

Making Money With Mobile Homes

By: Lonnie Scruggs

Author Of Deals On Wheels



Mobile Homes Are Money Machines

The Book That Teaches You How To
Create Steady & Reliable Cash Flow
Without Working A “JOB”

This publication is designed to provide accurate and authoritative information regarding the subject matter covered. It is sold with the understanding that neither the author, nor the publisher, is engaged in rendering legal, accounting, or other professional services. If legal or other expert advice is required, the services of a competent professional person should be sought.

Anyone considering buying and selling mobile homes should inquire with their local governing authorities as to the proper licenses required. In most, if not all areas, you will be required to have a local business license, and also, a dealer license to buy and sell mobile homes. This is usually handled by the Department of Motor Vehicles.

All rights to this publication and its material is reserved by the author. No part of this publication may be reproduced, or transmitted in any form, by any kind of duplicating equipment, or any other means, without the expressed written consent of the author.

Copyright 2006
All Rights Reserved
Lonnie A. Scruggs

Published by DOW Enterprises
1236 Smokey Mountain Trail
Chesapeake, VA 23320

Table Of Contents

Dedication.....	10
Foreword	12
Introduction	16

Chapter 1

Had Your <i>FINANCIAL</i> Check-up Lately?	22
How Do You Rate?	22
Make Money While You Sleep.....	23
Case #1	24
Case #2	25
Case #3	25
\$1,000 Monthly & I Don't have To Show Up	26
Compounding Power	26

Chapter 2

Which Plan Is Best?.....	30
What's Best For You?	31
Financing Is The Game	33

Chapter 3

Cash vs Notes	36
The Story Of Louie & Lonnie	36
One Deal-One Check	37
One Deal-Many Checks.....	38
Instant Gratification, or Long Term Security?	40
Creating Passive Cash Flow.....	41
Think Big.....	41
Pretty Deals From Ugly Properties	43
A Quick Flip Equals A Long Note.....	44
Back To Back Closing.....	44

Chapter 4

The Value Of A Good Customer	46
Then I Won't Owe Anybody	46
Spread The Word	48

Chapter 5

Let's Get Creative.....	50
\$3,000 Profit With No Money	50
Harry Finds A Buyer	51
Harry Sells A Note.....	52
IRA Money.....	53
From Good, To Better	54
What Happens If The Note Pays Off Early?	55
Competitor, Or Partner?.....	56
Results Of Working Together.....	57
A Word Of Caution	57
A Quick Flip Pays Off	58
What Does The Other Party Need?.....	59

Chapter 6

Who Says Mobile Homes Don't Appreciate?	62
Case #1	63
Brokers Create Motivated Sellers	63
Let The Seller Name The Price.....	65
Sell Before You Buy	66
Case #2	67
Handyman Special	68
A Total Rehab	69
One Question... \$800	71
Follow The Rules	72
How To Get Five Extra Payments	74
Case #3	75

Trade For New Double-wide	76
---------------------------------	----

Chapter 7

Adult/Senior Parks	78
Throw Away The Snow Shovel, Mabel	80
It's Just Not Home	80
Determine The Sellers Motivation	82
What To Check First	83
Ways To Sell	83
Try A Test Ad	85
Other Ideas	86
Ask For A Lease/Option	88
Just Do It!	87

Chapter 8

Fear Is Expensive	90
The Monster That Cripples	92
It Took Seven Years	93
Deal #1	94
Deal #2	94
Deal #3	95
Deal #4	95

Chapter 9

Turn Short Term Profits Into Long Term Income	96
Rent The Dirt, Sell The Home	97
Payee, Or Lessee	98
A Lifetime Of Income	99

Chapter 10

Dealing In Doubles	100
Give Them A Choice	101
How Much Down, How Much A Month?	103

Now, For The "Rest Of The Story"	104
It Turned Into A Money Machine.....	106

Chapter 11

Fortune In Fix-Ups	110
Should You Fix-up, Or Sell "As Is?"	110
Two Types Of People	112
Learn To See Dollar\$, Instead Of Debi\$	113
Creating Profits.....	114
TV Could Be Costing You \$125 An Hour	116
How Can You Lose?	116
Financing Is The Key	117
Hire Some One To Do The Work.....	118
Learn About Repair Work	119
Spend Your Time Where It's Most Efficient	121

Chapter 12

Partners Means Profit\$	124
Find A Partner Who Thinks It's Fun	124
Seller Owes \$7,300. We Buy For \$1,800	127
No Time For Repairs.....	130
How Do you Spell Doozey?	131
Hey Jack, Have I Got A Deal For You	134

Chapter 13

Recover Your Investment Within 12-15 Months ...	136
\$795 Monthly On \$8,000 Investment.....	136
Low Price--Low Risk	138

Chapter 14

If You Snooze You Loose	140
-------------------------------	-----

What Sign?.....	140
\$60,000 Price Reduction.....	143
Time For A Counter Offer	144
Janet Has A Contract.....	145
How To Get A Pay Raise	146
How About A Discount?	148
You Can Do It Too	150
Develop PMA	151
From "Yours" to "Ours"	151
Up-Date On The Park	153
Auto Pilot	153
My Challenge To You	154

Chapter 15

Late Payments Are Great	156
I Love Late Payments	156
I Have Been De-Bugged	157
Why Grown People Cry	158
They Never Learn	159
Late Again? Thank You	160
The Real Difference	162

Chapter 16

Can't Buy For \$2,500? Then Pay \$5,000	164
A Sunday Drive Pays Off	165
Learn Your Market	167
Sell Before You Buy	168
Paying \$5,000 Is Still Good.....	169

Chapter 17

Estate Sales	172
It Pays To Advertise	172
\$7,300 Cash Profit	173

Chapter 18

How To Create 10 Years Of Payments.....	176
A Change Of Plans	177
Establish A Line Of Credit	181
Partner Up With An Investor	181
Cash Is King	182
We Sold The Lot	182

Chapter 19

Right Place--Right Time.....	186
I Could Smell Blood	187
Two Questions--\$2,500.....	188
The Value Of A Good Lawyer.....	189
Purchase Price Determines Taxes	192
\$20,000 Lot For \$5,600.....	195

Chapter 20

The Cold, Hard, Facts Of Life	198
Don't Wait Until It's Too Late.....	200
Start Your Memory Bank.....	202
Shut The Doors And GO!.....	203

Appendix

Purchase Agreement	208
Sales Agreement.....	210
Credit Application	212
Promissory Note.....	214
Lot Rental Agreement	216-218
Buy/Sell Info Sheet.....	220
Smoke Detector Verification	222
Power Of Attorney.....	224

Mobile Home Web Sites	226
Manufactured Housing Associations	228-230
About The Author	232

Dedication

It's amazing how two little books could have such a positive impact on a person's life. Today, as I look back over the years since I first wrote *Deals On Wheels*, I think of all the wonderful people that I would probably not have had the chance to meet, if not for that book.

So I think it only fitting that this book should be dedicated to all the great people I've met in the past, and to all the great people I expect to meet in the future. Your friendship and support is sincerely appreciated. May each of you have a healthy, happy and prosperous future.

Foreword

Someone said, "If you don't understand money, you'll spend your life working for people that do." How true, how true. Yet, the schools teach very little, if anything about money.

The majority of students graduate from high school with no knowledge of how money really works. Most graduate without knowing anything about investments, compounding of interest, how dangerous credit cards can be, or even how to balance a check-book. The schools teach them how to be an employee, and work for a pay-check, but nothing about the financial world. So the majority of those young folks enter the real world totally unprepared

The six o'clock news ran a story recently about a woman who had just won \$100,000 from one of the junk mailers. When she opened her door, and they presented the check to her, the camera's were rolling. The excitement of that lucky woman receiving her check was all captured in living color. When she finally finished squealing, hollering, and jumping up and down, she was asked what she planned to do with her winnings. This was her answer.

First, she was going to buy herself a new Lexus, because she had always wanted one. Then she was taking her son to the store and buy him those \$150 sneakers so he could be like the other kids in his class. Then she would put a down payment on a house. Then she would have her brother invest part of her winnings. And finally, she would start a savings account with the rest.

This women was in fantasy-world, big time. She had no idea, and it never even occurred to her, that about 75% of her \$100,000 would be gobbled up by good old Uncle Sam,

and that new Lexus. She not only didn't understand anything about money, she couldn't even do simple math. And sad to say, her financial ignorance is shared with the majority of the people in this country. But it doesn't have to be that way. With a little financial intelligence, and self discipline, you can create your own financial security, and financial independence. You don't have to settle for a pay-check, or have someone else dictate how much you earn.

I can say that now, but it wasn't always that way. You see, I once suffered from the same financial illiteracy as that woman who won \$100,000. There was a time when I thought working two jobs was the answer to your financial dreams, and your financial goals. When it finally become apparent that working two jobs, and long hours, wasn't the answer, I decided to make the effort, and the sacrifices, and learn how money works. I couldn't understand how some people seemed to have plenty of money, yet others, who worked much harder, and longer, had so little. But I made up my mind to learn. So I made the effort, and the sacrifices, and learned how to become financially literate, and financially secure.

It's my sincere hope that this book will help get you started on the road to your own financial security, and financial freedom. In this book, I'll be sharing many of the same techniques and strategies that played such an important role in my own road to financial success. This may come as a shock, but making money is one of the easiest things you can do...***if you take the time to learn how***. If you don't learn, then making money can be the hardest thing you will ever do. But, it's not that difficult to learn if you're willing to change your thinking, and forget what you've been taught about money.

If you work a week for one pay-check, you're somebody's employee. If you work a week, and get checks for years, then you're somebody's employer. Which would you

rather be? People who choose (and it's your choice) to work for others all their life, have very little chance of ever becoming financially independent. If you're making payments on a car, a loan, a credit card, a vacation, and etc., you're an employee of the person you're making the payments to. And you'll be their employee until that debt is paid off. On the other hand, if you create a note, and obligate somebody to send you a check each month, that person will be your employee for the term of your note.

In this book, I've shared a number of ways which you can use to create your own "employee." I urge you to read and study, then read and study some more, until you fully understand the techniques, and strategies. Then pick one you like, and start your business. There's no magic, or secrets. It's simply having the desire, determination, a positive attitude, and the wiliness to do what most people are unwilling to do. The opportunities are everywhere, but you must train yourself not only to recognize opportunity, but to take action when you see an opportunity. If you will do that, you will achieve your financial goals, and dreams.

As you travel your road to success, please don't get so busy, or too successful, that you fail to find time to lend a helping hand, or give a word of encouragement to that person in need. One of the best feelings you can have, is to be able to help someone in need, without any expectations of anything in return. I think Zig Zigglar said it best. "You can have everything in life you want, if you will just help enough other people get what they want." Now, let's learn how to make money.

Introduction

According to figures put out by the IRS and the Bureau of Statistics, 12% of Americans over 65 are living, or trying to live, on incomes of less than \$5,000. Only 4% of people over 65 have annual incomes of \$30,000 or more, and only 3% have incomes over \$50,000.

The average annual salary of a full time worker, with a high school education, is \$24,180 (\$11.63 hr). For a full time worker, without a high school education, it's \$16,848 (\$8.10 hr.) (These are last years statistics, which may be somewhat different by now, but probably not a significant change.)

These reports go on to say that 58% of the working people have taxable incomes of less than \$25,000, and only 2% have taxable incomes of \$100,000, or more. How could only 2% be making over \$100,000, while the vast majority are making only \$24,000?

The only logical explanation I can see is *knowledge & education*, (or maybe I should say the lack of knowledge & education), and the choices we make as we go through life. If you choose to be "average" (and it's your choice), then you will get average results. If average is your comfort zone, and you're happy living in that zone, good luck.

If you're happy working a job, and you're earning all the money you need, congratulations. If your job will provide you with the kind of retirement and security you want when you get old, congratulations again. If not, then you obviously have to get out of your comfort zone,

make the necessary effort, and commitment, and do something the average person doesn't do.

Approximately one million workers are being "downsized" (that's a polite way of saying, "You're Fired!") each year. For years, many of these people were happy in their comfort zone and thought they had a "good secure job." Many worked a job they didn't like, that paid just enough to live on. And most of them failed to learn how to do anymore than what their jobs required. Since it was easier to stay in their comfort zone and continue doing the same thing every day, they never made any real effort to do any better.

Recently, on the evening news, there was a story about a woman being downsized after 27 years on the same job. Her job was inspecting TV's coming off the assembly line. For 27 years she was in her comfort zone and made no effort to improve her knowledge, education, or learn how to do anything different. Then when her time came to be downsized, she wasn't qualified to do anything except inspect TV's.

Is there a lesson to be learned here? As the saying goes, "If you continue doing the same thing you've always done, you will continue getting the same thing you've always gotten." (Unless you're downsized.) Somebody said that the definition of insanity is "Doing the same thing over and over, and expecting to get different results."

Be Willing To Pay For Your Education

Over the years, Joanne and I have spent many thousands of dollars going to many seminars, and conventions. Not that we could always afford to go, but rather because we couldn't afford not to go. We had a

choice to make. And our choice was to spend the money back then to get an education, so we could enjoy a future of financial security. Education doesn't get "downsized", and once you have it, nobody can take it away from you.

I've heard it said many times that you WILL pay for your education at some point in your life. And you get to make the choice when you will pay. You can pay your dues when you're young, healthy, and able to work. Or, you can pay when you are old, sick, broke and unable to work. The choice is yours. When will you pay?



Take Time To Learn

I gave a seminar several years ago, and whenever I think of that seminar, two men instantly come to mind. One was a plumber that called saying he wouldn't be able to attend the seminar, but would like to stop by and get my books, which he did. He said he sure would like to sit in on the class, but he had a plumbing job he just had to do that day. I never heard from him again.

The other man was about ready to retire from the Marines after 28 years service, and he wanted to learn something he could use after he retired. He called me about two months after the seminar saying he had done two mobile home deals. He "thought" he did O.K., but he wasn't sure because he didn't know how to use a calculator. So he asked me to give him a crash course in using one.

After 30 minutes or so on the phone, he got the hang of it and punched in the numbers on one of his deals. In fact, he punched the numbers in several times, because he didn't believe the answer he kept getting. After I agreed with his numbers, there was a long pause. Finally he said, "My God, this stuff is scary."

It cost the marine \$295 to attend that seminar, but how much did it cost that plumber by *not* attending? There's really no way of knowing, of course, but let's suppose the plumber made \$500 on that job that he just had to do that day. How much has he lost by not learning what the marine learned? The plumber did one job, and got one check. The marine did one deal, and got many checks. Plus, he now has the knowledge to do the same thing over, and over.

Pick A Bracket

The records show that 95% of the people that reach retirement age will need some kind of help, or a part time job, in order to live a decent life. Yet, those people had the same opportunities, and the same choices to make as we did. They just made the wrong choices. They chose to be average all their life. And, most "average" people wind up in the 95% bracket.

So which bracket will you choose? When will you pay for your education? Will it be now, or later? Do you choose to be "average?" These are all choices that you get to make. Choose wisely, because your financial future will be determined by the choices you make today. I hope this book will help you make the right choices.

Chapter 1

Had Your *FINANCIAL* Check-up Lately?

Seems like there's always somebody telling us we should get a physical check-up every year or so, but how about a *financial* check-up? Ever had anybody call wanting to schedule you for a financial check-up? If not, and you haven't had one, then it's time for that check-up. Here's a simple little test to see if you pass, or if you need a prescription for what ails you.

Let's suppose you finish school, play around for a couple of years, and at age 20, you settle down and get a "real job." Using the example below, plug in your numbers in place of the ones in the example. First, you need to figure what your present *net worth* is. (And no cheating, or padding).

How Do You Rate?

Example:

Present Net Worth	\$100,000
Present Age	40
Subtract 20 (age you started working)	20
Answer	20

Divide the answer (20) into your present net worth (\$100,000), and we see in our example that you have accumulated an average of \$5,000 for each year that you've worked.



Now, how do *your*

figures rate? Are you satisfied with your answer? If not, what are you doing about it? Maybe this would be a good time to ask yourself this question... "Where will I be a year from now, if I keep doing the same things I did the past year?" And if you don't like the answer, it's time to make plans to improve your score. So what can you do to improve your financial health? Let's go over a couple of ideas that have worked very well for me.

Make Money While You Sleep

Regardless of what kind of job you have, how well you like your job, and how much that job pays, you need to have something producing income for you that doesn't require you to be there. You should have cash flow coming in if you're sleeping, fishing, on vacation, or too sick to work. If your only source of income is from your next pay-check, and you lose your job, how much cash flow will you have coming in?

If you lost your job tomorrow, how long could you support your family on what you have now? These are serious questions you should ask yourself. And if you don't like the answers, start making plans now for your financial future. So, what to do? "Hire" some "employees" to work for you. And what's the best kind of employees you can have? DOLLARS!!!

I consider every dollar I invest, another employee working for me. With proper management, each employee works 24 hours a day, 7 days a week. They never call in sick, they never go on strike and they never complain about working conditions. And my employees never have to worry about being "downsized" either.

But if I get lazy, or don't do a good job of managing my employees, my income will decrease, and

maybe even stop. So you need to develop good financial discipline, and good management skills in order to get the most from your “employees”. Let me share a couple of my latest investments in order to give you a better understanding of what I mean.

Case #1.

I paid \$17,000 for a mobile home lot, and the mobile home. (Just the lots alone in this park sell for \$17,000-\$20,000). I sold the home for \$5,900, \$600 down and a note for \$5,300, payable \$209.10 for 32 months. So even though my mobile home employees are “temporary employees”, they will produce excellent cash flow. If I practice good financial discipline, I’ll use the cash flow they produce from the mobile home payments, and find them another job before their temporary job runs out.

Since I was able to sell the home for \$5,900, that means I now have only \$11,100 invested in a lot that’s worth \$17,000-\$20,000. The couple who bought the mobile home, also pay \$250 monthly lot rent. And most likely, the lot rent will increase each year with very little, if any, additional cost to me. And I won’t need to be there to make it happen, just a rent increase notice, and a postage stamp. (*Up-date*. Lot rent is now \$275.)

So these 11,100 employees will be long term, cash producing workers. And if I’m a good manager, they won’t ever get a day off. What a slave driver, huh? If I do nothing but bank the monthly cash flow, these 11,100 employees will provide a good yearly shot for my financial health. (Incidentally, we now have 29 lots just like this one, all paid for from the cash flow that our “temporary employees” earned for us. These 29 lots are producing steady and reliable cash flow every month.

And I don't have to show up to get paid. Our employees are doing the work, and we get the money. Why not use this concept and do the same thing for yourself?

Case #2.

Just bought another mobile home for \$4,000, sold it for \$8,900, \$1,000 down, and a note for \$7,900, payable \$306.11 monthly for 30 months. So I have another 3,000 employees working for my financial health. (Just got the first check from this deal, and it made me feel warm all over. What a great bunch of employees.)

This was another referral from the park manager. There was no sale sign posted, or any indication the home was for sale. If the manager hadn't called, I would probably never have known this home was for sale. I can't tell you how many deals this one manager has thrown my way over the years. And I can't stress too much how important it is to build a good relationship with the park managers. You should think of the park manager as the goose that delivers the golden eggs.

Case #3.

Different park, same scenario. Again, no sale signs posted, and no way of knowing the home was for sale. The park manager not only referred this deal to me, but practically negotiated the \$2,500 purchase price with the seller. And then, convinced the seller to credit the security deposit he had on the lot, to me. The end result was that I paid \$2,500 for the home, and got the \$250 security deposit transferred to me, making my total purchase price \$2,250. The home was sold in 10 days for \$6,750, \$500 down and a note payable \$166.90 for

48 months. So I now have another 1,750 employees working for my financial health.

\$1,000 Monthly And I Don't Have To Show Up

These three deals will produce somewhere around \$1,000 per month, and I don't even have to show up. Granted, the mobile home notes will pay out in a short time, but I'll have plenty of time before that happens to create more deals, and put more employees to work. If I worked a "job" how many hours would I have to work every month to earn \$1,000? Even if it was a job I liked, that job would be taking valuable time that I could be using to create more cash producing deals like I've just described. And also, with a job, I might not be able to pass my yearly financial health exam.

Compounding Power

I'll cover one more idea for you to consider which will greatly improve your financial position, especially when you reach retirement age. And this has to do with the power of compounding. If you don't fully understand the awesome effect of compounding of interest, let me urge you to make every effort to learn and use that power. If you do, you will retire a rich person. If not, you have an excellent chance of winding up like the majority of the people that don't understand, and don't use this power of compounding...POOR.

Let's do an example of a self directed IRA. Suppose you open an IRA at age 20, and you put \$2,000 into your IRA each year for the next 10 years. Let's also suppose that during this 10 years, your IRA earns 10% (I know you can learn to do better, but let's see what just 10% will do.)

\$2,000 Per Year For 10 Years @ 10%

N	I	PMT	PV	FV
10	10	2000	0	31,874

After 10 years, your IRA will be worth \$31,874, and you will be 30 years old. If you never put another dime in that IRA and just left it alone for the next 30 years, and it averaged earning 10% each year, you would have a nest egg of \$556,182 at age 60.

\$31,874 Invested For 30 Years @ 10%

N	I	PMT	PV	FV
30	10	0	31,874	556,182

To make it simple, if you invest \$31,874 today, and it earns 10% over the next 30 years, that \$31,874 has compounded to over a **HALF MILLION BUCKS**. Now, look at what it will be if you can make that same \$31,874 earn 12%, just 2% more. At the end of 30 years, your \$31,874 will compound to **\$954,942**, almost double. Amazing, huh? It's a difference of only 2%, yet it almost doubles your investment.

\$31,874 Invested For 30 Years At 12%

N	I	PMT	PV	FV
30	12	0	31,874	954,942

At 15%, it will be **\$2,110,235**. And if it's a Roth IRA, you won't owe any taxes when you retire, and start spending your money. (Roth IRA contributions are made with after tax dollars.)

\$31,874 Invested For 30 Years At 15%

N	I	PMT	PV	FV
30	15	0	31,874	2,110,434

Regardless of how you earn your money, you should invest at least \$2,000 per year in some type of retirement fund and forget it's there. That's only \$40 each week, so don't say you can't afford it. If you can't afford to invest \$40 per week now, when you're healthy and working, in order to be rich when you retire, then you had better do all the things you want to do before you retire. You won't have any money to do anything after you retire.

If you develop and practice good habits, have a good investment plan, and good financial discipline during your working years, you will never have to worry about failing your financial health exam. And the sooner you start, the better off you will be when you retire. Every month you wait will cost you many future dollars. So get started NOW!

Note. You can now contribute \$3,000 per year into an IRA. And, \$3,500 if you're over 55.

Which Plan Is Best?

One of the nice things about this mobile home business, is the number of choices you have available for doing business and making money. You have opportunities to make money with the little cheapo "Lonnie deals", mobile home notes, mobile home lots, mobile home parks, rent to own, and lease options. So we haven't even scratched the surface yet.

I'm still actively doing deals in all of these except for lease options and rent to own. Nothing wrong with lease options and rent to own, but I've already had enough tenants calling about a problem that needs fixing. I prefer selling and having someone else take care of the up-keep of the home. All I want is a check.

So I still prefer the little "Lonnie deals." These are homes that I can still buy for \$2,000-\$3,000 and sell for \$4,000-\$6,000. These are the one's where I make the most money, with the highest yields, with the least amount invested. And, with the lowest risk. And contrary to what some folks seem to think, there are still plenty of these type homes in most parts of the country, which can still be bought for these prices.

I don't think there is any one "best way" to do anything. What I suggest you do is study all the various money making techniques and strategies, then pick the one that works best for you. And once you make your choice, study and practice until you become an expert in that particular field.

A friend of mine buys raw land, then sub-divides the

land into individual lots for mobile homes. He then places a mobile home on the lot, sells the lot and home as a package, and carries the note for his buyers. He then sells off enough of the front end of his note to an investor, and recovers all of his cost. He winds up with none of his money in the deal, but still keeps the back-end of his note for future income.

Another friend bought a mobile home park. In order to fill the vacant lots, he brought in other investors who put up the money to buy new mobile homes to go on his vacant lots. This way, he was able to generate lot rent, but without having to use his own money to buy the homes. The rent from the homes paid his investors. Once his investors were paid off, he then owned the homes.

Other people I know buy newer homes that can be financed by the banks and lending institutions. Instead of financing the sale themselves, they arrange for their buyers to obtain a loan for the home, and they're cashed out.

There are many ways to do business and make money, so make up your mind to be successful and get started. You may be disappointed if you make a mistake, but you may be losing a bright future if you don't try.

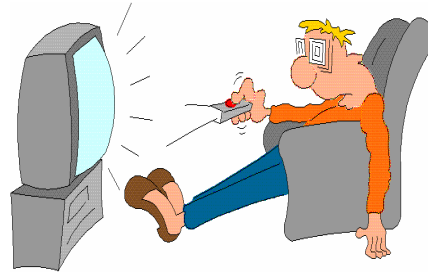
What's Best For You?

Maybe you're anxious to get started in some type of business or investment, but just can't decide what to try. If so, let's see if we can help you decide.

If you have a full time job, you will need something that you can do in your spare time. And we all have far more spare time than we realize. In fact, most of us don't

realize just how much of our time we waste, or use inefficiently. Time is your most precious asset, so use it wisely.

For many people, the TV is probably the worst evil in their lives. It not only robs them of precious time, but they lose all chance of ever turning that time into something worthwhile and constructive. The amount of time spent in front of that TV can never be recovered and used in a productive way. And no one has figured out a way to recycle time. Once it's used, whether efficiently, or inefficiently, it's gone.



So start spending less time watching TV, and more time learning something that will really benefit you and your family. Keep plenty of good educational material handy. When you reach for the TV remote, ask yourself this question, "When the TV show is over, will I have learned something that will be beneficial and rewarding, or will that amount of time be gone without any real benefits?"

How many times have we heard someone say they just didn't have time to do something? That's nonsense. We all have the same amount of time in a day. What's important is the priority we place on that amount of time, and the way it's used.

Does watching that TV show that you will have forgotten by the next day, have more priority than reading a good educational book that will benefit you for years? Will you benefit more from spending a weekend playing golf and watching ball games, than you will attending a seminar where you can learn how to improve

your financial position? You will have to answer those questions. But remember, you have to live with the results of your answers.

If you already have all the money you need for you and your family to live the kind of life you want, then it probably won't matter if you play golf all weekend. But if you happen to be like most of us, you haven't quite reached that point yet.

I've heard people say that money won't make you happy. Well, I can tell you from experience that being poor won't make you happy, either. So if you insist on being unhappy, at least try to figure a way to be unhappy in style. We will all have our share of problems as we go through life, but there's no reason for lack of money to be one of them.

Make the effort and learn how to make financial deals that will benefit you, and provide a better life for you and your family. A little sacrifice in your early years, will pay big benefits in your old age.

Financing Is The Game

Whenever I hear someone say that they need to buy something, but don't have the money, I consider that another chance to create a note. It could be a mobile home, a car, a TV set, furniture, appliances, or any number of things that you're willing to finance for that person.

A friend of mine heard one of her tenants say they needed a new living room chair, but didn't have the money to buy one. She asked them what kind of chair they wanted, then went with them to the furniture store. They picked out the chair they liked, and my friend

negotiated the best price she could with the store manager. Then she raised the price a reasonable amount, and worked out monthly payments for her tenant. She not only created another payment each month, but also had some happy tenants.

The opportunities are everywhere, you just need to recognize them when they come along and take action. Most people fail to make money because they never learn how to recognize an opportunity when they see it. There is no reason to be poor unless you choose to be. So I hope by the time you've finished reading this book, you will have learned how to implement at least one of the ideas we've covered and be motivated enough to start doing it.

And I urge you, please do not just flip through the pages and then throw this book on a shelf. Read and study the ideas that appeal to you. Then do like many others have done...choose a plan that will work for you, then *work the plan*.

The toughest part for many folks is to actually get out and do that first deal. They let the fear of making a mistake keep them from improving their lifestyle and financial position. They listen to their friends or relatives tell them what a mistake they would be making. And usually the very ones that are giving all the advice, are the least qualified to give advice.

