

Communities & Parks Communiqué:

A MANUFACTURED HOME COMMUNITY AND MOBILE HOME PARK NEWSLETTER

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Company**



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MHP Owner's Call:
Our Newsletter is now a
call-in show!
Thursday at 1 pm
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Dial: 1 408 638 0968
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The Naked Mobile Home Park

Just like the not-to-be-missed *Naked City* TV Show from the 1960's, Mobile Home Park Owners have some dramatic stories. *Naked City* was a semi-anthology police procedural drama from 1958- 1963. Based on the 1948 film of the same name, it featured the stories of the criminals and victims of New York City which had a population of 8 million at the time. Leslie Nielson, Alan Alda, James Caan or Gene Hackman, you never knew which of your favorite actors would be a victim or a killer...



There are eight million stories
in the...

NAKED CITY

Mobile Home Park Owners might have at least 8 million stories, even though there are only 44,000 mobile homes parks in the US. We have all had the resident that calls at midnight to report a toilet situation in the mobile home they own, or the resident with one cat that morphs into 15 cats. Or how about the non-paying resident that when served with an eviction notice is quick to file a civil rights action against the landlord. These stories are fodder for Steven Spielberg to make an Academy-Award-winning, Block-buster movie (*tongue deeply implanted in cheek*).

This *Naked City* Mobile Home Park story is about two sets of MHP owners & partners. As intriguing as it would be to write about resident stories, the drama between partners, (business, family/marriage, etc.) can be the basis for a great film.

Act 1

Last week I touched base with a client that I had represented a few years ago. I wanted to thank her for past business and see how things were going. We had a good laugh about the quirky things that happened during the sale of the park; multiple offers, abandoned homes, maintenance building that was partly on a neighbor's property. Then she commented that she and her family partners had just concluded their 5-year court case.

WHAT?! Rewind the years back to when the family had just sold their mobile home park. There was talk of some of the family not agreeing on selling in the first place. Nevertheless, sell they did. One family partner, though, communicated to the other family members through an attorney. Okay. The thing is that of all the family members were perfectly nice people - smart, good, educated, hard-working. When it came to money, investments, and assets, however, an impasse of communication, so large that it took years and tens of thousands of dollars in attorney fees to resolve, consumed all of their lives.

It didn't start out that way. It all started much the same way most MHP's get developed. There was a founding family member (Dad/Mom, Uncle/Aunt, Grandparent, Etc.) that through grit, creativity, effort, time and determination, built a mobile home park or maybe quite a few parks. The founder(s) envision all of the family members (kids, grandkids, great-grandkids) contributing to the enterprise in their own unique way, with their own unique abilities, and all having financial security until kingdom come. Isn't that the American Business Dream; to create a long-lasting business empire capable of providing financial security and jobs for generation upon generation of family. But empires fall, life happens and that dream is not a guarantee of how things go...

Act 2: Scene 1

In another Mobile Home Park, a parallel tale unfolds...

A bigger than life MHP builder dies and leaves the park and lots of other assets to the kids. For years, one of the kids operates the property while the others pursue their own careers. All are well off, not only through their inheritance but through their own professions. No one thinks too much about the park. Eventually the managing family partner operating the park gets sick and can no longer do the job. A manager is hired.

What happens next is bizarre, but could happen to any Mobile Home Park owners.

(Act 2: Scene 2, same park moved forward a few years) A teenage resident accidentally tips over an old forgotten oil barrel, left in a remote part of the maintenance/storage area. No one notices it for many months as its slowly drips its contents in to the local environment. *(imaging the Swamp Thing vs. Erin Brockovich)* It's not until the nearby river is found to have been contaminated that the state's EPA gets involved. Ultimately, the tipped over oil barrel is discovered to be the culprit, the boy admits to the accident, and our MHP owners have a big clean up problem. A judge fines the mobile home park and its owners a seven figure fine! Not only that but the judge ruled that the MHP owners were forbidden to pass on the seven figure fine through to the tenants in the form of fees or additional rent. It was a bitter pill to swallow. You may not see your Mobile Home Park Partnership as relatable in any way to the proceeding episode of *The Naked Park*. And, perhaps, you and your partners are the exception. These family partners thought that, too.

Here are the hallmarks of a MHP partnership going south:

- Taking the park for granted. How many times have you heard an owner say "there's nothing to do" with owning a park? Many Mobile Home Park owners don't realize how much oversight there is an operating a park. They don't really know what the manager does except that the manager keeps the time involved in running the park away from them. Many partners take for granted the time and effort needed to operate a park well. This notion may be a key reason that MHP managers are paid so little. Kurt Vonnegut (*Cat's Cradle*, 1963) popularized the idiom: "In this world, you get what you pay for". Things go unnoticed,

unaccounted for because the manager, even if the manager is a partner, is not held to any standard of reckoning.

