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THE CONCERNED COMMUNITY OWNER: Are We Too Chicken to Talk About McChicken?



Never in American history has an industry been so self-conscious about the value they provide. In a land of \$400,000 average single-family home prices and \$2,000 per month average apartment rents, the average mobile home park lot rent sits at a ridiculous \$300 per month. Yet, despite this insanely low number, park owners live in fear that they will somehow be criticized for raising their rents, even slightly, to market levels and chastised for what appears to be giant percentage increases - which are tiny in nominal terms. To gather more confidence, perhaps our industry needs to simply look to the McChicken sandwich from McDonald's.

The story of McChicken

The McChicken was a staple of the famed "Dollar Menu" at McDonald's since 2002. We all knew that \$1 was an unbelievable bargain for a tasty fried chicken patty, lettuce, mayo and a bun. I ordered a ton of them while driving mobile home parks over the years. And McDonald's knew that the public loved McChicken and was therefore little concerned when they raised the price - virtually overnight - to \$3. That's a 300% increase! But, of course, nominally that's only \$2, which is a tiny amount in today's fast-food pricing structure. There

was initially a big push-back in the media which cried "how dare McDonald's raise their prices by 300%" but McDonald's didn't really care. They knew the customers would happily pay an extra \$2 for the value they were receiving. Of course, McDonald's was 100% correct and the public kept buying the McChicken just as much at \$3 as they did at \$1. So what are the lessons mobile home park owners can learn from the McChicken?

With lower-priced products the percentage increase is always higher

When Dollar Tree raised their universal product pricing from \$1 to \$1.25 recently, that represented a 25% increase. On a \$10 object, a price increase of that same 25 cents is only a 2.5% increase. It's just a fact of math that high-priced products always will have a lower percentage increase vs. the low-cost alternative. And that's simply because the starting benchmark is smaller. The only time that percentage increase matters is when you are comparing apples-to-apples of two products that are identically priced. When you obsess on simply the percentage increase it favors the high-priced product over the more affordable one - and that's clearly the strategy you

Are We Too Chicken to Talk About McChicken? Cont.

have if you are the provider of the high-priced good or service and want to try and are trying to find some way to embarrass your cheaper competitor.

The nominal amount is all that matters

If a mobile home park lot rent goes from \$300 to \$360 (a 20% increase) while an apartment rent goes from \$2,000 to \$2,400 per month (also a 20% increase), then which is more? Of course, the answer is that the apartment went up \$400 per month and the mobile home park lot rent went up \$60 so clearly the apartment increase is greater. In the media's attempt to discredit mobile home park owners, they always fail to focus on the only component that matters to the consumer - the nominal amount of increase - and instead only want to talk about the meaningless percentage. When someone buys an item at Dollar Tree for \$1.25, they don't complain about the 25 cent increase because it's still \$3 cheaper than Walmart.

And the "value" quotient is the important part

Forget percentage increase and nominal charge: what really matters to the consumer is the value received for their dollar. And that's where mobile home parks really excel. For the roughly 80% of Americans that own their mobile home free and clear, their total mobile home park housing cost is around \$300 per month on average, which gets them a detached housing option with a yard and sense of community. For the few that have mortgages on them the total is around \$900 per month, which is less than half that of apartments. Nothing else in the housing food chain can even come close to those deals.

Ignore the "Free Rent Movement" gaslighting

Starting in 1967, America endured the hippie "Free Love Movement" which was a condemnation of marriage and capitalism. And now in 2024 we have the "Free Rent Movement" which is a condemnation of landlords and capitalism. History

repeats itself. The "Free Rent Movement" supporters will do anything necessary to promote their cause, and that includes distorting the facts and gaslighting issues that are minor or do not even exist. But just as the "Free Love Movement" died from a combination of venereal disease and the 1980's re-focus on traditional values, the "Free Rent Movement" is following the same failed trajectory. In the interim - and before its demise - we must all endure the endless media frenzy of woke journalists who try and brainwash good-natured Americans that landlords are inherently evil and must be banished from society. Just ignore this nonsense. The sane people know better and the crazy people are impossible to hold an intelligent debate with.

Conclusion

McDonald's respects the quality of their products and the value they represent. Mobile home park owners need to follow their example. We produce the best housing value in America but at a ridiculously low price. We need to follow the trajectory of McChicken and not let woke narratives and gaslighting force us to artificially keep our great housing option at below-market rent levels. Just as customers still love McChicken at a nominal cost increase, we also need to have more confidence in our product and let the market determine what the correct price should be, not our fear.



The Concerned Community Owner is a new column focused on issues facing Managers, Owners and Investors in today's real estate climate. Submitted anonymously - these articles are provided by our readers throughout the nation. Are you concerned? Submit your article to staff@manufacturedhousingreview.com for a chance to be featured. Contrary thinkers are also invited to reply.

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Choosing the right mobile home park investment can feel like finding the perfect partner. Both require a clear understanding of what you're looking for and the criteria that will help you recognize "the one" when you find it. This article will guide you through the essential considerations for selecting a mobile home park investment, based on our strategies at Keel Team. Keep in mind that these are guidelines meant for educational purposes and should be customized to fit your unique circumstances, needs, resources, and experience level.

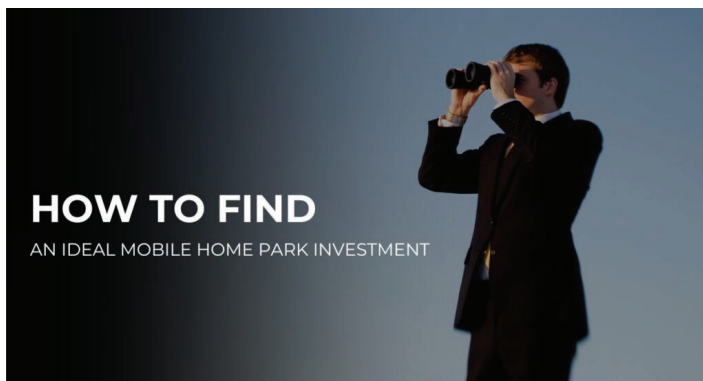


Photo courtesy of Keel Team

Key Market Considerations

In real estate, "location, location, location" is a well-known mantra. However, for mobile home park investments, the focus shifts slightly. The critical factor is the demand for affordable housing in a market that supports ample employers, tenants, and contractors to help you achieve your business goals.

The Midwest Advantage

The Midwest often presents some of the best opportunities for mobile home park investments, with generally higher purchase cap rates and more spread in deals.