Those friends and relatives are like some of our politicians. Did you ever notice that the politicians that get to choose how to spend the taxpayers money, are the very ones that can't even balance their own checkbook? So make up your mind that you will be successful, and get started. And don't worry about making mistakes, because you will. The only people that

don't make mistakes, are the one's that don't do anything. But just remember, our most valuable lessons are learned from our mistakes

Chapter 3

Cash vs Notes

Is it better to sell for cash and get all your profit up front, or carry the note and get a check for years? It depends. They each have their advantages, and disadvantages. I'm definitely a note toter, myself. I love to create a note and obligate somebody to send me a check every month. But others like to sell and pull all of their profit out.

If you're just starting out and have little, or no money, then of course, you need to generate as much cash as possible, in order to keep doing deals. If that's the case, then it would be to your advantage to sell for all cash anytime you can. But once you reach the point where you don't need the cash to do more deals, why not carry the note and build up steady and reliable monthly cash flow.

It's a great feeling to open your mail box and pull out a bunch of checks very month. Of course, it's a great feeling to make a sale and wind up with a pocket full of cash, too. But in many cases, what happens to the cash once you get your hands on it? And too, It's much easier, and much more profitable, to sell a cheapo home by offering to carry the note, rather than trying to sell for cash.

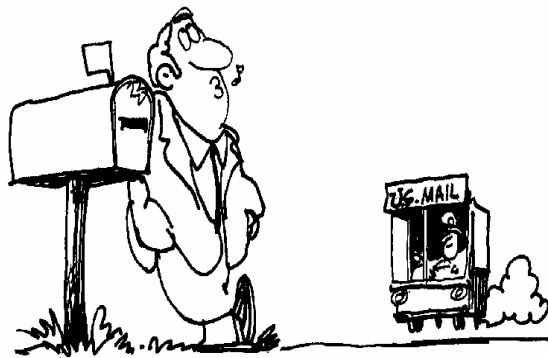
The Story Of Louie And Lonnie

Let's cover an example by Louie and Lonnie, two different type mobile home investors, and each with \$7,500 to work with. We'll say that Louie is strictly a cash seller. He's heard all the horror stories about people that

won't pay, skipping out and leaving the home trashed, and etc. So with Louie, it's either a cash deal, or no deal.

Then we have Lonnie, who loves to pull checks out of his mailbox every month.

Here come da checks



One Deal--One Check

Since Louie will only do cash sales, he has to not only buy mobile homes that a bank, or some lending institution is willing to finance, but he must also find a buyer that will meet their loan qualifications. So that will probably restrict the volume of business that Louie can do.

Let's say that Louie finds a nice 10 year old home, and a very motivated seller. According to the NADA book, (which banks use to determine the value of a particular home) the retail value of this home is \$15,000. If Louie sticks to our minimum guidelines, he will need to buy that home for \$7,500, half of the fair market value. (And which will take all of Louie's \$7,500.) But since Louie is a good negotiator, let's say that he's able to buy it for \$7,500.

Now, let's suppose that Louie finds a buyer who can qualify for a \$15,000 bank loan, and makes a sale. So he winds up with \$7,500 cash profit. Now, what does he do with the cash? Does he have the financial

discipline to re-invest that money immediately, and keep it earning more money? Or, will he be like some people and use his cash profit to buy a new car, a boat, or take that dream vacation? This is the part that determines whether you wind up with financial security, or working for a pay-check.

And regardless of what he does with his \$7,500 profit, that's all he will get out of that sale...one deal, one check. So is Louie really an investor, or a salesman? In my opinion, he's really no different than a sales person working on a commission. Granted, that's a nice fee for one deal, but now he has to get back to work and make another sale, in order to get another check. But the bank will get a check for many years. I think Louie is working the wrong side of the street.

One Deal...Many Checks

Now, let's see what Lonnie can do with \$7,500 by doing cheapo deals. Instead of letting the banks benefit from his work, Lonnie decides to be the bank. So he offers to finance the sale and tote the note for his buyer.

Let's suppose that Lonnie buys a \$3,000 home and sells it for \$6,000. He offers his buyer easy and affordable financing with only 10% down. And unlike the bank, Lonnie doesn't charge his buyer any points, administration fees, appraisal fees, and all the other garbage fees that banks like to add on. Lonnie's offer is a simple and affordable payment plan that suits the buyers needs. And it can be done in one day, or less. And his buyers love it.

Also, in all probability, by offering to finance the sale, Lonnie will be able to find a buyer and sell this home much quicker than Louie will on his \$15,000

home. So let's see what Lonnie will generate from this one little deal, as opposed to Louie's deal. Check our table.

How Note Is Structured

N	I	PMT	PV
36	12.75	181.30	5400

Lonnie's Investment & Yield

N	I	PMT	PV
36	82.33	181.30	2400

Lonnie paid \$3,000 for this home, and got \$600 back from the down payment, leaving \$2,400 of his money in the note. So Lonnie not only has \$5,100 of his original \$7,500 left, but also a note that's earning him 82%. If the note runs the entire term, Lonnie will collect \$6,526 in payments.

If Lonnie does the same thing again, he will have another note earning him 82%, for another 36 months. And he still has enough money to do a third deal. So his \$7,500 will generate three notes, paying him over \$500 each month. But unlike Louie, Lonnie won't have to do any more work to get his monthly checks, plus he's earning 82% on his money. What's the chance that Louie is earning 82% on his \$7,500 profit?

If Lonnie does nothing but collect the payments for the next three years, he will wind up with close to \$20,000 from just these three deals. And if he keeps re-investing the payments, there's no limit to the amount of passive cash flow he can generate. And I want to emphasize the word passive. Lonnie will get many

checks from one deal. Louie will get one check, from one deal.

Of course, it's possible that Louie can build up a lot of cash by doing all cash sales. But it will require much more work, and time, to do so. And, if for some reason Louie is not able to work, his income stops. But Lonnie can be out fishing all day, and the mail carrier will still deliver his checks.

Instant Gratification, Or Long Term Security?

Louie is like the average worker who looks only to their next pay-check, instead of financial security. He prefers instant gratification, rather than long term security. On the other hand, Lonnie has managed to create a cash flow stream that doesn't require him to be there. If he's unable to work tomorrow, he still gets paid. But if Louie is unable to work tomorrow, his income stops. So Louie really has a "job" which requires him to be there in order to get a check.

As you can no doubt tell by now, I'm very partial to notes and passive cash flow. I don't like to work for money, I want money to work for me. If I should become unable to work, I want to be in the position of enjoying financial security from my previous work. If I have enough other people obligated to send me a check each month, I can do whatever I want, and the cash flow is still there.

Creating Passive Cash Flow

Here's several case histories that will help illustrate my feelings about passive cash flow. By using the lessons I've learned from others, I've been able to

create cash flow with houses, apartments, mobile homes, automobiles, and personal loans. But regardless what vehicle I used, my main objective was to create a steady, and reliable passive cash flow stream.

When I first started investing in rental properties, I had a two-fold plan. Plan one was to generate a good positive cash flow while I owned the property. Plan two was to create both a good positive and **passive** cash flow *after* I sold the property. In most cases, we kept the property for many years. But occasional we did a quick flip and created a note, same as we do with mobile homes. I'll go over a couple of each

Think Big

My first purchase was seven rental units, consisting of three single family houses and two duplexes, which included an entire city block. (No reason to start with just one house, buy the whole block.) All of these properties were old and ugly, but in a prime rental area. It took everything I could scrape up to swing the deal...\$8,000. I assumed two loans, the seller took back a third, and I borrowed \$2,000. But, I was able to buy the property. (I can still hear my friends and family members saying how I would "lose my shirt.")

Each unit was rehabbed and the rents increased. We then refinanced the property, paid off everybody, pocketed \$30,000, and still had a good positive cash flow. We used \$20,000 of that money and bought 33 more units, all within three city blocks. Same type property...old and ugly, but in a prime rental area.

We refinanced that first property several times and used the money to buy more properties. After 20

years, we sold the first property and carried the note. The note payments were approximately \$2,000 per month. After eight years of collecting payments, we were paid off. All together, we collected approximately \$400,000 from the payments, *after* we sold the property. And we never had a tenant call about a problem. All we had to do was deposit the checks each month.

The 33 units was sold after one year. We received \$20,000 down payment, (the same amount that we put up), and took a note for the balance of our equity. Less than a year later, my buyers discovered they didn't want to be landlords, and gave me the property back. I thought that was nice of them, I didn't even have to foreclose. They just signed the property back over to us. (Sounds kind of like the mobile home business, huh?)

We sold the property again, but in a different manner this time. Instead of selling the entire 33 units as a package, we split it up into several parcels. By doing it this way, we were able to get a much higher price. And also, we had several buyers on the hook, instead of having to depend on just one. But even then, we still got several of the properties back again. And of course, we just sold them again, just like as we do with mobile homes.

After collecting payments for many, many years, the owners refinanced the property and paid us off. I have no idea how much we collected since we first bought this property, but considering that we had nothing in the properties, it was good enough. And it was all passive income. No tenants, no management and no maintenance.

Pretty Deals From Ugly Properties

Now I'll cover a quick flip we did on a single family house. This was a house that an out of state bank ended up with when their loan went in default. This was also an ugly house that needed work. It was the type property that turns most people off, but the perfect house for the savvy investor to make money on.

At the time, this house would retail for \$50,000-\$55,000 in good condition. Since the bank was tired of their "non performing asset", the only offer they would consider, was cash. I was able to buy that house for \$23,500. After spending approximately \$4,000 for repairs, I then lease optioned the house to a young couple. They didn't exercise their option, which was fine with me. I had now owned the house long enough to use the installment sales method when I sold it. And that's what I did.

The house was sold for \$49,900, \$1,000 down and a note for the balance. We've now collected payments for over 10 years on that house, and still have close to 20 years to go. And again, all with no management, tenants, or maintenance problems.

A Quick Flip Equals A Long Note

This next case history concerns a small two bedroom bungalow. This house wasn't in great condition, and definitely not a house I would keep for a rental. The owners had inherited this house from a relative, so they had none of their money invested. It was being rented to a young couple, who had been there for two years. In talking with the tenants, I learned that they would love to buy the house, but didn't have the money, and couldn't qualify for a loan. (Does that give you any ideas?)

I made the owner two offers. My first offer was \$25,000, nothing down, semi-annual payments, zero interest, with the first payment due six months from closing. Or, I would give him \$12,500 cash. About a month later, they called saying they would take the \$12,500 cash.

When I hung up the phone, I contacted the tenants and arranged to sell them the house for \$25,900. They would pay \$700 down (that's all they had) with monthly payments of \$302 (that's all they could afford), for 15 years. They were so happy to be able to buy this house. And I was so happy to be able to sell it to them. (They sent us a "thank you" card later.)

Back To Back Closing

When closing day arrived, we all met at my lawyers office. We bought and sold the house, all within 30 minutes. That was all the time needed for everyone to sign the necessary papers. We owned that house for 15 minutes, and left with a 15 year note. That was about 10 years ago, and we still have another 5 years of payments to collect.

Now, I'd like to bring up a point here to help you decide whether it's best to sell for cash, or take a long term note. I have no idea what the sellers did with their \$12,500, but I'm willing to bet it was gone in a short time, and probably with nothing to show for it. Instead of 180 payments of \$302, they chose to get one check for \$12,500. We chose 180 monthly payments which will pay us \$54,360 ($180 \times \$302 = \$54,360$.)

The concept used in creating cash flow with these houses, is the same concept used with mobile homes. The only difference is the product that we used to create the note, and obligate somebody to send us a check. It's no different than what the banks do. You're simply using your skills and specialized knowledge, and putting your money to work, so you won't have to.

The Value Of A Good Customer

Finding, and keeping a good long term customer does more for your financial wealth than a "One Shot-One Profit" deal will do. If you do one cash deal, you get one check. But a long term, good paying customer will make you payments for many years. So regardless what business you're in, if you want to be successful, you should focus on repeat business, from good customers.

I don't know about others, but I'm finding it harder and harder to find people with a decent credit history. I would guess that I waded through at least 12-15 calls before I get one that I'll even take the time to show a home to. I don't know if there are more irresponsible dead-beats in the world now, or if I'm just meeting more of them.

The bankruptcy laws are structured so that the debtor has all the rights, and the creditors have none. I can remember when it was very embarrassing, and humiliating if someone had to file bankruptcy. And they would try to keep it quiet. Now days, people seem to think it's a status symbol.

Then I Won't Owe Anybody, Anything

I had a call recently from a young woman who didn't sound like she was more than 18 years old. When I asked how her credit history was, she said "I just filed bankruptcy, and my lawyer said it would take about 90 days. Then I won't owe anybody, anything!"

She was so happy and excited, you would have thought she had just won the lottery. I told her that she was mixed-up in her thinking, that she still owed the money. The only thing that changed was that she was able to use the judicial system to screw people out of what she owed them. Then I asked her why should I expect her to pay me, if she wouldn't pay the others. That wasn't exactly what she wanted to hear.

Here's a couple of case histories to explain the value of a good customer. I sold a mobile home to a couple nine years ago. The home was, and still is, on my lot. I financed the home for my buyer for three years. When the note was paid off, they wanted to borrow some money. The man said that he could get the money from his bank, but he would rather do business with me.

After learning what the bank terms would be, I let him name the amount he wanted to borrow, the interest rate, and the monthly payments. He dictated his own terms, based on what he had been told by the bank. And my yield on this new loan was 23%. He gave me the title back, I gave him a check, and it was a "done deal." And I didn't even have to leave my house to do it.

He's now paid that loan off, plus a lot rent payment every month. Now he wants me to find him a newer home. I just checked my files on this one good customer. Over the past nine years, he's paid me over \$38,000 in mobile home payments and lot rents. What if I had simply done a one shot deal with this man, made one profit, and only got one check. How much would I have lost.

Spread The Word

Last December, I mailed some of my best customers a notice offering to make them a loan if they needed money. I only made one loan out of that mailing, but it's another monthly check. And it only cost me a sheet of paper and a postage stamp to do it. But who knows what that mail-out might generate in future business. Those folks now know they can get money from me, instead of a bank.

Two months ago, one of my customers needed to borrow \$2,000. I made her the loan, added it to her mobile home note, restructured her payments so they were affordable, and I have another happy, long term customer. And my mail carrier has another check to deliver.

Three years ago, I sold a mobile home to a couple. In addition to the mobile home payment, they've also paid me lot rent each month. So far, in just three years, they've paid approximately \$18,000 in rent and mobile home payments. Yesterday, they called saying they had the chance to buy a double wide on a 1/2 acre of land. They want me to buy their home, and loan them the difference, so they can buy the double wide.

They said they could probably get the money from a bank, but would rather do business with me. If I do what they want, I'll probably be able to create another 6-8 years of payments from this couple. Plus, I'll be able to make a profit from their home.

I see so many people who would rather settle for instant gratification, rather than long term security. You can spend your time, money and energy doing one deal, and get one check. Or, you can spend the same amount

of time, money and energy doing one deal, and get checks for years. So rather than settle for instant gratification with one check, think long term with many checks. And once you have a customer with a good proven track record, hold on to them as long as possible. It might be hard to find a good replacement.

Let's Get Creative

Regardless of whether the economy is good, or bad, there will always be good opportunities for the creative thinker, the person who can think “outside of the box.” Having the ability to keep an open mind and see what others can’t see, or won’t see, is often the difference between opportunity, and wishful thinking. It’s amazing how two people can look at the same thing, and one sees an opportunity, while the other sees a problem.

How many times have you heard someone say, “It takes money to make money?” I’ve heard that saying all my life, and I still hear it today. And there was a time when I didn’t know any better and believed that saying. And sadly, because many folks still believe that “it takes money to make money” they never make a serious effort to do anything. This will probably surprise some people, but it doesn’t take money to make money. It takes knowledge, education and the ability to *think*. Oh, and it takes one other thing...**ACTION**. Let me illustrate my point by several examples.

\$3,000 Profit With No Money

Harry was on his way to attend a weekend seminar that was being held in one of the mid-west states. On the plane ride out, he read a book explaining how to buy and sell mobile homes. When he arrived at the airport, he rented a car. The driver for the car rental company was taking Harry to pick up the car. In casual conversation, the driver learned that Harry was in the real estate business, and was there to attend a seminar.

The driver told Harry that he had been trying to sell his house, but couldn't find a buyer. Hearing this, Harry asked some questions and found out it was a double wide mobile home on an acre of land just outside of the city. The asking price was \$20,000, which according to the seller was a good fair price.

Harry told the seller he would spread the word at the seminar and try to find him a buyer. But if he could, how negotiable would he be on his asking price. The seller said he didn't really know, but was sure he could do better if it was a quick cash sale. So Harry got the sellers phone number and told him he would see what he could do.

That night, Harry called the seller and told him that he had a couple of potential buyers for his property, but the best cash offer they could make was \$10,000. Harry explained to the seller how hard it was to find investors for mobile homes. Most investors considered mobile homes poor collateral, so that's why \$10,000 was the best cash offer he could find. The seller said he was sure they couldn't drop the price that much, but he would talk to his wife. The seller called Harry back later and said the least they could sell for was \$11,000.

Harry Finds A Buyer

The next day in class, Harry asked the group if there was anyone that would like to buy a double-wide on an acre of land. The price was \$20,000 and he would arrange financing with a "reasonable" down payment. Three hands went up. One couple had \$2,000 to put down, one couple had \$1,000, and the other couple didn't have anything.

Harry agreed to sell to the couple with \$2,000, and carry a note for \$18,000, payable \$480.66 per month, 48 months at 12.75% interest. (The question came up, "How did you arrive at 12.75% interest?" Harry said, "Oh, that's the industry standard.")

Harry Sells A Note

After firming up the buyers agreement, Harry then asked the group if there was anyone that wanted to buy an \$18,000 note for \$12,000, which would yield 36%. And he got a buyer for the note. Now, let's sum all this stuff up and figure out what happened.

Harry sold the home for \$20,000 to a couple in the class, received \$2,000 cash and a \$18,000 note.

How Note Was Structured

N	I	PMT	PV
48	12.75	480.66	18,000

Then Harry sold the note to an investor for \$12,000 cash, which is a 36% yield.

Harry Sells The \$18,000 Note For \$12,000

N	I	PMT	PV
48	36.78	480.66	12,000

Harry now has \$2,000 from the down payment, plus \$12,000 for the note, a total of \$14,000. He pays the Sellers \$11,000 for the home, and pockets the \$3,000 difference. And he did it all without using a dime of his money. (But Harry, you can't do that! Don't you

know it takes money to make money?) Maybe so, but it didn't take any of Harry's money.

IRA Money

John, one of my students, had just completed his first mobile home deal after reading *Deals On Wheels*. He called me to see if he had made a mistake, or if something was wrong. He was a little worried because his calculator was spitting out such ridiculous figures. He thought maybe he was punching the wrong buttons. After checking the numbers on my calculator, as he read them off, I assured him they were correct. Let's go over the deal as John told it to me.

He bought a mobile home in a senior park for \$4,000, and sold it for \$7,275. He got \$1,000 down and a note for \$6,275 payable \$194.66 monthly for 54 months, 25% interest. (His attorney says there's no usury law on mobile home notes where he lives.)

When John ran the numbers to figure his yield, he kept getting 74.9%. He thought his calculator was lying to him...nobody could make that kind of a return, he thought. But let's make a table and see if John's calculator is correct.

How John Structured His Note

N	I	PMT	PV
54	25	194.66	6,275

Amount Left In Note & John's Yield

N	I	PMT	PV
54	74.9	194.66	3,000

Yeah, looks like his figures are correct. He's making 74.9% return on \$3,000. That's a pretty good start for your first deal, John. And I've heard people say you can't do that where you live, especially in a senior park. I'm glad John didn't listen to what "they said." But that's only part of the story, it gets much better.

From Good, To Better

John wanted to do another mobile home deal, but he needed his \$3,000 that he still had in this note, in order to do so. He had created an excellent note, but it was only one monthly payment. If he could figure a way to get his \$3,000 out of that note, add it to the \$1,000 he got for the down payment, he would then have enough to buy another mobile home. How could he do that?

John knew somebody that had money in an IRA. After explaining to them how they could increase their yield by using part of their IRA money to invest in his note, they agreed to his offer. So John agreed to sell the first 29 payments of his mobile home note, for \$4,500. This would be a 19% yield for his investor, and much better than what his IRA was earning.

How John Structured Note To His Investor

N	I	PMT	PV
29	19	194.66	4,500

John only had \$3,000 left in the note. And, he has now received \$4,500 from his investor for the first 29 payments. So he's now made a \$1,500 cash profit, plus he still gets to collect the last 25 payments, which will give him another \$4,886. John was ecstatic.

What Happens If The Note Pays Off Early?

John and I continued to talk about his note, and we did some more “supposing”. Suppose this note should pay off early, say in 12 months? If it should, how would that affect John’s yield? His yield would go into orbit. But I told John that if it should pay off early, his investor probably wouldn’t want to be paid off. After all, his investor has now gotten spoiled with a 19% return, so his IRA isn’t going to look near as good as it once did.

I suggested to John that if the note does pay off early, have his investor agree to let him substitute the security in that note, for another note of equal, or greater value, and just keeping making the payments. By doing that, John would be able to pocket all the cash from the pay-off, and use that money to do another mobile home deal. And he’s still got a happy investor making 19%.

Competitor, Or Partner?

Frank only lives a few miles from me, but I first met him at one of my workshops. That's when Frank was first introduced to the mobile home business. That was about six years ago, and since then Frank has done a bunch of deals. In fact, I guess it's safe to say that Frank has become one of my biggest "competitors." But we've also become good friends, and have actually thrown deals to each other.

People think I'm crazy to teach my business to local people who will be competing against me in my own market place. But I see it differently. I'm sure there have been deals that I could have had, had not Frank, or one of my other "competitors" got there first. But being greedy has never been one of my faults. Besides, there's plenty of business for everyone.

Personally, I think greedy and self-centered people are primarily that way because they lack self confidence, and self-esteem. Maybe that's why they have the "Screw you, I want it" mentality. But in the long run, regardless of how many deals they do, or how much material wealth they accumulate, they're still losers, in my opinion. They never learn there's much more to life than money, or having expensive toys to show off.

I believe that working together will produce more opportunities than being greedy, and trying to hog everything for yourself. No one person can possibly handle all the opportunities that are available. So why not try to make a "partner" out of your "competitor." Maybe this next case history will illustrate what I mean.

Results Of Working Together

I don't know if Frank is just a fast learner, or if I did such a good job of teaching him, but he quickly jumped into this mobile home business with both feet. After a couple of years, I remember him saying that he had more money coming in from mobile home notes, than he did from his retirement check from working a job for 22 years.

Frank and I happened to be talking one day and he told me about another mobile home he was getting. This was a bank repo that he had made a bid on, and was accepted. This was a nice 14 x 70, 3/2 in one of my favorite parks. Frank was getting it for \$4,300, which was a very good price.

Frank made the comment that his mobile home fund was getting low, and he really needed to make a cash sale on this home. Recognizing a possible opportunity, I asked him how much he would need to flip this deal to me. After some negotiations, Frank offered to let me have the home for \$1,500, plus the \$4,300 he had paid. I thought that was fair, and agreed.

So I paid Frank \$5,800...\$4,300 for the mobile home, and \$1,500 for flipping the deal to me. I also had to pay \$200 delinquent lot rent. So I now had \$6,000 in this home. From past experience, and by knowing my market, I figured I could sell this home for at least \$10,000.

A Word Of Caution

If this had been in a park that I was unfamiliar with, or a park in which I did not know, or had not

already established a good relationship with the park manager, I would not have been so quick to accept Frank's offer. That's why it's so important to know your market, and your product, so that you will have a good idea what any particular home will sell for. If you don't know how much a home will sell for, how can you possibly know how much to pay for one? So, for the umpteenth time, "Your profit is made when you buy, and you get paid when you sell."

You must also be sure the home won't have to be moved. Also, what the park rules and requirements are for a new tenant. Since the park manager plays such an important role in this business, it's vital that you establish a good working relationship with the park owner/manager. I know you probably get tired of me hounding you about park managers, but like it or not, they're the one's who have the most control over your deals.

So, Frank has now been able to make a quick \$1,500 cash profit just for finding a deal and flipping it to me. Now, what can I expect to make, and how will I do it?

A Quick Flip Pays Off

As soon as Frank and I had an agreement, I posted my signs in the windows, and started running ads. By the end of the month, and before any lot rent was due, I had a buyer. The home was sold to a young couple for \$10,900, \$1,000 down, and a note. So how did I come out?

How Note Was Structured

N	I	PMT	PV
52	12.75	248.78	9,900

Amount Invested & Yield

N	I	PMT	PV
52	53.5	248.78	5,000

Checking our table, we see that I've created a note out of Frank's deal that's paying me 53%. If the note runs the entire term, I will collect \$12,936, a profit of \$7,936. (It did run the full course, and has been paid off.)

What Does The Other Party Need?

Is there any reason that Frank couldn't have done the same thing I did? No, of course not. But in this case, Frank's needs were better served with a quick cash profit of \$1,500, rather than 52 monthly payments. So Frank was happy, I was happy, and the couple that bought the mobile home was happy. Everybody's happy, and everybody wins.

Even though Frank initially used his own money to buy this home, he could easily have done so without using any of his money. If he didn't have the \$4,300 to put this deal together, what could he have done? He could have called me, arranged for me to pay for the home once his bid was accepted, and still made \$1,500 finders fee.

You can do deals all day long, with none of *your* money, simply by having an investor who will be there with the money when you find the deal. It's often been

said “If the deal is good enough, money will not be a problem.” So once again, it doesn’t take money to make money. But it does take a certain amount of knowledge, education and *action*. And you need to learn how to think creatively. Having no money is just an excuse for doing nothing. And when you do nothing, you’ve made a decision to stay where you are.

Now, let me ask you. Is Frank a competitor, or a partner? Would I have gotten this deal without Frank? Probably not. Would Frank have been able to pocket a quick \$1,500 cash profit without me? Maybe, maybe not. But by working together we were both able to spend a minimum amount of time, and money, to do a deal that we both benefited from. (And yes, it will work where you live.)

Who Says Mobile Homes Don't Appreciate?

Buying a new mobile home is somewhat like buying a new car...it starts depreciating the minute the buyer signs the sales contract. And in most cases it will never be worth what the buyer paid for it. But is that always the case? No, and I'll cover several cases to illustrate how a mobile home can appreciate in value.

In the majority of cases, at least in my area, a mobile home is set on blocks, tied down and considered to be personal property. And it has a title, just like a car. This is especially true if it's in a mobile home park. But there are times when the home can be classified as part of the real estate, rather than personal property.

This normally happens when the home owner owns both the land and the mobile home. If that's the case, and depending on local zoning regulations, the home owner can choose whether the home is to be considered personal property, or part of the real estate...the same as a stick built house.

In order for it to be classified as improved property, with the land, the building ordinance and local regulations may require that the wheels, axles and hitch be removed, and a permanent foundation installed. But in the following cases that I'll be covering, the homes are set up in local parks, and are personal property, not part of the real estate.

Case #1

This was a 14 x 80, 3/2 with refrigerator, range, AC, and in very good condition. It was seven years old at the time. I bought this home from a dealer who had taken it in on trade. My purchase price was \$7,250, which included full set-up, except for electric hook-up. The electric cost me \$430, so I had a total of \$7,680 in this home.

As you can see from the figures, this isn't a typical "Lonnie deal", but since it was going on my lot, I wanted a much nicer home. That's why I was willing to pay more than I usually pay. But let's see if I still come out O.K. I sold this home to John for \$12,900, \$1,000 down and a note for 72 months. (Plus lot rent.)

How Note Was Structured

N	I	PMT	PV
72	12.75	237.31	11,900

Amount Invested & Yield

N	I	PMT	PV
72	38	237.31	6,680

Hmmmm...only made 38% on this deal, gotta read the book again. But let's see what the future might hold.

