

AUGUST 2017

MHR

MANUFACTURED HOUSING REVIEW

News and educational articles to help you run your business in the manufactured home industry.

IN THIS ISSUE:

How to Avoid Looking Stupid in
Marketing and Sales

Community Manager Training

Manufactured Housing
Community Billionaires –
As Residents

Lenders Give Dodd-Frank a
Second Look

... and much more!



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Publisher's Letter

Kurt D. Kelley, J.D.
Publisher

Welcome to the August Edition of the Manufactured Housing Review. This edition features valuable news on the laws that govern our industry, many of which produce unintended results and must be changed, marketing and promotional ideas that will benefit most companies, and a number of articles on better ways to manage your community. It's our most content rich Edition to date.

The coming few months also feature two of the best educational events for retailers and community owners that our industry has to offer. First, in September, George Allen's long running International Networking Roundtable will be held in Indianapolis September 6th through the 8th. This conference is a annual gathering of most of the largest community owners in the country as well as the business operators who cater to them. Mr. Allen's event attracts interesting presenters who focus on key industry issues. Next, in Atlanta from October 10th through the 12th, the Southeastern Community Owners (SECO) event will be held. This event has grown from just a few participants to over 300 in the last five years simply

because it offers the best information and education of any Manufactured Housing related event in the nation. It's well run by a group of community owners. In fact, SECO's tremendous success revealed a need for events like it that cater to smaller community and retail center operators. A group of similarly minded industry members are holding the 2nd annual Texas Community Owners (TexCO) event in January for those in the South Central U.S. in January in League City, Texas.

Education is a valuable thing. We hope you enjoy this Month's Edition.



Kurt D. Kelley, J.D.
Publisher



The Italian philosopher, Niccolo Machiavelli, famously wrote in his political masterpiece, "The Prince" that "he who studies what ought to be done rather than what is done, will learn the way to his downfall rather than to his preservation." And, it would appear, this is exactly what Pamela Danner -- the Obama Administration holdover currently running the federal manufactured housing program -- is counting on.

While a steady gusher of "fake news," "happy-faced" public relations (PR) pieces, distractions and other diversions is peddled by the Administrator, the program (as MHARR has painstakingly documented) continues to veer far off track, with manufacturers, consumers, and even state regulators being subjected to ever-more intrusive, debilitating, costly and manifestly unnecessary regulatory mandates -- all despite the arrival of Dr. Benjamin Carson as HUD Secretary. And for every day this continues, without the appointment of a new program administrator who actually embraces -- rather than defies and resists -- the broad regulatory relief agenda of the Trump Administration, the industry not only loses important ground, but faces a growing threat that it will be left behind entirely while other regulated industries grow and prosper as a result of that agenda.

The fundamentally misleading narrative being advanced by the program leadership in order to pacify part of the industry and provide "cover" for others who, for their own reasons, would prefer to see the status quo maintained (and the current program administrator protected amidst an otherwise precarious new environment under the Trump Administration), involves three related "public relations" elements.

The first of these was on full display just a few short weeks ago, as the HUD program, to great fanfare -- as touted by the Manufactured Housing Institute (MHI) in its April 19, 2017 "News and Updates" publication and some state association newsletters -- conducted a so-called "digital campaign" over HUD's computer intranet, to "help raise awareness of how the manufactured housing industry impacts homeownership and employment nationwide."

With this "digital campaign," the program and the program administrator, after ignoring the specific directives of the 2000 reform law to promote the acceptance of HUD-

regulated manufactured housing, both within and outside of HUD -- for 17 years and nearly four years respectively -- threw the industry a virtually meaningless "bone." Forget any effort to advance the really hard -- and potentially controversial -- work of achieving what these mandates were actually designed to do: i.e., (1) help overcome rampant discrimination against (and the discriminatory exclusion of) HUD Code homes and HUD Code communities by local governments; and (2) help integrate manufactured housing as a key element of all HUD policymaking and all HUD housing programs. No, that would require leadership and initiative. So instead, after years of doing absolutely nothing to advance the acceptance and utilization of manufactured housing -- either within HUD or otherwise -- to the point that HUD-regulated manufactured housing was not even mentioned as an affordable housing resource in the last two "strategic plans" developed by the Department itself, and after public calls by MHARR for the administrator to be re-assigned and replaced, the program has finally gotten around to making a minimal, symbolic show of supposedly fulfilling one element of the 2000 reform law. Why? So that the administrator (and her active or tacit supporters) can point to a purported "accomplishment" in a bid to stay right where she is. And, indeed, this very "campaign" was regurgitated in a recent HUD communication to MHARR as representing action by the administrator "to raise the profile, understanding and importance of manufactured housing internally at HUD." What a surprise.

The second element of this public relations triad is the manufactured housing program's periodic newsletter, ironically named "The FACTs." For a program that claims to be chronically underfunded, that has failed to adjust (i.e., increase) payments to its "state partners" for 15 years, and has been engaged in a thinly-disguised campaign to starve State Administrative Agencies (SAA) of the cash they need to fulfill continually increasing but baseless mandates, HUD somehow finds the resources to publish a multi-page quarterly newsletter touting the views and perspective of the program and the program administrator.

In one small (yet very significant) example of the misdirection and deception that pervades this publication, the most recent edition of "The FACTs" (June 2017) stated, in part: "The HUD-Administered Manufactured Home Installation Program has experienced great success and growth so far

in 2017" as, among other things, it "welcomed the state of Michigan into the program in May." For anyone familiar with the sorry saga of Michigan's withdrawal from the federal program, however -- facing increased responsibilities combined with severe revenue shortfalls -- it is doubtful that the word "success" would spring to mind. Nor is the withdrawal of a top-ten shipment state from participation in a program designed by Congress to be a federal-state partnership, leading to increased power and revenues for an unaccountable contractor, something to be "welcomed" by anyone. Indeed, it represents a distinct failure of both the program and the administrator -- and could be the harbinger of further state defections from the program that could undermine its fundamental character and legitimacy, if the current administrator remains.

The third element of the administrator's public relations strategy is personal travel -- and presentations to -- industry gatherings, including MHI meetings, meetings of various state associations, and SAA/PIA meetings in order to rally support for the program's "line" of diversion and misinformation without serious challenge or disagreement, while, in the meantime, the program and its revenue-driven contractors continually churn out new regulatory and pseudo-regulatory mandates that ratchet-up regulatory compliance burdens and costs with little or no corresponding benefits for consumers.

In the meantime, while the administrator has appeared at multiple PR meetings since the beginning of 2017, the Manufactured Housing Consensus Committee (MHCC) -- the stakeholder body charged by statute with considering and recommending new standards, regulations and interpretations, and, more importantly, acting as the guardian of fair and reasonable federal regulation in full accordance with the law -- has not had a single meeting yet in 2017, and no meeting is currently scheduled. Of course, with the push-back that the administrator has been getting from the program stakeholders represented on the MHCC (reflected in the now routine rejection of MHCC recommendations by HUD on major issues, including on-site construction and HUD's proposed "frost-free" foundation Interpretive Bulletin) it is not surprising that she would seek to avoid more of those meetings.