Pros:	Cons:
• Larger spreads and up side potential. • Solid demand for affordable housing. • There are many mismanaged mobile home parks, offering value-add opportunities.	• Mismanaged trailer parks require more work. • Harsh winters necessitate systems for snow plowing, winterizing homes, and managing underground water leaks. • Higher exit cap rates in this region.

Opportunities in the Southeast

The Southeast also typically offers numerous opportunities with generally higher-quality trailer parks and strong resale demand.

Evaluating Metro and City Populations

Pros:	Cons:
• Decent spreads in good deals. • Many solid metro areas. • High resale demand.	• Fewer good deals are available. • Coastal markets risk natural disasters (we avoid these). • Some markets have low demand for affordable housing.

When assessing cities and metro areas, look for markets with strong demand for affordable housing and sufficient employers, tenants, and contractors to support your business plan.

Minimum City Population

We prefer cities with a population of at least 40,000 people. This helps ensure a sufficient tenant base to fill vacant homes and a good pool of contractors for construction projects. A smaller city population can limit your tenant and contractor options, making it challenging to execute your business plan effectively.

Metro Area Population Considerations

Ideally, the metro area population should be at least 100,000 people. This generally provides a larger pool of potential tenants and contractors. If the city population is below 40,000, the deal might still work if the metro population is close to or exceeds 1,000,000 people or if other areas of the investment are attractive. Proximity to the metro is important; being within an hour's drive can make a significant difference.

Types of Mobile Home Parks

All-aged vs. Senior Mobile Home Parks

Mobile home parks typically cater to either all-age tenants (no age restriction) or senior tenants (55+). Both types can be viable investments.

- All-aged Mobile Home Parks: Generally, more diverse tenant base but potentially higher turnover and delinquencies.
- Senior Mobile Home Parks: Often have fewer delinquencies and better-maintained properties but stricter age restrictions and more tenant communication needs.

How to Find an Ideal Mobile Home Park Investment

Affordable Housing vs. Premium Mobile Home Parks

Mobile home parks are rated on a five-star system, with one-star being very low quality and five-star being top-tier. We focus on affordable trailer parks, in the two- to three-star range, where lot rents are around \$300 a month, sometimes lower.

- Affordable Housing Trailer Parks: Lower initial costs and more value-add opportunities.
- Four- and Five-Star Mobile Home Parks: Higher quality and amenities but often overpriced with little upside.



Photo courtesy of Headwaters Economics

Assessing Housing Demand

Comparing Apartment Rents

We look for a 1.5x spread between mobile home park rental costs and comparable apartment rents. For example, if renting a park-owned home costs \$550 per month (\$300 lot rent + \$250 home rent), comparable apartments should rent for at least \$825 in that market.

Single-Family Home Comparisons

We also compare single-family home rentals, applying the same 1.5x multiplier. Additionally, we prefer markets where the median house price is \$100,000 or more, indicating a significant step up from mobile home park rents.

Testing Market Demand

Running test ads on platforms like [Facebook Marketplace](#), [Zillow](#), and [Craigslist](#) helps gauge demand. If you receive more than three calls a day from these ads, it's a good indicator of strong demand for affordable housing.

Basic Mobile Home Park Investment Requirements

Ideal Number of Sites

We prefer mobile home parks with more than 50 lots, ideally between 50-100. Managing smaller trailer parks can be as time-consuming as managing larger ones, but larger mobile home parks typically offer significantly higher profits and upside.

Occupancy Rates

We like value-add deals, often with occupancy below stabilized levels (typically 70-80%). Stabilized trailer parks offer better loan terms but less upside potential. We balance occupancy with the potential for value-add opportunities.

Park-Owned vs. Tenant-Owned Homes

Our preference is for 100% tenant-owned homes (TOHs) by the time we refinance, which generally require less management and have less tenant turnover. Lenders also share a similar belief. However, we will consider trailer parks with a higher percentage of park-owned homes (POHs) if the price is right and we can transition POHs to TOHs over time.

Utilities and Infrastructure

Public vs. Private Utilities

We prefer mobile home parks with public utilities, but we will consider a property that has at least one public and one private utility system. More complex systems, like lagoons or packaging plants, come with higher risks and repair costs. We generally avoid these.

Financial Considerations

Your financial capabilities will dictate your investment criteria. Consider your available cash, investor resources, credit, and net worth when evaluating potential deals. We syndicate our investments by gearing local credit union financing (typically 75% LTV) and private investor equity to purchase our properties. Once stabilized, we then look to refinance with agency debt (at around 60% LTV) and hold the properties long-term, meaning our investors remain in the deal.

Understanding Cap Rates

Cap rates vary by market and investor needs. We typically look to stabilize our properties at around a 10% cap rate or higher, usually purchasing them from about 5-8% cap rates. We are however flexible based on financing terms and market conditions.

How to Find an Ideal Mobile Home Park Investment

Evaluating Cash-on-Cash Return

We aim for a minimum 15% cash-on-cash return for our investors, adjusting for financing terms and other factors. We usually structure this with a 10% preferred return which is distributed quarterly to our investors, with the rest of the upside typically coming from the cash-out refinancing proceeds.



Tristan manages Investor Relations at Keel Team Real Estate Investment. Keel Team actively syndicates mobile home park investments, with a focus on buying value add, mom & pop owned trailer parks and making them shine again. Tristan is passionate about the mobile home park asset class, with a focus on affordable housing and sustainability.

Conclusion

Creating detailed, specific criteria tailored to mobile home park investments helps identify the right opportunities. While these guidelines can help, your criteria should reflect your unique circumstances, needs, and experience level. By doing thorough research and planning, you can increase your chances of finding profitable mobile home park investments.

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What MHC Owners Learned from This Hurricane Season

By Kurt D. Kelley, J.D.

The 2024 Hurricane season was predicted to be busier than normal with ten Hurricanes in the Atlantic. Yet, the first half of the season was unusually quiet. Only Hurricane Beryl, a category 1 storm struck through the midpoint of Hurricane Season. And then, Hurricane Helene (Category 4 storm, 140 mph winds, 15' storm surge, the third deadliest hurricane to make landfall in the US since 2000) came ashore in Keaton Beach, Florida late in the evening on September 26th. Hurricane Milton (Category 3 Storm, 120 mph winds, 9' storm surge) followed two weeks later. It came ashore near Tampa Florida and nearly missed being pumping biblical amounts of the Gulf into Tampa Bay.