Brokers Create Motivated Sellers

About three years after John bought this home, I happened to be passing by and saw that one of the local brokers had a sale sign in the window. John had been

an excellent tenant, and his payments were always on time, so I thought it a little strange that he hadn't let me know he wanted to sell. But rather than contact him, I waited for him to contact me. When it's not your problem, why worry?

If John found a buyer that wanted to keep the home on the lot, he would need my approval. If he found a buyer who wanted to move the home, the balance of my note, (about \$7,000), would have to be paid. In the meantime, John was responsible for making my note payment, and the lot rent payment each month. So I figured I was in the winners seat regardless of what happened. So I just waited to see what developed.

After about two months, and no sale, John called saying he had gotten married, had bought a house, already closed on it, and had moved most of his things out of the mobile home. And the broker that had done such a good job convincing John how quick he could sell his home, and what a good price it would sell for, still didn't have a buyer. (Surprise-surprise-surprise.)

So John was now faced with a house payment on his new house, lot rent payment, and a payment on a vacant mobile home. After talking with him awhile, I got the impression he was a "motivated seller." But I have to admit, I didn't know just how motivated he was. (Thank you Mr. Broker.)

After talking awhile, John finally asked the question I was waiting for..."Would I buy the home back?" I said, "John, things are real slow right now. I already have a couple homes on hand that I can't sell. Seems like everybody that calls me either has no money, terrible credit, or both. But then, I guess you already know that, since your broker can't find a buyer."

Then I used a little technique that has worked well for me. You might want to try this same technique if you're ever faced with this situation.

I told John that I didn't know if I would be able to buy his home, but if he would give me his lowest cash price, I would try to help him find a buyer. What I'm really trying to do is find out just how motivated John is, and his best price. And if it's low enough, I'll buy it. But I won't make him an offer, I want John to name the price.

John said that since he first bought the home, he had replaced the AC, the floor vinyl in the kitchen, the living room carpet, and made some other improvements. And also, he had just spent \$500 for a new refrigerator. Obviously, the home was in better condition than when I sold it to him. But I still wouldn't name a price.

Let The Seller Name The Price

Finally, John asked me if I would pay \$500 to cover the cost of his new refrigerator, and satisfy the balance of his note. I had no idea he was that motivated. I wasn't sure I had heard right, so I repeated what I thought he had said. "John, you're saying that if I pay you \$500 and cancel the rest of your note, I can have the mobile home?" He said "Yeah, that's right. I just want to get out from under the payments and lot rent." (I'm glad we were talking on the phone, instead of face to face. It would have been hard to hide my emotions.)

Since I didn't want to appear too anxious, I told John I would need to see the home before I could give him a decision. After checking it over, and verifying what he had told me, I "reluctantly" agreed to accept his offer. But only after telling him how I would be losing out on lot rent, and having to keep the grass cut, if I couldn't find a

buyer real soon.

So I paid John \$500 and satisfied the balance of his note. Now I have a home that's ten years old, but in better condition than when I first sold it three years ago. Plus, a new refrigerator. So, what could I expect to sell the home for this time?

If I really believe what "they" say, then this home should be worth less now, than when I first sold it three years ago. After all, everybody knows that mobile homes don't appreciate. But is it possible "they" could be wrong? Let's see.

Sell Before You Buy

During the time I was negotiating with John, I had also been negotiating with a potential buyer. (Remember, I said to keep a list of potential buyers and sellers.) On the day I took possession of the home, I had a buyer ready to move in. And the sales price this time was \$13,900...\$1,000 more than it sold for three years earlier. But how can that be when mobile homes don't appreciate in value?

So without skipping a beat, or losing a rent payment, I bought this home back, sold it again for \$1,000 more than the first time, and had a new note with payments that were more than what John was paying. Whew! Let's see if we can figure out how I stand after all this.

My original investment in this home was \$7,680. It was sold to John for \$12,900, \$1,000 down and a note payable \$237.31 for 72 months. John made 37 payments which total \$8,780 (37 x \$237.31.) Counting the \$1,000 down payment, John paid a total of \$9,780

on this home. Wow! I already had a profit of \$2,100 at the time I got the home back. (Plus, approximately \$8,500 in lot rent payments.) Add the two together and we see that John has paid me \$18,280 over 37 months. Oh, I forgot, I didn't subtract the \$500 I paid John to get the home back.

Now, let's see how we did on the second sale. The sales price was \$13,900, \$1,000 down and a note for \$12,900. What does our tables tell us?

How Note Was Structured

N	I	PMT	PV
75	12.75	250.40	12,900

Amount Invested & Yield

N	I	PMT	PV
75	???	250.40	0

Hmnn....must be something wrong with my calculator, all I can get is "error." Maybe you can tell me what my yield is. But it should be good enough.

Case #2.

About eight years ago, I bought a lot that came with an owner occupied mobile home. This was a 14 x 70, 3/2, in "fair" condition. The home owner continued to live there for several more years. Then she bought a house. When she moved, she let her "cousin" move into her mobile home. Her cousin didn't believe in making regular rent payments, so after a year or so, she kicked him out. She then called and asked me if I wanted to buy

the home.

The home wasn't in the greatest condition when she moved out. And when her cousin moved out, it was even worse. On a scale of 1-10, this home would be about a 4 at best. But I figured I could sell it as a "handyman special", and come out all right. So, after some negotiations, I bought the home for \$1,500.

On the first sale, I got \$500 down and collected \$2,200 in payments, a total of \$2,700. Then I got the home back and sold it again. This time I got another \$500 down and collected \$1,200, a total of \$1,700. By the time the second buyer moved out, I had made \$2,900 profit. Plus, I had collected lot rent during this time.

Handyman Special

When the second buyer moved out, the home really suffered from "deferred maintenance", and would rate no more than a 2 this time. And this happened in December, not the best time of year to sell a mobile home that needed major repairs. I first thought about junking the home, or giving it away to anyone that would pull it off my lot. But, I decided to run an ad and see what happened. My ad read:

Handyman Special--Will Finance--No Banks

14 x 70--3 Bedrooms, 2 Baths

Nice Park. Only \$2,900

We're now into January. A military couple shows up, takes a look, and then starts telling me how they had rehabbed another mobile home at their last duty station. They said they enjoyed doing this type work, and this would be a good "challenge" for them. (Challenge isn't the word that I would have used.)

This home was probably in the worst condition of any home I've ever had. This couple didn't know it, but I was willing to accept any offer they made. In fact, I would have given them the home in order to generate lot rent, it was that bad.

After some "serious" negotiations, they wanted to know if I would take \$2,000 CASH! I couldn't believe it. I had just been offered \$2,000 cash, for a junker that I would have given away. If ever there was a situation that called for a "poker face," this was it.

They paid me \$2,000 for the home, plus \$235 for the first month's lot rent, plus \$235 security deposit, and the title transfer fee. They were now the proud owners of a fixer-upper. So let the fun begin.

A Total Rehab

They took one room at a time and totally gutted it. New insulation was installed in the walls and ceilings, and sheet rock for the walls. All the bad places in the floors were rebuilt with $\frac{3}{4}$ inch plywood. They installed new counter tops, sinks, faucets, and new cabinets in

the kitchen and bath rooms. They bought a new refrigerator and range.

A new steel entrance door, and a new storm door was installed. Much of the plumbing was replaced. A new heating and central air conditioner was installed. They built a large deck and shed. The exterior got a fresh coat of paint. And last, new carpet and vinyl was installed throughout the home.

When they finished, that home was almost as nice as the day it rolled out of the factory. And they did all the work themselves, while living in the home. Man, that's a lot of fun for one couple to enjoy.

Shortly after they finished all the rehabbing, I stopped by to admire their work. They proudly showed me through each room and explained what they had done. Not only had they put a tremendous amount of work into this home, but had also spent over \$6,000 for materials. Then after telling me all that, they said "Too bad we won't get to enjoy it for very long, we'll probably be retiring next year and moving back home." "Duh, what're you gonna do with this nice mobile home?", I asked.

They said "Well, we were hoping you'd buy it, so we won't have to have it moved." I said "After all the work and money you've put into this home, I doubt if I could afford to buy it. What kind of a price would you have to have?" They didn't know, but said they figured around \$10,000-\$11,000 would be a fair price. And I agreed, it was a good price...a good retail price. But not a price that I could pay.

I continued stopping by occasionally when I was in the park, just to keep in touch. When they firmed up a

date for moving, we started talking about the different options for them. I explained why I thought \$10,000 was a fair price, but also, why I couldn't afford to pay that much. For a couple wanting a nice place to live, \$10,000 was a very good price. But for a dealer like me, \$10,000 was entirely too much. There wouldn't be any room for a profit, especially when I would be losing lot rent during the holding period. And they understood.

This was a great couple who not only had been excellent tenants, but had become good friends. So I offered to work with them any way I could, and help them find a buyer, if that was the way they wanted to go. Or, I would consider buying the home if I could buy at a price that would enable me to make a profit. But not knowing how long it would take to find a qualified buyer, how much lot rent I would lose, and how much expense I would wind up with, I really couldn't say what my purchase price would have to be. And I really didn't want to quote a price.

One Question...\$800

They now had about three months before it was time to retire, and move. And still no buyer. With a month to go, they offered to sell the home to me for \$8,000. I told them I would think on it. After a couple of weeks, we talked again. I was about ready to accept their offer, but before saying anything, I asked one of my favorite questions, "Is that the best you can do?"

After a period of silence, the seller said "I'll let you have it for \$7,200." That was a pleasant surprise, I really didn't expect him to drop the price any lower. And I would have paid him \$8,000 if he hadn't dropped the price. So once again, this emphasizes the importance of asking questions. I asked one question and made \$800.

So I paid \$7,200 for an ex-junker that I would have given away, but which was now in outstanding condition. And I didn't have to do any of the work, or spend any of my money. Also, in addition to the \$2,000 cash I got for this junker, I've collected approximately \$6,000 lot rent during this period. What an interesting business.

Now it's time for me to find a buyer, so what price should I try for? Even though the home is in excellent condition, it was now 15 years old. And if mobile homes don't appreciate in value, and I sold it for \$2,000 the last time, what could I expect to get this time? Let's see.

I placed signs in the yard and the windows, and started a newspaper ad. This is how I worded my ad.

14 X 70--WILL FINANCE--NO BANKS

3 Bedrooms, 2 Full Baths, Appliances, New Heating & AC, New Carpet, Shed, Deck, Excellent Condition. Nice Park. \$11,900 Good Terms.

You'll notice that I didn't put the age of the home in the ad, and very few people even asked. As usual, most of them were interested in only two things, "How much down, and how much a month?"

Follow The Rules

If I had only followed my own rules and advice, and checked with the park residents first, I would have saved some time and advertising expenses. As it turned out, a couple that lived in the park, less than a block away, bought this home. At the time, they were living in a small 12 x 55 home. When they looked at mine, it was

love at first sight. They definitely wanted to buy it, and there was no haggling over the price.

After talking with this couple, I learned they could pay \$1,500 down, and \$250 per month. They never asked what rate of interest I charged, or how many payments it would take to pay off the loan. It was obvious they had fallen in love with this home, and were ready to make a deal, at whatever the cost. That's definitely not a position you want to put yourself in when you want to buy something. But if you're not willing to learn how to negotiate, then you'll wind up paying people who did.

After punching numbers, I asked, "How does \$250 per month for 60 months sound? Will that work for you?" They said that would work just fine. So we had a deal. Now, let's see how I did.

How Note Was Structured

N	I	PMT	PV
60	15.47	250.00	10,400

Amount Invested & Yield

N	I	PMT	PV
60	47.5	250.00	5,700

Well, I guess a 47% return isn't too shabby. But let me explain how I was able to increase my profit by not stating an interest rate.

How To Get Five Extra Payments

I knew this couple could pay \$1,500 down, which would leave \$10,400 on a note. And I knew they could pay \$250 per month. If I had used my standard interest rate of 12.75%, kept the payments at \$250, and financed \$10,400, the note would have been structured like this.

How Note Was Structured

N	I	PMT	PV
55	12.75	250.67	10,400

If the note had been structured at 12.75%, (the industry standard) I would be due 55 payments, totaling \$13,786. But, by asking the buyers if 60 payments of \$250 per month would work, I'll collect \$15,000, an extra \$1,214. The difference in the interest rate is less than 3%, but it's added five more payments to my note.

This couple wasn't really concerned with the interest rate. Their only real concern was being able to buy the home they loved, with affordable payments. They couldn't care less if the interest is 12.75%, or 15.47%. Oh, and I also increased my lot rent \$15 per month.

Maybe mobile homes don't appreciate in the sense that we know houses to do, but you can have "forced appreciation" as we've seen in these examples. This appreciation was the result of the owners making improvements to the homes. And they provided not only their labor, but the materials. It's like getting somebody to work for free.

So the next time you hear someone say that mobile homes don't appreciate in value, don't argue with them, or try to change their mind. Agree with them, then

buy their home at depreciated prices.

Case #3

This one is taking place right now. Two years ago, I sold a 14 x 70, 3/2 to a couple with two small children. The man is a carpenter, and an all around handyman. He's able to do just about anything when it comes to house repairs. This is the ideal type person to look for when you want to sell a mobile home that needs work. You want a person that knows how to work with tools, and can make all the repairs themselves.

Since buying this home, he's completely reworked the bathrooms, installed a new water heater, new carpet, and painted the interior. He's built a deck, installed central AC, and replaced the roof. I would estimate if I had paid a contractor to do what this man has done, it would have cost me at least \$5,000-\$6,000 in materials and labor.

Last week he told me they were expecting another child and were out-growing this home. Now they want to buy a new double wide and move to the country. And you guessed it...he wanted to know if I would be interested in buying his home.

I sold him this home for \$7,950, \$750 down and \$200 per month for 48 months. He's also paying me \$250 lot rent each month. So far, he's paid close to \$5,000 on the home, and still owes approximately \$4,200. Now, let's see what his options are if he sells his home.

A good fair market value for his home now, after all the improvements he's made, would be in the \$11,000-\$12,000 range. But if he tries to sell for that

price, how likely is he to find a buyer with cash, or someone who will qualify for a bank loan? It's possible, but not very probable. So what other options does he have?

Trade For A New Double Wide

A new dealer will be happy to take his home in trade on a new double wide, but what will he get on a trade-in? Trading used mobile homes is the same as the car business...you give them yours, and you buy theirs. So the best he can expect to get on a trade-in, is a low wholesale price. Or, the dealer can make him think he's getting a good trade-in price by inflating the price of the new home.

His next option is to sell to me at a price I'm willing to pay. I could probably sell that home for \$11,000-\$12,000, by offering financing and good terms. But my purchase price would have to be based on an estimate of the amount of lot rent I would lose, plus advertising and other expenses that I would occur during my holding period. So my purchase price would probably have to be in the \$7,000-\$8,000 range, at best.

There's one other option. I could offer to help him find a buyer, and maybe offer to help finance the sale of the home. But in order to do so, he would have to agree to keep the lot rent current, and maintain the lot until a buyer was in place. And of course, it would have to be some benefit to me before I would agree to this option. After all, it's his problem, not mine. If I can solve his problem, I should be paid.

So even though he has several options, I don't think he will be too excited with any of them. In the meantime, I can just sit back and watch from the

sidelines, knowing that regardless of what happens, I'll come out O.K. My position is sort of like being the undertaker at a wild west shoot-out...doesn't matter who gets shot, I still get paid.

If the seller finds a buyer that wants to keep the home on the lot, they need my approval. Since my note is non-assumable, it will either have to be paid off, or renegotiated with the new buyer. And if a new buyer takes over, they have to meet my qualifications, and make a "reasonable" principal payment.

If a dealer takes the home in trade, my note will have to be paid off. If the home is left on my lot, the dealer has to pay lot rent until it's sold, and keep the grass cut. If the dealer pulls the home, then I can replace it with mine, and create another note. So regardless of who does what, I'm in a good position.

Adult/Senior Parks

We don't have any Adult/Senior parks in my immediate area, so I've never actually done business in one. But since I often get questions about these type parks, I'd like to cover what I've learned from other folks who have, and offer my opinion.

There's a zillion such parks in Florida and California, so there has to be many good opportunities. I'm more familiar with Florida than I am California, having made many trips there to either visit friends, attend seminars, or to do a seminar. Since Florida has the most mobile homes of any state, and so many retirees live out their last years there, I guess it's only normal that Florida would have so many such parks. (It's been said that Florida is "God's waiting room.")

There are some good opportunities in Adult/Senior parks, but I wouldn't recommend you start off in such a park. Stick with the family type parks until you've gotten some experience. Then you might consider a deal in a senior park.

In my opinion, Adult/Senior parks are like a double edged sword. They can be both good, and bad, depending on your level of knowledge, and your ability to solve problems. The biggest problem is when the owner of that mobile home needs to sell, but can only sell to seniors with no children. That greatly limits the sellers potential for finding a buyer. But it should also create some very motivated sellers.

However, once you buy the home, you're now faced

with the same problem the previous owner had...finding a qualified senior buyer, that the park manager will accept. But with some planning, marketing ability, and a park manager that is cooperative, I think you can create some excellent opportunities. Since the previous seller needed, or wanted, cash, and you can offer to sell with financing and good terms, that should give you a huge advantage.

I've seen some really nice adult, retirement parks in Florida. Some are known as "Five Star Parks." These have all the amenities you could dream of... golf courses, pools, club houses, tennis courts, and etc. Definitely an upscale park, but not the type park I would recommend you try doing business in.

First off, the price of the homes alone would blow any potential chance of doing an inexpensive "Lonnie" type deal. Most would be very expensive, sometimes as much as a stick built house. And too, the people that could afford to live in these type parks would probably not have any problem getting a loan to buy the home. So I think it would be hard to make a deal in such a park.

I would look for a park where the residents are mostly retired working class people. The type who are dependent on their social security checks, and/or a pension for their retirement. And this is the same type of buyer I would look for when I wanted to sell a home in that park.

Throw Away The Snow Shovel, Mabel.
We're Going To Florida

Let's do some "supposing." Suppose a couple have lived all their lives in up-state New York, where shoveling snow all winter is a normal way of life. All their lives they dream of retiring some day and moving to sunny Florida where they can play in the sand, instead of shoveling snow. Finally that blessed day arrives, and they get their gold watch, and a pat on the back for 30 years in the factory. They sell their house, give all their snow shovels to their neighbors, and hit the road.



They buy a nice mobile home in a senior park and settle in for a long, happy retirement. Now when they look out their window, they see palm trees instead of snow banks. Fishing poles have replaced snow shovels. A trip to Wal-Mart for some bright floral shorts and white knee socks, and they fit right in with the natives. Their social security checks and factory pension is enough to pay the bills, and buy all the fishing bait they want. Ahhh...can it get any better?

It's Just Not Home

For awhile, life is everything they dreamed it could be. But after a year or two, they realize there's something missing. They miss those noisy little

grandchildren who used to drive them up the walls. They miss seeing their old friends. They miss the life style they've known all their lives. And as much as they hate to admit it, they even miss the snow.

They begin to realize this life of retirement in a totally new environment, far from their familiar surroundings, family and friends, just isn't what they had thought it would be. They wake up one morning and find themselves just plain homesick. So, they decide to sell that mobile home and head north.

So they put their mobile home up for sale. But since the only people that can live in the park must be seniors with no children, they can't find a cash buyer. And it never occurred to them to offer to finance their home to make it easier to sell. Even if they did, they could see too many problems selling on terms and being so far away. So they will only accept a cash sale.

They start out thinking they would get at least as much as they paid for the home, but after several months, and no buyer, they're now much more flexible on their price. They've become a motivated seller. So now is the time for you to start serious negotiations with that seller.

Explain to the seller that if you buy their home, you will then be faced with the same problems they have. You're the one that will have to find a qualified buyer, pay lot rent, advertising, yard maintenance, worry about vandalism, and etc. And you will most likely have to finance the sale. If you're willing to take on the risks, and solve the sellers problem, you have to buy at a price that will allow you to make a reasonable profit.

Determine The Sellers Motivation

When you first start talking with the seller, try to get a feel as to just how anxious and motivated they are. Ask questions instead of making statements. Look for things that will alert you as to just how flexible they might be. Find out how long they've been trying to sell, and when they would like to move. Ask if they've had any offers. If so, try to find out why they were not accepted.

After getting all the information you can, and getting them to quote their lowest price, ask the question: "If I can pay you cash right now and sign a purchase agreement, what is the absolute best price you will sell for?" Then keep quiet and wait for them to quote a figure. If their asking price is still too high, just say that there has to be room for you to make a profit, and you if you paid that much, the numbers just wouldn't work.

But leave the door open. Tell them you will think on it, and if you can see a way, you will get back to them. Make sure they have your name and phone number. And ask them to call in case they can see a way to do better on their price. Chances are, if they're really motivated, and they aren't getting any other offers, it will be just a matter of time when getting rid of that mobile home and going back home, becomes a higher priority than holding out for more money.

Now, let's suppose after another week or two, they call and offer to sell at the right price. You sign a purchase agreement and give them a \$100 deposit. If they don't have to move immediately, you may be able to find a buyer before they move, and before you have to pay for the home. Now let's cover some ways to find a buyer.

What To Check First

Before you make any kind of commitment to buy a home in an adult/senior park, (or any park) you should first talk with the park owner/manager to see if they will cooperate with you. You must have a good rapport with the manager to avoid problems. If the manager is hard to get along with, or won't cooperate with you, skip that park and find one that will. Don't waste time with someone who doesn't want your business, or isn't willing to work with you. You will only need a couple of parks of any size, and a cooperative manager, and you can find all the deals you need. So specialize in several good parks, rather than trying to work in all of them.

Ways To Sell

Now, let's figure out how to sell this mobile home you've just purchased. Since your buyer has to be someone over 55 with no children, where would you likely find such a couple? *Right in the park!* What better way for that park resident to get a good neighbor than some friend, or family member?

As soon as you have that home under contract, go door to door and talk with all the people that are now living in the park. Find out if they have a friend, family member, or know of someone that would like to buy that home. Leave your business card, and a brochure with the appropriate information about the home. And be sure to mention that you will finance the sale, and you pay referral fees.

Next, do the same thing with nearby apartments that rent mostly to elderly, and retired people. Make the rounds, talk with people and let them know you have a mobile home for sale. Hang flyers on doors with all the information about your mobile home. (This is assuming there are no restrictions on placing flyers on the

property. You might want to skip the managers' apartment.) Mail a flyer to each resident with all the appropriate information concerning the home. Consider including a nice picture of the park, and the home, on your brochure. Marketing is the key in this situation.

It could very well be a couple who would like to stop living in a noisy apartment with people below them, over them, and beside them, who are making their life miserable with loud music, partying, and rowdy friends. Once you find such a person, explain how they can use their rent payments to buy their own home in a nice adult park, with no children. Also, explain that once the home is paid off, all they have to pay then is lot rent. Their rent payments can buy them peace and quiet in their own home.

Start running ads to sell, and make sure the top line of your ad reads "**WILL FINANCE--NO BANKS**" in large bold letters. This ad normally generates a lot of calls. But be prepared to weed out a lot of undesirable, and unqualified people. Sometimes it seems like every bum in town calls. But have patience, you only need one right call, and it will come.

Consider running ads in out of state papers, especially the northern states. There's probably other snow shoveling couples who are getting ready to retire, and dreaming of a sunny climate. A nice picture of your home, and the swaying palm trees, should do the trick.

Try A Test Ad

If you're not sure what the market is like, or you want to test the market without actually buying the home, run some test ads. This will give you an idea of how many potential buyers are out there. It's very possible

you could have a buyer lined up before you actually buy the home.

When running ads to sell in an adult/senior park, try to think of attention getting phrases, words, and etc., that will attract senior citizens. You might have your ad read:

Senior Citizen Wanted

If you're 55, or older, and want to buy your own home, call me. I have a nice mobile home you can buy on easy terms. NO BANKS. Located in a nice, quiet adult/senior park. Stop renting and start buying. Call 555-555 for details.

This is rather a long ad, but I just want to give you an idea of how it might be worded. You can shorten it, but don't shorten it to the point where you lose the effect. It's better to pay a little more for a good ad that will get a good response, than try to save a few bucks and no calls.

Check around and see if there are any magazines or booklets put out for the senior citizens. If so, have your ad placed in them. If there are any senior groups or clubs that hold regular meetings, try to have some flyers passed out to the members.

Learn where the type people you want to reach, live and congregate. Most cities have some kind of activity program, or something that involves senior citizens. Find out where, and when, such clubs hold their meetings. Then circulate your flyers, or some type of advertising material in these places.

Sometimes, all it takes to solve a problem is to just sit back and think and play "what if" games. And often the answer to that problem is so simple it amazes you.

Other Ideas

Suppose you find a mobile home in a senior/adult park that's vacant and the owner has already moved out of the area. The owner hasn't been able to find a buyer, and each month he gets to send the park owner another check for lot rent. Do you think that seller might really be motivated?

You might have learned about this home by talking with the park owner/manager. (I make it a habit to stop by and talk with the owner/manager of various parks on a regular basis.) If so, the manager should be able to tell you all about the owner, why they moved, how long it's been for sale, the asking price, the condition of the home, and most everything you need to know in order to help you negotiate a good price.

Once you gather all the information you can, contact the owners and see how flexible and negotiable they are. If it's been vacant very long, they will probably be thrilled to hear from you. And you might be pleasantly surprised at just how low they would be willing to sell for.

And don't be shy about making low offers, you never know what the owner will accept if you don't make offers.

Ask For A Lease/Option

Will the owner give you a lease/option on the

home? You won't know unless you ask. Offer to pay one or two month's lot rent in exchange for a lease/option. As part of your lease/option agreement, you have the right to show the home to your potential buyers. If you find a buyer, then exercise your option. If you can't find a buyer, and don't extend the lease/option agreement, the only expenses you have is the lot rent you've paid, and a little advertising cost.

The sellers might even be willing to let you make monthly payments to them instead of all cash. You never know what somebody will agree to unless you ask. So get in the habit of asking questions, and you will get some pleasant surprises sometimes. If they say no, are you any worse off than before you asked?

Just Do It!

Bill, one of my Florida students, recently called to tell me about a couple of deals he had just done in a senior park. He did both deals within 30 days after reading my books. Before then, he had never even thought about buying and selling a mobile home. His story proves that good deals are being made in senior/adult parks.

His first deal was a home that he paid \$2,500 for, spent another \$300 on it, and sold it for \$5,000 **cash**. He found his buyer from a classified ad, which he ran for 14 days and received 16 calls.

He then found another home, negotiated a purchase price of \$5,200, and tied it up with \$100 deposit. Before the closing date, he had it sold for \$9,800, \$800 down and a note for the balance. Let's see how he made out on this one. Check our table.

How Note Was Structured

N	I	PMT	PV
60	15	214.11	9,000

Amount Invested & Yield

N	I	PMT	PV
60	54	214.11	4,400

If the note runs the entire course, Bill will collect \$12,846 (60 x \$214.11.) He had \$4,400 left in the note, so his profit is \$8,446. Not too bad, huh?

Here's something I thought was very interesting. Bill said that out of 64 parks in his area, *only 4 were family parks*. And one of the senior parks had over **800** spaces. So obviously, if you choose to do business only in family parks, you will miss many good opportunities in an area such as this. So this shows once again why you need to keep an open mind, and be willing to make changes in your investing program.

And here's something else that Bill told me, which emphasizes again how important a cooperative park manager is to your financial wealth. After doing these two deals, and making a very favorable impression on the park manager, the manager made Bill an offer he couldn't refuse.

The park had two vacant homes that needed some work. The park wasn't getting any lot rent, but they didn't want to spend any money to have these homes fixed up. The manager offered both homes to Bill, provided he would fix them up, and keep them in the

park. Bill was offered one of the homes for \$500, and the other one for free. I expect another call from Bill as soon as he's had these two homes fixed up and sold.

This should help convince you that Adult/Senior parks do offer some great opportunities. So why not check out several parks in your area and talk to the managers. Just one park, one cooperative manager, and you're on your way to creating good cash flow. Bill did, and so can you.

