

Mobile Home Park Investors

Newsletter October 2018

THE BORING INVESTMENT AREA WITH DOUBLE DIGIT RETURNS



New Park Development Issue

- Why new park development makes sense.
- Using Syndications to develop parks
- New Park Development Project Update.
- New MHP Development fund: Tell us what you think
- Investors wanted

Earn 8%, 12% even 20% returns on your savings and IRA accounts? This old-style investment space is back! <https://mobilehomeparkdevelopments.com/>

MHP Investing: Why new Mobile Home new Park (MHP) development makes sense.

The number of Mobile Home Parks (MHP) have been declining for 25 years, the cost of a traditional home has been increasing, making home ownership in many markets un-affordable. Higher property tax bills and increasing insurance rates have made mortgage payments too high for many buyers. Rising home construction and development cost have made new home prices go over \$200,000 in most markets, all of which is pushing the monthly cost of home ownership to new highs. All of this creates a demand for affordable alternative housing. A Mobile home becomes a viable alternative.



Creating Wealth: By developing an MHP, filling it with long term renters who rent the space but own their own home, we create steady, dependable cash income. Because banks like to make loans on rental real estate with predictable cash flows, we can borrow up to 70% of the cash needed to develop the MHP. Because an MHP when full produce a predictable cash flow, institutional investors (such as insurance companies, REITS, retirement systems, etc.) look for income producing rental properties to meet their contractual obligations. We can sell

the completed MHP at a multiple to the cost of development, thus creating wealth.

Today the numbers work!

- Developing a new park makes economic sense when you consider development cost, rental rates and resale values.
- Existing parks in major metro areas are operating at vacancy rates as low as 4%.
- Monthly lot rents are high enough to support new development.
- In some cases, it cost less to build a park then to buy an existing park.
- Cities are more accommodating to MHP zoning because they need affordable housing.
- Financing for the park's construction is available.
- Chattel financing for home buyers is available so you can fill the park.
- Demand for alternatives to renting an apartment and high traditional housing cost continues to increase.

These are some of the reasons developing a new mobile home park makes sense in the current economy.

Syndication: Using Syndications to raise funds for development of a new MHP

A Real estate syndication is a group of people who combine resources for making investments in real estate. Syndicates are formed to hold real estate for income and / or for appreciation.

The flexibility of a syndication makes it an excellent form of doing business. The syndicate can be setup in various ways such as, a partnership, a limited liability company, a corporation, or as a limited partnership. The publicly traded form of real estate syndication is a REIT (real estate investment trust).

State regulations: State regulations governing syndicates are designed to protect investors.

Shares of partnership units are considered securities and thus regulated. Each state has their own regulations as to the number of investors that constitute a small private syndication exempt from SEC filings. You will

need to file your syndicate registration with the

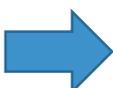
state as a partnership or LLC or corporation. The regulations cover advertising of the syndicate, number of investors allowed, and number out of state investors allowed. As each state is different in the details of the requirements check with your states

Corporate Commissioner, Secretaries of State office or the State Board of Real Estate. If you plan to advertise or have many investors you will need to check with the SEC for federal filling requirements.

More than likely you will be forming your syndicate with a small number of investors and be under the maximum number of investors allowed for filing at the state level. Filling as a limited liability partnership (LLP) or a Limited Liability Co. (LLC) is inexpensive and the paper work is simple. If you have any doubts hire an attorney to assist you with setting up your syndicate's organization.

The various states general requirements are that you limit the number of investors, that you do not advertise for investors, that you register with the state using the forms provided by your state and pay the registration fees, that you file any tax returns due, that you file a dissolution of the syndicate when and if appropriate. [Read more at.](#)



 **Investors Wanted:** Mobile Home Park Development Project Update.

Palace Way Mobile Home Park (MHP) in San Antonio, Texas.

Our property zoning has been delayed 30 days do to noise level issues. We are doing a noise study for the project.



Quick Facts

- ❖ The average investor is investing of \$100,000 to \$150,000
- ❖ Investors get a preferred return of 8%, plus 5% of the free cash flow on each \$150,000 invested providing 15% average annual returns.
- ❖ Total Project cost \$4,500,000
- ❖ We are raising up to To \$1.5 mil. in equity.
- ❖ Our Annual revenue projection at full lease up is \$920,000 with net operating income of \$580,000
- ❖ We anticipate holding the investment for 5-7 years.
- ❖ If the project is sold at the end of year five at a 6.5% cap rate, investors return on the sale would be an 80% of cash invested.

Email me to get on our investors list for making an investment when the zoning is approved. Early investors get the best deal. Read more about [Mobile Home Park Investing](#). There is a copy of our latest print advertisement that came out in July.

 **Development Fund:** Mobile Home Park Development Fund. Early investor incentive. Tell us what you think?

We want to develop 7-10 mobile home parks over the next 8 years. We will need to raise equity in the range of 30% for each one.

Attracting early investors is the hardest part of being a developer. Early investors funds are needed to purchase the property and get it ready to start construction. We are planning a new MHP investment fund with incentives for early investors. The early investors are the key to getting a project started.



The MHP fund will develop a new Mobile Home Park in Texas. The MHP will be 300 spaces and will cost \$9,000,000 to develop. The fund will have a structure that rewards early investors.

Return to Investors:

- Investors will receive 8% preferred rate of return (interest) plus 5% of the free cash flow for each \$300,000 invested.
- The preferred rate of return accrues to the investors account until the project is cash flowing.
- If the property is sold Investors will receive their original investment returned, any unpaid interest (8% preferred rate of return), plus 5% of the net sale proceeds for each \$300,000 invested.

Early investors will get:

- The normal return to investors
 - The 8% preferred rate of return accrued to the investors account from the date of investment.
 - The accrued interest credited to their account when the project is shovel ready that total then becomes their new invested funds total.
 - In addition, the early investors get a 10% bonus based on the original invested amount added to their account when the project is shovel ready.
 - Bonus is limited to the first one-third of total amount raised.
- | | | |
|---------------------------------------|---------------|---|
| IE: Investor invest | \$100,000 | Invest before property is purchased |
| Preferred return 1 st year | 8,000 | earned while funds set in trust account |
| <u>Early investor Bonus</u> | <u>10,000</u> | <u>Applied when bldg. permit is issued.</u> |
| Total investment | \$118,000 | |

Tell us what you think of the incentive for early investors. Email Jim@palaceway.com

Website <https://mobilehomeparkdevelopments.com>



Jim Glasgow 210-413-7230 **Copyright © 2018**

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