Photo courtesy of Chandan Khanna / AFP via Getty Images

Manufactured Home Community owners have intrinsic unique risks. These include income from home site rental, damage to tenant and Community owned homes, above ground utility infrastructure, and large acreage often full of trees and shrubs. All MHC owners should understand the unique risk of loss of their Community. Property management should discuss these risks with their insurance agent and seek estimated insurance costs for different levels of coverage so educated coverage decisions can be made.

Seven Lessons Learned:

1. Significant financial loss suffered by Community owners is primarily due to uninsured losses such as general debris removal and damage to older uninsured fences.
2. Due to rising losses, insurance rates, inflated building values, and insurance company limitations, insurance deductibles are higher and insured values are higher. High wind risk areas often equate to wind caused loss deductibles of 5% or 10% of the value of the insured property. A community with a \$500,000 club house and a 10% Wind deductible will have a \$50,000 deductible for that building. If they have utility infrastructure coverage with a limit of \$300,000, they have a \$30,000 deductible on that item.
3. It's easier for MHC owners to financially survive costs incurred with large deductibles, than those caused by failing to insure buildings, rental homes, and other MHC improvements or underinsuring them. For example, a 10% deductible on \$700,000 of insured limits can cost an MHC owner \$70,000 or more out of pocket. But failing to insure \$300,000 of rental homes and underinsuring a clubhouse by \$200,000 will cost an MHC owner \$500,000 plus out of pocket.
4. Disaster reserve funds should be funded for most MHC owners. Check with your CPA on strategies to make this tax deductible
5. Hurricanes that move fast can penetrate deep into the interior of the country. Some of the worst flood damage caused by Hurricane Helene struck Western North Carolina, over 400 miles from the Gulf Coast. For comparison, that's a similar distance as Cleveland or Toronto are to the Atlantic or like Oklahoma City or Nashville are to The Gulf.
6. Losses due to flooding are often the most financially crippling because flood is the least insured major peril. Less than 3% of all homeowners carry flood insurance, even though it's subsidized by the Federal Government. Loss of income coverage for park owners for the peril of flood generally costs about 4% of the annual MHC revenue.
7. Hurricanes cause the loss of loved ones, homes, businesses, and jobs. They alter the lives of the survivors often for a lifetime. The disaster relief charity Samaritan's Purse (SamaritansPurse.org) is excellent at effectively and efficiently delivering assistance via both professionals and volunteers.



President of Mobile Insurance, a leading insurer of manufactured home communities and retailers across the United States. Since 2017, the founder and publisher of *Manufactured Housing Review*, a publication dedicated to professionals in the MH industry. www.manufacturedhousingreview.com

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THE CONCERNED COMMUNITY OWNER: Drilling Down the Facts of Tenant-Owned Communities



Photo courtesy of Provident Law

The manufactured housing industry is battling a new form of derangement: the concept that the future of the industry must be reliant on tenants buying their own communities. The number of states that are looking at this “right of first refusal upon sale” option has never been larger. Yet the numbers simply don’t add up – in fact, not even close. For this article I have relied on the website of Resident Owned Communities, which you can quickly find on Google. Not that ROC is the only group facilitating this concept, but it is (by their own admission) the largest and most dominant of these.

So when I simply took the sprawling list of data from their site, put it into a spreadsheet, and totaled the columns, here’s what it says:

- Since 1984 they have closed on just 327 deals. That equates to an average of only 8 per year. If you then say, “but surely it picked up in recent times” the answer is “not really”. They only closed on 13 last year and 17 the year before that. That’s an outlandishly small number in an industry of 44,000 parks.
- The average size of the parks closed on was only 63 lots. That’s a really, really small number of lots. How many of these are actually occupied?
- Here’s the actual performance by state since inception:

You probably noticed the 800-pound gorilla in the above list: New Hampshire is 149 of the 327 parks closed, or roughly 46%. If you remove New Hampshire, then the total number of parks closed since inception drops to an average of only 5 per year! No offense to those who promote these tenant-owned communities, but 5 deals per year is absolutely nothing. At an average of only 63 lots per deal, that equates to a total of 315 residents (and that’s assuming these parks are at

100% occupancy) and that number is so small that it literally represents about one park per year based on institutional lot counts. That’s the annual production FOR THE ENTIRE UNITED STATES.

CA:	2 Parks 180 Lots	MN:	13 Parks 992 Lots	PA:	1 Park 158 Lots
CO:	9 Parks 451 Lots	MO:	1 Park 185 Lots	RI:	2 Parks 244 Lots
CT:	1 Park 175 Lots	MT:	21 Parks 818 Lots	TX:	3 Parks 214 Lots
DE:	1 Park 60 Lots	NC:	1 Park 60 Lots	UT:	1 Park 56 Lots
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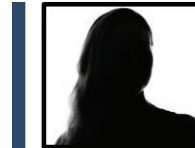
So, this must then make you wonder how in the world the concept of resident-owned communities gets so much hype when it has simply performed at ridiculously low levels for 40 straight years. Here’s what I gather the truth is behind all of this:

- Woke media outlets are quick to print any story that portrays landlords as “evil” and the tenants as the “underdog angels” who then can slay the landlord to the massive applause of their readers. Simply put, the average person who subscribes to these outlets could care less about the actual stats on success as long as it gives them a quick adrenaline rush. Of course, most of these readers have also never even been in a mobile home park and have no idea how tenants can buy parks anyway, similar to the “end the police” movement.
- Legislators in state governments just want to get the “trailer park” folks out of their offices and see granting a “right of first refusal” as a quick way to shut them up, yet not really give them anything of value in so doing. We’ve learned since Biden took office that all you need are a few screaming agitators, and the government will capitulate to anything.
- The people that do these tenant-owned deals are great at schmoozing the media and politicians and stating their case in the absence of actual performance metrics. I’ve met some of them and they come off like a Tupperware sales team only from a Chinese knock-off firm.

Drilling Down the Facts of Tenant-Owned Communities Cont.

Now, there's also a side to the discussion that gets very little attention in a woke U.S. media and that's the simple fact that some of these deals are apparently already starting to fall apart. Take, for example, [the story of Sans Souci in Colorado](#). Of course, it makes complete sense as to why the worst owner on earth for a mobile home park would be the residents. Why? Because they will refuse to raise rents even when they must due to the ever-present need for capital investment and increasing operating costs. Can you imagine any such cooperative in which 51% of the voters will agree to raise their own rents? Of course not. So, as has happened with Sans Souci, these types of deals are logically doomed to end in failure. The problem that nobody wants to address is the simple fact that running a manufactured home community is hard work and requires making tough decisions for the good of the residents. A sort of financial tough love. The resident-owned structure is like giving the keys to the liquor cabinet to the alcoholic son-in-law.