Chapter 8

Fear Is Expensive

“Marie”, the park manager, called and said the bank had repossessed a mobile home and wanted to get it off their books. (Another non-performing bank asset. I love em’.) This home was located in one of my favorite parks, where there was always a good demand for homes.

The owners had abandoned this home, left it in poor condition, and the bank was now the “stuckee.” Marie gave me all the information on the home and asked if I was interested. You bet I was interested. I was like a hound dog that had just jumped a rabbit. The chase was on.

The banker knew the home needed considerable repairs, but wasn't willing to spend any money for fixup. They just wanted to get rid of it, and they were willing to deliver the title to anyone that would pay the delinquent lot rent, and get it off their books. I expected the delinquent rent to be much more than it was, but to my surprise, it was only \$370. And that covered the current month, which still had three weeks left.

When I checked the home over, I found that most of the repairs was floor work in the living room and bath room. Other than that, a good cleaning, and re-seal the roof was about all that was needed.

Included with the home was a refrigerator, range and air conditioner. These items alone were worth more than \$370. So even though it looked bad, smelled bad,

and needed work, I knew from past experience that this home had all the potential of being another super deal.

Marie was a very competent and excellent manager. She had been managing this park for many years. Just several months before, I had given her a copy of *Deals On Wheels* and explained how she could make money in used mobile homes. I even offered to hold her hand and walk her through her first deal. I know she read the book and understood what I was doing, but I couldn't get her to do a deal. She was sitting in the middle of a gold mine and didn't realize it.

I explained to Marie that this was the perfect home for her first deal, and tried to get her to take it. For \$370, and a little repair work, how could she go wrong? But her mind was programmed with negative thoughts. She was afraid of "all that work" that was needed, and paying lot rent if she couldn't get it sold. She didn't want it, and I couldn't convince her to buy it. So I paid the bank \$370 and relieved them of another non-performing asset. (Bless the bankers and their non-performing assets.)

I hired a man to make the necessary repairs. My cost was \$140 for material, \$520 for labor, and \$60 for advertising. My total cost amounted to \$1,090. The home was sold for \$6,500. My buyer paid \$500 down and signed a note for \$6,000, payable \$222.16 for 32 months, 12.75% interest. Now, let's see if I've been able to turn this non performing asset, into a performing asset.

How Note Was Structured

N	I	PMT	PV
32	12.75	222.16	6,000

Amount Invested & Yield

N	I	PMT	PV
32	???	222.16	590

The yield on this deal is so obscene I'm embarrassed to tell you what it is. I'll let you figure it out. But it's not too shabby for an old mobile home that nobody wanted, huh?

The Monster That Cripples

Why did Marie pass up such an excellent money making opportunity? **FEAR!** That evil monster that cripples so many people and prevents them from taking action and doing something. She was afraid to try something new. It was much easier for her to do nothing, and settle for nothing, than to try something she was unfamiliar with, and reap big rewards. She let the fear of making a mistake, prevent her from making money.

She wouldn't get out of her comfort zone. And, as a result, she didn't just miss this one deal, she will also miss all the future deals that she could be doing, had she just been willing to take action and overcome her fear. And the sad part is, she won't even know what a mistake she made by doing nothing.

To illustrate my point, just several months later, Marie referred another seller to me. As a result of her referral, I bought a mobile home lot, and the mobile

home, for \$22,500. We sold the home for \$10,900, received \$7,000 down payment and a note for \$3,900, payable 12.75% interest, \$201.42 for 21 months. And we're renting the buyer the lot for \$245 per month. This could easily have been her deal, and she could be receiving those payments every month. But fear cost her another good opportunity. But I'm now happy to report that Marie finally did a deal...**seven years later!**

It Took Seven Years!

I'm not sure what finally motivated Marie and got her excited enough to do something, but about six months ago she asked me for another copy of *Deals On Wheels*. I gave her one, she read it again, and then bought and sold, not just one mobile home, but **four !** And all in less than three months.

The first home was a dealer repo that needed some work. The dealer just wanted to get rid of it, and offered it to Marie for the amount of the delinquent lot rent...\$600. Marie bought it and hired a man to make the repairs. The repairs cost \$900, so she now had a total of \$1,500 in the home. Her plan was to sell, get whatever down payment she could, and create a note.

When a young couple living in the park came in to pay their lot rent, Marie asked, "Don't you need a larger place to live?" The couple said "Yes, we sure do." Marie gave them the keys and told them to take a look at her nice clean, and freshly painted home. The couple fell in love with it. There was only one problem...they had very little money, and would have to sell their home before they could buy Marie's home. Not to worry, Marie had a plan.

Marie allowed them \$1,500 for their home and took a note for \$5,000. This was how she structured her note.

Deal #1

How Note Is Structured

N	I	PMT	PV
36	12.75	167.87	5,000

The home she took in trade was a small 12 x 60 that needed some work. She didn't want to spend money for repairs on this home, so she offered her buyer a choice...\$4,500 fixed up, or \$3,500 "as is". The \$3,500 offer sounded better, so her buyer went with that. They paid \$500 down and signed a note for \$3,000. Here's the figures on that one.

Deal #2

How Note Is Structured

N	I	PMT	PV
24	12.75	142.27	3,000

By the time she finished these two deals, she had bought a bank repo for \$3,000. This home was in good condition and didn't require any work. She sold this one for \$8,500, \$1,000 down and a note for \$7,500. Here's the terms of that note.

Deal #3

How Note Is Structured

N	I	PMT	PV
36	12.75	251.80	7,500

Deal # 4

And just last week, she bought another home for \$2,500. She expects to sell this one for \$6,500 without doing any work on it. Suppose she sells this one for \$6,500, \$500 down and a note for 36 months. Let's make a table and see how she will come out.

How Note Is Structured

N	I	PMT	PV
36	12.75	201.44	6,000

It took Marie seven years to make a move, but in less than three months she's put four deals away. Her monthly income from those four payments is \$763. She's created four notes which total \$21,500, and she only has \$5,000 of her money left in these four notes. Marie, I'm proud of you. (But, I have to wonder if I'll ever get the chance to do another deal in her park?)

Turn Short Term Profits Into Life Time Income

Since the majority of our mobile home notes are short term, usually no more than 36 months, should we also be thinking about long term investments? Absolutely! So how can we turn short term profits, into long term income? Here's a way that we've been able to do it.

In *Deals On Wheels*, I explained how I bought a mobile home lot, and the note on the mobile home that was on the lot. That was over 10 years ago. The note has long since been paid off, but I still own the lot. In fact, the same tenant is still there, and still sending me a rent payment every month.

The rent was \$190 per month when I first bought this lot. It's now \$275, and it's about time for another increase. I don't know exactly how much rent this tenant has paid us over the years, but it's somewhere around \$25,000. Can you imagine that? \$25,000 and all she has to show for it is years of rent receipts. And we still own the lot.

We now have 29 lots like this, and all paid for. Most of the people that we bought these lots from were, at the time, in financial trouble and needed a quick cash sale. Since we had the cash and could move quickly, we bought these lots for at least 25-35% below market value. And guess where the cash came from? The little cheapo "Lonnie deals."

We've been able to turn the cash from our short term

mobile home notes, into long term dependable income. These lots will provide monthly cash flow for the rest of our life. And unlike rental houses and apartments, these lots require very little management, maintenance, or time.

Rent The Dirt, Sell The Home

Some of these lots came with owner occupied homes, and some were vacant. In order to fill empty spaces, we take an opposite approach from what most park owners do. It seems that most park owners focus only on renting the dirt, and fail to see how they can profit by placing their home on the lot. We increase our profits considerably by placing our home on the lot, sell it with terms, and collect the payments that a bank would normally collect.

This way, we get a check for the mobile home, and a check for the dirt. We have two checks coming in and very little management problems. If there are any problems with the home, it's the buyers problem, not mine. Since they own the home, there's no reason to call me. And I love it.

But sometimes you still get a call. I had one woman who called about a stopped up sewer line. I had sold her the home, and rented her the lot. All lines had been checked and was in good working order when she moved in. Her rental agreement states that she's responsible for any stoppage of sewer and drain lines on that lot.

After five months in the home, her sewer line stops up, and she calls wanting me to take care of her problem. And of course, like most all tenants, she had no idea what caused the stoppage. I told her that I've never

known water to stop up a sewer line, so something must have gone down the line to cause the problem. I then told her that she was calling the wrong person, she should call a plumber to take care of *her* problem. That was the end of that. But if I had been renting the home, who would get to fix the problem? I like my way much better.

Payee Or Lessee?

In another case, we had a storm with strong winds. A few days later, while riding through one of the parks, I noticed a badly damaged metal shed that was in pieces all over the lot. Another lot had a large aluminum awning blown off and lay crumpled up like a piece of paper.

Both homes were one's we had sold. I made the remark to Joanne, "What a good feeling it is to be the payee, and not have a lessee." But, you know what? The dirt was still in place and undamaged.

Now, let's get back to talking about converting short term investments into long term income. Since we don't have to make a mortgage payment on any of our lots, how bad would the economy have to get before we could be hurt? Suppose things got so bad that we were forced to drop the rents to half what we now get. Would we still have a positive cash flow? Would we still be able to stay in business? You bet we would.

But if the economy should go south, what happens to the lot owners who have to depend on the rents to make the mortgage payments? If that should happen, I might have a chance to buy some more lots, huh?

A Life-Time Of Income

With proper management, these lots will provide us a good income for the rest of our life. We look at these lots sort of like an insurance plan. Since they're paid for, we feel sure we'll have a nice positive cash flow regardless of what kind of economy we have.

But, if the time ever comes where keeping those lots rented is too much of a bother, we could just sell and carry the note. I think we could sell for market value anytime we choose, by offering financing and good terms. In fact, we could probably increase our monthly cash flow if we did sell. There's no reason to do that now, but isn't it a nice feeling to have that kind of financial security, and financial freedom?

I hope you can now see the importance of converting short term, cash producing deals, into long term dependable income. If you will study, learn, and implement this simple plan, your financial security is assured. Don't be part of the 95% of the people that reach retirement age and can't support themselves.

With proper planning now, and financial discipline, you can have the piece of mind and enjoyment you deserve. You don't have to wait until you retire, you can start enjoying the good things in life now. It's up to you. But remember, if you keep doing the same things you've been doing, you will keep getting the same results you've been getting.

Dealing In Doubles

As you probably know by now, I recommend sticking with the single wide homes. These are the one's that I can make the most money with, and with the least amount of money invested. But that's not to say you can't make good deals with double-wides, and the following case history proves it. (Picture of this mobile home is at end of chapter.)

I noticed a "For Sale" sign on a double wide, on a nice corner lot. When I checked with the park manager, I learned that both the home and the lot were for sale. The home had been vacant for several months.

After talking with the manager, I learned that the owners now lived out of state. The home and lot had been for sale for several months, without any offers. I also learned the owners were paying almost \$600 a month, and they still owed approximately \$22,500 on the home and lot. The asking price for both was \$34,900. (See what you learn by asking questions?)

The manager gave me the key and I checked out the home. This was a 24 X 56, 3 bedroom, 2 bath. It had a den, living room, fire place, central air, storage shed, deck and chain link fence. It needed some minor repairs, but overall, was in pretty good condition.

The manager gave me the address of the owners and I sent them a written offer, with a deposit. My offer was \$12,500 for the lot, (which was assessed for \$17,000), and \$11,000 for the home, a total of \$23,500 for both. This would give the owners about \$1,000 over

what they owed. But my offer was good only if I bought both the lot and home.

My offer was good for seven days, and if not accepted, and returned to me, in writing, within that time period, it was null and void. I wasn't going to give them a lot of time to think on it, or try to shop my offer around. Closing would be thirty days from acceptance. As soon as the owners received my offer, they called saying they would accept.

Once I knew my offer was accepted, I called a couple that had left their name with me. I explained to this couple that I would soon have a nice double wide, on a fenced corner lot. I advised them that I had several people interested in this home, but they were first on my list, so I would give them the first opportunity to buy. They were very interested, so I scheduled an appointment for them to see it.

Give Them A Choice

After looking at the home, I offered the buyers two choices...I could sell "as is", or I could make the necessary repairs, whichever they chose. If I made the repairs, the price would be \$18,900. Or, I would be willing to discount my price \$2,000 if they bought "as is." They accepted my generous offer and agreed to buy in "as is" condition. So they "saved" themselves \$2,000.

I didn't really have any intentions, or desire, to make any repairs to this home. But if I did, the price I quoted would enable me to do so. I simply figured what I would be willing to sell for in "as is" condition, then added \$2,000. If I should have to make the repairs, this would be more than enough to do it. But I was betting on them buying "as is", and they didn't disappoint me.

Let me point out a simple little technique that I think makes a good selling point, and has a more positive effect on the buyers. I've had good results using this idea. Rather than saying, "If you buy in as is condition, the price is \$16,900", I'll say, "If you buy in as is condition I'll reduce the price **\$2,000.**" And, I put a lot of emphasis on the fact they will be saving \$2,000. I also say it real slow.

I've really said the same thing in both statements, haven't I? Either way, the "as is" price is \$16,900. But just think about it. Does "seeing" a \$2,000 savings make more of an impression on you than paying \$16,900? I think it does, and I've had some good results using this technique.

I explain to my potential buyer that I would rather pay them to do the work, than to pay someone else. Since they will be the one living in the home, I'm sure they would do a better job making the repairs. And also, since I'm not very good at matching colors, they would probably like the carpet, paint, and etc., they pick out, much better than something I picked out.

And I can almost read their mind when they start figuring up what the repairs will cost. In most every case, they only estimate the cost of the materials that it will take, and never add anything for their labor. It's like getting someone to work for free, and all you have to do is furnish the materials.

How Much Down—How Much A Month?

Once we settled on a firm price, it was time to negotiate the terms. I already knew this couple could pay \$2,500 down, they had told so me when I first talked with them. So their next question was, “how much a month?” I gave them my standard answer “negotiable and reasonable, how much can you pay each month?”

The husband said he had six years left before he would retire from the Navy, and wanted to know if I could arrange the payments so it would be paid off by the time he retired. I said "No problem" and started punching buttons. After a few key strokes, my calculator said his payments would be \$287.17 per month for 60 months. What a coincidence, exactly what he wanted.

So before we even bought the home and lot, we had a contract and \$2,500 down payment on the home. Plus, the first months rent and security deposit for the lot. Both closings were done the same day. We closed on the home and lot that morning, then sold the home and rented the lot to my buyers that afternoon. We had very little closing cost on the lot, and no expenses at all on the home. So how did we come out on this double wide that cost much more than a little “Lonnie deal?”

How Note Was Structured

N	I	PMT	PV
72	12.75	287.17	14,400

Amount Invested & Our Yield

N	I	PMT	PV
72	35.60	287.17	8,500

Our chart shows we made a 35% yield on a \$11,000 double wide. And I don't even like double-wides. And I certainly don't like the thought of paying \$11,000 for one. My real reason for making this deal was to get the lot. I knew it would be an excellent buy, and a long term, cash producing asset.

If I could find a few more deals like this, I might have to change my mind about double-wides. But I'm already thinking ahead about six years. When this couple retires from the Navy, it's my guess they will be moving. If so, that means they have to find a buyer for their home. Since it's sometimes hard to find a cash buyer for a used mobile home, wonder who might wind up getting that home when this couple retires, and moves away?

Now, For The "Rest Of The Story"

It's now been eight years since I first bought and sold this home. The original buyers lived there for six years and were excellent tenants. When they retired and moved back to their home-state, their son and his wife, who lived nearby, wanted to move into the home. I agreed, had them sign a rental agreement, and they moved in.

Everything was fine for the first year or so, but then this couple started going downhill in a hurry. My rent payments started coming in late, along with the usual tenant excuses. Then the man changed jobs, and things got worse. Then his wife packed up and moved

out. Then his car was repossessed. Then he quit his job.

After trying, and failing, to help him work out his problems, I filed for eviction. I was granted possession of the lot, and a judgment for unpaid rents, late charges, and legal fees. Once I was granted possession and judgment, he had 10 days to appeal, or move. I was still willing to let him stay there if he paid me what he owed, and could get his act together. But for whatever the reason, he didn't .

The day before the Sheriff was due to show up for the eviction, he runs home to Mommy and Papa. Once I was given possession, I sent Mom and Pop a notice to let them know they now had 30 days to pay the delinquent rent and all other fees, and move their home. Otherwise, the home would be considered abandoned, and I would apply for a title.

Unlike Mom and Pop, their son had not taken very good care of the home. It needed a good clean-up, paint and carpet. The washer had obviously been leaking for sometime, and had caused floor damage. A couple of the window panes needed replacing, and the door needed repairs.

The owners had been good tenants for six years, so I wasn't trying to make it hard on them. And I offered to help them anyway I could, either by helping them find a buyer, or possibly buying the home myself. But since it was their home, and the problem was caused by their irresponsible, non-disciplined son, I did expect their cooperation.

Mom finally called to say they would like to sell the home. When I asked her what price they would be

willing to sell for, she said she thought it should be worth \$12,000. I asked her if she had seen the home lately, and if she knew what kind of condition it was in. After explaining the condition of the home, I told her not to expect to get much out of it, especially if they wanted cash.

So we left it at that. The following week, Pop called and asked if I would pay \$6,000 for the home. My target price all along was \$5,000, (but they didn't know that) so we were getting much closer. After making several comments about the condition of the home, I said, "You can do better than that, can't you?" After some hesitation, he said, "Well, how about \$4,000?" O.K., that was close enough to my target price.

So I agreed to pay them \$4,000, deduct all the money their son owed, and send them a check for the rest. But only after I had a signed purchase agreement, and received the title. So after six years of collecting mobile home payments, and eight years of collecting lot rent, I've bought the home back for \$4,000.

It Turned Into a Money Machine

During the first six years, I collected a total of \$23,176 on just the mobile home. And during the past eight years I've collected \$22,600 in lot rent. That's a total of **\$45,776**. And not only do I still own the lot, but now own the mobile home, as well. So, what can I expect this time?

The floor work, other minor repairs, clean up and yard maintenance cost \$375. New carpet and vinyl cost another \$1,000. And I lost a months lot rent while having the repairs made, and finding a buyer. So all total, I now

had \$5,625 in this home. It was sold for \$16,900, (same price as the first time) \$2,000 down, and a note. Check our table to see how I came out on this home.

How Note Was Structured

N	I	PMT	PV
96	12.75	269.04	14,900

Amount Invested & Yield

N	I	PMT	PV
96	88.8	269.04	3,625

So I've now created another eight year note on this same mobile home, producing an 88% yield. If the note runs the entire term, I'll collect \$25,827 in payments, plus the \$2,000 down payment, for a total of \$27,827. That's more than I collected the first time (\$23,176). That totals out to \$51,003 just for the mobile home.

Also, I increased my lot rent to \$265 per month, which will be another \$25,440 over the next eight years (plus yearly increases). I've already collected \$22,600 in past rent, so that adds up to \$48,040 in just lot rents. So in all probability, at the end of another eight years, this mobile home and lot will have put approximately \$100,000 in my pocket. And, I still own the lot. Talk about a "Money Machine!"



Picture Of A Money Machine

Fortunes In Fix-Ups

In chapter 6, I've shown how you can take a mobile home that looks like a total disaster, and in a short time, and using inexpensive materials, turn that home into a real money maker. In this chapter, I'll go more in detail and cover what I think is one of the best ways I know to make a lot of money in the used mobile home business...***Fixer Uppers***.

If you're a person that can make general repairs, such as replacing bad flooring, installing carpet, painting, and etc., you have a golden opportunity to turn "trash into cash." On the other hand, if you're the type that wouldn't know which end of the hammer to use to drive a nail, then you can hire someone to make the repairs, and still make a ton of money. It doesn't take a rocket scientist to learn how to saw a piece of wood and nail it in place, or spread paint on a wall.

You may never have realized it, or even thought about it, but there's a fortune to be made in cheap, ugly mobile homes that can be bought for a few hundred dollars. And in some cases, the owner will give them to you for free. These are usually the older, smaller homes that sometimes have to be moved. But if you know a park that will accept these type homes, they can be a real money maker.

Should You Fix-Up Or Sell "As Is?"

In *Deals On Wheels*, I recommend doing little or no fix-up on the homes. I probably sell at least 95% of mine in "as is" condition. And the reason I'm able to do that is

because I can show my buyers how they will come out better buying the home in "as is" condition, than they will if I spend money for repairs and have the home fixed up in real nice condition. The more money I spend on the home, the bigger price I'll need to get, and the more picky I'll be in choosing a buyer.

Let's suppose I buy a home for \$3,000, and it needs some floor work, new carpet, and a good cleaning and painting. If I have to hire the work done, it might easily cost me \$1,500-\$2,000. And the time it takes to make the repairs might also cause me to have to pay some extra lot rent.

But let's suppose I do decide to have the home fixed up in nice condition. So I pay someone to make the repairs, and now I have \$5,000 in the home. If I stick with my minimum guidelines of selling for double what I have invested, I'll need to get \$10,000 for the home. I'll also need to get \$1,000 down to stick with my minimum 10% down payment rule. Since I now have a much nicer home, and much more money invested in the home, the person who buys it will need not only a larger down payment, but better qualifications than the one buying my \$5,000-\$6,000 home.

If I have a \$3,000 home and don't spend any money for repairs, I can sell it for \$6,000 and I've met my minimum guideline. And I might go with \$500 down from someone with a little shaky credit history. Since I would have only \$2,500 out of pocket in that type home, I'm willing to take a little more risk.

But I wouldn't be willing to take the same risk, with the same person, on a \$10,000 home. So you need to be able to recognize, and understand, the type of buyer you're doing business with. Normally, you wouldn't want

to put a \$5,000 buyer into a \$10,000 home. Reminds me of the saying "Don't put a \$500 saddle on a \$100 horse."

Two Types Of People

Over the years that I've been dealing with the public, renting houses and apartments, and selling mobile homes, I've learned there are basically two types of people. There's the type that could never stand to live with a broken window pane, a bad place in the floor, or dirty carpet. They would have it repaired immediately.

The other type couldn't care less about that hole in the floor, or a broken window. They would be content to just throw something over the bad spot, flop into a beat up old easy chair with a beer, and watch TV. Selling a mobile home that may need a little fix-up to that type person is no problem. Just make the down payment and monthly payments affordable, and it's sold.

There's also one other thing that experience has taught me. Some people will tear up a nice place, just as quick as they will one that's not so nice. So that's another reason I try to sell "as is." If I should wind up getting that home back, I haven't spent a lot of money having it fixed up. And if I do get it back, I've usually gotten all my money out of it. But I've also gotten homes back that were in much better condition than when I sold them.

If a buyer moves into your home and makes improvements, so much the better. Then if you should get it back, it will be in better condition than when you sold it, and you didn't spend your money to make improvements. And you can usually sell it the second time, for more money than you did the first time. So contrary to popular belief, sometimes a mobile home

really does appreciate in value. I covered several case histories of this in chapter 6.

Learn To See Dollar\$ Instead Of Debris

Learn to see through all the trash and debris, the broken windows, the bad places in the floors and all the things that turn most people off. Once you learn that lesson, you will be able to see money making opportunities, where others see only problems.

Making repairs to a mobile home is really no different than making repairs to a regular house. And if you're handy with tools, and learn what's involved, you'll find it doesn't take a lot of time, or money to make a nice mobile home out of an ugly one. And the profits can be fantastic.

You'll be able to look at a wall that has a big hole in it, and realize it only takes a \$10 piece of paneling to make it pretty. And that floor that has several bad places, can be repaired with \$30 worth of plywood. Or, that it only takes \$100 worth of paint to make the outside of that home pretty and shiny.

You'll be able to take a few measurements and do some simple figuring to see that new carpet for the entire home will only cost \$750-\$1,000, installed. Or, \$300-\$400 for good used carpet. And if you lay the carpet yourself, the cost will be much less.

Five gallons of roof sealing compound, which is more than enough to do the entire roof, will cost about \$35. Good used vinyl skirting can be found from some of the mobile home movers at a real bargain. One time we had a mover give us vinyl skirting on a double wide that was only six months old, and still like new. The home had to

be moved and the mover didn't want to take the time, or pay to have it removed it. So I got all it all for free.

Learn to shop around for good used material instead of buying it new. Check the flea markets and yard sales and you can find just about anything you want, at a very reasonable price. You don't need new material, or expensive material, to fix up the type mobile homes like we normally deal in.

Creating Profits

Let's suppose you work a full time job, so whatever you do will have to be done in the evenings and on weekends. Let's also suppose you are handy, know how to make repairs, and do fix-ups on a mobile home. What about this idea?

Check around and find a cheapo mobile home that needs some work, and one that you can buy for \$500-\$1,000. You already know from looking at other homes, that if this home were in good condition, you could sell it for at least \$6,000. So you decide to put some of that wasted TV time into working on this home, and creating some cash flow.

You estimate that it will take about 3-4 weeks of your spare time to get this home in nice condition, and ready to sell. And let's suppose the material for the fix-up will cost \$1,000. When you finish all the repairs, you learn that it took you 40 hours to do the job.

(Figure just your working time, coffee breaks don't count. This isn't a government job.)

You may be thinking that 40 hours isn't much time to make repairs and get a mobile home ready to sell. But unless that home is a real disaster, 40 hours is plenty of time, in most cases. And in many cases, it won't take that much time, or cost that much for material.

Okay, you've now spent 40 hours working on this old, ugly home. Now it's a nice clean, shiny and pretty home. You place a sign in the windows and run an ad to sell. Your ad says "**Nice Mobile Home For Sale--\$6,000--Will Finance--No Banks**". And the calls start coming in. You find a buyer with \$600 down, (10%) and you take a note for the balance. Your buyer says he/she can pay \$200 per month with no problem. So you structure the following promissory note.

How Note Is Structured

N	I	PMT	PV
32	12.75	199.95	5,400

You paid \$1,000 for the home, and \$1,000 for material, a total of \$2,000. After receiving the \$600 down payment, you have \$1,400 of your money still in the deal. Let's see how you made out on your 40 hours of work. Check our table below.

Amount Invested & Yield

N	I	PMT	PV
32	168	199.95	1,400

Congratulations! With \$2,000 and 40 hours of work,

you've created a note that's yielding you **168%**. And you'll receive a total of \$6,398 in 32 months ($32 \times 199.95 = \$6,398$.) You still have \$1,400 in the note, so that gives you a profit of \$4,998 ($\$6,398 - \$1,400 = \$4,998$.) If we divide that amount by 40 (the number of hours worked), then you've made \$125 per hour.

TV Could Be Costing You \$125 An Hour?

Now, you have a big decision to make. Was the 40 hours you spent working on this mobile home, more beneficial to you and your family than 40 hours in front of a TV? Is this something you consider worth doing again? How many times would you need to do this before you worked yourself out of that "job?"

All you have to do for the next 32 months is wait for the mail carrier to bring you Bubba Buyers check, and take it to the bank. You've worked about a month in your spare time, and now you'll get paid for 32 months, without having to do any more work.

Oh, I can almost hear a few of you saying, "Sure, that's fine if Bubba makes the payments like he promised. But what if he doesn't pay and you have to take the home back?" Well, let's see how a "problem" like that might turn out.

How Can You Lose?

Let's suppose Bubba only makes seven payments and skips town. By then, you will have collected the entire \$1,400 you had left in the home. So now you find another buyer, get another down payment and create another note. It's hard to lose money when you don't have any money invested. Even if you have to make a

few repairs in order to sell the home again, how much can you get hurt?

If you screen your buyers and sell only to people that have a decent credit history, and a steady job, you shouldn't have to worry about getting that home back. But if you do get it back, just sell it again and create another note. In just about every case where I've gotten the home back and re-sold it, I wound up in a much better position the second time, than I would have been if the original buyer had stayed in the home and made all the payments.

Folks, this is real world stuff. I know some of you live in areas where the numbers will be higher than mine, but please learn this concept. Don't get hung up on my numbers and start thinking, "It won't work where I live. I can't find a mobile home for that price." If you have to pay more, then you should be able to sell for more. If you buy wholesale for cash, sell retail on terms, you can't help but make a good profit.