So behind this wall of distraction and diversion that is all too readily accepted within certain industry circles, what

is actually going on within the federal program? Well, the program, under this administrator, has -- and is: (1) seeking to implement a federal takeover of installation regulation in all fifty states; (2) seeking to implement extremely costly changes to the existing federal standards for "frost-free" foundations via an alleged "Interpretive Bulletin" (rejecting multiple MHCC recommendations in the process); (3) destroying the HUD Code on-site completion market through its overdone, over-reaching and over-wrought "on-site completion" rule (again rejecting multiple MHCC recommendations in the process); (4) is in the process of driving states out of the program through a combination of increased duties and unchanged funding levels (as contrasted with increased funding for the program monitoring contractor); (5) is increasing the role, power and authority of unaccountable program contractors via "make-work" functions that needlessly increase costs; (6) has needlessly expanded regulatory burdens and compliance costs with its mandatory "at least monthly" review of manufacturer service records; (7) is beating the bushes for more federal dispute resolution referrals, while denying that current minimal referral levels reflect positively on the quality of manufactured homes or manufacturers' customer service; and (8) has failed to take action to implement an MHCC recommendation to permit multi-family manufactured housing, and thereby open an entirely new HUD Code market -- among other things.

It is fair to ask, then -- and indeed, must be asked in order to place all of this in proper perspective -- exactly who benefits from the harsh (and worsening) reality being hidden behind the wall of distraction? Part of the industry that helps in trafficking the distractions undoubtedly would prefer that you not know the underlying reality and who actually benefits. MHARR, however, has been studying and analyzing the available facts, and has drawn conclusions that will be addressed in an upcoming "Issues and Perspectives" column.

To summarize for now, President Trump has been in office for nearly seven months. His regulatory policies and regulatory reform agenda could and would help the industry, which continues to experience slow growth, with new markets choked-off or seriously impaired by federal regulation (e.g., on-site and multi-family), while existing markets are similarly being burdened with new, expanded and/or intensified regulation that is totally unnecessary (e.g., "frost-free" foundation mandates). The industry and its consumers, therefore, continue to suffer, because the

Trump Administration's reform agenda is effectively blocked within the federal program by the current Obama-holdover administrator.

Sadly, this is a self-inflicted wound, as part of the industry has failed to join MHARR in publicly calling for -- and aggressively seeking -- the current administrator's re-assignment and replacement by a qualified nominee with industry experience, even though the path to annual industry

production levels in the hundreds-of-thousands of homes is in clear sight. This leadership change should have been demanded and accomplished right away. Now, though, with valuable time wasted and being wasted with each new day, the industry needs to awaken to the reality that exists and demand change before its window of opportunity closes completely.



Mark Weiss



MHARR is a Washington, D.C.-based national trade association representing the views and interests of independent producers of federally-regulated manufactured housing.

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Mark Weiss is the President and CEO of the Manufactured Housing Association for Regulatory Reform (MHARR) in Washington, D.C. He has served in that position since January 2015 and, prior to that, served as MHARR's Senior Vice President and General Counsel.

MHARR is a national trade organization representing the view and interests of producers of HUD Code manufactured housing. Its members are mostly smaller and mid-sized manufacturers from around the country. Founded in 1985, MHARR is dedicated to fighting excessive and unnecessary regulation, to protecting, defending and advancing manufactured housing in accordance with federal law, and to preserving the affordability and availability of manufactured housing.

An honors graduate of Rutgers University with a degree in Political Science, Mr. Weiss received his Juris Doctor degree from the

George Washington University School of Law in Washington, D.C. in 1983 and began working on manufactured housing regulatory issues almost immediately as an attorney for the firm of Casey, Scott & Canfield, P.C. -- then General Counsel for the Manufactured Housing Institute (MHI), and later General Counsel for MHARR. Mr. Weiss later became General Counsel for MHARR in his own right and, in 2006, was named as MHARR's Senior Vice President.

During his career with MHARR, Mr. Weiss has been involved in formulating and supporting MHARR policies with respect to nearly every aspect of the federal regulation of the manufactured housing industry. He played a direct role in the development and passage of the Manufactured Housing Improvement Act of 2000 and has worked to advance the views and interests of the industry's smaller businesses before Congress, HUD, the federal Manufactured Housing Consensus Committee (MHCC) and other government agencies, boards and committees. In recent years, moreover, given the increasing difficulties of the industry's post-production sector (including retailers, communities and finance companies), Mr. Weiss and MHARR have become progressively more involved with advancing the regulatory perspective and interests of this important segment of the industry as well. Most recently, Mr. Weiss served as a member of the U.S. Department of Energy (DOE) Working Group on manufactured housing energy conservation standards, voting against those proposed standards -- and leading the industry effort to roll-back those proposals -- that would significantly and needlessly increase the cost of manufactured homes for American homebuyers.

Manufactured Housing Can do More to Address the Nation's Affordable Housing Shortage if Federal Rules and Regulations Change

Dr. Lesli Gooch

With the national homeownership rate at a 50-year low, rents increasing at a rapid pace, and mortgage credit still tight, a key focus in Washington should be increasing the supply of affordable housing in America. One of the most promising avenues for achieving this goal is through manufactured housing – the largest source of non-subsidized housing in the country.

Unfortunately, this affordable housing resource is hampered by federal rules and regulations that drive up costs and limit access to credit. As the only national trade association registered to lobby on behalf of the manufactured housing industry before Congress and the Administration, the Manufactured Housing Institute (MHI) is working to ensure federal impediments to the availability of manufactured homes are removed.

At a Senate Finance Committee hearing on August 1, witnesses testified about ways the federal government could increase access to affordable housing. Senator Scott (R-SC), who is the Chairman of the Senate's Housing Subcommittee, appropriately raised the importance of manufactured homes in meeting affordable housing needs during the hearing. He pointed out that the role of manufactured housing is often a neglected topic in affordable housing discussions.

Senator Scott is right. Manufactured homes are the most affordable homeownership option in the market today and a critical source of affordable housing for more than 22 million people. The median household income for manufactured homeowners is just under \$30,000 per year. Given the benefits of owning a manufactured home (financial and lifestyle) versus the limits of renting an apartment or purchasing a costlier site-built home, millions of individuals, families and retirees have chosen to live in manufactured housing. The monthly cost of manufactured homeownership is commonly lower than what it costs to rent and manufactured homes are often larger than the housing available in apartment complexes. MHI works with Congressional leaders, like Senator Scott, to ensure manufactured housing is part of the dialogue taking place within the halls of Congress about addressing the nation's affordable housing needs.

MHI is arguing that the federal government has limited the potential of manufactured housing to be a larger part of affordable housing solutions and strategies in two specific ways.

They are:

- The U.S. Department of Housing and Urban Development's (HUD) unnecessary and excessive regulations that have increased the cost of producing and placing manufactured homes and impeded manufacturers' ability to offer popular amenities.
- One-size-fits-all regulations that limit the availability of financing and that "protect" consumers right out of becoming homeowners.