I'm sure that the false narrative concerning the strength and success of the tenant-owned model will continue until we toss the current administration out and bring back intelligent leaders who know when they are being played as patsies. Until that time, all park owners need to talk to their political leaders and educate them about the true obstacles, poor construction and poor performance of this nonsense.



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Seven Lease Best Practices for Community Owners

By Kurt D. Kelley, J.D.

Federal, State, and Local lease regulations change as the political and legal environment changes. Insurance carriers monitor these changes and modify coverages accordingly. It's important that Landlords keep Leases up to date and in compliance with current laws.



Photo courtesy of Chandan Khanna / AFP via Getty Images

Here are 7 lease best practices:

1. Confirm the tenant has their renters or homeowners liability insurance. If someone is hurt due to the tenant's alleged negligence, insured tenants will have the financial ability to legally defend the Community and pay any judgement rendered against the Community arising from the tenant's negligence.
 - Make sure the limits of liability are at least \$100k
 - Your lease should include indemnification and hold harmless language that applies when a tenant caused problem results in the community being sued
2. Each approved pet should be described. Aggressive dog breeds must be excluded. The lease should set forth the protocol and documentation required for approving alleged Emotional Support and Service Animals (See MobileAgency.com/forms & Applications/Service or Emotional Support Animal Letter from Tenant). Pet ownership and control rules should include dog weight limits (30 lbs), a leash rule, and a rule that no dogs are allowed to be chained outside a home while left unsupervised.
 - Pro tip: Consider turning over the pet approval process to PetScreening.com



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Photo courtesy of CEO Review

Landlords should exercise caution in establishing their procedure for approving or denying an applicant for residency, specifically with regard to criminal background checks. Criminal background checks should not be used as a basis to deny approval of someone for residency. Such consideration of one's criminal background history creates the risk that a landlord is in violation of the Fair Housing Act, even if the landlord is unaware of such violation.

If a landlord treats applicants with comparable criminal histories differently because of a protected class, then that could constitute intentional discrimination in violation of the Fair Housing Act. Unless a landlord has a specific intent to treat applicants differently on the basis of race, religion, sex, disability, familial status, national origin, etc., a landlord should not be determined to be in violation of this form of intentional discrimination.

However, even if there is no intent by the landlord to discriminate based on an individual's race or national origin, criminal history-based restrictions violate the Fair Housing Act if the negative impact of the restriction could affect renters or housing market participants of one race or national origin over another (i.e., discriminatory effects liability). Discriminatory

effects liability is assessed under a three-step burden-shifting standard requiring a fact-specific analysis. See 24 C.F.R. § 100.500. The three steps include 1) evaluating whether the criminal history policy or practice has a discriminatory effect; 2) evaluating whether the challenged policy or practice is necessary to achieve a substantial, legitimate, and nondiscriminatory interest; and 3) evaluating whether there is a less discriminatory alternative.

For evaluating whether a criminal history policy has a discriminatory effect, the burden is satisfied if there is a showing of a *disparate* impact. Such evidentiary proof can vary depending on the nature of the claim alleged and the facts of that case. For example, one can use national or local statistical evidence, and supplemental evidence such as applicant data, tenant files, census demographic data, and localized criminal justice data to determine whether there is, in fact, a *disparate* impact. A landlord may offer evidence to refute the claim that a disparate impact exists.

For the second step, the landlord must be able to provide evidence that there is a substantial, legitimate, nondiscriminatory interest supporting the challenged policy and that the challenged policy actually achieves that interest.

Best Practices for Running Background Checks Cont.

See 24 C.F.R. § 100.500(b)(2); *see also* 78 Fed. Reg. 11460, 11471 (Feb. 15, 2013). Ensuring resident safety and protecting property for example could qualify as substantial and legitimate interests, but the landlord must prove that the policy or practice actually assists in protecting resident safety and/or property. Landlords cannot rely on the broad generalization that an individual with an arrest or conviction record poses a greater risk than one without. Essentially, a policy or practice that fails to consider the nature, severity, and recency of criminal conduct, and instead places broad, blanket bans on anyone within a generalized group of individuals (i.e., anyone with a criminal conviction), is unlikely to serve a substantial, legitimate, and nondiscriminatory interest.

With the third step, the burden shifts back to the landlord to prove there is no other practice that can serve the same interest and have a less discriminatory effect. 24 C.F.R. § 100.500(c)(3); *accord Inclusive Cmty's. Project*, 135 S. Ct. 2507. Before factoring in someone's criminal history, a landlord should aim to take into account other factors that indicate the type of resident the applicant would be, i.e., tenant history, evidence of rehabilitation efforts, etc.

On April 4, 2016, HUD published its "Office of General Counsel Guidance on Application of Fair Housing Act Standards to the Use of Criminal Records by Providers of Housing and Real Estate-Related Transactions." Among other things, this guidance memorandum concluded that if criminal background checks are going to be used, after going through the above 3-step process, such information should be held until after an applicant's financial and other qualifications are verified.

Conclusion: Criminal background checks should be avoided as a basis for denying approval of someone for residency because the landlords have a high burden in satisfying the above heightened three-step process standard. Landlords should also exercise caution in establishing their application approval/denial process to conform with the Fair Housing Act and applicable law and check with their legal advisor to make sure they are complying.

Megan Milne is an Associate Attorney with Hart Kienle Pentecost and is a member of the litigation and manufactured housing practices.