Financing Is The Key

Remember, the real key is offering to finance the sale. There's very little competition in this used mobile home business, especially the older ones like I deal in. The majority of the new mobile home dealers aren't taking advantage of opportunities right under their noses. Usually when they get an older home in trade, they get rid of it as soon as they can, for what-ever they can get.

The new dealers seem to be satisfied with selling only the new homes that can be financed by some lending institution, and receiving their one time profit. They make one sale, get one commission check, which

buys one weeks groceries. The next week, they have to do it all over again for another week's groceries.

They're like most of the real estate agents I've met over the years. Out of all the agents I've known, I know of very, very few who ever bought any property for themselves. Most were content with making a sale and getting their one time commission check. Just think of all the good deals that must have come across their desks, but they never bought any for themselves. They let someone else make the real money, and they settled for a small, one time commission. They preferred instant cash, rather than monthly cash flow.



Hire Someone To Do The Work

Let's go over the previous deal again and use a different approach. Let's say that you're the type person that's all thumbs when it comes to using tools. You also have no desire to learn do that type work. Can you hire someone to do the work and make money? Sure you can.

So, you find that same home and buy it for \$1,000. Since you don't have the ability, or desire to do any work on that home, you have to find someone that can. So this time, you hire someone to do the work.

Learn About Repair Work

This is where I strongly recommend that you make the effort to learn what's involved in making various repairs. The more knowledgeable you are about repairs, the less chance you have of getting ripped off. You don't need to actually make the repairs, but you should know how much material and labor is needed to do the job. Once your repairman can see that you know what's involved, he won't be so quick to jack the price up.

Here's how I normally reach a fair price, if I think the price is too high. Let's suppose I'm getting an estimate on repairing floor damage, or some wall damage. First, I ask the repairman to give me an estimate. If it's more than I think it should be, I give him the, "HOW MUCH? How did you come up with that figure?" Then I let him try to explain to me how he can take four hours, to do a two hour job.

Say for instance we're talking about several bad places in the floor. I measure the places and figure the amount of plywood it will take to replace the bad areas. Then I ask, "How long will it take you to cut out the bad wood, saw a new piece to fit, and nail it in place?" Next, check the cost of a sheet of plywood, figure the number of sheets needed, and you know what the wood will cost.

Same thing with the nails and any other material needed. Once you've both agreed on the amount of time it will take to make the repairs, just agree on a reasonable hourly rate, and you have the cost of the job.

When you break a job down into individual parts, you can show your repairman that it shouldn't cost as much as he might want you to think. So learn all you can about repairs. Not only for mobile homes, but anything that you

need to hire someone to work on.

I recommend getting a price for the entire job, rather than letting someone work on an hourly basis. It's amazing how slow some people work if they're getting paid by the hour. You also need to have an understanding when the job will be completed. Time is money...*your money*. So you need someone who will stay on the job and get it finished, so you can get it sold.

Okay, back to our deal. You buy the home for \$1,000. The material will cost you \$1,000, and you pay somebody another \$1,000 to do all the work. Now, instead of having \$2,000 in the home, you have \$3,000. You sell for the same price and terms. Now, let's see how you come out?

How Note Is Structured

N	I	PMT	PV
32	12.75	199.95	5,400

Amount Invested & Yield

N	I	PMT	PV
32	90	199.95	2,400

Checking our previous tables, we see that by doing all the work yourself, you made 168%, and your profit was \$4,998. When you hired somebody to do the work, you made 90%, and your profit was \$3,998. Now let's analyze both deals and see which would be the best way to go.

Spend Your Time **Where It's Most Efficient**

Is the best and most efficient use of your time doing repair work, or doing deals? If you spend 40 hours working on a mobile home, as in our example, you've earned \$1,000 for your 40 hours of labor, an average of \$25 per hour. So we might say that you're a \$25 per hour employee, working a job. Not too bad, but it's still a job. But what if you can spend that same 40 hours finding, and flipping, another mobile home deal. Let's play with some numbers.

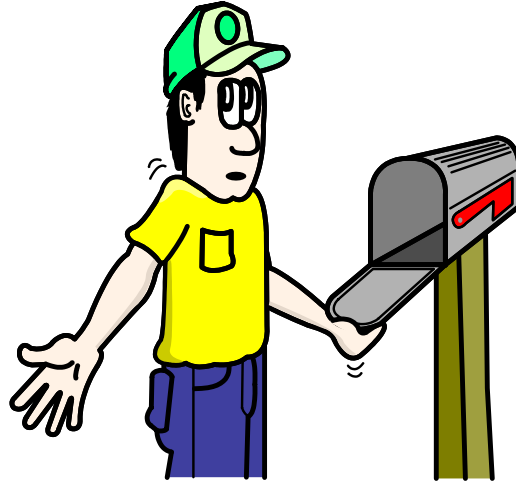
Let's say that you decide to pay someone else to do the work, and you spend your 40 hours looking for another deal. By the time your repairman gets the first home ready to sell, you've found another home for him to work on. So he starts work on the second home, while you look for a buyer for the first one.

So you find a buyer for the first home, create a note, then file it away. Now, you have nothing more to do on the first home except wait for the mail carrier to deliver the checks.

How many notes could you create using this same scenario on a regular basis? Instead of using your time to make repairs, why not pay somebody else to do that? Use your time to find more deals, create more notes, and enjoy more cash flow.

I've often heard people say that you should set goals, and I agree. Joanne and I have a goal... "Never let the mail carrier pass our house without leaving a check".

And one of the best way's I've ever found to meet that goal is with used mobile homes. Why not make it your goal? It sure beats working a "job."



Happen To You. Don't Let This

Partners Mean Profits

Here's a money making strategy that you may find interesting. I've used this idea several times and it's been very good for everyone. It can be good if you have the money, but can't, or don't want to do the work. Or, it can be good if you can do the work, but don't have any money.

There was a time when I enjoyed working on houses and mobile homes, doing everything from a minor fix-up, to a major remodeling job. It was very rewarding in both cash flow, and the satisfaction of turning an ugly fixer-upper, into something nice, and profitable. And then receiving a check each month for your efforts.

But like a lot of things in life, there comes a time when what used to be fun, just isn't fun anymore. Working on houses and mobile homes has fallen into that category. As hard as I try, the thoughts of working on houses and mobile homes doesn't sound like fun anymore. Guess I've already enjoyed as much of that as I can stand. So what to do?

Find A Partner Who Thinks It Fun

Let's suppose you have the money, and you're willing to fund the deal, but you don't want to do any of the work. Then find someone who's willing to do the work, and split the profits. And the ideal person to partner up with is someone who's able to find the homes, negotiate the deal, and make any repairs that's needed. And all you have to do is furnish the money.

Let's cover a couple of cases where we did just

that. I knew a couple of men that had done several mobile home deals, but then they ran out of money. I let them know that I might be willing to put up the money, and split the profits, if they found the right deal. It wasn't long before I got a call from a man I'll call Jack.

Jack found an older home that could be bought for \$2,000. This home needed some floor work, some painting, and a good cleaning, but it fit right in with our plans. After making the repairs, and a good cleaning, we felt this home would sell for \$6,000-\$6,500. So we agreed to do the deal.

Jack got busy and started making the repairs. Within 30 days, he had the necessary work completed, and had found a buyer. We sold the home for \$6,500 with \$500 down, and a note for the balance. Here's how we structured the note.

How Note Was Structured

N	I	PMT	PV
36	12.25	200	6,000

Our agreement was that I would get the down payment, plus whatever number of payments it would take to return all my money, including 18% interest. Once I had my money back, the remaining payments would be split 50-50.

The amount of money I put up was the \$2,000 to buy the home, a months lot rent of \$215, and another \$200 for material. So I had a total of \$2,415 invested. After receiving the \$500 down payment, I had \$1,915 left in the home. So how many payments would I need to receive before Jack gets a payment? Let's make another

table.

Payments Needed To Recover Cost

N	I	PMT	PV
11	18	200	1,915

We see that I will need 11 payments to return all of my money, including 18% interest. That will leave 25 payments, which will be split between Jack and me. So even though Jack has to wait 11 months before he gets a payment, he will then be entitled to \$100 each month for the remaining 25 months. And I'll be entitled to the same. So we will each receive \$2,500.

I think this arrangement is fair for either party. Jack has created \$2,500 of profit, with a small amount of work. And I've made a good return by funding the deal. Suppose Jack could do a deal like this every month, just think what an income he could generate for himself. And he doesn't need any money in order to do so.

But suppose Jack says that he really needs a few bucks each month to buy groceries, and can't afford to wait 11 months before he starts getting paid. What could we do? Let's see if we can re-structure this note so that he gets some money each month, instead of waiting 11 months.

After I receive the \$500 down payment, we have a note for \$6,000. And I still have \$1,915 in this note. This \$1,915 represents 32% of the note. Suppose we agree that I will get 32% (\$64) of each \$200 payment as pay-back on my \$1,915, including 18% interest. That would leave \$136, and we split that 50-50. So Jack would get \$68 each month for 36 months, starting with

the first payment. And I would get a total of \$132 each month. What kind of return will I make if I do this? Check our table.

Amount Invested & Yield

N	I	PMT	PV
36	72.79	132	1,915

Not as good as it would have been with the first proposal, but still good. In the first proposal, Jack would receive \$100 each month for 25 months, a total of \$2,500. But he would be waiting 11 months (actually 12 months before he gets the first payment.) I would receive \$200 each month for the first 11 months, and then \$100 each month for another 25 months, a total amount of \$4,700.

In the second proposal, Jack would get \$68 each month, starting with the first payment, for a total of \$2,448. I would get \$132 each month for a total of \$4,752. So income wise, they would both be about the same. My yield in the second proposal would be a little less, but still O.K. I would be happy with either side of this deal.

Seller Owes \$7,300, We Buy For \$1,800

Not long after this deal was completed, Jack called and said he had located another home. This one was a 14 X 70, 3 bedroom, 2 bath. It had a refrigerator, range and air conditioner. The seller was very motivated and negotiable. He had been trying for some time to sell, but couldn't find a cash buyer. This was his lucky day! He had found Jack and Lonnie, and his problem would be solved shortly.

This mobile home had several minor things that needed fixing. The floor had several soft spots that needed repair, and the carpet in the living room needed replacing. But other than that, it didn't really need much work. The home had been kept in good condition.

The owner had purchased this home about two years before for \$11,000. He still owed \$7,300 to an out of state bank. After failing to find a buyer, and time was running out for him to move, he had lowered his price to \$4,500.

Jack contacted the seller and started negotiating. The seller started telling Jack what he had paid for the home, how much he still owed, and what a bargain he would be getting at \$4,500. Even then, he would have to add money to pay it off. But Jack wasn't a bit impressed at how much money the seller was losing, or what a bargain \$4,500 would be. He told the seller that he usually didn't pay more than \$1,500 to \$2,000 for the homes he buys.

Jack explained that once he bought the home, he would be the one that would have to pay the lot rent if he didn't find a buyer. He would be the one that would have to worry about vandalism, and keep the grass cut. And, he would also have to make some repairs on the home before he could sell it. Jack said that all he could pay was \$1,800.

The seller told Jack that he would let him know in a couple of days, that he might have another party that would pay more. Two days went by and Jack got a phone call. The seller was willing to take Jack's \$1,800 offer. That meant the seller would have to add \$5,500 of his money, to the \$1,800, in order to pay the home off

and get us the title.

Since the title was held by an out of state bank, Jack had to be sure he would have no problem receiving it. The Seller had to leave that weekend to start his new job on Monday, and his new job was in another state. He also needed the \$1,800 in order to have enough to pay the lien off, so the bank would release the title. So, what do we do now?

Well, Jack has learned how to negotiate and figure out how to overcome problems. Jack is a man that very seldom, if ever, uses the word "can't." He just dives into a problem and does what-ever it takes to get the job done. This was no exception, and this is how he handled the title situation.

Jack had the Seller call the bank and they both talked to the person in charge of handling pay-offs, and titles. Jack and the Seller informed the banker that a certified check would be sent that day, provided the title would be sent directly to Jack. The banker assured it would.

Jack then had the Seller sign a power of attorney. This would authorize Jack to sign the Sellers name to the title, and any documents necessary for transferring ownership of the home.

Jack and the Seller both went to the bank and got a certified check for \$7,300, made payable to the bank that held the title. Jack put up \$1,800 (which was furnished by me) and the Seller put up the balance (\$5,300.) Taking nothing for granted, Jack then went with the Seller to the post office to be sure the check was sent by certified mail, return receipt requested. And Jack also got the Sellers new address in case he needed to be contacted. So it was a "done deal."

I wonder how many people would have considered this deal too complicated, too risky, and just simply let it pass? It would have been easy to come up with all the excuses not to do it. But Jack did it.

No Time For Repairs

When we bought this home, our plans were for Jack to make some repairs. There was a bad spot around the front door, and several places in the bedrooms. But before he had a chance to even start, he found a buyer that agreed to buy "as is." In fact, we didn't even have time to start running an ad. The buyer had called on another home that had been sold, and Jack showed him this one.

When the buyer asked what the price was, Jack explained that he was going to repair the floors and the price would be \$8,500. Or, he would be willing to reduce the price \$1,000 if the buyer could take it "as is" and make the repairs himself.

The buyer agreed to buy in "as is" condition for \$7,500, with a \$750 down payment. The note was set up for 40 months, 12.75% interest, and monthly payments of \$208.02.

How The Note Was Structured.

N	I	PMT	PV
40	12.75	208.02	6,750

I get the down payment of \$750, which leaves me with \$1,050 out of pocket. I'll also get the first 6 payments, which will return my money at 18% interest. That leaves 30 payments of \$208 which will be split 50-50. When the note has run it's course, Jack will have received \$3,536 (34 x \$104.) I will have received the same amount, plus six payments of \$208, plus the \$750 down payment, for a total of \$5,534. Not bad for an \$1,800 investment, huh? And all I had to do was write the check. I love it!

Obviously, if you partner up with someone, it has to be with a person that you trust, and someone with a good proven track record. They have to be responsible and reliable. I don't recommend doing any business deal with another party unless you have full trust and confidence in that party. And if doing business with someone else causes you to lose sleep, don't do it.

If you are fortunate enough to know the right person, there are lots of money making opportunities out there. But be sure you know who you're doing business with, and ***stay in control.***

How Do You Spell Doozey?

I'll cover one more deal we did with Jack, so you don't get the idea he has it this easy on all of them. As you can see, he didn't have to do a lot of work on that last one. After finding the mobile home, all he really had to do was negotiate the deal, and make sure all the

documents were in order. But, this next one was a doozy. And you can spell that with a capitol...D-O-G.

I had sold a mobile home to a couple and financed it. After six months or so, they filed bankruptcy, which kept the home tied up for 5-6 months. Not only did they file bankruptcy the day before I had a court date to repossess the home, but they moved out and trashed the home.

This mobile home was left in terrible condition. The roof was leaking, there was floor damage, several windows were broken out, and the home was littered with trash and garbage. The inside of this home looked like a war zone.

I tried to show the trustee that there was no equity in the home, and asked that it be released from bankruptcy. I had pictures showing the condition of the home, which would clearly erase any doubt there might be any equity in that home.

But the trustee wouldn't even look at the pictures. After all, I was simply the creditor who had his money invested in that home, the same home the debtors had trashed and walked away from. And the trustee's duty was to protect those poor, sorry dead-beats and not let anyone take advantage of them.

After all, according to our judicial system, it's perfectly legitimate, and honorable, to borrow all the money you can, then refuse to pay it back. In fact, some people seem to look at bankruptcy as a status symbol and go around bragging about it. They act like they've just won a trophy,

So that home sat there vacant, and continued to deteriorate by the day. And neither the park owner, or I,

could do anything, or take any kind of action against the dead-beats without subjecting ourselves to a law suit. Once someone files for bankruptcy, the creditor isn't even allowed to contact the dead-beats. And they call that justice.

After approximately six months, the trustee felt it was time to discharge the bankruptcy and release the mobile home. What a thrill it was to see the home this time. I had already written it off. But I don't want you to get too choked up. I had sold the home four times, and had already made a good profit on it long before this happened. (Thank goodness I do the "cheapo" deals. Suppose that had been a much newer home with a lot of my money in it.) But let's think positive and see if we can turn this disaster, into a money maker.

I had anticipated what the park owner would do, and I was prepared. He hadn't gotten any lot rent for over six months, and now that I had the home back, he implied that I would have to bring the rent current. I told him his tenants were the ones who owed lot rent, not me. Besides, I considered the home to be worthless. But I gave him two choices. I would give him the title, or I would have it pulled off the lot.

He first considered taking the home and having it repaired. But he called me later saying that he had gotten an estimate to have the home fixed up, and it would cost \$8,000! I don't know who gave him that estimate, but someone was sure trying to take him to the cleaners. So he wanted me to haul it away.

If the park owner had been reasonable, I might have considered leaving the home in his park and having it repaired. But I never could really like the guy, and I certainly wasn't going to pay him six months lot

rent that his dead-beat tenant owed. So I had it pulled out.

Hey Jack, Have I got A Deal For You!

Since I had a good idea that I would be moving this home, I had already made tentative plans to have it moved to another park. Jack had looked at the home and agreed to do the fix-up, and get it in shape to sell. We would do another 50-50 split.

The park that I moved the home to had a number of vacant spots, and needed to generate lot rent. This park owner gave me free lot rent for the first month, and even paid all but \$75 for the electric hook-up.

The move and set-up cost \$800. Permits and electric hook-up, another \$100. We found used material for the repairs, which cost another \$500. The total cost for material and set-up was approximately \$1,300. Jack spent about three weeks of his spare time making repairs. When he got through, that home was polished and shining. It looked great.

We sold the home for \$6,500 within three weeks after placing it on the market. Our buyers paid \$500 down, and signed a note for \$6,000. So how did we do on a home that the previous park owner says would take \$8,000 to fix up? Check our table.

How Note Was Structured

N	I	PMT	PV
36	12.25	200	6,000

After receiving the \$500 down payment, I still had \$800 left in this home. I'll get the first 4 payments. That leaves 32 payments which Jack and I will split. He will get \$100 each month, a total of \$3,200. I'll get \$100 each month, (\$3,200) plus 4 payments (\$800) plus \$500 down payment, for a total of \$4,500. So, we came out O.K.

I wanted to tell this particular "war story" to illustrate how a situation can look like a total disaster to one person, and an opportunity to another. I doubt seriously there would have been one person in a thousand that would have even considered taking this mobile home in the condition it was in. And it would have been next to impossible for most untrained people to have looked at this home and been able to see a way to turn it into a profitable venture. Guess this proves once again that we really do see what we're looking for.

Recover Your Investment Within 12-15 Months

As I said earlier, my favorite deals are the "cheapo" homes that I can buy for \$2,000-\$3,000 and sell for \$4,000-\$6,000. (And yes, I can still find all the homes I want in this price range.) There are a number of reasons why these are my favorite, and I'll cover a few of them now.

First, the return on your money is much greater on a mobile home bought for \$3,000 and sold for \$6,000, than one bought for \$5,000, and sold for \$10,000. It's also much easier to do. Since you don't have a lot of money invested, your risk is greatly reduced.

And too, if your finances are limited, you can make what money you do have go much farther, and create more notes and cash flow, than by doing the more expensive deals. From a point of compounding your investment, the cheaper deals will build up cash flow much faster than the higher priced homes.

\$795 Monthly On \$8,000 Investment

Let's play with some numbers. Suppose you have \$10,000 to invest in mobile homes, and you want to create as much cash flow per month as possible. You also want to minimize your risk.

For simplicity sake, let's say we can buy 4 mobile homes with our \$10,000. So we have a total of \$2,500 in each home. We sell each home for \$5,000 with a \$500 down payment, and a note for the balance. We structure our note for 26 months, at our standard interest rate of

12.75%. The payments will be \$198.99. Check our chart.

How Note Is Structured

N	I	PMT	PV
26	12.75	198.99	4,500

Amount Invested & Yield

N	I	PMT	PV
26	106	198.99	2,000

We see that we have a 106% return on each home. We have 4 payments totaling \$795.96 coming in each month, ($4 \times 198.99 = \$795.96$.) And, we still have \$2,000 in our pocket from the down payments. So our total investment in these 4 homes amount to \$8,000.

Now, look at how fast we're able to recover all of our investment. If we divide our total monthly payments, (\$795.96) into the \$8,000 we have invested, we'll have the entire \$8,000 back in a little more than 10 months. Pretty fast, wouldn't you say?

If we multiply our 26 payments by \$795.96, we see that we'll receive \$20,694 in 26 months, on an \$8,000 investment. At the end of 26 months, we've made a profit of \$12,694 on our \$8,000 investment. Not too bad, huh? Hey! This is barber shop bragging stuff! But don't expect your barber to believe you.

Low Price--Low Risk

Now, let's talk about our risk. Suppose before the first month goes by, that one of our homes "disappear", along with our buyer, and we never get a dime from that home. I've never known of this happening, but I want to show you what our situation would be if this scenario should actually take place.

Now, instead of receiving 4 payments of \$198.99 each month, a total of \$795.96, we only receive 3 payments, which total \$596.97. We still have the same \$8,000 invested, so how do we stand? Check our table.

Our Yield On 3 Homes

N	I	PMT	PV
26	68	\$596.97	8,000

Uh-oh! Trouble in paradise. Our yield has dropped from 106% to only 68%. "They" told me this would be a risky business. Maybe I should have listened to the "experts" and put my money in the bank where it would be safe.

Heck, while we're at it, why don't we take this wild scenario to the next level. Suppose instead of one home disappearing, two of them disappear. If that should happen, we would then have only two payments coming in each month, a total of \$397.98. And we still have the same \$8,000 in the deal. Could we still survive on two payments? Let's see what our table tells us this time?

Our Yield On 2 Homes

N	I	PMT	PV
26	24.10	397.98	8,000

Is this crazy, or what? You mean half of our investment can “disappear” and the other half stills gives us a 24% yield. Talk about low risk! What else do you know that will equal this?

So far, I’ve never had a mobile home move on me, they’ve all stayed anchored down in the same place. I guess it’s possible, but I don’t know of anyone that had a home disappear. Wish I could say that about some of my other investments over the years.

If You Snooze, You Lose

My daughter, Janet, called me one day and asked what I knew about this particular park. I told her I had never done any business there, but it seemed to be a nice little park, and a good location. "Why do you want to know?" I asked. She said, "It's for sale." I asked her how she knew that. She said there was a big sale sign in front of the park.

What Sign?

This is a park that I pass at least twice a week and I hadn't seen any sign. The next time I was out that way I checked, and sure enough, there was a big sign by one of the leading Realtors. It was sitting back from the street somewhat, but as many times as I had been by there, I had never noticed it.

I found out later that this was a 29 space park, on a little over 3 acres of land. The park also had a nice four bedroom house that the owners lived in. It's located just a few feet from a main intersection, in a rapidly growing area.



It's very close to an interstate highway. Some of the adjacent roads have just been up-graded to four lanes. A Hardees' just opened up several months ago across the street. (When a major burger joint goes up, can the rest of the world be far

behind?)

One of the best and most reliable growth indicators I know of, is to watch for a burger joint, or a fast food place to pop up. Once the first one opens up, you can bet all the others will follow, and that area is going to take off. That's what I could see all around this park. Realizing this, I had to wonder just what the land alone would be worth in another 10-15 years.

This park was listed with a real estate company, so Janet called the listing agent to get some information. In the meantime, Joanne and I stopped by the park and knocked on the owners door. The owner greeted us and I asked, "Is that sale sign out there for this park?" He said it was, invited us in, and introduced us to his wife.

We spent about two hours with this couple, and when we left, we knew everything there was to know about that park. We learned how long they had owned the park, why they wanted to sell, how long the park had been listed, and etc. We learned all this by simply asking questions, and letting the Sellers talk.

We learned that the park had been listed for the past year without any offers. The wife had started packing when they first had it listed, and had made plans to move to a new house. I knew she was telling the truth, because I had already noticed boxes that had been packed, and sitting through-out the house.

They had recently installed new water lines and up-graded all the electrical equipment. They had also just paved the street. The park was in real nice condition. We also learned the park was given to them by the wife's father, many years ago.

The owners were very flexible and willing to carry some of the financing. It was obvious they were motivated and anxious to sell. I got the feeling they didn't know exactly what they would do, they just wanted an offer. Their asking price was \$385,000.

According to the owners, there were 28 spaces, which 4 were presently vacant. Two of the vacant spaces were in front of their house, and they didn't want to "block their view", so they wouldn't rent those spots. The only view I could see was traffic from the highway, and I thought to myself, "What a price to pay just to watch smoking cars and trucks rolling down the road."

After about two hours of talking, or I should say listening, (I was mostly asking questions, the owners did all the talking), we left with a ton of information. The owners never did ask if we were interested in buying the park. I guess they just assumed we were, since we asked if it was for sale.

When we got home, I called Janet and gave her all the information so she could decide what, if any, offer she wanted to make. She decided to go for it. She had her own agent representing her, so she made an offer.

Her first offer was \$250,000...\$50,000 cash at closing, and a note payable \$2,500 per month for 80 months, with no interest. Or, \$200,000 cash. When her agent was writing up the offer, he asked her what rate of interest would the note carry. She said, "Zero."

Now when you make statements like that to a real estate agent that's writing up a contract, they get that spaced out look on their face, kind of like you had just shot them with a dose of Novocain. The agent said, "But you have to put an interest rate in the note." Janet said,

"Just write zero in that spot." Her agent finished writing up the offer and presented it to the sellers agent. The offer was good for 10 days.

\$60,000 Price Reduction

As expected, the offer wasn't accepted, but we were surprised at the counter offer. They came back with \$325,000, \$50,000 down, and owner financing at 9%. We hadn't expected a \$60,000 drop in the asking price, especially on the first counter-offer.

The Sellers agent said they had checked with their tax accountant, and if they sold for all cash, the taxes would kill them. So they must have at least considered the cash offer. But that was a tip-off as to how motivated they were.

Their counter-offer also contained a 10 day clause for Janet to either accept, or reject the offer. Janet just let the 10 days come and go, and didn't make a counter offer. She didn't respond at all. The Sellers agent was bugging Janet's agent to make another offer. After about three weeks, she did.

Now, just try to imagine what must have been going through the Sellers mind, especially the wife. Here was a woman that had started packing to move over a year ago, and no one had even looked at the park, much less made an offer. Then after a year, they finally get a bite. Now she's all excited and thinks she will at last get the chance to move into a new house. Then the days pass by, the acceptance date has expired, and they get no response at all. Not even a counter offer. Talk about a let down!

Time For A Counter-Offer

This is the way Janet structured her next offer. Purchase price...\$273,614. Down payment \$50,000, payable \$35,000 cash at closing, \$7,500 payable 12 months from closing, with no interest accruing. And the other \$7,500 payable 24 months from closing, with no interest accruing.

Sellers to carry a note for the balance of the purchase price (\$223,614.) She gave the sellers two choices of how she could pay the note. The first choice was \$2,500 per month, no interest. This would pay the note off in approximately 90 months.

Or, a note for 15 years, 7% interest with monthly payments of \$2,009. The first payment to be made 90 days from closing, with no interest accruing during that 90 days.

Her offer also stated that the sellers would furnish copies of their last two years tax returns to verify park income and expenses. Sellers would also furnish copies of all leases to verify rents.

When she checked the records, she noticed the last survey of the park was in 1961. So her offer stated that the sellers, at their expense, would furnish a new survey of the property. And last, her offer was subject to verification by the city officials that she would have no problems in continuing to operate as a mobile home park. And also, any grandfather clauses would remain valid.

With all the restrictions that local authorities have placed on mobile home parks, and especially on developing new parks, she wanted to be absolutely sure there would be no problems.

Janet then made a trip to City Hall and started asking questions. When she left there, she found out that not only would there be no problems, but she also learned that instead of buying what she thought was a 28 unit park, she would be getting a 29 unit park. The records showed the park was licensed for 29, rather than 28 spots. So, she would be able to place an extra home, on a free lot.