At a time when federal resources to support the production of affordable housing are scarce, Congress and the Administration should focus on changing federal rules and regulations over manufactured housing to unleash opportunities for low- and moderate- income individuals to become homeowners.

Fighting Regulatory Overreach By HUD

One of the major actions the federal government can take to support manufactured housing in addressing the nation's affordable housing shortfall, is to end HUD's regulatory overreach of the production and placement of manufactured homes. Current policies are stifling the ability of low- and moderate-income families to choose manufactured homeownership to meet their affordable housing needs. HUD has increased federal regulations that govern the design, construction, and installation of manufactured homes to the point that these regulations are intruding into state functions. HUD is also reinterpreting regulations to the detriment of long standing and accepted building practices and implementing rules that unnecessarily limit consumer choice.

As the advocate for the manufactured housing industry, MHI is working with the new Administration and Congress to reverse this trend of HUD's regulatory overreach. As part of the Administration's initiative to identify rules and regulations that are "outdated, ineffective or excessively burdensome," MHI has recommended a series of changes to HUD's regulation of the manufactured housing industry and its internal structure that results in a lack of clarity, detrimental overreach, and does not adequately incorporate industry feedback.

Examples of how HUD's regulations and expanded compliance programs unnecessarily increase the cost of manufactured homes and the availability of popular amenities, include

HUD's actions regarding alternative construction, on-site completion, and installation programs. In most cases, HUD's actions are inconsistent with the statute and HUD Code requirements, create an unnecessary, time-consuming, and costly hurdle to the production of manufactured homes, and negatively impact the availability of popular amenities sought after by consumers. With respect to installation, HUD has encroached into regulatory activities managed by state administrative agencies, such as limiting the flexibility of states to set installation standards in frost susceptible climates.

During MHI's 2017 Summer Legislative Fly-In, participants asked their Members of Congress to contact HUD Secretary Carson to express concern about HUD not adhering to the statute in regulating the manufactured housing industry. In response to these requests, dozens of Members of Congress contacted the Secretary and his senior leadership team.

In addition, Representative Andy Barr (R-KY), a champion for the industry in Congress, met with HUD Secretary Ben Carson on behalf of manufactured housing. Representative Barr gave the Secretary a letter signed by a bipartisan group of Representatives. It highlighted concerns that HUD's regulation of manufactured housing "exceeds, and at times even contradicts, statute." The letter also urged HUD to shift focus to the requirement in the statute that the Department should help "facilitate the availability of affordable manufactured homes to increase homeownership for all Americans."

Addressing Regulations that Negatively Impact Availability of Financing

Another important area that the federal government should address to support manufactured housing as a part of the affordable housing solution is to ensure lending regulations do not negatively impact the availability of financing for manufactured homes. There are currently one-size-fits-all regulations that do not reflect the unique nature of the manufactured home sales process. As a result, there has been a sharp decline in the number of lenders offering loans for manufactured housing. Many lenders have stopped or significantly curtailed their lending for manufactured housing. The problematic federal regulations can be easily modified to ensure they work for manufactured housing.

Representatives Andy Barr (R-KY), Kyrsten Sinema (D-AZ), Bruce Poliquin (R-ME), Terri Sewell (D-AL), David Kustoff (R-TN), and Kathleen Rice (D-NY) have introduced H.R. 1699, "The Preserving Access to Manufactured Housing Act," which

makes two simple changes to Dodd-Frank Act regulations to reverse this trend. First, the legislation makes a simple adjustment to points and fees caps to ensure that small balance manufactured housing loans are available. Second, it ensures that retailers that sell manufactured homes are not unfairly classified as loan originators, which is on par with the current requirements for real estate agents. Combined, these two small changes would make lenders more willing to make loans to those seeking to purchase a manufactured home. Importantly, these simple changes do not impact Dodd-Frank Act consumer protections.

So far this year, MHI successfully secured opportunities to attach the language to legislative vehicles that are moving through Congress. On July 13, 2017, the House Appropriations Committee passed the language of the Preserving Access to Manufactured Housing Act as a part of its Fiscal Year 2018 Financial Services Appropriations bill. On June 8, 2017, the language was passed by the U.S. House of Representatives as a part of a financial reform package (H.R. 10) intended to address the negative impacts of the Dodd-Frank Act.

MHI is the industry's advocate in Washington, and continues to pursue every opportunity to make sure manufactured housing is included in federal efforts that address the nation's affordable housing shortage. The federal government can have a positive impact on manufactured housing availability without costing taxpayers a dime, while also ensuring consumer protections are upheld. Changes to current federal rules and regulations regarding the manufacturing and financing of manufactured homes will ensure that more people can achieve affordable homeownership by purchasing a quality and affordable manufactured home.



Dr. Lesli Gooch has spent her career in Washington with a focus on affordable housing policy, mortgage finance, and community development. Well-respected on both sides of the aisle, she is the Senior Vice President of Government Affairs and Chief Lobbyist for the Manufactured Housing Institute (MHI). In this position, she is the lead advocate representing the manufactured housing industry before Congress and federal agencies. MHI is the only national trade organization representing all segments of the factory-built housing industry. For more information regarding MHI's advocacy efforts on behalf of the industry, attend MHI's 2017 Annual Meeting, Sept. 17-19 in Orlando, FL. For more information, visit www.manufacturedhousing.org/mhi-annual-meeting/



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How to Avoid Looking Stupid in Marketing and Sales

John Graham

In marketing and sales anyone can be an “expert.” Just ask and they’ll give you instant ironclad answers. They may take a pass on other issues but not this one. All that’s needed are “fake facts” (opinions) to be an authority.

This may help explain why so much time, money and effort goes down the drain in countless ill-conceived marketing initiatives and sales programs. So, if you want to look smart, then here are faulty assumptions you should avoid:

The role of marketing is to serve sales. Even though it may come as a surprise to salespeople, sales managers, and CEOs, marketing’s role is not to be a handmaiden to the sales department.

Marketing has its own, distinct job—and that’s to create customers, those who want to do business with a particular brand. And it’s the task of the sales team to get the orders. Of course, they must work closely together and support each other, if they are to make their numbers, but each one has a separate role.

If an idea sounds good, go with it. Your boss rushes back to the office, gets the team together, and announces a new marketing initiative, one he heard about at a seminar. “This is really going to work, so let’s get going,” he says.

New and different ideas are appealing, particularly to the uninformed, who don’t want to waste time getting bogged down in debating whether or not the idea is appropriate or a good fit for the company’s strategic plan. Just do it! Anyway, the boss wants to do it. It’s a textbook prescription for failure.

Buying decisions should be based on price. Far too often, “cheap” is the corporate standard for evaluating marketing and sales programs. “What will it cost?” is a definitive question. If it’s cheap, “Go for it.” A medical office moved to a new location and sent patients an attractive, nicely designed full color postal card—except that there were ink smears on both sides. Without knowing it, they sent their patients the message that they don’t sweat the details.