- Business meetings. It doesn't occur to the partners or if it does there isn't a consensus that the Mobile Home Park needs oversight, strategy, planning, decision-making, and initiatives. Then when a problem does arise, the partnership is rife for blaming and finger-pointing; hardly an effective business model. Regular meetings even if only once or twice a year, keep communication flowing.
- Value and Asset Management. Most Mobile Home Park Partnerships have a vague notion of the value of their park. Further, they rarely consider what an alternative investment might be if they sold their interest or sold the park and re-invested in another asset. Many MHP owners aren't good investors (not a sin) but remain reluctant to seek competent financial advice. Or it doesn't occur to them to do so.

Want to avoid Partnership problems, attorney bills, and assorted heartburn? Start with the following:

- Have regular partner meetings and review operations and numbers. Ask lots of questions. The best remedy to troublesome operations is a vision to where your property and your partnership is going.
- Have a Buy/Sell Agreement & Operating Agreement. This is something you don't want to do on the cheap. Invest in top notch legal advice to obtain a fair, simple, but effective buy/sell agreement and operating agreement for those inevitable times when everyone doesn't agree.

Good partners anticipate what could go wrong and effectively work with their partners, creating and implementing preventive measures that trouble shoot a potential problem before it ever is a problem.

2017 Congress & Expo for Manufactured and Modular Housing Caesars Palace – Las Vegas, Nevada Schedule at a Glance

Monday, May 1

9:00 a.m. – 12:00 p.m. Hart King / Lutz,
Bobo & Telfair Fun Shoot
1:30 p.m. 13th Annual Oliver Tech Golf
Open shuttle for golfers departs hotel at
12:30 p.m.

12:00 p.m. – 1:30 p.m. National Awards
Luncheon 1:30 p.m. – 5:00 p.m. Afternoon
Refreshments, Exhibit Hall 2:00 p.m. – 3:15
p.m. Educational Workshops 3:30 p.m. – 4:45
p.m. Educational Workshops 5:00 p.m. – 6:30
p.m. Networking Reception, Exhibit Hall

Tuesday, May 2

7 a.m. – 7:30 p.m. Registration Desk Open
8 a.m. – 5 p.m. 2017 MHI-NCC Spring
Forum
8:30 a.m. – 5:30 p.m. Developing with
Manufactured Housing Seminar
8 a.m. – 4 p.m. Exhibitor Move-In
6 p.m. – 7:30 p.m. Welcome Reception

Thursday, May 4

7:45 a.m. – 12:00 p.m. Registration Desk Open
8:00 a.m. – 9:00 a.m. Continental Breakfast,
Exhibit Hall
9:00 a.m. – 11:00 a.m. Morning Coffee
9:00 a.m. – 10:15 a.m. Educational Workshops
10:30 a.m. – 11:30 a.m. Closing General
Session at Exhibit Hall Stage
Speaker: Scott Stroud, CMO, Cash Flow
Engineering, LLC

Wednesday, May 3

7:30 a.m. – 6:30 p.m. Registration Desk
Open 8:00 a.m. – 8:45 a.m. Continental
Breakfast, Exhibit Hall 9:00 a.m. – 10:15
a.m. Welcome and Opening Session Keynote
Speaker: Tim Sanders 10:15 a.m. – 11:45
a.m. Morning Coffee, Exhibit Hall 10:30
a.m. – 11:45 a.m. Educational Workshops

Exhibit Hall Hours:

Tuesday, May 2 6:00 p.m. – 7:30 p.m.
Wednesday, May 3 8:00 a.m. – 12:00 p.m. &
1:30 p.m. – 6:30 p.m.
Thursday, May 4 8:00 a.m. – 12:00 p.m.



Joanne Stevens is a specialist in listing and selling mobile home parks and manufactured housing communities throughout the U.S.

With her 20 plus years of experience in developing, zoning, owning, retailing, managing, turning around and brokering parks, she can maximize your sale price.

<http://joannemstevens.com/>

SAVE THE DATE:

RV/MH Heritage Foundation
Induction Dinner

August 7th, 2017 Elkhart, IN

Here are this year's MHP inductees:

Mike Sullivan, CPM, Newport Pacific

Christine Lindsey, VP, UMH Properties

Spencer Roane, Lease with Option to Buy

FREE REAL ESTATE REVIEW

I am always happy to do a FREE, NO OBLIGATION, Real Estate Review for a fellow mobile home park owner. This will tell you today's market value of your mobile home park.

If this is something you would like, simply give me a call at 319-378-6786 or email me at joannestevens@iowarealty.com

The MHP Owners' Symposium by Joanne Stevens

Join us in Cedar Rapids, IA, December 11th & 12th, 2017 for an informative conference featuring Accountants, Appraisers, Lawyers and Brokers discussing Capital Gains Tax, inheritance laws, 1031 exchanges, market value, & everything YOU need to plan your future. Every attendee gets a Real Estate Review.



MHP Brokers-in-Training grabbing a cold one.

HAVE BUYERS! NEED LISTINGS!