

Mobile Home Park (MHP)

Investing Newsletter June 2018

THE BORING INVESTMENT AREA WITH DOUBLE DIGIT RETURNS

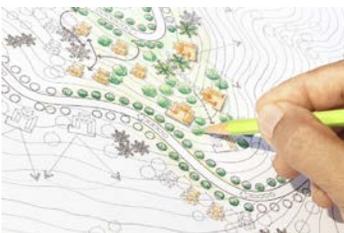


In This Issue

- Condo Conversion Overlay
- Mobile Home Park Development Project Update.
- Demand is good
- Filling Your Park.

Alternative Investments can pay 8%, 12% even 20% + returns on your savings and IRA accounts? This old-style investment space is back! MHP [Syndication](#).

➔ MHP Investing Strategy: Condo Conversion Overlay



One investment strategy is to convert an existing Mobile Home Park to condos and sell the spaces.

You look for an existing land-rent MHP and you do a condominium conversion or condo conversion. You take the land rent Mobile Home Park currently held under one title and convert from sole ownership of the entire multi-unit property into individually units to be sold as **condominiums**.

For example: You find a nice park that you can buy for \$35,000 a space. You upgrade the park, improving the park's amenities and convert to condo style ownership. Maybe this cost another \$5,000 per space. As the leases expire you sell the condo spaces for \$60,000. Those Home Owner-Tenants who do not wish to buy their space will need to move.

A few of these conversions are being done around the country. It is an interesting exit strategy for those investors who buy MHP for a value-added play.

➡ **Investors Wanted:** Mobile Home Park Development Project Update. **Palace Way Senior Living Mobile Home Park (MHP) in San Antonio, Texas.**



The Project Architect is working on the site layout. The Project engineer is working on the field notes required by the city. Application for zoning has been filed.

Next week we start meeting with the city various departments. This process will take about 10 to 12 weeks.

In the mean time I am still out raising equity funds from accredited investors. As well as I will be working with an investment bank to fund the project. We have some investors on board now, we have some sending letters of intent to invest. And I have a list of folks wanting me to call them when we get the zoning completed. Between our marketing, the investment bank and commitments already received I expect to be over subscribed. If you have an interest in being an equity investor, don't wait and miss the opportunity.

I have gotten interest from existing park owners and apartment building owners wanting to learn about developing mobile home parks. I let them know that if they make an equity investment in this project I will include them in all that we are doing so they can learn. **Read more about this Senior Living [Park Opportunity](#).**

There is a copy of our latest print advertisement that is coming out in July at the end of this newsletter.

➡ **Demand for Mobile Home Park Rental Space Is Good.**



All the MHP located in major metros that I have looked at over the last few months have been full or near full. I have visited MHP in five states and they are all pretty much the same. The smaller towns are no so blessed with high occupancy and some seem to be struggling with rent rates.

The larger nicer looking parks with amenities are doing better than the second-tier parks.

- Parks located in towns where there are 50,000 people within a reasonable driving distance fair better then areas under 30,000 people.
- The price of stick-built homes increased 5% nationwide last quarter and home sales fell 3% in May due to a lack of inventory. That should mean continued interest in the more affordable mobile home alternative.
- If you are looking at buying an existing MHP and you do not know how to annualize the numbers, or how to evaluate the property and its risk. Get some help. It can be easy to make a mistake with 5 or 6 zeros behind it.

➔ Filling Your Park.



Each month I will wright about a way to fill your park. If you have a method that you are using to fill your park and you want to share, please email me the details.

The quality of your park and its appearance will make a huge difference in the park's revenue, tenant turnover, ease of management and your profitability.

The easiest way to fill your MHP is to buy houses and put them in as rental houses.

The down side is a higher turnover of tenants and higher maintenance cost. You must be careful that you aren't taking in rent money each month then find you need to pay it out later for repairs, rehab or vacancy's.

I suggest you look at this problem as 2-sperate transactions. One: the renal of the mobile home lot. And Second: as the house rental. The real value of your park is renting the lots. Set the lot rents from house rent and separate the income in your book keeping system. With this separation you will be able to calculate if the house rental part of your business is profitable or not, and you can more easily set a valuation for the park later.

I think you will find having a concerted effort to locate home owners to rent your spaces and move their house into your park would be more profitable.

I realize that in some high-demand markets and some low-demand markets that there are exceptions to my thinking. In California I found some trailers renting for \$2,400 a month. In the Rio Grande valley of Texas, I found MHP that had to invest in rental homes as the only way to fill the park.

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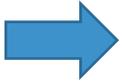
Invest in a New San Antonio Senior Living Mobile Home Park and *double your money in five years.*



**Palace Way
Partners, LLC**

For more information visit our website or call Jim at
210-413-7230 **Mobilehomeparkdevelopments.com**

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Next Month.

- More on converting existing MHP into a higher value play.
- Second in a series on how to fill your MHP
- An update on our new mobile home park development progress.

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