Janet Has A Contract

The ink hardly had time to dry before her offer was accepted, and returned. The Sellers wanted to make one change. They wanted to know if Janet would pay half the cost of the survey, which would be \$600. That was the only objection, and I really can't use the word "objection". I'm sure the Sellers wouldn't have let the deal die for \$600. But, being in a generous mood that day, Janet agreed to their offer and bought herself a mobile home park. Now, let's see exactly what she bought.

At the time she closed on the park, there were five spaces vacant (this included the extra space that she could add.) The lot rents were \$175 a month, the lowest of any park within miles.

How To Get A Pay Raise

The first thing she did was raise the rents to \$185 a month. So right away she gave herself a \$240 a month raise. That's \$2,880 a year, which is more than enough to make a note payment. Isn't it nice to be able to just give yourself a raise, without having to plead with some stingy old boss?

Since she doesn't like to cut grass and manage tenants any more than I do, she hired a very nice retired couple to manage the park. She rents this couple the four bedroom house, that's located in the park, for \$250 a month. This is about half of the fair market rent.

Janet pays their water and sewer bill, (the water for the park, and house, is all on one master meter), and provides them with a phone. But she pays only for the local service charges, no long distance talking.

In exchange for the \$250 reduction in rent, and the other benefits, the manager keeps the grass cut, takes care of any minor work or repairs needed, and listens to the tenants sing.

But the manager doesn't get to handle any money. All rent payments are mailed to Janet's post office box. If she fails to get somebody's payment, she sics the manager on that tenant. She has that park operating in a very efficient manner, and spending very little of her time doing it. Now, let's get into the good stuff...MONEY!

Other than closing cost, Janet has \$20,000 of her money in the deal. The down payment of \$50,000 was payable \$35,000 cash at closing, but she borrowed \$15,000 of that. So she actually has \$20,000 of her

money invested. What kind of return is she getting?

The rent is \$185 per month for each of the other twenty four spaces. That amounts to \$4,440 per month. She receives \$250 per month for the house, which totals \$4,690 per month, or \$56,280 per year. Now, let's see what her expenses are.

Her payments on the first note is \$2,009. Payments on the second note is \$366, for a total of \$2,375 per month, or \$28,500 per year. All other expenses, which include taxes, water/sewer, trash collection, insurance, electric for park lights, and several other minor things, total \$15,350.

Adding this to the \$28,500 mortgage payments gives her a total pay-out of \$43,850. Subtract this from her annual gross rents of \$56,280, and we see that she has a little over a \$1,000 per month positive cash flow to begin with. And this is with five vacant lots. That's a 60% cash on cash return.

Her plans are to buy nice used homes and place on the vacant lots. She will sell the homes, carry the paper, and rent the lots. Just the rent from those five lots will increase her cash flow \$11,100 per year. Plus, she will realize a good profit on the five homes that she will sell.

The closing took place the first week of January. Her first mortgage payment wasn't due until April...90 days later. That means she was able to collect rent for January, February, March, and April, before she had to make a mortgage payment.

How About A Discount?

She had planned on offering to prepay the sellers the balance of the payments for the year if they would give her a discount. In other words, she had 9 payments due for the year, (April through December), and she would be willing to pay all of them at the time the April payment was due, if the sellers would give her a discount of 10-15%.

But since she needed to buy five mobile homes for the empty spaces, she will make that offer sometime in the future. Around December would be a good time to offer to prepay the next years payments for a discount. Or, maybe in April, when the seller has to pay taxes.

But let's see what her position would be if the sellers agreed to give her a 15% discount for paying those 9 payments in April. Her monthly payment is \$2,009, which totals \$18,081, ($9 \times \$2,009 = \$18,081$.) If she gets a 15% discount, she would pay \$15,368 for those 9 payments, ($\$18,081 \text{ minus } 15\% = \$15,368$.) Let's see what she would have accomplished if this had happened.

15% Discount

N	I	PMT	PV
9	40.57	2,009	15,368

To be sure you fully understand this transaction, let's go over it in detail. The 9 payments she will owe for the rest of the year (April through December) total up to be \$18,081, ($9 \times \$2,009 = \$18,081$.) If the seller agrees to discount this total amount by 15%, in order to be paid in April, the discount would be \$2,712. If we subtract that

amount from \$18,081, we get \$15,368. That is the amount she would pay to the sellers in April, and then she would not owe another payment until the following January.

What she would really be doing is paying off 9 payments early, for a 15 % discount. And looking at our chart, if this were the case, that discount would give her a 40% yield. And the sellers would really be paying 40% interest in order to get paid early.

Now, lets' suppose the sellers think 15% is too much, but would be willing to give her a 10% discount. Would it be worthwhile for her to do so? Let's see.

Since a 10% discount equals \$1,808, that means Janet would need to pay \$16,272, ($\$18,081 - \$1,808 = \$16,272$), to pay off those 9 payments. Would she want to do that? What does our table say?

10% Discount

N	I	PMT	PV
9	25.94	2,009	16,272

Still not bad, huh? If she has the available cash and is able to do this, she has made her \$16,272 earn 25%.

One other thing I want to point out. Suppose the sellers agree to give her just a 10% discount. If so, do you realize that by the time she would have to pay it, that she will have collected more than enough rents

from the January, February, March and April rents, to make the full payment?

If she prepaid the 9 payments, that means her next payment wouldn't be due until the following January. By then, she will have collected 9 months of rent which would be \$39,960. And I'm not including any rent for the vacant spaces she now has.

Suppose the sellers would agree to give her another 10% discount if she would prepay all of next years payment in January. If so, she would be paying \$21,697, ($\$2,009 \times 12 = \$24,108 - \$2,410 = \$21,697$.)

Mercy!...It's just no telling how good this little mobile home park is going to turn out. When I see what a deal Janet made, it makes me wish I hadn't been snoozing so much. If only I had seen that sign, this might have been my park.

No, I'm just kidding. I'm real proud of her, and happy that she's made such an excellent investment. With proper management, she now has something that will provide her a life time of good income and security. This little park offers a better "retirement" plan than any job she could ever have.

You Can Do It Too!

Now, I hope you don't think I wrote all this just to brag on my daughter. What I've tried to do is show you a real world situation that will cause you to open your eyes, and realize that you have the same opportunity to do something similar. Hopefully, you'll get excited enough that you will go out and do something good for yourself.

Do you think there might be a little mobile home

park like this in your area? Or, maybe some other type of investment that would provide you with dependable income, and financial security? I'll just bet if you get out and look around, you'll find one with your name on it.

Develop PMA

Finding an opportunity is the easy part. Once you find it, you then need to have the courage, determination, and that driving desire that forces you to do it, while your friends are busy telling you why you shouldn't. And you also need to have PMA

We can all do just about anything we really set our minds to if we have the will power, determination, and a good positive attitude. If you should learn and remember only one thing from this book, my wish for that one thing would be that you develop a *positive mental attitude*. With PMA you have the power to reach your goals. Without it, it's like swimming upstream in a flood.

So anytime you find those negative thoughts creeping into your mind, or start making excuses why something can't be done, just keep thinking—PMA...PMA...PMA. With the right attitude and determination, nothing can stop you.

From "Yours" To "Ours"

There's still a couple of things I want to share with you concerning Janet's park. I think you'll get a chuckle from this. Her husband Tommy, is a very good business man. Over the years he's built up a very impressive portfolio of houses, apartments and other successful investments. But when Janet mentioned she was thinking about buying a mobile home park, he looked at her like she had just asked for a divorce. But isn't that

the attitude the general public has about mobile homes, and mobile home parks?

After hearing Janet talk about buying this park, Tommy thought she was nuts. He wasn't at all impressed about her buying a mobile home park. But Janet was firmly convinced this would be a good investment, and wanted to go through with it. Tommy finally said, "Okay, but you better know what you're doing. If you can't make the payments on *your* park, don't ask me for money."

They have over 40 rental units and Tommy does most of the managing and collecting the rents. And some of those tenants don't always pay on time. In fact, there are times when some don't pay at all. And Tommy does make a trip to the court room occasionally to collect some of his rents.

The first month after owning the park, Janet had collected all her lot rents by the 5th of the month. She made the remark to Tommy, "Well, I've gotten all my rents in for this month." Tommy said, "WHAT? You've got all of your rents in already, I haven't gotten half of mine." I think that was the first time Tommy started to see this little park in a different light.

Since then, he's taken a much different attitude towards this park. It wasn't long before he told Janet to get busy and fill those vacant lots, because "We are losing a lot of money." I'm not quite sure when, but somewhere between the time Janet bought this park, and several months of rent collections, it went from being "your park" to "our park". Guess Tommy just needed a little attitude adjustment, huh?

Up-Date On The Park

I first wrote about this park when Janet bought it, nine years ago. Now I'd like to bring you up to date and show you just how profitable this little park has been. And also, what she can look forward to in the future.

The lot rents are now \$245 monthly, and she receives 29 such payments each month. The rent on the house, (where her manager lives) is now \$375 monthly. This all totals out to be \$89,760 per year. Of course, her operating expenses have also increased, but not in proportion to what her lot rents have.

If you remember, the seller carried most of the purchase price on a 15 year note. The principal balance on that note is now approximately \$118,000, and will be completely paid off in six more years. She will then own this park free and clear. (Note: The second note has been paid of, so her cash flow increased accordingly.)

Auto-Pilot

She has all her rent checks mailed to her post office box. She has an unlisted phone number, so her tenants can't call her with a problem. Her tenants don't know where she lives, so they can't bother her at home. The only way a tenant can reach her, is through her manager. And since she doesn't own any of the homes, she doesn't have any maintenance problems. Janet has this park running almost on auto pilot.

And the best is yet to come. In my opinion, and using what I think are conservative figures, in another six years when this park is paid off, it will be worth at least a million bucks, and will spin off over \$100,000 **positive** cash flow each year. Janet will then be in the envious

position where she can choose to keep the park and enjoy tremendous cash flow, or sell the park, carry the financing, and receive tremendous cash flow. Either way, this park will produce excellent cash flow for the rest of her life if she chooses to keep it. And, with very little time, or management problems.

Since she first bought this park, there's been considerable development in the surrounding area. Several acres across the road just recently sold for close to \$300,000 per acre. A major food store has been built, and a shopping center is under construction. And Janet's park sits on a little over 3 acres, just across the street. Wonder what the land alone will be worth in another 5-10 years? And Tommy thought she was nuts to buy this park.

My Challenge To You

Now, I'd like to extend the same challenge to you, that I do in my seminars and workshops. After discussing this park in detail, I then challenge the class to show me any company in the country, or any job you can work, that will provide anywhere near the financial security, the financial freedom, and the cash flow this one little park does. And it's only taking an average of two hours per month of Janet's time to do it. So far, I haven't heard from anyone with a better plan. Maybe you'll be the first.

Mobile home parks are the nearest thing to a gold mine that I know of, and there are thousands of them through-out the country. If you haven't seen them, it's probably because you weren't looking for them. I just recently heard a man say that he drove by a park for **18** years, and never saw it. He didn't see it, because he

wasn't looking for it. How about you, are you passing a gold mine every day and not seeing it? Now that you know what to look for, they won't be hard to find. Get busy and find one with your name on it. Happy hunting.

Note: Janet has now had separate water meters installed for each lot. Water that she was paying for, is now paid for by her tenants. And now that her tenants pay their own water bills, it's amazing how much less water goes through the meters. Leaks that were once unimportant, and over-looked, now get top priority. And Janet's cash flow has increased almost **\$6,000** per year as a result of installing separate meters and billing her tenants.

Water has now become the biggest expense in operating a mobile home park. If you own a park, or if you should buy a park, and it doesn't have separate water meters, I strongly recommend you have them installed. The cost of doing so will be quickly recovered, and you will wind up with considerably more money in your pocket.

Late Payments Are Great

Have you ever had something that just bugs you to no end? Some little problem that has a way of waking you up at four o'clock in the morning, and keeps you awake the rest of the night? Yeah, I guess we all have.

Well, I'm having some degree of success in turning these kind of problems into pleasant experiences. I've discovered that sometimes it's just a matter of how we look at the problem, and changing our way of thinking. Let me go over one of those problems that I did have.

This one concerns people that won't make their payments on time. If you've ever had rental property, or sold anything and carried the note, you know what I mean. Regardless of how well you screen tenants, or how good the credit report is on that person, some people just won't make the payments on time. It's their lifestyle, and you can't change them.

Well, this used to irritate the devil out of me. But not anymore. Now I welcome late payments. WHAT?! Welcome late payments!?

I Love Late Payments

You're probably thinking, "Old Lonnie has been staring at that computer screen too long, he needs a break to clear his head." Well, let me explain why my thinking has changed on late payments. See if you agree with me.

We sold a mobile home one time to a couple and

carried the note. Their payment was due on the first day of each month, and they could never manage to make the payment when it was due. But I could count on it coming in between the 15th-20th of the month, with the late charges. This became such a routine thing that I knew I would receive that payment late every month, and it bugged me.

I Have Been De-Bugged

Until...one night I was trying to relax in my easy chair after dinner. I couldn't really relax because I was thinking about the payment that I hadn't gotten from this particularly buyer. Then the thought struck me, "Wonder what kind of penalty this couple have voluntarily placed on themselves by being late every month?"

So I grabbed my trusty calculator and started punching buttons. When I finished punching buttons, I had a smile on my face. Let me show you what my calculator told me.

This couple's payment was \$200. If received after the 5th of the month, there was a \$25 late charge, plus \$2 per day after the 5th. Doesn't sound like a lot, but here's what my calculator said to me.

If someone owes you \$200 on the 1st day of the month, and they pay you \$225 on the 30th of the month, you have really made them a loan at 150% interest. WHAT? 150%! Punch those buttons again. Sure enough, that's what this couple is paying every month they pay late.

Let's make another table, I want to see this in print. Only this time we have to add another block for future value (FV). Our table shows that if we loan

someone \$200 (PV), get no payments, and one month later we get back \$225 (FV), we are earning 150% on our \$200.

N	I	PMT	PV	FV
1	150	0	200	225

The payment was usually 15-20 days late, but I'm using one month as the number. I won't try to get into figuring days. Check our table and see if your calculator agrees with mine.

Now I realize \$25 isn't big bucks, but what if you had 10-15 people like this couple. Then it starts to add up considerably. Let me give you a real eye opener comparison.

Why Grown People Cry

We have a local bank account which is used primarily for depositing our monthly rent payments, mortgage payments, and etc. We also use this account to pay our regular monthly bills. This is strictly a temporary place to park our money until we find a better use for it.

I'm sitting here now looking at the bank statement I received yesterday. The bank's name for this account is, "Best Rate Money Market Account", that's what the statement says. In the same little box with that statement, there is a rate chart. The rates listed are...2.75% for amounts over \$10,000 and 2.65% for amounts of less than \$10,000. And this is their best rates. (I'm afraid to ask what their other rates are.)

Our balance on this month's statement is

\$36,129.69. The interest we earned on that money, at the banks best rate, for one month, amounts to a whopping \$85.11. Is that a horror story, or what?

Just think, if four people pay us a late charge each month, we've made more money on \$800 worth of payments due, than we made on \$36,000 in a bank. Also, our money just might be safer in mobile homes, than leaving it in a bank. Mind boggling, isn't it?

Now, can you see why I smile when someone says they will have to be two weeks late on a payment. In fact, I've gotten so I'm disappointed if they pay on time.

But a word of caution here. I don't mean that you should let a real dead-beat slide on the payments, and get two or three months behind. I'm speaking of that certain class of people that make it a habit of always paying two or three weeks late. If they haven't paid by the time the next payment is due, then take action to collect.

They Never Learn

We had one man that bought a mobile home from us, and his payment was due the 1st of each month. He never could pay on the 1st, but on the 15th, he made the payment, together with the late charges. And this went on month, after month.

After about a year, he asked me if I could arrange to make his payments due on the 15th, because he hated having to pay those late charges. So I changed his due date to the 15th. (I'll bet you've already figured it out.)

Sure enough, the very next payment, the one that was due on the 15th of the month, was made the following 1st of the month, with a late charge. And he continued doing that until he paid the home off.

If I had told this man that I would have to raise his payments \$25 a month, but would eliminate the late charges, he would probably have thrown a fit. People are strange, huh?

At one time we had almost 70 rental units. (Yuck.) There were some months that we collected more in late charges, than some people were earning by working a full time job.

Late Again? Thank You

Let me describe another late payor that used to irritate me until I changed my way of thinking. This involves a man we sold a single family house to many years ago. He was a constant pain in my neck, until I learned just how much he was paying me.

His note states that if any payment has not been received by the due date of the next payment, the loan will then, at the option of the note holder, be declared in default, and all remaining principal and accrued interest becomes due and payable in full. Other words, if a payment is more than a month late, the note is in default. This is what's known as an acceleration clause.

This man would wait until the very last day to make the payment. And he didn't seem to mind in the least paying the late charges. But after a couple of years, he slipped up and failed to make the payment within the 30 day period. His note was now in default. Gotcha! After all that time and frustration of not getting

my payments on time, he triggered his trap. Now, it was time to do some renegotiating.

I really didn't want that house back, so foreclosure was the last option for me. But I didn't let him know that. Instead, I mailed his payment back and informed him that his loan was now in default, and under the terms of the note, I had the right to demand payment in full of all remaining principal and interest.

But, I would be generous and give him a choice. He could either agree to an amendment of the note, pay all delinquent payments and late charges, or pay the entire loan balance off. Or, lose his house in foreclosure. He chose to amend the note. Here's how I structured the amendment.

The original note was a straight amortized loan payable over 20 years. The amended note I drew up states that interest would be computed on a daily basis. This means that interest is figured on the number of days that have elapsed since receipt of the last payment, to receipt of the next payment.

The amendment states that the late charge would now be 10%, instead of 5%, and there will be no grace period. His payment is due the first day of each month, and must be in my hands by 5PM on that date. Otherwise, a late charge is due, and must be included in with the mortgage payment.

Also, all payments must be in certified funds, no personal checks would be accepted. (He had given me several bad checks in the past.) And I gave him 10 days to return the amended note, and all money owed to bring the note current. If he failed to do so, I would turn the matter over to my attorney and start foreclosure

proceedings.

Before the 10 days were up, he had the amended note signed, notarized and all the money to bring the note current. Now, he could be 30 days late and I didn't really care. I explained to him that he could now decide how much interest he would like to pay. If he pays early, he pays less interest. If he pays late, he pays more interest.

Guess what? He didn't learn a thing. His mortgage payment is \$637. His late charge amounts to \$63.70, and he pays late at least 10 out of every 12 months. But hey, I've learned to like this guy. What's my yield on this payment?

I think it's very sad when a grown man with a family doesn't have enough financial discipline to manage their own money. But I've known a number of people like this man. In fact, I have several right now that, if their parents didn't bail them out every month, they would wind up being evicted. And I'm not talking about teen-agers, these are people in their 30's and 40's.

The Real Difference

You may be thinking that this man is still doing the same thing he's done all along, and in a sense, that's true. He still pays late most every month. But aside from the late charges he pays, here's the big difference. The maturity date on that note remains the same as before, and that's what makes the difference. Let me explain.

The original note was for 20 years, 240 payments. That means that any remaining principal, and any accrued interest that has not been paid, is due and

payable 240 months from the origination date. Except for the additional late charge, the amount of money I receive now is no different than it was before we amended the note.

But based on this man's paying habits, when the note matures, he will still owe a big chunk of money, instead of having a house that's paid off. At the rate this man is going, that 20 year loan just might turn into a 40 year loan. My granddaughter will probably thank me for amending that note.

So, if you want to make high yields, convince your renters, or note makers to pay late, and collect late charges. It sure beats anything the banks offer.

Now, can you see why I welcome late payments? It was just a matter of being able to see my "problem" in another light. When I changed my thinking, and my attitude, my problem ceased to exist. Try it, I bet you'll like it.

Can't Buy For \$2500? Then Pay \$5,000

If you read *Deals On Wheels*, then you know my basic deal is a home I can buy for \$2,000-\$3,000 and sell for \$4,000-\$6,000. And my minimum guideline is to sell for at least double what I have invested in the home. This is still my favorite, and most profitable type deal. But I also do other, more expensive deals. So please don't restrict yourself to doing only the small deals, or what has become known as a "Lonnie Deal". If you do, you will miss out on many good opportunities.

I realize though, from the number of calls I've gotten, that in some parts of the country it's not that easy to find a \$2,000-\$3,000 mobile home. California is probably the most expensive state I've heard about. And I keep hearing "You can't do that in California", or "You can't do that where I live." But I know people in California, and throughout the country, that are doing it. And they're doing it on a regular basis. The key is to stop listening to the "Can't do it" crowd, and just get out and do it. You can do it.

But since I'm sure some folks will still refuse to believe they can find a mobile home for \$2,000-\$3,000, I'll show you how to pay double what I usually pay, make the note longer than I usually do, and finance at a lower interest than I usually do. And still wind up with a very good note.

So if you're convinced you can't make 75%-100%, then how about 40%-50%? The important thing is to

learn the concept, and not to get hung up on my numbers. Make the numbers work for you.

First, I urge you to learn all you can about financing, and the time value of money. Learn different ways of how to create notes, because this concept will work on anything you're willing to lend money on, and accept as collateral. Your primary goal is to obligate somebody to send you a check every month. So learn to use your creative mind, and start creating cash flow.

A Sunday Drive Pays Off

At the time, we didn't have any homes to sell, and were getting calls from potential buyers. So we needed to get busy and find something. It was time to get out of the house, and go hunting.

It was a beautiful Sunday afternoon, so Joanne and I decided to ride through several parks and see what we could find. In the second park we hit, I spotted a "For Sale" sign on a tree next to the home. And sitting on the steps was a man drinking a beer. I stopped and asked if he was the owner, and if this was the home for sale. Yes, he was the owner, and this was the home for sale. It would turn out to be his lucky day.

After asking questions for several minutes, this is what I learned. (Here's a little tip you should always remember: You don't learn much by talking, you learn by listening. So if you want to learn things, let the other party do the talking, and you keep quiet.) This home was 14 years old, 2 bedroom, 2 bath, 14 x 70, all appliances, air conditioner and in excellent condition. The curtains and blinds would stay, plus a shed and deck.

After inspecting the home, and learning all I wanted to know about it, I asked the seller why he was selling.

He said that he had a job transfer out of state, and had to leave in two weeks. (Always try to learn the real reason for selling. Learning that the seller was under a time pressure, as in this case, puts you in a much better negotiating position.)

The owner had been trying to sell this home for about two months, but couldn't find a cash buyer. He now had only two weeks left before he was due to leave. He was getting a little nervous, and had now become a very motivated seller.

In talking with him, I learned that his original asking price was \$8,900, which was actually a very fair price. In fact, it was a little on the low side, if anything. He had a lot of "lookers" and some "wanters," but no one with \$8,900 cash. And he wasn't interested in financing the sale. After all, what would he do if they didn't pay, and he's many miles away? Also, he needed money to move to his new location.

Toward the end of our talk, and just before I was ready to leave, I threw out one of my favorite questions, "If I could get you the money today, what is the absolute best cash price you can let the home go for?" He said \$5,000. That probably was his lowest offer at the time, but I'll bet if he still had no buyer after another week, he would take less than \$5,000. But I recognized a good buy when I saw it, and it doesn't pay to get too greedy, so I agreed to pay him \$5,000.

Now, a word of advice here. If this had been a park that I was unfamiliar with, or had never done business in, or if I were not aware of the market for these type mobile homes, I probably would not have agreed to pay that much money, for this particular home, in this particular park. But, I knew my market and my product. And you

should too.

Learn Your Market

I want to emphasize again, that you must know your market. You must know the park, and the area in which you want to do business. You must know that the home can stay on the lot. You must be on good terms with the park manager. And, you must know how much you can sell that home for, before you can know how much you can afford to pay for it.

I already knew this from past experience, and that's why I was willing to pay \$5,000 for this home. I knew I could make a good profit, even though I was paying about double what I normally pay for a home. And another reason I was willing to pay more for this home, was because I had a good potential buyer already lined up.

The seller knew I was buying this home to re-sell, and to make a profit. But he wasn't concerned about how much I might make, he just wanted to unload it. After we completed the paper-work, I asked him if he would mind showing the home to a couple that I thought might be interested in buying. I explained that I lived about 30 minutes away, and it was sometimes difficult for me to get out to show homes. So he agreed to show it for me. What a swell guy.

Sell Before You Buy

I had a list of potential buyers from previous calls, and there was one couple in particular that I thought would be very interested in this home. As soon as I got home, I called them, explained what a nice home it was, and asked when they wanted to see it. I told them I had other people interested in the home, but I was giving them first shot.

They said they could see it the next evening, as soon as they got off work. After calling the seller and confirming he would be home, and could show it, I called the couple back and scheduled an appointment. After looking at the home, they called to say they loved it, and were ready to buy. I asked them to come by my house so we could fill out the paper work. (Yeah, I know, this is the lazy approach to doing deals. But it works.)

We agreed to sell the home to this couple for \$8,900, \$500 down and carry a note for 48 months, 9% interest. The monthly payments are \$209.03. The couple signed a purchase agreement and gave me a \$100 deposit, the same amount we had given the seller.

So in a little over a days time, we had gone out and found this home, signed a purchase agreement to buy it for \$5,000, and gave the seller \$100 deposit. Then we found a buyer, had them sign a purchase agreement for \$8,900, and received \$100 deposit from them.

The day the seller moved out, I paid him the balance of the purchase price (\$4,900.) The buyers moved in and paid the balance of the down payment (\$400.) We had no expenses or carrying cost, and didn't

even make a trip to the home to show it. The seller was nice enough to do that. How sweet it is.

Paying \$5,000 Is Still Good

So we have now completed a simple little deal where we paid twice what we usually pay, didn't double the sale price when we sold it, only received \$500 down payment, financed the note at a lower rate of interest than we normally do, and structured the note longer than normal. And it's still an excellent deal. It only took a few hours of work to obligate somebody to send us 48 monthly payments.

Now, how did everyone come out? Was it a good deal for the buyer? Was it a good deal for me? Was the seller happy? You be the judge, but I'll take as many deals like this as I can find. Let's check our table to see how we did.

How Note Was Structured

N	I	PMT	PV
48	9	209.03	8,400

Amount Invested & Yield

N	I	PMT	PV
48	46.89	209.03	4,500

Double check my figures, but it looks like we've just created a little note with a 46% yield. This is at least 44% more than we were making on the money while it was sitting in a bank. It's not our typical deal, and we

aren't making as much yield as we normally do, but under the circumstances, it's good enough.

If you remember, the price the seller had been trying to sell this home for, was the same price we sold it for...\$8,900. Why couldn't he sell for \$8,900, and we could? Very simple...we offered to finance with a small down payment, and in this case, a low interest rate, (9%.)

Now, what am I trying to show you by going over this transaction? I hope I've shown you that if you live in an area where you can't find the little "cheapo" mobile homes, you can pay double the price and it's still good. Do you have to make 100% every time? Of course not. Don't let greed stop you from doing business. If it makes good financial sense, do it! The important thing, is to take action and do a deal.

Now, I want to emphasize again that you should get out and learn your market. Study prices of the type homes you want to deal in. Study your market until you know what you can sell a particular home for, and what the demand is for that type home. When you know how much you can sell a home for, then it's simply a matter of deciding how much you can afford to pay for it.

Remember, there are two key elements that are necessary for making this business work so well. First, you must buy right. Your profit is made when you buy, not when you sell. Never forget that rule. Second...you are offering easy and affordable financing for the person wanting to buy that home. It's an unbeatable combination.

Estate Sales

Estate sales can sometimes offer fabulous opportunities for a mobile home purchase. Usually the heirs have no money invested in the home, so in many cases they're willing to settle for a quick, cash sale that is much less than the home is worth. Especially if they live outside of the area where the home is located. If the home is on a rented lot, it can be a real problem for them. They not only have to keep the lot rent current, but also maintain the lot.