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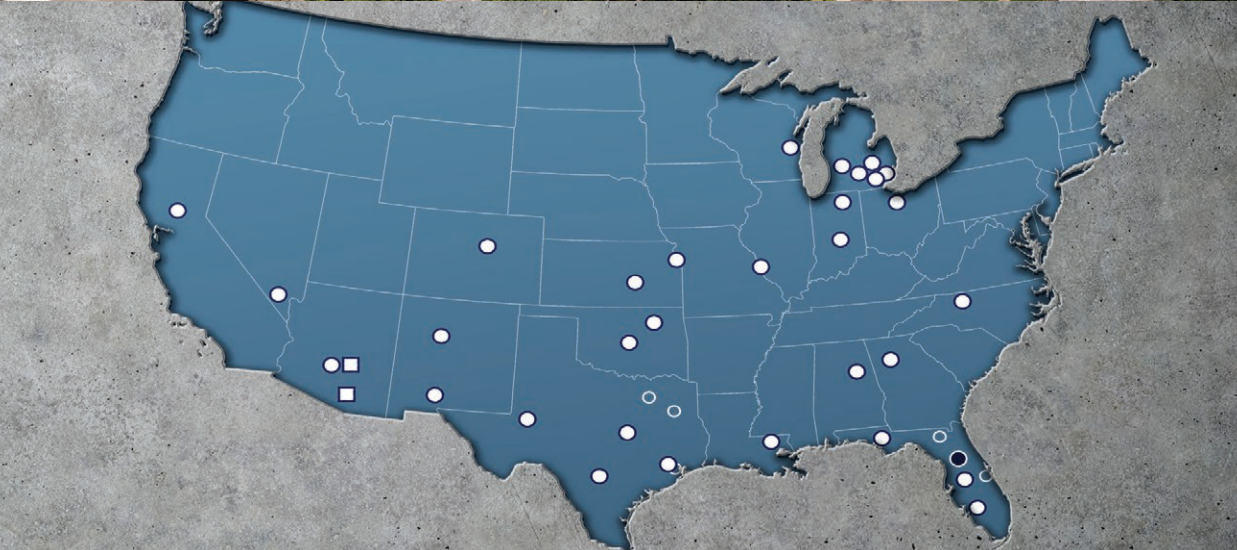
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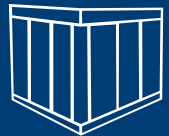
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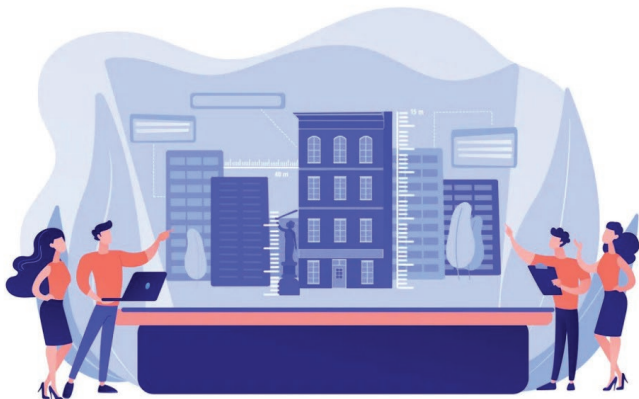
What to Expect From a Property Management Company

By [Booking Ninja](#)

Let's be honest - being a landlord can be seriously stressful. You've got leaky faucets, late rent payments, finding those perfect tenants...the list goes on. It might even make you want to give up on owning rental properties altogether.

But there's a solution. A property management company can be your real estate superhero, handling all those pesky details so you can reap the rewards of your investment without the headaches.

But what exactly does a property management company do, and how do you know you're getting your money's worth?



Let's break it down!

Superpower #1: Filling Vacancies Like Magic

Empty units are every landlord's worst nightmare. Not only are you missing out on rental income, but the longer a property sits empty, the more potential there is for things to go wrong. A top-notch property management company has a whole arsenal of tricks for finding awesome tenants fast.

They know the best places to advertise, how to write eye-catching listings, and how to price your property to attract qualified renters without leaving money on the table. Plus, they handle those time-consuming tasks like showing the property and fielding calls from potential tenants.

Superpower #2: The Screening Savant

Finding a tenant is just the first step. You need the right tenant - someone who's going to pay on time, respect your property, and let you sleep soundly at night.

Property management companies are experts at screening. They run background checks, credit reports, and verify income

and employment. This process helps ensure you're getting reliable, responsible tenants who fit your criteria. A good property manager is worth their weight in gold for helping you minimize potential problems.

Superpower #3: Rent Collection Ninjas

Chasing rent is awkward, time-consuming, and sometimes, a little scary. Property managers take this burden off your shoulders. They've got systems in place to collect rent on time, every time.

They send reminders, handle late fees, and even manage security deposits according to the rules in your area. All of that translates to smoother cash flow and less stress for you.

Superpower #4: The Maintenance Whisperer

Dripping faucets, broken appliances, roof leaks- the maintenance never ends. A good property management company takes care of it all. They have a network of trusted contractors, plumbers, and electricians ready to tackle issues quickly and efficiently.

They'll coordinate repairs, get quotes for your approval, and make sure everything is fixed right. You won't have to scramble to find a repair person in the middle of the night anymore.

Superpower #5: Your Legal Lifeline

Landlord-tenant laws are a complex minefield, and they vary depending on where you live. A property management company stays on top of all the legalities.

They draft iron-clad leases, help you understand your rights (and your tenants' rights), and know how to deal with tricky situations like evictions (hopefully that's rare!). With them on your side, you can rest easy knowing your investment is protected.

Bonus Powers - The Extras That Make a Difference

The best property management companies go above and beyond. Here are some more things to look for:

- **Tech Savvy:** Online portals for rent payments, maintenance requests, and owner reports make your life easier
- **Financial Pros:** They provide detailed reporting so you can keep track of your investment performance.
- **Communication Champions:** Look for a company that is transparent, responsive, and keeps you informed.

What to Expect From a Property Management Company Cont.

Okay, But How Much Does This Superhero Cost?

Like all quality things, property management companies come with a price tag. Here's the lowdown:

Most companies charge a percentage of your monthly rent, usually between 8-12%. There might be additional fees like tenant placement fees or setup fees. Think of it this way: the time, hassle, and potential financial loss they can save you will likely far outweigh their cost.



Choosing Your Sidekick

Not all property management companies are created equal. Before you jump in, do your research and ask the right questions:

Experience Matters: How long have they been in business? Do they specialize in your type of property (residential, commercial, etc.)?

Check Those Reviews: Don't just rely on their website testimonials. Look for reviews on independent sites to get the real story from both tenants and landlords.

The Fee Factor: Get a clear breakdown of their fees, and compare apples to apples between different companies.

Communication is King: How often will they provide updates? What's the best way to get in touch? Make sure their communication style matches your expectations.

Ready to Kick Landlord Stress to the Curb?

If any of this sounds like music to your ears, it might be time to hire a property management company. Think of it as an investment, not just an expense. With the right company by your side, you can transform rental ownership from a burden to passive income.

