

- **Talent For Hire: A good time to find, replace, re-engineer your manager. Expect more. Pick up the pace on keeping park-owned homes clean and in ready to move in condition.**
- **Traffic will be up and consumers will be more ready, willing & able to buy. Have homes, financing and how to buy packets available for hand outs.**

- **Marketing**

Newspaper or internet or website ad:

“How to Buy a Manufactured Home”

Offer this – they need to call or email you



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Assumptions the Buyer will make about your park or community:



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- **If there is vacancy and it has been flat or declining, the buyer will assume the occupancy isn't going to get any better. The buyer will assume the occupancy cannot be improved.**

The proof? If the occupancy could be better, the seller would already have filled more sites, sold or rented more homes.

- **The rent can't be increased because we don't know where the economy is headed.**

Raise your rent to market rent as much as you can, as quickly as you can. The buyer won't pay more if the rent is below market. Oftentimes, owners think this is a plus for a buyer, but this is not the case.

- **Buyers, when purchasing, will want to keep more cash in reserve and will, therefore, resist putting more money down. Again, where the economy is headed is unknown, so buyers want to hang on to cash in case the unexpected happens.**
- **If you have RV sites, the buyer will count only 50% of the income from this source.**
- **Income from park owned homes doesn't count if bank financing is involved.**

What do Lenders Like to See from Borrowers?

- **Real Estate Experience**
- **Financial Statement showing a good net worth & liquidity.**
- **A well-conceived Business Plan**

What do Lenders Like to See in Communities In This Economy?

- **No or low POH's**
- **Strong Market for filling sites (population with high-priced site-built homes)**
- **Stable Occupancy History**
- **Stable Operating History**
- **Rental Collections – No or small number of delinquencies**

If you want to sell for the best price, consider seller financing.

Here's Why:

- **Banks now require a higher Debt Coverage Ratio (DCR), which lowers the amount they will lend.**
- **Banks require higher down payments, making the property worth less.**
- **Today's shorter amortization eats into the net cash flow and makes the property worth less.**
- **Higher interest rates makes the property worth less.**



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Seller Financing

- **FASTER** – No extended due diligence and 3rd party reports.
- **CHEAPER** – No appraisals, surveys or environmental studies.
- **EASIER** – Less wear and tear on the seller!

Carry the Paper

There are lots of investors for paper. Try selling with nothing down (which will get you lots of offers and the advantage of negotiating with the best buyers in terms of both financial strength and operations) and 0% for the first year, then 2% and then 6%. Season the note for 3 years, then sell the note.

If you want more than the property is worth, carry the paper.



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Think WIN/WIN in deal making. It has to be good for both parties. The days of the super-motivated 1031 investors are over.



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- **Contracts today are usually for only 3 to 5 years.**
- **Many highly-qualified (operations management and community owners with high net worth) will only buy on contract today because of the way banks want to do business.**

- **A common mistake, one that lowers the value of parks and communities, is expensing capital expenditures of non-recurring expenses (street projects, water sub-metering, new signage, playground, etc.)**
- **Make your community worth more by capitalizing improvements.**

2009 COMMUNITY OUTLOOK

- **If the fundamentals of the income and expenses makes sense, the community will sell.**
- **People are taking a lot more time to analyze a property.**
- **If buying, don't try to time the market and buy at the bottom.**