We had a case like this. The home was owned and occupied by an elderly couple. The husband died, and his daughter, who lived out of state, came down for several days to sell the home and move her Mother back with her. She needed to find a buyer for the mobile home, and she needed to do it quick.

It Pays To Advertise

She called on an ad I had running in the local newspaper. This was an ad I run regularly that says, "We Buy, Sell, and Finance Used Mobile Homes." This ad has produced some excellent results for us in finding both buyers, and sellers.

I made an appointment with the daughter, and we met at the home. The home was a very nice 3 bedroom with all appliances, AC, and located in a nice park. After some negotiations, she agreed to accept \$2,000 for the home. We gave her a check, and she gave us the title.

I placed my "For Sale-Will Finance" sign in the

window, and also started an ad in the newspaper. Several days later, I received a call from a man that had been renting a mobile home in this very same park, for seven years. He had known the previous owner, and was shocked to learn the man had died. He made the remark, "If I had known he had died, and the home was for sale, I would have bought it myself." Well, he did buy it, but not from the man's daughter. He bought it from me, and at a very nice profit.

I gave him two choices. He could buy it for \$5,500, with a reasonable down payment, and I would carry a note for the balance. Or, he could buy for \$4,500 cash. He chose to pay \$4,500 cash. So, within less than a week, I had turned a \$2,500 cash profit on this home.

\$7,300 Cash Profit

In another estate sale case, the park manager called and said the owner of a mobile home in her park had just died. The heir was the niece of the owner, who had no interest what-so-ever in owning a mobile home. And obviously, she knew nothing about the value of this home, and made no attempt to find out just what it was worth. I still don't know how she arrived at her asking price, but when I learned from the park manager that she only wanted \$2,500, I couldn't write the check fast enough.

This home was 14 years old, but in outstanding condition. It was a 14 x 70, 3 bedroom, 2 baths, with all appliances, and central AC. It was one of the nicest homes I've ever bought. And believe me, it was an absolute steal at \$2,500. I normally try to negotiate a better price, regardless of what the asking price is, but not this time. I wasn't about to try to steal in slow motion and lose this deal.

It so happened that I had just bought another vacant lot in this same park, just one street over from where this home was located. I had been looking for a nice home for that lot, and this was it. So I had this home moved to that lot. The move and set-up cost me \$2,200, so I now had \$4,700 invested in this home. The home was sold for \$12,000 CASH! Now that's what I call a very "reasonable" profit for my efforts.

So watch for estate sales, because you can sometimes get some excellent bargains. And again, keep a good relationship going with the park managers. They're the people that can put you in touch with the right people, at the right time, for a fabulous deal. If the park manager had not referred this information to me, I probably would never have known about it.

How To Create 10 Years Of Payments

Now, let me share with you how we used a lot, and a mobile home, to create 10 years of monthly cash flow. As I said earlier, we have two condominium parks in my area. We own lots in both parks, and had just bought another one. At the time I bought this lot, I had full intentions of keeping it. But sometimes something will happen which will cause you to deviate from your standard practice. And that's what happened in this case.

At the time I bought this lot, it was being rented to a military couple who owned, and occupied, a very nice mobile home that was only 6 years old. This home was a 14 x 70 in excellent condition. In fact, it was almost as nice as the day it rolled off the assembly line.

About six months after buying this lot, the tenants received transfer orders. They had first planned on having the home moved to their new location, because the military would pay for most of the moving expenses. Normally, I'm glad to see a tenant move and take their home with them, because I can find another home, set it up, sell it, and create another monthly payment. But this was such a nice home, and I really don't like to get into moving one, so I decided to see if I could persuade the owner to sell his home to me.

In talking with the owner, I learned he still owed \$14,000 on the home. I also learned that even though the military would cover most of the moving expenses, he would still have to pay about \$1,500, which he wasn't thrilled about doing. So I explained to him that I might be

interested in buying the home, and he wouldn't have to go through all the problems of a move and set up, plus pay money to do so.

After negotiating and asking questions for awhile, I told him I would like to buy the home, but I couldn't afford to pay the entire \$14,000 that he owed. I asked him if he could possibly sell for less than his loan amount.

Until then, he hadn't thought about having to pay money in order to sell his home. After all, you usually put money in your pocket when you sell something, not take it out. (Will people really pay you to take their home? Yes they will, if you can solve their problem.)

We talked some more and I explained the benefits and convenience he would realize by selling the home, rather than going through all the trouble and expense of moving it. The more he thought about the idea, the more he liked it. Finally, he agreed to sell the home to me for \$12,500, and pay the balance of the loan...\$1,500. This wasn't a typical "Lonnie deal" by any means, but the seller was happy, and it was still good for me.

I bought the home, the tenants moved, and now I needed to find a buyer. And like I had always done before, I planned on selling the home, and renting the lot. But this time, things didn't turn out according to plan.

A Change Of Plans

I knew the fair market value of this home was in the \$19,000-\$20,000 range. So I started advertising at \$18,900, with owner financing. Normally, on a little cheapo deal I can find a buyer within 30 days, at most.

But the type buyer I was looking for to go in this home wouldn't be the typical cheapo buyer. This buyer would need to have a pretty good credit history, and a very good down payment.

So I was prepared to wait as long as necessary to find someone with a good track record, and someone I felt good about. It's much better to have a vacant home with no money coming, than an occupied home with no money coming in. So don't ever get nervous, impatient and discouraged, and put the wrong people in your home. If you do, I can promise you that you will regret it.

I posted my "For Sale- Will Finance" signs in the windows, and started running newspaper ads. The calls started coming in, and I showed the home a number of times. I had several prospects who sounded creditable on the phone, but after spending a few minutes with them in person, I knew they were not the right people. And when they learned I required a credit report, and a non-refundable \$20 fee for running the report, that was the last I heard from them. (If you aren't already pulling credit on your people, I strongly recommend you start. You must screen your prospects and pick good people if you want to avoid problems.)

It took me over two months to find the couple I was looking for, but it was well worth the wait. I found a very nice and responsible couple with two small, and well mannered children. Their cars (they each had one) was in excellent condition, and well cared for. (That's a good indication as to how well they will take care of your property. Also, the condition and/or appearance of someone's car is usually a good indicator of the type person they are.)

They were very cooperative in answering my questions about their background and credit. And even though they volunteered to tell me that they had had some financial problems several years earlier, I felt they were responsible, and reliable people. Even before I had their credit report back, my gut feeling told me they were the folks I was looking for.

As I said earlier, I had full intentions of renting the lot and selling the home. And that's what we had discussed the entire time we had been negotiating. But later, they said they really would like to buy the lot and the home, and asked if I would consider selling both.

I first told them that I didn't want to sell the lot. But the more we talked, and the more I learned about this couple, the more I started liking the idea. (See why you should ask questions. This couple would never have bought that lot if they had not asked me to sell. I didn't even know I would sell. So ask questions!)

We agreed on \$18,900 as the price of the home. The buyers would pay \$2,000 down, and a note for 10 years. Our chart shows how the note was structured.

How Note Is Structured

N	I	PMT	PV
120	11.5	237.61	16,900

So how did I come out on this home? My cost for the home was \$12,500, plus another \$200 for advertising. I also lost two months lot rent which amounted to \$480. To keep it simple, let's say I had \$13,200 in this deal.

Deducting the \$2,000 down payment leaves \$11,200 of my money in the home. Checking our chart, we see that our yield is only 22%, a far cry from the yields I normally get on a typical "Lonnie deal." But there's more to this story than just a 22% yield.

Amount Invested & Yield

N	I	PMT	PV
120	22.8	237.61	11,200

But first, let's talk about the lot, and how I happened to buy it. This lot was 1 of 6 that I bought in a package deal. The previous owner had owned these lots for many years, but for some reason had gotten in serious financial trouble. And I would guess his troubles were a result of either trying to take on more than he could safely handle, bad management, or just simply not taking care of his business.

He had several businesses going at the same time, and probably was just over-extended. You can only do so much at one time, and do it right. But whatever the reason, he was forced to sell these lots to stay afloat. And he needed an immediate sale, and all cash. That makes for a very motivated seller.

Here's a tip that I want to pass on to you. During your investing days, at some unexpected time, you will have a super deal offered to you that will require immediate action, and CASH. My advice is to establish a way NOW, so when that deal pops up, you will have immediate access to the cash needed to do the deal.

That doesn't necessarily mean it has to be your cash. But you do need to have the ability to get your

hands on the cash immediately, to keep from losing the deal. And I've had many such occasions where, had I not been able to come up with immediate cash, I would have lost out on a good opportunity. So, here's what I suggest you do now, rather than later.

Establish A Line Of Credit

Do whatever it takes to establish a credit line with as many banks as possible. The more the better, but just make sure you have the financial discipline to use those lines of credit in the proper, and responsible manner they should be used for.

Credit lines are to be used ONLY for good, sound, income producing investments, not for luxury items, cars, or vacations. Whatever investment the money is used for, must not only be returned by that investment, but there must also be enough return to pay off the loan, and leave you with a profit. If it doesn't, then you aren't investing, you're gambling. And you're doing it with money that doesn't belong to you. If you want to gamble, go to Vegas. (And take only the amount of money you can afford to loose.)

Partner Up With An Investor

Here's another suggestion that might mean the difference between doing the deal, or losing it. I've heard it said by many investors, and speakers, that money is never the problem. If the deal is good enough, you can always find an investor who will provide the funds. But don't wait until you need the money, and then start looking for an investor. Learn who the investors are now.

And you can do that by attending investor clubs, real estate meetings, and any place where these kind of

people are likely to be. Check your phone book, talk with other investors, Realtors, and etc. Establish a good relationship with several investors now, so when that super deal pops up, you'll know who to call to get the money.

Cash Is King

Back to the lots. This is a small park with only 68 lots. The going sale price is \$20,000, or more, per lot, and very rare does one come up for sale. That's why I jumped at the chance to buy 6 lots for \$15,000 each. But as I mentioned, it would take all cash, and a quick closing to make it work.

So obviously, this would not have been the best time to start trying to get a bank loan, or look for a hard money lender/investor. By the time the money would show up, somebody else would own the lots. Fortunately, we were able to write the check and close immediately. So we were able to buy 6 lots, worth at least \$20,000 each, at a cost of \$15,000 each. By having immediate access to cash, we were able to buy at 25% below market value.

We Sold The Lot

After considerable consideration, I finally decided to let my mobile home buyers have the lot, too. The sales price for the lot was \$20,000, with \$2,000 down, and a 10 year note, same as the mobile home. Our chart shows how the note on the lot was structured.

How The Note Was Structured On The Lot

N	I	PMT	PV
---	---	-----	----

120	10.5	242.88	18,000
-----	------	--------	--------

So how did we come out on the sale of this lot? We paid \$15,000 for the lot, sold it for \$20,000 and received \$2,000 down payment. So we now have \$13,000 left in a \$18,000 note. Checking our chart, we see that I'm only making 19% on the lot. Nothing to shout about, huh? But it sure beats putting your money in a bank.

Amount Invested & Yield

N	I	PMT	PV
120	19	242.88	13,000

We're now two years into this deal, and even though I could have made more money by keeping the lot, I'm happy to receive almost \$500 every month with no tenants, no management, and no maintenance. And there's still 8 more years of payments due. Also, regardless of what I choose to do, and where I choose to be, the checks are still due in my mail box every month. My work is done, but the buyers must go to work every day in order to send me checks.

During this 10 year period, we will collect \$29,145 in payments on the lot, plus the \$2,000 down payment. A total of \$31,145 for the lot. We will also collect \$28,513 in payments on the mobile home, plus the \$2,000 down payment. A total of \$30,513 for the home. Adding the two together, we'll realize a total of \$61,658 in 10 years. And we still have 8 more lots in this park, and 21 in another, that we could do the same thing with.

It's a great feeling to be able to create your own financial security, and financial freedom, and know you

won't have money problems. And you don't even have to leave the house and go work a job. Let me recommend, and urge you to start your "retirement" program now. The only thing you get when you wait, is...**old.**



Right Place, Right Time

In this chapter, I'd like to illustrate, and emphasize, why it's so important to get out of that easy chair, get out of the house and "get in the field." Sometimes it's no more than simply a stroke of luck that puts you in the right place, at the right time. This was one of those times.

Recently, Joanne and I was in the vicinity of one of my favorite parks, and decided to just drop by and say hello to the park manager. We had only been there a few minutes, just chatting with the manager, when in walks a park resident. The manager asked, "Can I help you?" The man said, "Does the park buy lots and mobile homes?" (My antenna was activated.) The manager said, "No, but talk to that man (pointing to me), he might be able to help you."

This man said he wanted to sell his mobile home, and lot, and asked me if I would be interested in buying. I said, "I don't know, it would depend on how much you're asking, what kind of home you have, and what kind of condition the home is in." The home was 13 years old, 14 x 70, 2 bedroom, 2 full baths, all appliances, and a new central air conditioner. It was on a fenced in lot, with a large shed. He said it needed new carpet, and a couple of minor repairs, but otherwise, it was in good condition. (Picture at end of chapter.)

I Could Smell Blood

When I asked what his asking price was, he said “\$20,000.” Then he added, “But that’s negotiable.” (Did you ever have one of those times when a killer deal just seemed to fall in your lap, and you could smell blood? This was one of those times.) When I heard his asking price, and he confirmed that it was for both the lot and home, I knew we were about to make a deal. Even if I should have to pay his full asking price, it was still an excellent buy. But since he had already volunteered to tell me that his asking price was negotiable, I had to wonder just what he would be willing to sell for.

Now, let me emphasize again how important it is to know your market, and your product. We already owned 20 lots in this park, so I knew that a fair market value for the lot alone was \$18,000-\$20,000. I also knew from past experience that I could easily sell this particularly mobile home for \$11,000-\$12,000, especially if I offered to finance the sale. By knowing all this, maybe you can get an idea of how I felt when the seller quoted \$20,000 for both the lot, and the mobile home.

While talking to the seller, and realizing how motivated he was, I kept hearing a little voice saying “You don’t steal in slow motion.” Obviously, it was time to shift into fast mode and check out the home. Everything else could wait until later.

The home was pretty much what I expected. After a walk-through inspection, I agreed with the seller that the carpet definitely needed replacing, which would cost at least \$1,000-\$1,200. Plus, there were several other repairs needed to put the home in good condition. I then asked the seller just how negotiable he was on his price,

considering what it would cost to install new carpet, and make the other repairs.

He didn't seem to really know, or wouldn't say. Finally I told him that we had just recently paid \$17,000 for the lot and mobile home next door. (I didn't tell him the home next door was 20 years old and a 12 x 60.) I then asked him if he would be willing to sell for the same price if I could come up with all cash, and a quick closing. (He had already said his reason for selling was to join his girl friend who lived out of state. And he wanted to move NOW, if not sooner.) This was on Tuesday, and he wanted to hit the road by the weekend. My kind of seller...MOTIVATED!

Two Questions...\$2,500

So he's asking \$20,000, and I'm offering \$17,000. After some thought, he said "How about \$18,000?" (How's that for a quick profit? One question...\$2,000!) It was probably a couple of minutes before I said anything. (Sometimes silence can have a very positive effect.) I scratched my head, took another look through the home, and decided to use the "split the difference" technique. I said, "I don't know, I've offered \$17,000, and you want \$18,000, so we're \$1,000 apart. Hmnnn.... would you be willing to split the difference... \$17,500?" He agreed, and we had a deal. (Did you notice that two simple questions resulted in a \$2,500 reduction off his asking price?)

It was now time to draw up a contract. And wouldn't you know, this was one of the few times that I forgot and left my briefcase at home with all my contracts and documents. But I wasn't about to let that keep me from getting a signed contract and locking this steal up.

I asked the seller for two sheets of paper, one to write a contract for the lot, and one for the home. (This business doesn't require too much sophistication). I wrote out what we had agreed on, then we went to the park office. I had the manager make a copy of each contract. I gave the seller a copy and \$100 deposit for the home, and a copy and \$100 deposit for the lot. So it was now a "done deal."

When I got home, I phoned my attorney with the information, faxed them a copy of the lot purchase agreement, and informed him that we wanted to close as soon as the paper work was ready. I didn't need my attorney to do any work regarding the mobile home purchase, that was simple paper work and a title that I could easily handle myself. (I've never needed an attorney for a mobile home purchase, or sale.)

As I said earlier, I first met the seller on Tuesday, and we closed the next Monday. We could have done it sooner, but I had to be out of town for several days. At the request of the seller, my attorney handled his side of the closing, also. And because my attorney represented both of us, we were able to close quicker, and probably less expensive, than by having two attorneys.

The Value Of A Good Lawyer

This illustrates why you should have a good lawyer (Is there really such a thing? Just kidding) who you can call and actually talk to. And one who will get things done for you without a lot of excuses, or delays. If your lawyer is always "out of the office", "with a client", "on the phone" or "out of town this week", and doesn't return your call promptly, then you probably have the wrong lawyer. Look for another one that you can depend on.

And if you haven't already done so, I recommend establishing a good relationship with a good lawyer, now. Don't wait until you have a killer deal working that requires immediate action, and then have to find a lawyer. You need one that you can pick up the phone and call, actually talk with, and get immediate results. Otherwise, your super deal might go down the tubes, simply because somebody else could move quicker than you could.

I've had several cases that needed to be closed within hours, not days. If I had not been able to reach my lawyer and get immediate results, I could very well have lost a very profitable deal.

And I should add that I think it's even more important to have an excellent relationship with the lawyer's para-legal, the person that handles all the details and paper work. She's the one that really gets things done, and who deserves a lot of credit. In many cases, the lawyer never sees the documents until the buyers and sellers are at the closing table. So the next time you have a closing, make a special effort to thank that lady who does the paper-work and shuffles the papers. She's the one that determines how well the closing goes.

Back to our deal. We all met at my lawyers office on Monday and closed on the lot. Our purchase price for both the lot and mobile home was \$17,500. Since the lot was real estate with a deed, and the mobile home was personal property with a title, we really had two different transactions going, with two different contracts. We also had to split the total purchase price into two figures, and show one price for the lot, and one price for the home. This is the way I decided to do it. See if you agree.

Our plan was to sell the mobile home immediately. But we will keep, and rent the lot, probably forever. Since we have no plans to sell the lot, any taxes that will be due from the sale is not a concern. And even if we should choose to sell the lot in several years, we could sell, carry the financing, use the installment sale method, and minimize our taxes on the profit. By using the installment sale method, we would pay taxes only on the portion of our note in the year in which we collect it.

On the other hand, all profit on the sale of the mobile home is taxed in full in the year of sale. Since the IRS considers this dealer property, you can't use the installment sale method, even if you sell and take a note that's payable over several years. So we need to put some thought into how we can minimize our taxes on the sale of the mobile home. How can we do that?

We know that a fair market value for the lot is \$18,000-\$20,000, so we could place a high percentage of our purchase price toward the lot, and less for the home. But if we did that, we have to show a smaller purchase price for the home, and the smaller the purchase price we show for the home, the more profit we have to show when we sell. And of course, a bigger chunk of our profit would go for taxes.

Purchase Price Determines Taxes

So what to do? I structured my contracts to say that we paid \$12,500 for the lot, and \$5,000 for the home. These are both reasonable numbers, and I don't think either price could be questioned, or be called unreasonable. But if it should be, we can show that we paid from \$11,000 to \$14,000 for the 20 lots we already own in this same park. And we can show that \$5,000 for a 13 year old mobile home is certainly reasonable. But regardless, it won't really make any difference to the seller. He gets the same amount of money, and shouldn't have any taxes to pay on the sale of either the lot, or the home.

The home was sold for \$11,900, but we did spend \$1,400 for new carpet , and minor repairs. So, we now had \$6,400 in the home. That gives us a gross profit of \$5,500 on the home. We got \$1,200 down, and took a note for the balance. The chart below shows how we structured the note.

How Note Is Structured

N	I	PMT	PV
54	12.75	261.42	10,700

Amount Invested & Yield

N	I	PMT	PV
52	54.95	261.42	5,200

Since we can't use the installment sale method, all taxes have to be paid in the year of sale. And this is the part that seems to be a big concern for many people.

But let's go over this deal and see if it's really as bad as some folks try to make it out be.

I'm the first to agree that paying taxes on money you haven't collected, and in some cases, may never collect, really makes my blood pressure go up. But since there is little we can do to change the rules, we just have to understand how the game is played, and make the best of it. Or, we can simply choose to pick up our ball and go home. Or, we can choose to play another game. Since there are far too many advantages, and too much money to be made in this business, I'm not doing either. This business has been an excellent money maker for me for many years, and I intend to keep on playing the game. Even though I think some of the IRS rules stink.

Let's take a look at our tax ramifications with this deal. Our profit is \$5,500 on the home, but that's a *gross* profit, not what we pay taxes on. We get to deduct all expenses of operating our business, the same as any other business. Once we write off all our legal operating expenses, we arrive at a taxable income. And our taxes are based on that amount, and payable at whatever tax bracket we're in.

Since I'm probably the most unqualified person in the world to advise you on taxes, please talk with a competent tax accountant and arrange the most beneficial method for you. There are various ways and entities to consider. You could operate in either a "C" or "S" Corporation, an "LLC", Trusts' and etc.

But, we do have to pay all taxes on the net profit of this sale in the year we sell, even though we only received \$1,200 down payment. Also, we have to pay tax on the interest portion of our payments as received.

By now you might be asking “Is there any good news?” Yes there is, so hang in here with me.

Let’s do some “supposing”. This deal was done in March. Since we don’t have to file, and pay taxes until next year (March 15th for business, and April 15th for personal) we have an entire year to use our money before we have to pay taxes. Let’s see how much that will be, and what we could possibly do with that money during that time.

If we run an amortization schedule, we see that we will collect 12 payments before we have to pay any taxes (April of this year through March of next year.) These 12 payments total \$3,137. We also have the \$1,200 down payment we received, for a total of \$4,337. This is money we can use to do another deal, make another profit, and collect more payments. So when tax time rolls around, we should have sufficient cash on hand to pay them.

Now, one other thing. Our amortization schedule shows that the interest portion for the 9 payments we collected this year (April-December) amount to \$965. And yeah, you guessed it, we owe taxes on that also, because it’s taxable income. So our taxable income in the year of sale would be the \$5,500 profit on the sale of the home, and the \$965 we collected in interest on our payments, a total of \$6,665. If our tax bracket should be 28%, then we would pay \$1,810 in taxes.

But by the time taxes are due, we’ve collected 12 payments amounting to \$3,137, plus the \$1,200 down payment received, a total of \$4,337. After paying our taxes we have \$2,527 left in our pocket.

In the second year, we collect 12 payments of \$261.42 ,which amount to \$3,137. But we only pay taxes

on the interest portion of those payment, which amount to \$1,069. So hopefully you can see from this illustration that the tax problem that bothers so many people, isn't really as bad as it appears. My advice is to first learn how to make the money, then worry about how to minimize the taxes.

\$20,000 Lot For \$5,600

Now, what about the lot? Since we paid \$17,500 for both the lot and mobile home, and sold the mobile home for \$11,900, that in effect reduces our cost for the lot to \$5,600. What! You mean we've been able to wind up with an income producing asset, with a fair market value of \$18,000-\$20,000, for **\$5,600?** Can't be, must be a mistake. You just can't do this kind of thing, especially "where I live." Well, can you? Guess what? We just did.

We're renting the lot for \$260 per month. After paying real estate taxes, and association dues, we net \$220 per month (\$2,640 year.) It will only take a little over two years to recover what we have in the lot. From that point on, it's all profit. And even though the mobile home payments stay the same, the lot rent will increase every year.

If this note runs the entire term (54 months), we'll collect \$14,116 in payments on this mobile home. Adding that to the \$1,200 down payment, gives us a total of \$15,316 for just the home. We'll also collect 54 rent payments, which total \$14,040. And that's based on today's rents. At the end of 54 months, this nice couple will have paid us approximately \$30,000. And by then, the lot rent should be at least \$300 monthly. What a business!



\$17,500 for lot and mobile home. Mobile home was sold for \$11,900. Lot rent is now \$275 monthly.

The Cold, Hard, Facts Of Life

Joanne and I had breakfast recently at one of the local IHOP restaurants. The place was full, so we had to wait a good while before we got our order.

Watching people in public, and trying to judge what kind of a person they are, and what kind of life they've lived, has always been an amusing hobby of mine. And that's what I was doing, when it struck me just how many elderly women were in that place. They were everywhere. There were several elderly men also, but most were women.

There were tables with three and four women, some with two women, and several tables with only one woman. And a couple of tables with an elderly man, sitting alone. There were so many elderly people, I asked the waitress if they were having a "Senior Citizens Day." She said "No, it's like this just about every morning." Seeing all those elderly people brought back memories of a restaurant my mother visited almost daily during her last years.

My mother was a widow for 30 years, and lived alone until her death at the age of 86. She lived in a small town, about a three hour drive from me. We visited her often, and she would spend several weeks with us from time to time. But after a couple of weeks away from home, she was ready to go back.

Fortunately, she was still self reliant, and able to drive to the local grocery, and the local restaurants, right up until her death. Several times a week, she would pick

up one or two other widows who were unable to drive, and they would have dinner at their favorite restaurant. There was one large table that served as the gathering place for her group. On most any given night, you would find anywhere from 10-15 elderly people at that table. There might have been 3-4 men in the group, but the majority were widows.

It was obvious that the primary reason they all gathered at "their table" each night, was not for the food, but for the companionship, and the chance to be around friends. Most of them had spent the day alone, and with nobody to talk to. Looking forward to that evening get-together was the highlight of the day for most of them.

Then gradually, the numbers started getting smaller, and smaller. Old age took it's toll. My Mother watched her friends die off on a regular basis. The last few years, the numbers had dwindled to a very few. For the last couple of years, there were only one or two others who joined her for dinner. Finally, on many nights, she found herself eating alone, with only the waitress to talk to.

That was the same scene I saw while we were sitting in IHOP's waiting for our food. Same scenario, same type people, different restaurant. As I looked at those elderly men and women, with their gray hair, some using canes, and walkers, I tried to visualize what their life had been like, and what it was like now. I could only hope they had enjoyed a good life, with a wonderful companion, and had created a lot of beautiful memories during their years together.

It's sad to see someone that's old, and alone. But it's much sadder if they're old, feeble, alone, and have no beautiful memories to carry you through the lonely

days. Not to mention having to cope with money problems, which so many of them have to endure in their old age.

Don't Wait Until It's Too Late

I once lived beside a couple who never had the time, or the money, to really enjoy life. Or, so they were convinced. They were both old enough to retire, but it wasn't the "right time", and they "couldn't afford to retire, yet." But in a couple more years, when they had more money, and a bigger pension, they were going to retire and do some traveling. But before that time came, the husband died.

The husband had a good insurance policy, so money wasn't a problem for his widow. She was now able to go to all the places they had both dreamed about going. She could now enjoy all those dreams the two of them had shared together. But now that her husband was gone, it didn't seem very important, or exciting.

The fun and excitement those dreams once had, was now gone. They had made so many plans together, but they failed to take time to live them out. Either the time wasn't right, or "they couldn't afford it." Now, she's another lonely widow, who would gladly give anything to be able to share just one of those dreams with her husband.

By now, you're probably wondering how all this ties in with a book that's supposed to show you how to make money. I hope these stories will show you that while money is important, it's not as important as many people think. I don't want you to get so focused on making money, that you get your priorities mixed up, and

make the same mistakes that a lot of people make. There are more important things than money. What good is twenty million dollars, if you either can't, or won't, take the time to enjoy spending some of it doing what you and your loved one's want to do.

We've all heard the saying "Money is the root of all evil." But I think the correct version is "The *love* of money is the root of all evil." To some people, nothing seems to matter more than making another super deal. And regardless of how much money they have, they never get enough. It's like a sickness, or an obsession with them. They never know when enough, is enough.

A friend of mine has more money than he could possibly ever spend. Yet, he could never take time away from work, and enjoy a real vacation. He seemed to think the world would fall apart if he left the office for a few days. It took a heart attack to slow him down, and open his eyes, to where he could see life, without seeing money. He should, and certainly could have done it many years earlier.

