



September 2012

MOBILE HOME PARK MONTHLY



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 08/31/12

Equity Lifestyle Properties (ELS)

68.76 up 0.11

PE Ratio - 361.89

UMH Properties Inc. (UMH)

11.25 down 0.02

PE Ratio - 46.88

Sun Communities Inc. (SUI)

45.81 down 0.17

PE Ratio - 305.40



Memo From Frank & Dave

We are in the middle of closing our latest round of park purchases. People ask us "how do you find so many deals?" Of course, part of that is just experience and contacts from doing this for two decades. But the other part is that we deliberately force ourselves to look at deals constantly – to create constant deal flow. Our deal flow comes from many sources, such as the internet, brokers, direct mail, cold-calling, referrals, and others. If you are having trouble finding the right park, you need to focus on increasing your deal flow, rather than lowering your criteria. A recent article on MSN concerned the rise in pocket listings for \$1 million + single-family homes. Well, that's been going on for years in mobile home parks. That's why direct contact to brokers has never been more important. Buying mobile home parks is no different than panning for gold: the more sand you put through your pan, the more likely you are to find gold.



PO Box 457, Cedaredge, CO 81413

www.mobilehomeparkstore.com

www.mhbay.com

www.mobilehomeuniversity.com

Email: brandon@creuniversity.com

Phone: (800) 950-1364

Fax: (970) 856-4883



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WHY DOES THE MOBILE HOME PARK INDUSTRY KEEP TRYING TO RENAME ITSELF?

There has been debate recently on re-naming the mobile home park business again to “land-lease communities”. Having lived through coach park, trailer park, mobile home park and manufactured home community, we’re certainly no strangers to a name change. But the latest moniker change may open the doors to even greater confusion among customers than the last one. And the benefits are few.

We would be the first to admit that “coach” and “trailer” were bad ideas for a name. Both suggest something vehicular and transient. Clearly, no customer would be proud to call his home a “coach” or a “trailer”, nor would any bank be proud of a loan on one. So it was definitely a good idea to replace that name with “mobile home”. Unlike the earlier two, this name has meaning. “Mobile” refers to the ability to move the home from one place to another – something that no stick-built home can boast of – and “home” meant that it was no longer a “trailer”, but something designed for permanent residency. 98% of everyone that we work with, from park owners to lenders to tenants, use this name.

But then came a marketing breakthrough: let’s try and come up with a name that sounds much classier, one that is even more appealing to lenders and tenants – one that you can actually use at a cocktail party. So the name “manufactured home community” was born. The name is a big improvement over “mobile home” from a PR standpoint, as it has removed the name “mobile” which, I think we would all agree, is not very descriptive at \$5,000 per move. In addition, it just sounds a whole lot better. We think of the name “manufactured home community” as the formal uniform for our parks. Normally, we’re “mobile home park” but when there’s a sale to be made or a loan to be refinanced, we put on our fancy “manufactured home community” tuxedo. We proudly have “manufactured home community” on our signs and on our letterhead. But when we’re talking to customers – or each other – we’re always just “mobile home park”.

So what about changing the name again to “land-lease community”? Well, we’re not sure what the purpose is, for starters. Most tenants look puzzled enough with “manufactured home community”. Almost nobody who lives in a mobile home park has any idea what that means. Bear in mind that, when they bought their home, the word “manufactured” was not in use – it’s a relatively new concept. And most people think of “community” as referring to their metro area, and “park” to that place they call home. So there’s no question that “land-lease community” will be used about as much in the average mobile home park as fine bone china. So it’s a waste of time there.



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So the real question is whether the lenders and buyers will be turned on more by a “land-lease community” than they are a “manufactured home community”. The industry folks we’ve talked to seem as confused by “land-lease community” as the tenants are. In England, for example, there is a whole real estate segment known as “leasehold” – normally farms that belong to English nobility and come with no actual title to the land, only a lengthy lease (some of which are hundreds of years). And the term “lease” never has good connotations when connected to real estate in the U.S., as it sounds like a ground-lease (which is something we’d never buy). The other problem is the removal of the “home” concept to the name, which implies that it’s not industry-specific to mobile home parks. Technically, anything could be a “land-lease community” – RV parks, for example. So we might have to ultimately add “manufactured home community” to “land-lease community” to make it define our product line, yielding “manufactured home land-lease community”. We don’t know about you, but we think that won’t even fit on our sign.