Jumping on the next big wave will guarantee profits. Don’t get left behind. Be known for being the first to jump on the latest trend. You’ll be a stand out and it will get attention on your resume. And be sure to dazzle everyone with the right lingo. You won’t accomplish much, but by the time they figure it out, you’ll be on your way to an even bigger gig.

Never ask for feedback when you present an idea or initiative. The goal is to get going, not dilly-dally around. Anyway, asking for feedback is the kiss of death. There are always those who will take you up on it; they are naïve enough to think you want their input. If you take feedback seriously, it will only mess up your idea or shoot it down. Think about it, many CEOs and presidents never make this mistake.

This is only one part of the story. Far too often, team members just sit in silence, even though they know from experience that an idea is faulty. Some are silent because they don’t want to look like obstructionists, while others smugly wait for the train wreck.

If you say you want feedback to help improve a program, hear everyone out and take their comments into consideration.

Thinking that you know what customers want is plain scary. Even so, too many sales and marketing decisions are based on the assumption that someone claims to know what customers want. The list is legion—from the infamous Ford Edsel, the Apple Newton Pad, to Microsoft’s Zune, and the Barnes & Noble Nook.

The danger is in becoming absorbed with what “seems like a winner” and then believing it. It happens in large companies and small businesses. Asking customers what they want is irrelevant, while working at understanding their situation can point in a better direction. For example, Ford, would have been better off going with a smaller car than the Edsel in 1957, at a time when energy costs were rising and the economy was slowing down. Enter the Datsun, and a string of other fuel efficient small cars that consumers went for in a big way.

Always set the sales team’s numbers out of reach. The same game is played every year, and the team is good at it. They know what management wants to hear, even though it’s unrealistically aggressive. So, they go along and when their results fall short, they have their excuses ready. The day will come, however, when some brave person says, “What if we took time to understand why our sales are flat—why we can’t get out of this rut?”

The problem is a lack of customer loyalty. The loyal customer is a myth. If some are still believers, they’re either lazy or don’t have smart phones.

How to Avoid Looking Stupid in Marketing and Sales cont.

The problem is far more basic than having too many distribution channels. From all indications, shopping is dead. Retail is imploding, thanks to the small screen. What keeps the crowds going to Amazon and others like it? It's the Amazon customer experience: easy, convenient, clear, flexible, responsive, reliable, transparent, and always improving. This is what attracts and holds customers.



John Graham of GrahamComm is a marketing and sales strategy consultant and business writer. He is the creator of "Magnet Marketing," and publishes a free monthly eBulletin, "No Nonsense Marketing & Sales Ideas." Contact him at jgraham@grahamcomm.com, 617-774-9759 or johnrgraham.com.

All this is not to suggest that every marketing and sales assumption should be thrown out and replaced with something new and different. That would be a mistake. However, it does mean that our assumptions must be constantly challenged with an eye to improvement.

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"Tell me about a time when you failed, and what you learned from that experience."

Think of the most successful employees you've ever worked with, or the individuals you've mentored who excelled the most, or the leaders you've studied who seem to achieve every goal they set for themselves. Undoubtedly, a common thread between all will be that those individuals have the strength to learn why they failed, what to do in the future to succeed, and the willpower to get back on the horse and try again.

But exactly what is it that leads one person to try again when others just give up?

Industrial and organizational psychologists have spent decades researching this very subject. Angela Duckworth, assistant professor at the University of Pennsylvania, and her research focuses on a personality trait she calls "grit." She defines grit as "sticking with things over the very long term until you master them." She writes that, "the gritty individual approaches achievement as a marathon; his or her advantage is stamina."

Success and Talent

What causes an individual to experience significant success? The obvious answer: success is about talent. Successful people can do something - hit a golf ball, dance, trade stocks, write a blog - better than most anyone else. This answer begets another question: What is talent? How did that person get so good at hitting a golf ball or trading stocks? Although talent can appear to be based on inheritance, it turns out that the intrinsic nature of talent may be overrated.

The problem is that a major contradiction exists between how we measure talent and the causes of talent. In general, we measure talent using tests of maximum performance. Imagine tryouts for most any sports team; players perform in short bursts under conditions of high intensity and motivation. The purpose of the drills is to see what players are capable of and determine their potential. The problem with these drills is that the real world is not set up for short bursts of work ethic under conditions of high motivation. Instead, professional success requires sustained performance, spending hours upon hours perfecting your craft, deliberately and methodically staying the course during times of frustration or exhaustion.

In his book, *Self-Made in America*, John McCormack references a trait studied by Kathy Kolbe: conation. Conation is "the will to succeed, the quest for success, the attitude that 'to stop me you'll have to kill me,' that elusive 'fire in the belly' that manifests itself in drive, enthusiasm, excitement, and single-mindedness in pursuit of a goal - any goal. All consistently successful people have it. Many well-educated, intelligent, enduring, and presentable people don't have it."

Interviewing for Grit

A segment of the workforce is made up of smart people who aren't high achievers, and others who achieve a lot without having the highest test scores. In one study, Duckworth found that smarter students actually had less grit than their peers who scored lower on an intelligence test. This finding suggests that people who are not as bright as their peers "compensate by working harder and with more determination." And their effort pays off: The grittiest students, not the smartest ones, had the highest GPAs.

So how can we start to understand an applicant's or an employee's grit? Try some or all of these questions to identify the trait:

- What experiences do you feel had the most impact in shaping who you are today?
- Share with me the details of a time when you stayed with an idea or project for longer than anyone expected you to.
- Tell me about some of the obstacles you have had to overcome to reach your present position.
- Give me an example of a time when you had to finish a job even though everyone else had given up.
- Describe a time when you were asked to complete a difficult task or project where the odds were against you. Were you successful? What did you learn from the experience?
- What goal have you had in your life that took you the longest to achieve? What did you learn from that experience?
- Describe how you set your goals for the last year and how you measured your work. Did you achieve your goals? Why or why not?

The Treasure of True Grit cont.

- Give me an example of a time you made a major sacrifice to achieve an important goal.
- Give me an example of how you have taken control of your career.
- What has been the biggest obstacle you've overcome in life? What about in your career?
- When you found yourself faced with that obstacle, what steps did you take to begin the process of overcoming this challenge?

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Few things can make or break a community as quickly as the community manager ("CM"). They are responsible for critical operational tasks. Essentially they manage the entire resident experience, from prospect through the tenure of their residency. While this can be a daunting proposition we have found the key to having a successful CM lies in their mentoring and training.

All community owners have different opinions on what is the best way to train a CM. Over the last 15 years we have intensely focused on training our CM's. We have tried industry standard methods in addition to non-industry standard methods. In trying several different training techniques we found each one has its pro's and con's.



Onsite Training

Onsite training, or as we call it "in the weeds training" presents a chance to work with the CM on their home turf. Despite some operational uniformity every community is unique and presents operation challenges. This is also a good opportunity to determine the strengths and weaknesses the CM has and make a plan of action to develop them into the best manager possible.