Here's what you should do next:

Get Recommendations: Talk to other landlords, your real estate agent, or check local industry associations.

Interview Time: Schedule interviews with a few top contenders and ask lots of questions.

Trust Your Gut: In the end, choose a company with the right mix of expertise and a personality you can work with.

Your Partner in Effortless Rental Success

Owning rental property can be an incredible way to build wealth and secure your financial future. But doing it alone can be draining. A property management company can be the key to unlocking the full potential of your investment while giving you back your precious time and peace of mind.

Want to see how our team at [Booking Ninjas](#) can transform your rental ownership experience? Our cloud-based [property management system](#) makes everything easier.



Rampant, Increasing Fraud Impacting Rental Housing Costs

By John Triplett

Fraud impacting rental housing costs throughout the country is on the rise and includes incidences of fraudulent rental applications, financial and identity fraud, and is often fueled by social media, the National Multifamily Housing Council (NMHC) says in a new survey.



"Driven in part by social media platforms such as TikTok and Instagram, the rise in false rental housing applications is exacerbating rental costs, fueling the housing affordability challenges facing communities across the country and undermining the credibility of eviction data. These fraudulent incidents consist of a wide range of wrongdoing, including criminal behavior," the NMHC says in a release about the survey.

The NMHC Pulse Survey on Operational Impact of Rental Application Fraud and Bad Debt was done from November 5, 2023 to January 9, 2024 of NMHC members and National Apartment Association members representing 75 leading apartment owners, developers and managers.

Fraud impacting rental housing costs highlights of the survey:

- 84.3% of respondents have seen applicants falsifying or fabricating pay stubs, employment references or other income documentation;
- 80.0% observed prospective renters misrepresenting information on applications;
- 70.0% reported identity theft, fraudulent ID documents or use of another individual's personal information;
- 67.1% experienced unauthorized cohabitants, illegal subletting or other actions to evade application or the leasing process; and
- 62.9% of respondents reported the use of fraudulent checks or other payment methods.

Please select what types of fraud you've experienced: (Select all that apply) (Only asked of those who reported fraud in the past 12 months.)		
	Frequency	%
Falsifying or fabricated pay stubs, employment references or other income documentation	59	84.3%
Identity theft, fraudulent ID documents or use of another individual's personal information	49	70.0%
Misrepresenting Information on Applications	56	80.0%
Use of Fraudulent Checks or Other Payment Methods	44	62.9%
Unauthorized Cohabitants, Illegal Subletting or Other Actions to Evade Application or Leasing Process	47	67.1%

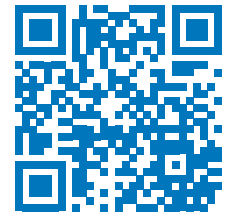
Sixty seven percent of those who experienced an increase in fraudulent applications and payments said that this varied by jurisdiction, and many (46.9%) called out Atlanta specifically as a jurisdiction where increases in fraud were most concentrated.

"There has been anecdotal evidence of the rise in fraudulent activity over recent years, but now we have clear evidence of the staggering impact of these crimes on the rental housing market," said NMHC President Sharon Wilson Géno said in the release.

"While most renters are honest, those who are not are causing the cost of rental housing to increase for everyone. Additional delays in many jurisdictions in the lease enforcement process, even when there is clear fraud, incentivizes bad actors and means that this illegal behavior costs responsible renters even more. We call on lawmakers and courts to take action that will address this problem," she said. See the full survey detail here.



John R. Triplett is the publisher of Rental Housing Journal and a veteran journalist who has worked for Cox, Gannett and Belo. He and his business partners also own a digital marketing company, Desert Path Consulting LLC.



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Enforcing Pet Policies in Manufactured Home Communities

By Arrowhead



Photo courtesy of Arrowhead

3 Key Points of Reducing Ownership Liability by enforcing pet policies:

1. Insurance coverage for mobile home communities includes specific requirements to protect park owners from tenant owned pet and other animal risks.
2. These requirements include pet policies that must be adhered to, including breeds, size, leash requirements and more.
3. Park owners, it's up to you to communicate and enforce the pet policies as outlined in your insurance coverage. Here's how.

A Key Management Goal is Providing a Safe and Enjoyable Environment

As a manufactured home community owner, it's always key to find ways to maintain a pleasant community atmosphere – a place where people can enjoy their surroundings and their neighbors. An important element of an enjoyable environment is safety – a key aspect of risk management and financial protection. A restriction to one tenant often adds enjoyment to all other tenants.

Liability landscape of enforcing pet policies

From a safety and liability perspective, it's critical that manufactured home community owners carry insurance to protect their property and themselves from liability. Included in that coverage are specific policy holder requirements concerning tenant owned pets. When it comes to having pets, it's no secret that pets provide their owners with loads of happiness, companionship and joy. Let's face it, they're part of the family. But when pets (particularly larger dogs) live with their owners in manufactured housing communities, where there is shared community space, they can present serious risks. Even a single dog bite or attack can lead to severe injuries, property damage and costly lawsuits. This is why it's vital for park owners to enforce the pet policies that are in place.

Enforcing policies helps you to maintain coverage AND provide safety

To ensure you maintain your liability coverage, it's important to enforce pet policies that align with your insurance requirements. These requirements may include:

- Implementing and enforcing breed and weight restrictions.
- Requiring proof of vaccinations and registration for all pets.

Enforcing Pet Policies in Manufactured Home Communities Cont.

- Mandating that dogs be leashed in specific common areas.
- Communicating effectively with residents.
- Establishing clear consequences for policy violations.
- Conducting regular inspections to ensure compliance.
- Preventing tenants from leaving dogs tied to chains in their yards

What are the consequences of not enforcing pet policies?

Here's an example: Imagine you have a pet policy that states no dogs over 30 pounds are allowed in the park, and a particular resident has a dog that is 60 pounds and that dog bites someone. In that case, you as the park owner are liable, as it was your responsibility to enforce the pet policy. What's more, because you did not enforce that specific insurance requirement:

- You may lose coverage.
- You may be exposed to a policy that now has an animal exclusion on it, so you will have to communicate to residents that they will not be allowed to have pets at all.
- You may not be able to get coverage in the future.
- Failure to enforce pet policies creates significant financial risks. The potential costs associated with pet-related incidents are astonishing. Recent data states:
- According to Consumer Shield, the average dog bite claim in 2023 cost \$58,500.
- According to Insurance Journal, U.S. insurers paid out \$1.12 billion in dog-related injury claims in 2023, based on information from the Insurance Information

For a manufactured home community owner, a single uninsured incident could be financially devastating. This highlights how important it is to not only have comprehensive liability coverage but to also enforce the pet ownership policies that align with insurance requirements.