I once worked for a man who owned a very successful new car dealership. I'm sure he made a lot of money, but he rarely ever took a day off. With him, work came first, and everything else waited. When he reached his senior years, I remember him saying that he had spent his whole life trying to make enough money so he could enjoy life when he got old. "Now that I've got the money, I don't know how to enjoy doing anything. I've never done anything but work", he said. I felt sad for him. He really was a "poor, rich man."

Start Your Memory Bank

Joanne and I have worked hard to get where we are. But we never let making money blind us to the fact that life should be enjoyed while we're healthy enough, and young enough, to do the things we wanted to do. We've been fortunate enough to have been able to travel the world, and do so many things we wanted to do. We made our dreams, a reality. You can, too.

We've traveled all over Europe and Asia. We enjoyed the beautiful country of Yugoslavia, before it was torn apart. We traveled behind the "Iron Curtain" and saw what life was like in Bulgaria and Romania.

We've cruised the Blue Danube, (incidentally, it ain't blue). We drank Rhine wine while cruising the Rhine River. We've seen the sights of London, Paris, Rome, Venice, Switzerland, Austria, Germany, Holland, Luxembourg, and other European countries.

We rode the Bullet Train in Japan, and walked on the Great Wall of China. We saw the Terra Cotta soldiers in China. We've shopped in Hong Kong, Shanghai and Bangkok. We've drunk Singapore slings in the Raffles Hotel in Singapore, (where the drink originated.)

For five years we owned a motor home, (not to be confused with mobile home.) Whenever we got tired of working, or felt like getting away, we locked the doors and hit the road. We traveled all over this great country, going wherever our notions led us. We ate lobster at road side tables in Maine. We've enjoyed traveling through the beautiful country of Canada. We've visited Disney World, the Mardi Gras, Grand Ole Opry, and many other places around this great country.

I have no idea how much money our travels have cost us over the years, and I don't care. But I can tell you that no amount of money could begin to buy all the wonderful memories we have of those times.

We don't have the urge to do much traveling anymore. Guess you could say we've "been there, done that." Now, we both kind of enjoy just hanging around home. And besides, we've already built enough beautiful memories to last a life-time. But sometimes while watching TV, we see a place we've visited and we just look at each other and say "Hey, remember when we were there?" You see, we don't have to wish we had gone, we did. And we did it when we could enjoy it the most, and with each other.

I just re-read the part about our travels, and I was tempted to delete it. It sounds too much like I'm bragging, or boasting, and that's the last thing I want you to think. But I've decided to leave it as it is, because I hope it will help you realize that life should be enjoyed now, and with the one you love. We all take far too much for granted. Tomorrow is not promised to any of us, that's why we should all live each day as if it were our last. Don't make the mistake of waiting until everything is "just right." By then, you may find yourself alone, and it won't be much fun.

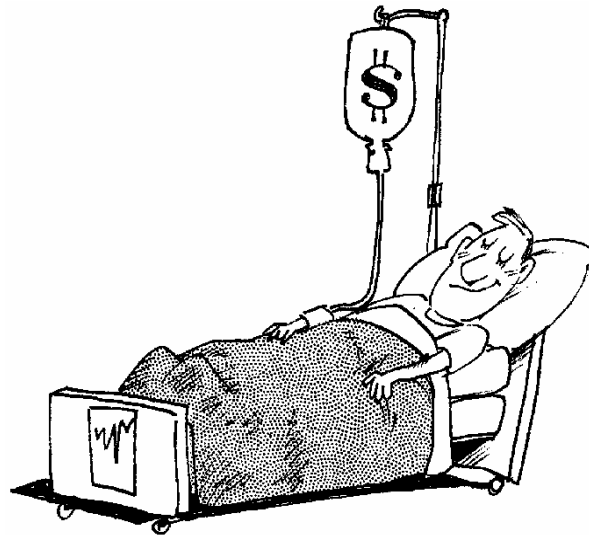
Shut The Doors And GO!

Regardless of how much money you're making, how important you think that next deal is, and how indispensable you think you are, learn to shut the doors, and live out your dreams. Don't keep waiting. You're not

bullet proof, and you're not going to live to be 150. And if you did, what could you do at that age? So don't try to be the richest person in the cemetery. Start your memory bank NOW! And be sure to make regular deposits.

May you enjoy a long, healthy, and prosperous life. And when you reach your senior years, it's our wish that your memory bank, like ours, will be over-flowing with beautiful memories. We did it, and so can you. So, what are you waiting for? Have a great future, you deserve it.

Joanne & Lonnie Scruggs



Appendix

Purchase Agreement	208
Sales Agreement.....	210
Credit Application	212
Promissory Note	214
Lot Rental Agreement.....	216-218
Buy/Sell Info Sheet	220
Smoke Detector Verification	222
Power Of Attorney	224
Mobile Home Web Sites.....	226
Manufactured Housing Associations.....	228-230
About The Author	232

Mobile Home Purchase Agreement

Date _____.

The undersigned Seller(s) agree to sell and the undersigned Buyer(s) agree to buy, the following mobile home:

Make _____ Year _____ ID# _____.

Located at _____.

Total sales price \$ _____ Deposit Paid \$ _____.

Additional payment due \$ _____ Due Date _____.

Date of possession by Buyer(s) _____.

Appliances and contents included in sales price: _____.

Unless otherwise noted, Seller(s) warrant that all appliances, AC, electrical service, plumbing and heating system to be in good working order at settlement, which is to be on _____.

Buyer(s) reserve right to a walk through inspection and approval on day of possession and settlement. Seller(s) agree to remove all trash and debris from premises and leave home in clean condition.

Seller(s) certify they are the legal owners of mobile home, appliances and contents. Unless otherwise noted, Seller(s) certify that no liens exist on home, appliances or contents. Any existing liens are to be paid and satisfied by Seller(s) prior to settlement and payment by Buyer(s). Upon approval and payment by Buyer(s), Seller(s) agree to deliver to Buyer(s) a clear title to mobile home.

Seller(s) certify that park lot rent is current through _____ and agree to furnish proof of same prior to settlement. Any delinquent rent or other charges by the mobile home park to be paid by Seller(s) prior to settlement.

Seller(s) to furnish proof that all taxes on mobile home have been paid and current through _____.

If for any reason mobile home is not allowed to remain on present lot, this agreement becomes null and void and Seller(s) agree to return all money paid by Buyer(s) and cancel this agreement.

Seller(s) verify they have read, understand and agree to this sales agreement and acknowledge a copy of this agreement.

Signed,

_____. Seller(s) _____ Buyer(s)
(Print) _____ (Print) _____.

_____. Seller(s) _____ Buyer(s)
(Print) _____ (Print) _____.

Mobile Home Sales Agreement

Date_____.

Buyer(s)_____.

Address of Mobile Home_____.

Make and Model _____ Year_____ I.D.#_____.

Total Purchase Price \$_____ Deposit Paid \$_____.

Additional Cash Payment Due \$_____ Date_____.

Appliances And Contents Included In Sale:_____.

_____.

Date of Possession of Mobile Home_____.

Sales Tax \$_____.

Title Fee \$_____.

Insurance \$_____.

Processing Fee \$_____.

Total \$_____.

**Mobile Home & Contents
Sold In "AS IS" Condition**

ANNUAL PERCENTAGE RATE _____.

The cost of your credit as a yearly rate.

AMOUNT FINANCED \$_____.

The amount of credit provided to you.

FINANCE CHARGE \$_____.

The dollar amount the credit will cost you.

TOTAL OF PAYMENTS \$_____.

The amount you will have paid when you have made all scheduled payments

Payable in _____ monthly installments of \$_____ each, beginning _____ and
on the _____ day of each month thereafter. A \$_____ late charge is assessed
for any payment not received within FIVE (5) days of due date, plus \$_____.
each day thereafter until received.

Buyers acknowledge they have read, understand and agree to the terms of this
contract and have received a copy of this agreement.

Signed,

_____. Buyer_____ Seller.
(Print)_____ (Print)_____.

_____. Buyer_____ Seller.
(Print)_____ (Print)_____.

Credit Application

Applicant's Full Name _____ **SS #** _____ **Date** _____
Date Of Birth _____

Spouse/CO-Applicant's Full Name _____ **SS #** _____ **Date Of Birth** _____

Dependents Names & Ages _____

Present Address _____ **State** _____ **Zip** _____

Landlords Name _____ **Address** _____ **Ph #** _____

How Long At Present Address _____ **Monthly Rent \$** _____

Reason For Moving _____

Previous Address _____ **State** _____ **Zip** _____

Previous Landlord's Name & Address _____ **State** _____ **Zip** _____ **Ph #** _____

How Long At That Address _____ **Monthly Rent \$** _____ **Reason For Moving** _____

Employment Information

Present Employer _____ **Address** _____ **Ph #** _____

How Long _____ **Position** _____ **Weekly Salary \$** _____

Spouse's Employer _____ **Address** _____ **Ph #** _____

How Long _____ **Position** _____ **Weekly Salary \$** _____

Additional Income And Source _____

Credit References & Banks

Bank _____ **Checking** _____ **Savings** _____

Credit References (Not Relatives)

Address

1. _____

2. _____

3. _____

Vehicle Information

#1 Make _____ **Year** _____ **Lic #** _____

#2 Make _____ **Year** _____ **Lic #** _____

Have you ever been evicted from any tenancy?_____ If yes, explain reason
. Have you ever filed bankruptcy?_____ When_____ Do you presently have any liens
or judgments recorded against you?_____
Explain

^

Military Personnel Only

Rate/Rank_____Duty Station & Address

^

How Long In Military_____Enlistment Expires_____Do You Plan To Re-enlist?

.

**Applicants Certify That All Information Given Is True And Correct And Hereby Grant
Permission To Contact Any References Listed To Verify Accuracy Of This Application
And To Run A Credit Report.**

**A \$20.00 Non-Refundable Fee Must Be Included With This Application. (Application
will not be processed without fee).**

Applicants Signature _____ SS# _____ DOB

^

Print Name _____ .

Spouse/co-applicant_____ SS# _____ DOB

^

Print Name _____ .

Promissory Note

Original

Date _____.

\$ _____.

FOR VALUE RECEIVED, the undersigned, jointly and severally, promise to pay to the order of _____ at _____, or at such other place as the holder of this note may designate in writing, in lawful money of the United States of America, the principal sum of \$ _____, with interest at the rate of _____.

The principal and interest on this note shall be paid in _____ consecutive payments of \$ _____ each, beginning _____ and on the same date each month thereafter until fully paid. If not sooner paid, all principal and accrued interest shall be due and payable on _____.

Payments shall be applied first to any late charges or penalties owed, then to interest and the remainder to principal. Any payment not received within Five (5) days of due date shall be assessed a late charge of \$ _____, plus Two (\$2.00) Dollars per day thereafter. Any check returned by Bank for non-payment, regardless of reason, shall be assessed a charge of Twenty Five (\$25.00) Dollars.

This Note is secured by a first lien on a _____ Mobile Home, ID# _____ located at _____. Title to remain in Note Holders possession until satisfactory payment of this Note is made, at which time, title will be delivered to Note Maker(s) free of liens. Note Maker(s) to pay all costs of transferring title.

This Note shall, at the option of the Note Holders, be declared in default if any of the following occur:

- Failure to receive any payment within Ten (10) days of due date.
- Failure to carry sufficient fire and extended coverage insurance on mobile home at all times, in amounts to cover the outstanding liens, and furnish Note Holders with a copy of policy naming Note Holders in a first lien position.
- Failure to pay lot rent and abide by Park rules.
- Moving mobile home from present location without written consent of Note Holders.
- Failure to pay required taxes insurance premiums and water bills when due.

Should a default occur on this Note, the Note Holders reserve the right to call all remaining principal and accrued interest due in full immediately, without further notice to Note Maker(s). If legal action is necessary to collect on this Note, Note Maker(s) agree to pay all such cost, including reasonable attorney fees.

If the premises are left unoccupied for Ten (10) days or more while payment is due and unpaid, property will be considered abandoned and Note Holders, at their option, are authorized to take immediate possession of abandoned property as liquidated damages, disposing of mobile home and owners personal property as they wish, without recourse.

This Note may be paid off at any time without penalty, but cannot be assumed by another party without written consent of Note Holders. Note Maker(s) acknowledge a copy of this note.

Signed,

		Note
Maker	<u>SS#</u>	<u>DOB</u>
Δ		

		Note
Maker	<u>SS#</u>	<u>DOB</u>
Δ		

Lot Rental Agreement

Date _____.

Name _____ Spouse _____

Last First M Last First M

Emergency Contact: _____

Premises Rented: _____ Rent Begins: _____ Monthly Rate \$ _____

Rent Paid Thru _____ Next Rent Pmt Due _____ Sec Deposit Paid \$ _____

Water Deposit Paid \$ _____ Date Of Possession _____.

Tenants Understand And Agree To The Following Rules And Regulations:

1. Premises are rented on a month to month basis. This agreement is automatically renewed from month to month upon receipt of rent, but may be terminated at any time by either party giving to the other in writing a Thirty (30) day notice of intent to vacate. Notice to be given on or before the first day of the month preceding month of vacating.
2. Rents are due in advance and in full on the first day of each month. Any rent payment not received by 5PM on the fifth (5th) day of the month shall be assessed a late charge of
3. \$ _____ plus \$ _____ for each day after the fifth (5th) of the month and must be included in with rent payment. Should it ever become necessary for Landlord to serve Tenants with an unlawful detainer warrant for unpaid rent, Tenants agree to pay Landlord a fee of \$50.00, plus cost of warrant.
4. Any check returned by bank for nonpayment, regardless of reason shall be assessed a charge of \$25.00 and Tenants agree to make all future payments by certified funds. No personal checks will be accepted.
5. Premises are to be occupied only by named tenants on this agreement. No part shall be sub-let or additional persons allowed to reside on premises. Landlord reserves right to terminate this agreement, or increase rent \$50.00 per person should this rule be violated.
6. Tenants are responsible for lot maintenance, keeping grass cut, shrubs trimmed and lot in good condition at all times. Landlord reserves right to increase rent \$60.00 per month for maintaining lot should Tenants fail to do so.
7. Electric, water and sewer connections are accepted as clear and in good working order. Tenants agree to maintain all utility connections in good working order, or pay for any repairs that may become necessary. Any partial or complete stoppage of sewer lines are the sole responsibility of Tenants.
8. Tenants are responsible and obligated for paying all water and sewer fees when due. This fee is the amount that is billed by _____. Mobile Home Association each month from the individual water meter readings and is to be paid when presented.
9. Tenants agree to abide by all rules as required by _____. Mobile Home Park.
10. Insurance: Neither Landlord or management shall be responsible or liable for loss, injury or damage to the personal property or person of Tenants or their guests or visitors, caused directly or indirectly by acts of God, fire, theft, burglary, malicious acts, riots, civil commotion, the elements, or by the neglect of other tenants or owners of contiguous properties. Tenants understand and agree to carry sufficient liability and other types of insurance to cover all such losses.
11. Abandonment: If Tenants leave premises unoccupied for Ten (10) consecutive days while rent is due and unpaid, without notifying Landlord in writing, this shall be deemed an abandonment of premises and Tenants hereby authorize Landlord to take possession

of premises and property . Tenants agree that Landlord may, without liability, enter premises and property take possession, dispose of any Tenants property and re-rent premises, without recourse by Tenants.

12. Security deposits are returned only after premises have been vacated with proper written notice, inspected and found to be in clean and good condition. Any cleanup and/or repairs necessary are to be deducted from security deposit. Should unpaid rent or cleanup/repair charges exceed the amount of the security deposit, Tenants agree to pay all additional expenses including reasonable attorney's fees to collect. If it should be necessary for Landlord to employ an attorney to enforce any Landlord rights under this agreement, Tenants agree to pay all such cost.
13. No pets allowed.

Agreed to and accepted,

Landlord
Tenant .

SS# _____ DOB

±

Tenant

SS# _____ DOB

±

Mobile Home Buy/Sell Info Sheet

Date_____.

Name _____ Buyer _____ Seller_____. Ph #_____.
MH Location _____ Lot #_____.
Make_____Year_____Size _____ # BR's _____ # Baths _____.
Type Heat_____ Can Stay On Lot_____ Lot Rent \$ _____.
Is Rent Current _____ Delinquent Rent Owed \$ _____.

Included In Sales Price:

Refrig ____ Range/Gas____ Elec ____ Dish Washer ____ Washer _____.
Dryer____. AC ____ Ceiling Fans _____ Carpet _____ Drapes/Curtains____.
Shed/Size_____ Deck/Size _____ Wheels_____ Axles_____.
Skirting/Type_____.
Other _____.

Seller Info:

Why Selling_____.
Asking Price \$ _____ Lien Amt \$ _____ What Bank_____.
Title Held By _____ Title In Name Of _____.
How Long For Sale_____ How Negotiable_____ When Vacant_____.
Condition of MH_____.
Repairs Needed_____.

Buyer Info:

Name _____ Married/Single_____. Ph #_____.
Children_____ Boys/Ages_____ Girls/Ages_____.
Present Address_____.
Why Moving_____.
Can Pay Down \$ _____ Per Month \$ _____ Can Close_____.
Husband Employed _____ How Long _____ Position _____.
Spouse Employed _____ How Long _____ Position_____.

Remarks

Smoke Detector Verification

Date _____ .

I (We), _____,
the undersigned, hereby acknowledge and confirm that the mobile home
being purchased from _____ ,
located at _____ ,
has a smoke detector installed, which has been checked by the undersigned
on this date and found to be in good working order.

I (We) understand it is our responsibility to keep detector in good working
order. This includes testing at frequent intervals and replacing batteries as
necessary.

Signed,

_____ Date _____ .
Print

_____ Date _____ .
Print

Witness:

_____ Date _____ .
Print

Smoke Detectors Save Lives
Use Them & Keep In Good Working Order.

Power Of Attorney

Power Of Attorney To Sign For Ownership When Registering And/Or Transferring Ownership Of A Mobile Home

<u>Power Of Attorney Granted To:</u>		
Last	First	Middle
_____.		
Address _____.		
City	State	Zip
_____	_____	_____.

<u>Vehicle Owner(s):</u>		
Last	First	Middle
_____.		
Address _____.		
City	State	Zip
_____	_____	_____.

Vehicle Make	Body Type	Year/Model	ID #	Title #

I (We) being the owner(s) of the mobile home described above, by these presents do make, constitute, and appoint the person named above true and lawful attorney-in-fact to sign in my/our name, place, and stead any Certificate of Title, or other supporting papers, covering said mobile home, in whatever matter necessary to register and/or transfer ownership of said mobile home. I (We) do hereby grant unto said attorney-in-fact full authority and power to do and perform and all other acts as necessary or incident to the execution of the powers herein expressly granted as the grantor, as the grantor might or could do if personally present, with full power of substitution.

Written Signature Of Owner(s) _____ Date _____.

_____ SS# _____ DOB _____.

_____ SS# _____ DOB _____.

Mobile Home Web Sites

www.mfghome.org

www.mobilehome.com

www.mobilehomenet.net

www.mobilehomeparkstore.com

www.mobilehomerepair.com

www.nadaguides.com

www.mobilehomeweb.com

www.usedmobilehomes.com

www.mobilehomenotes.com

Manufactured Housing Associations

ALABAMA

Alabama Mfd. Hsg. Institute
60 Commerce Street, Suite 1212
Montgomery, AL 36104
(334) 264-8755 (334) 264-5310 fax

ARIZONA

Manufactured Hsg. Industry of Arizona
801 S. Jen Tilly Lane, Suite B-2
Tempe, AZ 85281
(602) 966-9221 (602) 966-9776 fax

ARKANSAS

Arkansas Manufactured Housing Assn.
2500 McCain Place, Suite 203
N. Little Rock, AR 72116
(501) 771-0444 (501) 771-0445 fax

CALIFORNIA

California Manufactured Housing
Institute
10630 Town Center Drive Suite 120
Rancho Cucamonga, CA 91730
(909) 987-2599 (909) 989-0434 fax

CONNECTICUT

Connecticut Mfg Housing Association
41 Lexington Street
New Britain, CT 06052
860-826-7588 Fax: 860-225-1773

DELAWARE

Delaware Manufactured Housing Assn.
Treadway Towers, Suite 309
Dover, DE 19901
(302) 678-2588 (302) 678-4767 fax

FLORIDA

Florida Manufactured Housing Assn.
2958 Wellington Circle North, Suite 100
Tallahassee, FL 32308-6686
850/907-9111 850/907-9119 fax

GEORGIA

Georgia Manufactured Housing Assn.
1000 Circle 75 Parkway, # 060
Atlanta, GA 30339
770 955-4522 770) 955-5575 fax

IDAHO

Idaho Manufactured Housing Assn.
3160 E. Desert Inn Road, #3-165
Las Vegas, NV 89121
(702) 737-7778 (702) 737-0299 fax

ILLINOIS

Illinois Mfg Housing Assn.
3888 Peoria Road
Springfield, IL 62702
(217) 528-3423 (217) 544-4642 fax

INDIANA

Indiana Manufactured Housing Assn.
3210 Rand Road
Indianapolis, IN 46241
317-247-6258 317- 243-9174 fax

IOWA

Manufactured Housing Assn. of Iowa
1400 Dean Avenue
Des Moines, IA 50316
515) 265-1497 515- 265-6480 fax

KANSAS

Kansas Mfg Housing Association
214 S. W. 6th Street, Suite 206
Topeka, KS 66603-3719
913- 357-5256 913 913- 357-5257 fax

KENTUCKY

Kentucky Manufactured Housing
Institute
2170 US 127 South
Frankfort, KY 40601
(502) 223-0490 (502) 223-7305 fax

LOUISIANA

Louisiana Manufactured Housing Assn.
4847 Revere Avenue
Baton Rouge, LA 70808
(504) 925-9041 (504) 925- 1208 fax

MAINE

Manufactured Housing Assn. of Maine
3 Wade Street, Liscomb Building
PO Box 1990
Augusta, ME 04330-1990
(207) 623-2204 (207) 622-4437 fax

MARYLAND

Manufactured Housing Institute of
Maryland, Inc.
P.O. Box 1158
Hagerstown, MD 21740-1158
(301) 797-5341 (301) 797-6836 fax

**NEW ENGLAND MFG HOUSING
ASSN.**

3 Wade Sreet, Liscomb Building
PO Box 1990
Augusta, ME 04330-1990
207) 626-0269 (207) 622-4437 fax
Serving: Connecticut, Massachusetts,
New Hampshire, Rhode Island and
Vermont

MICHIGAN

Michigan Manufactured Housing Assn.
2123 University Park Drive Suite 110
Okemos, MI 48864-3975
(517) 349-3300 (517) 349-3543 fax

MINNESOTA

Minnesota Manufactured Housing Assn.
555 Park Street, Suite 400
Saint Paul, MN 55103
(612) 222-6769 (612) 222-6913 fax

MISSISSIPPI

Mississippi Manufactured Housing Assn.
P.O. Box 12227
Jackson, MS 39236-2227
(601) 981-3916 (601) 981-3986 fax

MISSOURI

Missouri Manufactured Housing Assn.
PO Box 1365
4748 Country Club Drive
Jefferson City, MO 65102
(314) 636-8660 (314) 636-4912 fax

MONTANA

Montana Manufactured Housing Assn
7 West 6th Avenue, Suite 507
Helena, MT 59601
(406) 442-2164 (406) 442-8018 fax

NEBRASKA

Nebraska Mfg Housing Institute, Inc,
5300 West O Street
Lincoln, NE 68528
(402) 475-3675 (402) 475-1359 fax

NEVADA

Nevada Manufactured Housing Assn.
3160 E. Desert Inn Road, #3-165
Las Vegas, NV 89121
(702) 737-7778 (702) 737-2999 fax

NEW HAMPSHIRE

Hampshire Manufactured Housing Assn.
110 Hooksett Road
Hooksett, NH 03106

NEW JERSEY

New Jersey Manufactured Housing Assn.
2382 Whinehorse-Mercerville Rd
Trenton, NJ 08619
(609) 588-9040 (609) 588-9041 fax

NEW MEXICO

New Mexico Manufactured Housing
Assn.
P.O. Box 11607
Albuquerque, NM 87192-1607
(505) 299-4070 (505) 292-2811 fax

NEW YORK

New York Manufactured Housing Assn.
421 New Karner Road
Albany, NY 12205-3%8
(518) 464-5087 (518) 464-5096 fax

NORTH CAROLINA

North Carolina Mfg Housing Institute
P.O. Box 58648
Raleigh, NC 27658 6648
(919) 872-2740 (919) 872-4826 fax

NORTH DAKOTA

North Dakota Manufactured Hsg. Assn.
P.O. Box 2681
Bismark, ND 58502
(701) 667-2187 (701) 667-2187 fax

OHIO

Ohio Manufactured Homes Assn.
201 Bradenton Avenue Suite 100

(614)799-2340 (614)799-0616 fax

OKLAHOMA

Manufactured Housing Assn. of
Oklahoma
6400 S. Shields Blvd.
Oklahoma City, OK 73149
405/634-5050 -or- 800/234-MHAO

OREGON

Oregon Manufactured Housing Assn,
2255 State Street
Salem, OR 97301
(503) 364-2470 (503) 371-7374 fax

PENNSYLVANIA

Pennsylvania Mfg Housing Assn.
P.O. Box 248
315 Limekiln Road
New Cumberland, PA 17070
888-242-7642 (717) 774-5596 fax

SOUTH CAROLINA

Manufactured Housing Institute of S.C.
P.O. Box 1781
Columbia, SC 29202
803-771-9046 Fax: 803-771-7023

SOUTH DAKOTA

South Dakota Mfg Housing Assn.
P.O. Box 7077
Pierre, SD 57501-7077
605-223-2065 605-223-2061 fax

TENNESSEE

Tennessee Manufactured Housing Assn.
240 Great Circle Road, Ste 332
Nashville, TN 37228
(615) 2564733 (615) 255-8869 fax

TEXAS

Texas Manufactured Housing Assn.
P.O. Box 14428
Austin, TX 78761
(512) 459-1221 (512) 459-1511 fax

UTAH

Utah Manufactured Housing Assn.
3160 E. Desert Inn Road. #3-165
Las Vegas, NV 89121
(702) 737-7778 (702) 7374299 fax

VERMONT

Vermont Manufactured Housing Assn.
89 Rosevelt Highway
Colchester, VT 15446

VIRGINIA

Virginia Manufactured Housing Assn.
8413 Patterson Avenue
Richmond, VA 23229
(804) 750-2500 (804) 741-3027 fax

WASHINGTON

Washington Manufactured Housing
Assn.
1530 Evergreen Park Drive SW
Olympia, WA 98502
(360) 357-5650 (360) 357-5651 fax
E-Mail WMHA@worldnet.att.net

WISCONSIN

Wisconsin Manufactured Housing Assn.
202 State Street, Suite 200
Madison, WI 53703
(608) 255-3131 (608) 255-5595 fax

WYOMING

Wyoming Manufactured Housing
Association
P.O. Box 1493
Riverton, WY 82501

About The Author

Lonnie Scruggs was born and raised in Virginia. He has been in some type of business most of his adult life. For nearly 30 years he owned, rented, managed and maintained his own rental properties. After becoming a "burned out" landlord, he began selling off his properties and started buying discounted notes and mortgages. When it became more and more difficult to find good notes, he found a way to make his own notes. He discovered how to create his own **"Mobile Home Money Machine"**; buying, selling and financing used mobile homes.

His two books, ***Deals On Wheels*** and ***Making Money With Mobile Homes***, explain in complete detail his simple, unique and proven system of how you too can create your own money machine. Lonnie shows you how to put your money to work for you, instead of you working for your money. Lonnie says you should "Never Let The Mail Carrier Pass Your House Without Leaving A Check".

Lonnie Scruggs
1236 Smokey Mountain Trail
Chesapeake, VA 23320

Visit our Web Site:
www.lonniescruggs.net

Note: Lonnie's forms and contracts are now available on 3.5" floppy & CD for \$20.