

# **6 KEYS TO BREAKING THE CODE**

## **FOR A SUCCESSFUL MHC ACQUISITION!**

**Presented by:**

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# Safe Harbor Statement:

This presentation contains strategies that have been developed & successfully used by Michael Power over the past 20 years. They are always being updated as the market shifts. Nothing being presented here today is “Theory”. These are the “hands on” tools and concepts I use myself every day & help others learn to apply.

Prior to implementing any presenter’s ideas, it is recommended that you consult with your business advisors, including but not limited to: Your Attorney, CPA, Financial Advisor, Partners, Mentors, etc.

Keep in mind that I am not your attorney, accountant, or spiritual advisor...

But... I did stay at a Holiday Inn Express last night!



# Points We Will Cover During the Hour:

- Who am I and why you might listen to me
- The First “Six Keys” 7 years ago
- Cap Rate = Risk Rate
- 6 Keys Revisited – New & relevant “Tips, Tricks, & Traps”
- Review “MHP Broker” Sales Package
- About MHC INVESTOR
- Success and You!



# 25 Years in MHC



## “Six Keys to Breaking the Code”

All other due-diligence as typical plus consider these other items

1. Number of communities & total sites in the market
2. Who owns the other communities with vacancies? Can an aggressive competitor out-gun you?
3. Short & Narrow lots in your acquisition park with the other parks having vacancies and large lots.
4. Undercapitalized to buy homes to fill vacant sites.
5. Verify zoning – appears to be large lots but new zoning effecting incoming homes.
6. What is cost to place home in your area.

Bonus Point – Capitalization of personal property.



# 1. Number of other Communities & Total Sites in Market.

- Market Area is 20 to 30 minute drive radius of subject MHC max
- People tend to move horizontally not vertically
  - Bigger, Smaller, More Expensive, Less Expensive
    - Single Family to Single Family
    - Apartment to Apartment
    - Mobile Home to Mobile Home. (Manufactured/Trailer)

## Examples

- Madison GA, Xyz Minnesota
- Newspaper ads: Apartments, Single Family Rentals
- Pass outs at Apartments

You need Critical Mass, dominate the market & Capture 20% of the dissatisfied in the other communities.



## 2. Who are your Market Competitors with Vacancies?

- Aggressive Competitor?
- Well Capitalized?
- Sophisticated operator?
- What if one of the above buys a park after your close and becomes your competitor?
- Can you or are you willing to dominate your market?



### 3. Short, narrow lots close to large spacious lots.

- If Vacancies in the market Place:
  - Your acquisition park has small or large lots?
  - What about the other parks in the market place?
  
- If you own the small lot park in the market you will lose to an operator who out guns you!





## 4. Undercapitalized

If you buy a community with vacancies:

- Expect no homes to move into your acquisition park without your money.
- You will be buying used or new homes for infill!
- You need access to cash to buy or access to investors and strategy to attract investors.
- Get approved for Lance Hull's "Cash Program" or others that have similar programs.



## 5. Verify Zoning Requirements

- New set backs as part of revised MH ordinance?
- Are there restrictions on re-setting homes or worse “not permitted”?
- Requirement for age, vinyl, shingle only?
- Is there a revised MH ordinance in discussion?
- Example: Maximum size equals previous “foot Print” or none allowed after 1 year vacant.



## 6. What is cost of Permitting & Re-setting Homes?

- Cost prohibitive for incoming used or new homes?
  
- Port Orange Florida
  - Purchased Champion 16x70 3br/2bth, vinyl shingle for \$23,500 delivered to the MH Community.
  
  - Cost after set up \$42,000 including \$3,000 for AC.
  
  - This would effect down payment and total monthly payment
  
- Therefore dampened On-Site sales & infill



# Bonus Points

- **Cap Rate is the Risk Rate**
- **Capitalization of personal property. (Homes)**
- **Broker Package Review**



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**[www.MHCinvestor.com](http://www.MHCinvestor.com)**

**MHC Investor along with our investor fund partners is buying MH Communities Nationwide either cash to new mortgages or seller financing. In 2014 we have closed on acquisitions in Wisconsin, Illinois and are about to close on a 300 site community in the South at the end of September.**

**We provide various consulting & management platforms to Community Owners seeking to improve profitability.**

**“The Complete On-Site Manager”**

**Training and Platforms for Regional Managers.**

**Owners Workshops on “The Complete On Site Manager”.**

**Corporate or On Site Training of Owner / Operators.**

**Turn Around and/or In-Fill Projects.**

**Valuation and Preparation to Sell your MHC.**

**Valuations for Banks and Larger Investors.**



**SUCCESS Today Is About Active Management and  
Using Systems to Standardize All Management Aspects!  
... And the Ability To Execute on your Plan.**

**Success Is .....**

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