Communicating with residents

When enforcing strict pet policies, communicate clearly and regularly with residents about the specifics of the policies and the reasons behind these rules. It's helpful to explain that:

1. The rules protect all residents, including pet owners, from potential liability.
2. The policies are necessary to maintain insurance coverage for the entire community.

3. Without proper insurance, the park could face financial ruin from a single incident.

Handling exceptions

While enforcing pet policies is essential, manufactured home community owners must also be aware of legal requirements regarding service animals and emotional support animals. These animals may be exempt from certain restrictions, but owners can still require documentation and enforce reasonable rules to maintain safety and cleanliness. All those seeking an exception for Emotional Support Animals must:

1. Sign an Affirmation the animal is an Emotional Support Animal (see [MobileAgency.com/forms page "Service or Emotional Support Animal Letter Form from Tenant"](https://mobileagency.com/forms/page/Service%20or%20Emotional%20Support%20Animal%20Letter%20Form%20from%20Tenant))
2. Provide a written statement from a medical professional stating the animal is a medical necessity. The letter should be updated annually, refer to a specific tenant, and note if more than one animal is required
3. Certification from a Veterinarian the animal has all required vaccinations

Can You Outsource Pet Management?

Yes. [PetScreening.com](https://petscreening.com) offers full pet management services to property managers. See their website at [PetScreening.com](https://petscreening.com). Service costs are paid directly by the tenants.

The value of enforcing pet policies

For MHC owners, enforcing pet policies is not just about community standards. It's a critical component of risk management and financial protection. According to Jackie Miller, senior V.P. of Manufactured Housing for Arrowhead Insurance, "Putting the proper pet rules in place, but more importantly ownership enforcing all aspects of the rules, is crucial. Rules are great, but if they are not enforced, they are counterproductive." By aligning your pet policies with insurance requirements and consistently enforcing these rules, you can maintain valuable liability coverage, protect your investment, and create a safer environment for all residents.

This article originally appeared on Arrowhead General Insurance Agency, Inc.'s blog and is reused by The Manufactured Home Review with permission.



Navigating Unreasonable Accommodation Requests: Finding Fair Solutions

By Taryn Arsenault



The Fair Housing Act (FHA) requires property managers to provide reasonable accommodations for residents with disabilities to ensure equal access and enjoyment of their homes. However, not all requests are deemed reasonable. Understanding how to navigate accommodation requests that may be considered unreasonable is essential for property managers who want to stay compliant with the law while also effectively managing their property.

What Makes an Accommodation Request Unreasonable?

An accommodation request is considered unreasonable if it places an undue financial or administrative burden on the property or fundamentally alters the nature of the property's services. Determining whether a request is unreasonable requires property managers to assess several factors, including cost, available resources, and the impact on the property's operations.

For example, a request for extensive structural modifications, such as installing an elevator in a small two-story building without one, may be deemed unreasonable due to the significant financial burden it would impose. Similarly, requests for personal services, such as requiring property staff to provide daily care for a resident, can be classified as

unreasonable because they fundamentally alter the services typically provided by housing providers.

Examples of Unreasonable Accommodation Requests

- **Undue Financial Burden:** A resident requests modifications that require extensive construction, such as widening all hallways in a property to accommodate a larger wheelchair. For smaller properties with limited budgets, this request could impose an undue financial burden.
- **Administrative Strain:** A resident asks for a 24/7 on-call maintenance service to accommodate their needs. This request could be considered unreasonable because it would require significant staffing adjustments that may not be feasible for the property management team.
- **Fundamental Alterations:** A request that requires the property to provide services beyond its typical offerings—such as providing specialized transportation or personal caregiving—is often classified as unreasonable. Property managers are not required to alter the fundamental nature of their operations to accommodate a resident.

The Interactive Process: Finding Alternatives

Even when a request is deemed unreasonable, property

Navigating Unreasonable Accommodation Requests: Finding Fair Solutions Cont.

managers should not simply deny it and move on. Instead, the Fair Housing Act encourages managers to engage in an interactive process with the resident. The goal of this process is to explore alternative accommodations that meet the resident's needs without imposing an undue burden on the property.

For instance, if a resident requests a modification that is too costly, such as installing a ramp at every entrance of the property, a reasonable alternative might be to install a ramp at one entrance that is accessible to the resident. Engaging in this kind of dialogue not only shows a willingness to accommodate but also helps ensure compliance with fair housing regulations.

The interactive process should be approached with empathy and a genuine desire to find a solution. Documenting every conversation and action taken is critical, as it demonstrates that the property manager made an effort to accommodate the resident in a fair and reasonable way.

Consistency is Key

Property managers should establish consistent criteria for evaluating accommodation requests to maintain fairness and compliance with fair housing laws. Every request must be assessed individually, but having clear guidelines helps ensure that decisions are made fairly and objectively.

Consistency can be maintained by:

- **Creating Written Policies:** Establishing clear, written policies regarding accommodation requests helps set expectations for residents and provides a consistent framework for property managers to follow.
- **Training Staff:** Regular training on fair housing requirements and the process for evaluating requests helps ensure that all staff members understand how to handle accommodation requests consistently.
- **Documenting Decisions:** Keeping detailed records of each request, the evaluation process, and any follow-up discussions or alternative accommodations offered is crucial. Documentation helps protect the property from liability if a resident claims their request was unfairly denied.

Best Practices for Navigating Unreasonable Requests

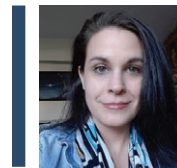
Engaging in dialogue with residents is crucial, even when a request seems unreasonable, as it helps to understand their needs and may lead to a minor modification or adjustment that resolves the issue without undue burden.

Being transparent is also important—communicating openly about why a particular request may be considered unreasonable helps set realistic expectations and prevents misunderstandings. If a request cannot be granted, offering alternative solutions demonstrates a willingness to work with the resident and can help avoid potential fair housing complaints.

Additionally, consulting legal counsel specializing in fair housing is advisable if there is any uncertainty about the reasonableness of a request or how to proceed, ensuring that actions are compliant with the law.