The challenge with onsite training is it requires a park owner, district manager or area manager to travel to the community and focus all their time and attention on that one community. For a single park owner or one with a couple of communities this is a reasonable allocation of time. It is a challenge for community owners who own numerous parks in multiple states and markets.

Remote Training

Remote training takes on many diverse forms. As technology has advanced so has the ease of remote training. Video chats like Skype and Facetime make virtual face to face training extremely user friendly. Combined with services like Go-To-Meeting, which allows the user to see each other's computer screens. There are many viable options for remote training. Additionally, services like Hipchat, an instant messaging service, provide connectivity for real time Q & A's. The biggest benefits of remote training is saving travel costs and travel time.

Despite these options, there are drawbacks to remote training. It's easy to miss the nuances you would have noticed if you were training a CM face to face. We have found it particularly difficult to remotely train on resident compliance.

Group Training

Nothing builds comradery more than group training. CM's get to interact with their peers. If done right it can be one of the greatest times of training and instruction. Group training opens the door, and getting feedback from CM's helps determine if there are operation issues found consistently within multiple communities.

The obvious drawbacks are that it requires several CM's to close the onsite office for a day or two and the travel costs. The group can also be negatively affected by a disgruntled CM.

Paid Training

Like the other training methods described, paid training can take on several forms. Paying online service like Grace Hill (specializing in Apartment Management) and paying a 3rd party management group to train your CM's are two of them.

For community owners who do not have the infrastructure or material to properly train their CM's this option proves to be the most bang for the buck. Not only is it cost effective, but it allows the community owner to learn from groups who have the key management knowledge. This reduces the learning curve.

Despite the clear benefits of this method for training, many community owners have their own policies and procedure which require specific training. Corporate culture and values differ from community owner to community owner which is something to consider when deciding to pay a group to train your CM.

Summary

I believe the most effective CM training is a combination of all four methods. Over the last several years we have found what we believe to be a successful integration of them all. Currently we have a district or area manager onsite with our new CM's for the first 7-10 days after hire; then on a monthly or bi-monthly basis thereafter.

For remote training we use Facetime, Go- To- Meeting, and Hipchat. We have developed material for group training which we do 2-3 times a year depending on the need.

When it comes to paid training, we use Grace Hill. This firm provides great information and more importantly they have

outstanding fair housing classes which familiarize our CM's with the Federal laws.

It's important to keep a realistic expectation of your CM. Those at a higher pay scale should perform at a higher degree than those entry pay CM's. Training is a constant process which pays huge dividends. You will get out of it what you put into it.



Mr. Liechty is a 3rd generation Manufactured Home Communities (MHC) owner and operator. His in depth knowledge of the industry as an owner and operator is unparalleled. During his career, he has overseen numerous types of MHC's including stabilized, turn around, and value-add opportunities.

Currently Mr. Liechty oversees the operations MH communities located in Texas, Missouri, Oklahoma, and Kansas. The portfolio is comprised of over 2,500 home sites, placing it in the Top 100 park operations in North America, with current market value over \$75M, including nearly 150 new and used MHC owned manufactured homes within the overall portfolio. Mr. Liechty holds a B.B.A. with a focus on Accounting from Amberton University. He is a licensed Texas Real Estate Broker and has held Manufactured Housing Retailer, Broker, and Installer licenses in Texas, Oklahoma, Missouri, and Kentucky.*

MH Park Advisors is an integrated company offering property management services, consulting services, and real estate brokerage. Our mission is to help clients achieve their goals. Read more about us at www.mhparkadvisors.com



New Homes Sell Well and a Doubting Thomas Converted

David Roden

In 2013 while attending the Louisville Show, Spencer Roane, a friend and fellow park owner, and I saw a beautiful Giles Home. Spencer thought they were a good deal and bought two. He placed one in his park and the other in my park in Rossville, Georgia with plans to sell both to home owners. This was not terribly unusual in itself except for the fact that I objected to bringing in a brand-new home into our park. Why? My wife and I had gotten comfortable with buying lower priced used homes and were scared to death to pay for a new home. So, Spencer bought the home and shipped it to us. Spencer knew what the outcome would be.

Yes, the new home promptly sold and since then:

- We bought eleven new homes
- Five of the eleven were multi-section homes all of which sold for cash
- Six of the eleven were single section homes.
- Of these six, three sold for cash
- Two were financed by third parties
- One is on a five-year lease with an option to buy

In addition, these new homes improved the look of our entire community. They also promote a sense of pride among our residents. Better yet, I'm not mowing and caring for eleven vacant lots!

Initially we were hesitant to buy \$35,000 to \$55,000 new homes. We were paralyzed by the thought of one or all sitting empty while we were paying interest on our investment.

Spencer and other seasoned owners like Don Hudgins kept encouraging us saying "the first one is the hardest, and it's easier after that." They were right...they knew it and I had to learn to trust the advice of these successful owners and I'm glad I did.

Today, our income is up, the value of our park has increased by \$300,000, and our community looks better. And we've added some great new residents who enjoy their new homes, their low energy costs, and their low maintenance requirements.

Each feel they made a great decision buying one of these homes and moving into our community.

Park owners, don't wait like I did. If you're not buying new homes to infill your parks, reconsider!

I recommend you join me at SECO17 in October. You'll learn new management and operating ideas and see five new Community Series Homes that will be on display. Just go to www.secoconference.com and sign up. Don't wait there's limited seating and only 200 hotel rooms.

Last year we had 17+ vendors, this year, 42. There will be a Pre-SECO day on Tuesday for additional classes and afterhours interactive "round tables" for even more information and Q & A. You will NOT be disappointed.

David Roden
423-760-4819 or davidroden@yahoo.com

David and Judy Roden are the long-time owners and operators of Mountain View Estates in Rossville, Georgia. Their community has recently received substantial positive news coverage due to the addition of a new large and innovative storm shelter. David is also one of the creators of the South-East Community Owners Association annual meeting, specifically created for park owners to share ideas and operating tips. www.mtnviewestates.com/



The Top Five Cool Gadgets That Every Manufactured Home Community Should Own

Brandon Reynolds

Although James Bond never owned a manufactured home community (to our knowledge), that does not mean that you can't have some cool gadgets that can be a game-changer in terms of managing your property at the highest level. Here are five of my top picks for really cool gadgets that every community owner should have in their arsenal.

GoPro or Polaroid Cube Camera

One of the best ways to manage your property is to have the manager take an HD video of it as often as you like (typically monthly), download it, and then watch it from your laptop with the same perspective as if you were there in person, driving it in your car. You can even put it on GoToMeeting and have the manager ride in the car with you. So what are the tricks to it? While operating the camera is easy (the Polaroid Cube only has one button, for example) the trick is to have the manager put it on the roof of their car facing forward, using a suction cup mount. In addition, we have found that it works best to have them send you the SD Card out of the camera, as uploading is complicated and it's easier to do it yourself than to explain how to do it. Just buy an extra SD Card and exchange them. Cost of the whole package (camera and suction-cup mount) is around \$150.