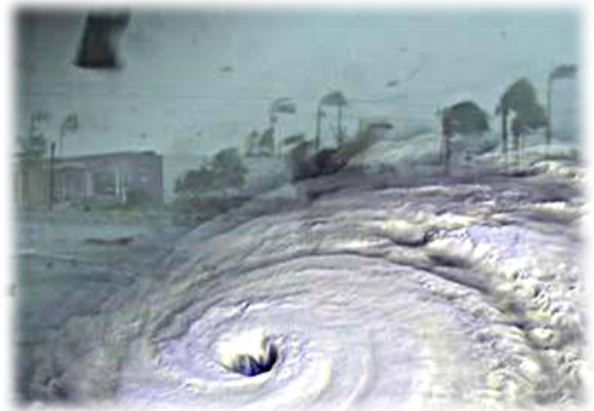
We think the moral is that we better leave the name alone as “mobile home park” for everyday use and “manufactured home community” for special occasions. If the industry needs a game changer – and the manufacturing segment certainly does – we don’t think a new name is going to have an impact.

HURRICANE SEASON IS HERE - SO GET PREPARED

Hurricane Preparation Guide / 10 Point Plan

by Kurt Kelley

The latest track shows Hurricane Isaac to be a Category 1 storm that will track through the New Orleans area then N, NW all the way through northern LA. This will likely affect our clients in Hammond, Gonzales, Alexandria, Denham Springs, Houma, Prairieville, Alexandria, Opelousas, Morgan City, Monroe, LA and South and Eastern Mississippi. Here's Ten key recommendations:





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01) Single section homes not lot set should have the air let out of the tires;

02) Homes should be moved closer to wind breaks if possible - but should avoid being set next to large trees;



03) Unsecured property should be moved inside or secured. Dead or untrimmed trees should be trimmed/removed;

04) Management should know the cell phone numbers of all employees. Land lines may be down and texting may be the best way to communicate;

05) If the main location loses power or has a catastrophic hit, there should be second location designated for a meeting place for all able-bodied employees;

06) Write the direct contact information down for your insurance company(s). Claims reported first tend to be adjusted first. Mobile's claims number is 800-458-4320;

07) Know the contact information for all key utility (electric, phone, data, water, computer service...) and other suppliers (fire, police,...);

08) Systematically power down and disconnect computer systems to prevent them being damaged by power surges;

09) Place a note on your website outlining what clients should do in the event you are shut down; and

10) Take a video of your property as it exists right now / pre -storm. Be sure to include all real property improvements, home inventory, as well as building contents.



Kurt Kelley

President

Mobile Insurance

Kurt@MobileAgency.com



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A MOBILE HOME PARK STORY:

THE ADVENTURES OF DUKE

One of the most memorable tenants I've ever had was known as Duke. His real name was Patrick, but he had adopted the name Duke because it probably reminded him of John Wayne. It certainly was not for his similarity to British nobility. Duke was very reminiscent of a character from the Big Lebowski – basically floating through life with a joint in one hand and a beer bottle in the other. Memories of Duke include the time he pulled up to me in his car and rolled down the window with marijuana smoke



billowing out of it like a Cheech and Chong movie. Or the time a woman he had broken up with bashed out the windshields of several cars in front of his house (he told me she had a bad temper – obviously). But Duke was best known for making an honest woman out of Christine, a lady who had lived her entire life in the trailer park, and raised three daughters there, without ever formally living with anyone or being married. She literally moved from home to home, shacking up with the occupant for weeks at a time, and then moving on to the neighbor. She was also Duke's senior by a good twenty years. The sight of Duke and Christine was

truly classic trailer park material, and their adventures – which the manager would always bring me up to date on – were better than anything on television. Sadly, after a run of about five years of hilarious tales, they broke up and moved out. I've never seen them since, but I'm always looking for them on commercials for Jerry Springer or Cops. They were one of the big memories from my first park and, even today, thinking about them makes me laugh. Here's to Duke, wherever you are.



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Mobile Home Parks for Sale

- Leesburg, FL
- 111 Lots
- Cap Rate is 6.5%
- \$2,695,000



For more information, contact
Mike Fry of KW Commercial
at 407-284-7774

- Gray Summit, MO
- 46 Lots
- Cap Rate is 11.8%
- \$900,000



For more information, contact
Bill Laken of LaMar International
Realtors at 303-328-2000

- Shingletown, CA
- 12 Lots
- Cap Rate is 9.2%
- \$925,000



For more information, contact
Dennis Grotting of RE/MAX Five
Star at 530-224-7170

- Columbus, GA
- Size is 10 Acre(s)
- Cap Rate is 11.0%
- \$3,200,000



For more information, contact
Pat Mckee of Park Systems
at 706-464-8686

- Vine Grove, KY
- 11 Lots
- Size is 10 Acre(s)
- \$139,000



For more information, contact
Julia Smith of Prudential Parks &
Weisberg Realtors at 502-459-1928

- Declo, ID
- 23 Lots
- Size is 3 Acre(s)
- \$650,000



For more information, contact
Shelley Telleria of Rocky Mountain
Real Estate Brokerage at 208-431-4584