot more to "keep in wood" than others. For example, a gated entry to a park is not just \$25,000. It's the on-going cost to repair the gate when it breaks down, or when a car hits it – which will run far more than \$25,000 over time. And a playground is not just a swing-set and a slide, it's the cost to paint those, replace the chains on the swing, get the weeds out of the fall zone, repair vandalism, etc. What's the only amenity that actually pays for itself, in our opinion? A really good entry sign, some white vinyl fencing and some landscaping that does not require watering or maintenance, like a native tree. Those increase the value of the park, the first impression with tenants, and don't need any major on-going repair and maintenance.



MOBILE HOME PARK MONTHLY

April 2012

They're Heeeerrrrree: The Wind and Hail Season



An F4 tornado twisted these Oklahoma frames like bow ties on a bread sack. But the property owners had a proper plan, proper insurance, and the park is now stronger than ever.

First, reassess your property insurance coverages. Do you have loss of business income insurance with extra expense, as well as extended loss of business income insurance? The latter is particularly important for any community owner in the wind or forest fire states. Are your buildings and contents insured to their true replacement cost? Many people grossly underestimate their true replacement costs. Do you own a utility system, utility poles, fences, signs, or maintenance buildings? If so, add them to your covered property schedule. Losing one or two small items to a fire or wind gust isn't so devastating. But losing all of them at once is typically a "bankruptcy" event.

The wind and hail months are here. It's the time of year insurance companies, property owners, and business owners' dread. Historically, one half of all wind and hail losses in the U.S. outside the coastal areas occur between April 1st and June 30th. The past three years in a row have been particularly painful across Middle America. Oklahoma, Arkansas, Kansas, and Nebraska are on multiple year destructive weather streaks. And the South and Mid Central U.S. have seen some of the worst tornado activity ever in the past three years. In addition to disciplined regular prayer, here are two things business owners should do in preparation for the wind and hail season.



Wildfires often destroy everything in their path. This picture is from the Fall of 2011 fire in Texas that destroyed over 1,600 homes. Statistics revealed that over half were underinsured or uninsured.



MOBILE HOME PARK MONTHLY

April 2012

Second, if you haven't already, take time now to prepare your own Disaster Recovery Plan. My company has done this. If we have an emergency, it will be the most valuable asset I own at the time. Here are some of the key elements that should be in your Plan:



After a large storm, it's not uncommon for debris to clog local drains and ditches, and result in major local flooding. Over 1/3 of flood losses occur in areas labeled as outside the 100 year flood plain. When talking to our customers, we regularly hear them say, "It'll never flood here."

- 3) Have a "Key Contacts" list prepared that includes your insurance company's(ies') and agent's (s') phone numbers as well as your policy numbers. You also want to include your utility companies (water, sewer, electricity, phone, internet, cable...) and your account numbers for each. Being first in line for repair services due to a quick contact is much better than being 103,434th in line. Fire and Police Department contact information should be included. Key business suppliers need to be added. Finally, include the contact information of key contractors that can help you start with repairs sooner. Your computer and phone system servicers should be at the top of the list; and

- 1) Employee contact numbers and a meeting plan. Have a shared list for all employee phone numbers. Remember that in the event of a widespread disaster, land lines will most likely be down, cell towers overloaded, and gas will be scarce. Texting may be the best way to communicate. Assign each employee a buddy they can reach – preferably someone who lives close to them. That way if you can reach one of them, they can hopefully reach the other. And have a pre-described time and place to meet post disaster presuming all communications are down;

- 2) Know how to forward calls, faxes, and email communications to an alternative location. You'll need to know your phone and data carrier's contact information and the process for doing so. All tasks should be assigned to a particular person;



Heavy rains and high winds can cause otherwise stable trees to fall over as this rental home owner found out during Hurricane Rita in 2005. This park owner collected over six figures in insurance settlement funds. The park remains a solid investment for her.



MOBILE HOME PARK MONTHLY

April 2012



Hit by Hurricane Wilma, this community owner received a huge "extra expense" check from their insurance company to help them with all their debris removal costs. Employees pitched in working overtime and the businesses survived and remain strong to this day.

4) Name and plan for a temporary work location. A location some 50 plus miles away is best in the event of a widespread disaster such as a hurricane or nuclear blast.

We learned some of these tricks after our headquarters were hit by Hurricane Ike. Experience is a great teacher, but I promise that learning these things via a business article is a lot better way to do so.

Statistics from the National Association of Small Businesses reveal that absent proper insurance and disaster planning, four out of five small businesses hit by a disaster don't survive. If your business is worth protecting, now is the time to prepare for any future disasters. Set aside a half a day in the next few weeks and prepare for a disaster that might hit you. It could very well save your business.

Kurt D. Kelley

President, Mobile Insurance

Kurt@mobileagency.com

THINK OLD HOMES ARE JUNK? CHECK OUT THE 1955 SPARTAN IMPERIAL MANSION

In the 1950's, J Paul Getty's Spartan Aircraft Company built mobile homes (although back then, mobile homes and RVs were virtually the same). These type of trailers – that we see in older parks all the time – were perhaps the classic Ferrari's of mobile homes. If you've never been inside one (which we would not blame you as the current occupant is probably out of a horror movie) you might be interested to see what they look like from the safety of your computer via Youtube. Click on this link for a quick tour of one of these homes from a bygone era in mobile home park history.

<http://www.youtube.com/watch?v=vD4E7a1taOo&feature=related>

<http://www.youtube.com/watch?v=4Z9RaivWTKQ&feature=related>



MOBILE HOME PARK MONTHLY

April 2012

Mobile Home Parks for Sale

- Drexel, NC
- 14 Lots
- Cap Rate is 10.9%
- \$225,000



For more information, contact Sherri Frazier of Frazier Properties at 828-466-1749

- Gladstone, MI
- 110 Lots
- Cap Rate is 8.0%
- \$3,250,000



For more information, contact Michael Calin of Re/Max Signature-Commercial Division at 313-469-0951

- Newton, IA
- 21 Lots
- Cap Rate is 11.8%
- \$250,000



For more information, contact Joanne Stevens of NAI Iowa Realty Commercial at 319-310-0641

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



For more information, contact Bret Yetter of Parkview Management Inc. at 719-531-7650

- Yucca Valley, CA
- 47 Lots
- Cap Rate is 7.8%
- \$1,625,000



For more information, contact Michael & Leslie Lipscomb at 831-373-3013

- Hernando, MS
- 75 Lots
- Cap Rate is 9.3%
- \$1,963,000



For more information, contact Steve Woodyard of Woodyard Realty Corp. at 901-842-5320



MobileHomeParkStore.com

Niche Investment Network



MHU
MOBILE HOME UNIVERSITY.COM