360 Degree "Theta" Camera by Ricoh

The next best thing to having Google Street View is having the ability to do it yourself anytime you want. You can literally walk through any community-owned home just one time with your Theta camera by Ricoh and have a permanent record of the home in all directions. You can literally refer to this recording with the contractor on the phone and discuss every item in their bid, just as though you're walking the home with them. It's an amazing management tool that everyone would have if they only knew it existed. The cost is a reasonable \$350 or so. It looks like something out of a sci-fi movie, so it even gives you brownie points when you forget you have it in your shirt pocket.

Arlo Security Cameras

These amazing HD cameras are wireless and can give you real-time visibility at any spot in your manufactured home community. You can literally just sit it on the counter in that home your renovating and watch the progress (or lack thereof) from your laptop or mobile device, as the camera has its own built-in wifi connection. You could also place it in the office to see what time your manager is getting in each morning and leaving in the afternoon. Or you can simply place it in a spot where you can see the common areas to see if the mower has been there. There are no limits to what can be done with these cool little devices within distance to a wifi connection. Figure on spending about \$150 each.

Drone with HD Video Camera

A terrific way to present your property to lenders (as well as to store a video inventory of what you own) is to shoot an HD video with a drone. To do this well, you're going to need something more than the type of unit you can buy at Brookstone. We own one of the \$1,000 models and it gives us videos that literally look like something out of Hollywood, with camera stability and flying assist. Don't forget that they changed the laws on drones a couple years ago, and you can no longer utilize the programmable drones that follow a flight path that you create. But if you buy a high-enough quality drone, you can manually fly and still take great videos that will totally impress your bank when you go to get a loan, or a future buyer when you go to sell (or just impress your friends when they ask you what a mobile home park looks like). Figure on spending around \$250 to \$750 based on the quality.

iPad

OK, you probably already have this one. But are you using all the cool options it offers. Like taking payments on-line when your customer owes you \$1,000 and is facing eviction and calls you with a last-ditch effort to pay with their credit card. Or having video chat with your manager to see if they are dressing appropriately at the office. Even the ability to take photos and put annotations on them so you don't have to remember those items you wanted to discuss later. There's no question that the iPad is one of the greatest field management inventions of all time, allowing you to do all that and check your email at the local McDonalds while getting a large sweet tea. You can even buy a protective case with a keyboard built in to make typing easier and so it looks even better with your tuxedo. Costs range from around \$400 to \$1000 based on the memory potential.

Conclusion

These five cool gadgets give you greater management control over your manufactured home community, and will give you a little entertainment at the same time. They are all reasonably priced and will pay for themselves many times over. Don't forget that Christmas is right around the corner!



Brandon Reynolds has grown up in the manufactured housing industry. He is the eldest son of David Reynolds. At the age of 17 he took over as president on Mobile Home University, the #1 provider of education for new & existing investors in the manufactured housing industry. He currently owns one community and has been involved in the management of Frank Rolfe & David Reynolds' portfolio of nearly 300 communities.

Manufactured Housing Community Billionaires – As Residents

Frank Rolfe

There are 540 billionaires in the U.S. And at least five of them live in manufactured home communities. That's right, at least 1% of the richest folks in America have chosen to live in the common "trailer park". They are Tony Hsieh, Darius Bikoff, Dan Loeb, Karen Lauder and Bettina Stelle. So how did this occur?

Spectacular locations

The number one manufactured home community in the U.S. for billionaires is Montauk Shores in the Hamptons. Its big draw is one of the best views of the ocean on earth, plus direct access to Montauk Beach, which is a surfing haven. While we don't know if there are any billionaires living in Paradise Cove and Point Dume in Malibu, California, it once again has an unbelievable location directly on the water. It's had Sean Penn, Pam Anderson and Hillary Duff as residents, although none of them are in the 10-digit bracket.

Sense of camaraderie

In another part of America, you have the case of Tony Hsieh, the founder of Zappos.com. He traded a high-rise condominium for an Airstream trailer in a smaller manufactured home community that he purchased on the Las Vegas strip. His goal was to find a place that he could enjoy socializing with his neighbors and sharing common life experiences. It's worthy of note that the other residents of his property called "Airstream Park" live in either RVs or tiny homes, and are all young and engaged in the high-tech industry. They are known to walk around at night and drop in on each other, or pet Hsieh's llama that lives in his yard. They also have organized activities like an outdoor movie night.

Sense of community

All four of these properties have another thing in common: a true sense of community. Everyone knows everyone and they all look out for one another. A Time magazine article titled "The Home of the Future" talked about this feature of living in a manufactured home community, and the writer declared that they are like "gated communities for the less affluent" ... but the residents are not always less affluent, obviously. Regardless, it's very reassuring in a modern America to have neighbors you know and care about you. The high levels of density create an even tighter social network.

A touch of whimsy

For those saying "these people must be up to something" the answer is that many of them are. They are working against a social stereotype and having a bit of fun. One billionaire in Montauk Shores told a reporter that he had never actually slept there, but only liked to use the home for parties and to

shower after surfing. To prove the point he noted that he had re-designed the home and removed the bedroom. And I'm sure that Tony Hsieh gets a kick out of telling people that he lives in a manufactured home community. But that's OK. There are many places and products that rose to fame from some eccentric pioneers of the jet set, such as Baja California.

An affordable price - sort of

Even if they have a bigger budget for home purchases, the units at Montauk Shores often sell for around \$1.5 million. Hardly what's affordable for the common person, but definitely within the price range of someone who earns that much per day in interest - and that's in a CD at 1.5%. The homes in Paradise Cove, on the other hand, cost around \$400,000, which makes them much more affordable than the neighboring beach homes which start at \$10 million. But that's not the case in Airstream Park, in which the rent is under \$1,000 per month. The point is that a billionaire can afford to live anywhere, and in five cases they've chosen a manufactured home community, and I think that's remarkable and a real endorsement of our product.

Conclusion

There's a whole segment of the manufactured home community sector that nobody talks about. And that's the extremely affluent. While it's unlikely that manufactured homes will become the next big thing for the top 1%, it's interesting that the industry has been able to convince at least five billionaires that it's a positive living experience. Remember that the next time somebody puts down a "trailer park" or questions why someone would want to live in our product.



Frank Rolfe has been a manufactured home community owner for almost two decades, and currently ranks as part of the 5th largest community owner in the United States, with more than 23,000 lots in 28 states in the Great Plains and Midwest. His books and courses on community acquisitions and management are the top-selling ones in the industry. To learn more about Frank's views on the manufactured home community industry visit www.MobileHomeUniversity.com.



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Encouraging Desired Community Owner Behavior with Tax Credits: A Really Great Idea

Dave Reynolds

Keith Ellison – a Congressman from Minnesota – has placed a bill before Congress that would give community owners a sizable tax credit if they would sell their existing property to the residents as opposed to a third party (read about it here <http://www.startribune.com/rep-keith-ellison-introduces-bill-supporting-mobile-home-parks/435734343/>). His concept is that the sale of a manufactured home community might lead to its closure for re-development – which is too often the case in some markets. And by proposing this bill, Ellison may be the first politician in history to understand the real way to motivate owners to help solve the affordable housing crisis.

This precedent already exists in the multi-family sector

Apartment developers and owners have long been able to obtain tax credits for offering housing to certain levels of lower demographic customers. Giving tax credits in housing is nothing new. Anyone who says that “we can’t give away taxpayer money to some mobile home park owner” is ignorant of existing multi-family tax credit programs such as the “Low Income Housing Tax Credit” (also known as LIHTC).

Trading tax credits for community longevity is a bargain for taxpayers

Let’s examine the cost of the closure of a typical manufactured home community. Assume there are 100 households in the property. Upon closure, a huge number of these are going to have to end up in a federal housing program, such as Section 8 (remember that in many cases that family of four is paying a total cost of only \$285 per month in lot rent with no mortgage, which will now have to be replaced with a \$1,000+ per month apartment). If 30 households end up in Section 8, that might cost the American taxpayer \$300,000 per year in subsidies. We don’t know exactly what the final proposal Ellison is proposing in tax credits or the taxpayer impact, but it’s a safe guess that it’s a fraction of \$300,000 per year.

You can’t push around the typical community owner: but you can dangle a carrot

Most community owners are smart, rich and nearly debt-free. This is a group that you can’t bully. In addition, the attitude of most community owners I know is similar to the “Don’t Tread on Me” flag that was popular during the time of the Alamo. They are very cordial, but become extremely willing to fight when pressed. That should be evident from the countless rounds of litigation that pop up anytime a city tries to deny their rights of grandfathering to occupy any vacant lots. Community owners, in these cases, always litigate and always win. The City of Richland, Mississippi learned that the hard way a couple years ago, when Cleveland Mobile Home Park took a grandfathering case to the state Supreme Court and won (<http://msbusiness.com/2015/05/state-supreme-court-upholds-richland-mobile-home-parks-refilling-of-spaces/>).

Look at the community owner in Palo Alto, California that refuses to be bullied by that city in the closure of a community and displacement of over a hundred families. Would there have been a different result if the city had proposed financial incentives as opposed to filing a meritless lawsuit? Possibly. Nobody will ever know now.

The government needs to keep accelerating the concept of “duty to serve”

I think that what Ellison is proposing is consistent with the entire government awakening to the fact that manufactured home communities are the best solution to the affordable housing crisis in America. The new “Duty to Serve” initiative in Washington is more of a theme than a stand-alone bill. From the new offerings for Fannie Mae and Freddie Mac “agency” debt, to the changes that allow customers to use Section 8 vouchers to purchase manufactured homes, to the new discussion of government support for manufactured home loans – even the new Texas law that declares that no city can preclude a community owner from utilizing each and every vacant lot in their property – the message is that the best way to get an American family in a self-sustaining, affordable housing product is the manufactured home community. A tax credit rewarding community owners for keeping those properties in that capacity is a logical next step, and one that is extremely intelligent.

Conclusion

Minnesota Congressman Keith Ellison’s proposal to offer federal tax credits to community owners that sell their properties to the residents, as opposed to third parties, is a sensible solution to the affordable housing crisis. It aligns government and community owner interests, is a financial bargain, and is consistent with the government’s proactive stance on promoting manufactured housing as the solution to the affordable housing crisis.

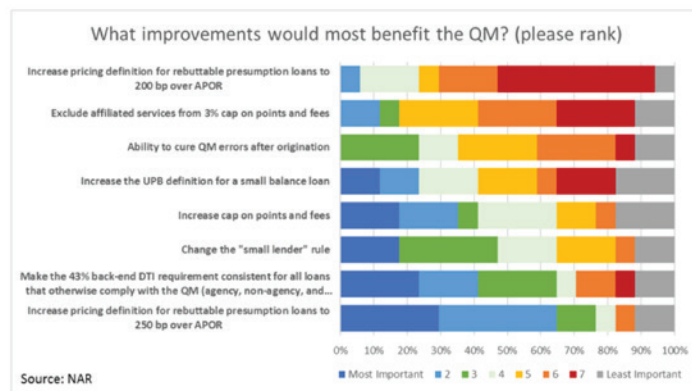


Dave Reynolds has been a manufactured home community owner for almost two decades, and currently ranks as part of the 5th largest community owner in the United States, with more than 23,000 lots in 28 states in the Great Plains and Midwest. His books and courses on community acquisitions and management are the top-selling ones in the industry. He is also the founder of the largest listing site for manufactured home communities, MobileHomeParkStore.com. To learn more about Dave’s views on the manufactured home community industry visit www.MobileHomeUniversity.com.

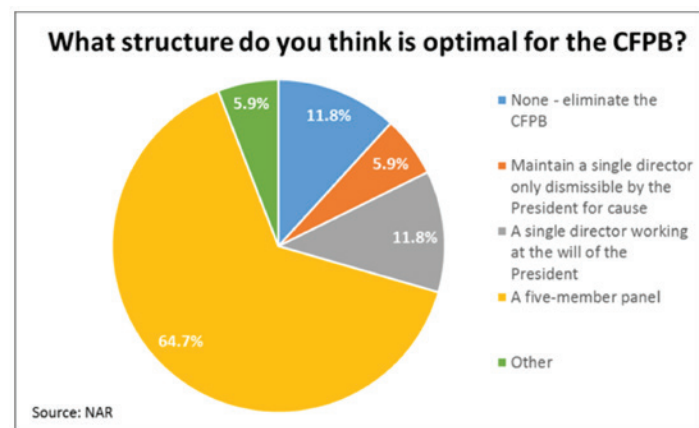
The Dodd-Frank regulations were intended to correct many of the problems witnessed during the build-up to the subprime financial crisis. In recent quarters, market participants and politicians have debated both tweaks to and wholesale replacement of the Dodd-Frank laws. Lenders who participated in the 1st quarter Survey of Mortgage Originators shared their opinions on what changes should be made to the leadership structure of the CFPB as well as changes to the Qualified Mortgage (QM) rule.

The Dodd-Frank regulations touch housing in several ways. Dodd-Frank created the Ability to Repay (ATR) rule, which redefined which loans can be made and exemptions to it like the qualified mortgage rule (QM). It established a set of rules to govern how mortgages could be bundled and sold as mortgage backed securities (MBS) and it established an agency, the Consumer Financial Protection Bureau (CFPB), to protect consumers and to monitor financial companies. The CFPB has since promulgated other rules that affect housing like the "Know Before You Owe," or TRID rule, which merged the Truth and Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA) rules that governed the origination process, disclosures to consumers, and compensation rules for lenders.

that a single director could change with each administration whereas a 5-member panel would turnover in staggered terms, creating more stability and certainty for regulated entities. NAR's board of directors recently voted in favor of such a plan.



When asked about changes to the QM rule that might be most beneficial, the top two choices by respondents were increasing the cap for rebuttable presumption loans from 150 basis points over the average prime offer rate (APOR) to 250 basis points and creating a consistent 43 percent back-end ratio across the industry. Currently, loans that are guaranteed by the FHA or the GSEs can have a back-end debt-to-income ratio greater than 43 percent and retain the QM standard. The QM status makes these loans more valuable to investors and as a result, they have better terms and lower rates. A higher cap on the rate over APOR would allow lenders to charge more for certain loans either for profit or to set aside capital for credit losses or potential litigation. This could help to expand credit, but it could also introduce more risk into the system.



The clear majority of lenders in this survey favored changing the CFPB's leadership structure from a single director to a five-member panel. Only 11.8 percent of respondents wanted the CFPB eliminated indicating a recognition of the importance of protecting consumer interests. A far smaller share, at 5.9 percent, favored maintaining the status quo. One concern is

Other noteworthy responses included a higher cap on points and fees that lenders can charge along with changing the small lender rule. Under the ATR, lenders' fees are limited to no more than 3 percent of the loan, but some loans require more work like the FHA's 203(k) rehab loans. In addition, many respondents feel that affiliate fees and points should not count towards 3 percent cap on loan fees, because it disadvantages firms with affiliates and reduces consumer choice. Finally, the small creditor portfolio (SCP) rule currently provides for an exemption to the ATR rule if a lender has less than \$2 billion in assets, originates less than 2,000 mortgages annually, and holds the loans originated in portfolio for no less than 3 years.

Lenders Give Dodd-Frank a Second Look cont.

These loans are still limited to be fully underwritten, have product restrictions, but there is no cap on rate over APOR or back-end DTI. Since these loans are held in portfolio, a lender who originates a risky loan is incented to underwrite it well and to set aside adequate loss-absorbing capital. Lenders are in favor of expanding the small lender definition.

The Dodd-Frank regulations have a wide-sweeping impact on housing finance. Many of the regulations have benefited consumers, but a few may need refining. Lenders and NAR leadership agree that a change in leadership structure at the CFPB is in order, but lenders in the most recent Survey of Mortgage Originators argue that tweaks to other regulations are also needed. These tweaks could expand access, but that

benefit should be balanced with potential risks to the market. However, the fundamental rights and protections of the consumer are clearly supported by lenders and REALTORS® alike.



Ken Fears is the Manager of Regional Economics and Housing Finance Policy. He focuses on regional and local market trends found in the Local Market Reports and the Market Watch Reports. He also writes on developments in the mortgage industry and foreclosures. 423-760-4819 or davidroden@yahoo.com.



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San Antonio Company Selling Mobile Homes Through 'Virtual Dealership'

Peggy O'Hare

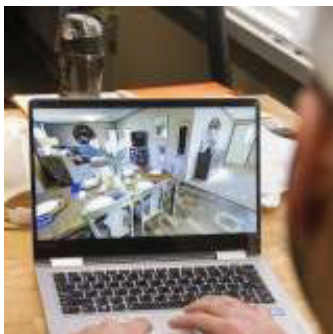
Inside the walls of the ultramodern Geekdom office space downtown, surrounded by hip techies and entrepreneurs, brothers Alberto and Jason Piña are focused on providing a basic type of housing that gets little respect – mobile homes.

Since launching Braustin Mobile Homes in January, the brothers are using virtual reality goggles, drones and e-commerce to provide customers a more progressive and consumer-friendly shopping experience than one typically encounters when buying a home.

The brothers' goal is to put as many working people as possible into quality, affordable homes. They proudly proclaim they can do that at a price of \$28 to \$29 per square foot, while the average cost of new residential construction in San Antonio runs around \$115 per square foot.

"Not everybody in our town can live in the Stone Oak area, you know," said Alberto Piña, 31, the company's president and co-founder. "I guess we just don't think you need to be a six-figure earner to become a homebuyer in this city."

Unlike some of their competitors, the Piñas post prices on their website for all of the mobile homes they sell.



Most of their sales are made online or over the phone.

"With the millennial generation being the dominant buying demographic in this space, we're used to buying on Amazon or buying on eBay," Alberto Piña said. "We just figured 'Why not move that to the manufactured housing industry?'"

So far, Braustin Mobile Homes – a small operation with only four employees, including the Piña brothers – has sold 10 homes for a total of \$546,273. The company expects to sell five more homes by the end of June.

The company sells homes statewide. It can also help customers secure financing to purchase a mobile home.

"There aren't too many lenders that loan on manufactured homes," Alberto Piña said. "The ones that do, we have working relationships with."

The Piñas' company operates under a "virtual dealership" concept. Customers can use virtual reality goggles to tour the floor plans for different mobile homes and get a visual of what their home will look like once it's finished.

Customers also can take "virtual tours" using their cellphones, tablets or computers.

This approach allows Braustin Mobile Homes to keep its overhead and its prices low.

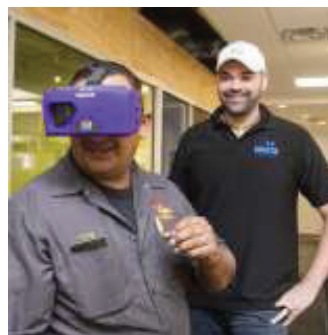


"We're consistently selling the same home from the same factory for \$5,000 to \$10,000 less just because we don't have to pay for 50 (dealerships) across the state," Alberto Piña said.

"I'm not sure if we'll ever get to the point where we have a physical dealership. Because then that drives our overhead higher."

While the company doesn't target homebuyers of certain income levels, its customers typically have been low- to middle-income earners, the Piñas said. Many of them are buying a home for the first time.

"The majority of our customers are just the salt of the earth – blue-collar, hardworking people," said Jason Piña, 29, the company's vice president of sales. "With our upfront pricing, we really provide a different opportunity for them."



Some customers have already chosen the land where they want to build their home when they approach Braustin Mobile Homes. Others ask the company to help them find land that will make a suitable homestead.

The Piñas hired White Cloud Drones, another company housed in the Geekdom office, to capture aerial footage of raw land being transformed into a home site complete with a foundation, water and septic services, electrical services and a driveway.

San Antonio Company Selling Mobile Homes Through 'Virtual Dealership' cont.

That aerial footage will be made into an educational video for customers.

Braustin Mobile Homes also partnered with an investor who purchased a rundown mobile home park south of San Antonio off Texas 16. That space is being renovated into a place where customers can physically walk through stock models of mobile homes sold by the company. It will open next month.

The consumer experience becomes more important with larger purchases, such as buying a home, said Tony Ciochetti, a professor of finance and real estate at the University of Texas at San Antonio.

"People are making probably the biggest investment they're going to make in their whole life – and they tend not to do that in a flippancy mode," Ciochetti said of buying a home.

Posting prices online is "a phenomenal marketing technique," Ciochetti said. The drone usage brings a different perspective to the buying and selling process, he added. "That technology is creeping in everywhere," he said.

All of the homes sold by Braustin Mobile Homes are made at a factory in the Central Texas town of Belton.

The Piñas say they've found their prices are most competitive in West Texas, where customers have told them other mobile home dealers are charging \$20,000 more for the same home model.

"Our overall goal is just to help as many people as we can achieve the goal of homeownership ... Get out of the rent race and build their own equity, get their own place," Alberto Piña said.

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