Conclusion: Striving for Fair Solutions

Navigating unreasonable accommodation requests can be challenging, but by engaging in the interactive process, maintaining transparency, and striving for fair alternatives, property managers can create a more inclusive community while managing their responsibilities effectively. The key is to treat each request with care, document all actions, and remain committed to finding reasonable solutions wherever possible. By doing so, property managers not only uphold fair housing principles but also foster a community of trust and mutual respect.



Taryn is a Conversation Architect for Market Me Social, an Atlanta based digital marketing agency.



Photo courtesy of The Balance

Over the years, the world of banking has modified radically and has globally affected millions of individuals. During this age of development, instead of making payments by cash, checks, credit or debit card, the payment process has evolved into faster, safer and more efficient electronic methods of transferring money. Automated Clearing House (ACH) has made this possible.

ACH network transactions, also known as “direct payments”, have become one of the most popular methods of transferring money electronically. Since the early 1970s, this U.S. financial network allows institutions to transfer money without using paper checks, credit card networks, wire transfers or cash - domestically and globally.

More than 25 billion ACH transactions are processed each year by the Automated Clearing House Network consisting of an electronic network of banks and financial institutions supporting both ACH credit and debit payments in the U.S.

Tens of millions of American individuals and businesses use the ACH network to send money, transfer money and receive money, and whether you know it as Direct Payments, Direct Deposit, or electronic payments, ACH handles everything from mortgages and recurring payments to credit card payments and more.

ACH TRANSFERS EXPLAINED

There are two main categories for which both consumers and businesses use an ACH transfer.

- Direct payments (ACH debit transactions)
- Direct deposits (ACH credit transactions)

Some financial institutions also offer bill payment, which allows users to schedule and pay all bills electronically using ACH transfers. Or you can use the network to initiate ACH transactions between individuals or merchants abroad. If you're a business owner, you can also use ACH transfers to send money to vendors or employees.

Often, ACH transfers clear the bank in just a few business days unless there are insufficient funds in the account. However, transactions can take longer under certain circumstances—such as if the system detects a potentially fraudulent transaction.

How ACH Debit works

To initiate a transaction with ACH, you'll need to authorize your biller, such as your electric company, to pull funds from your account. This typically happens after you provide your bank account and routing numbers for your bank account and give your authorization by either physically or electronically signing an agreement with your biller.

The Complete Guide to Understanding ACH Payments Cont.

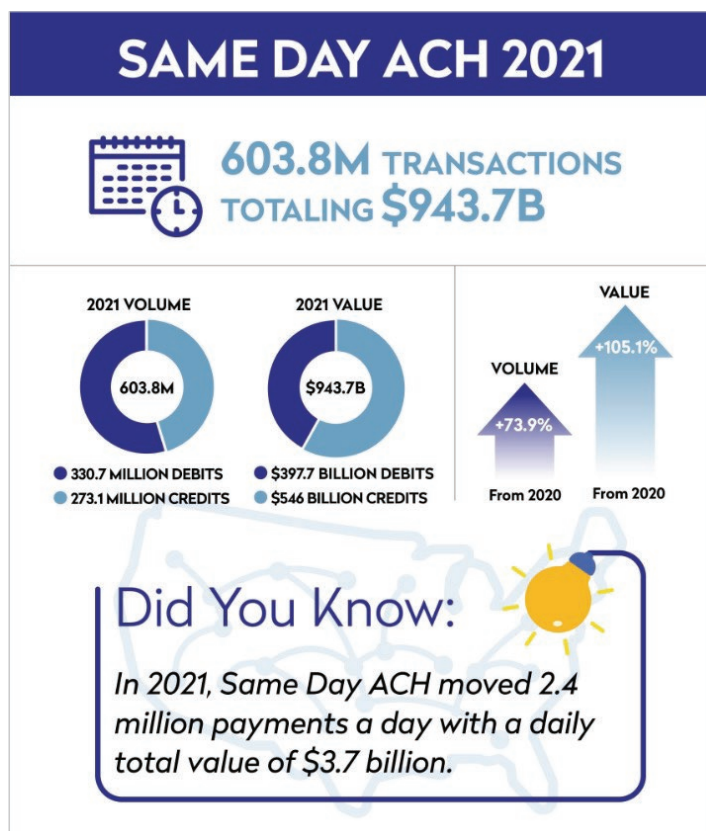


Photo courtesy of NACHA

Automatic payments

If you choose automatic recurring payments, your biller will deduct those funds from your account each time your bill is due. For example, you may allow a utility company to automatically charge your account for monthly bills. The biller initiates the transaction, and you do not have to take any action.

On-Demand Payments

You can also set up a link between your biller and your bank account without authorizing automatic payments. This gives you greater control of your account, allowing you to transmit payment funds only when you specifically allow it.

What is an ACH deposit?

If an employer wants to pay a worker, an ACH deposit is their alternative to cash or a physical check. It moves money from the employer's bank account to an employee's in an easy and relatively inexpensive way.

The employer simply asks their financial institution (or payroll company) to instruct the ACH network to pull money from their account and deposit it accordingly.

Likewise, ACH deposits allow individuals to initiate deposits elsewhere—be that a bill payment or a peer-to-peer transfer to a friend or landlord. Government agencies also rely on ACH deposits to send out pension and unemployment benefits.

An ACH direct payment delivers funds into a bank account as credit. A direct deposit covers all kinds of deposit payments from businesses or government to a consumer. This includes government benefits, tax and other refunds, and annuities and interest payments.

When you receive payments through direct deposit with ACH, the benefits include convenience, less fees, no paper checks, and faster tax refunds.

In the case of recurring purchases, payments via ACH can be automatic - meaning the customer doesn't need to worry about receiving and paying a bill; it will be an automatic direct payment from their bank account.

ACH PAYMENT vs CREDIT CARD PAYMENT

ACH and credit card payments both allow you to take recurring payments simply and easily. However, there are three main differences that it may be beneficial to highlight: the guarantee of payment, automated clearing house processing times, and fees.

When it comes to ACH vs. credit cards, the most critical difference is the guarantee of payment. Credit card payments are "guaranteed funds" transactions. The credit card network will verify whether the payer is within their credit limit and then approve the trade, meaning that the funds are guaranteed. ACH doesn't guarantee the funds and transactions can be rejected for a broad range of reasons, including Non-Sufficient Funds (NSF) or closed accounts.

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CRE Financing Rates Breakdown By Property Type

By Terrydale Capital



Multifamily

Rate Range: 5.80% - 10.50%
Quoted Average: 7.31%

Throughout 2024, agency options have lead market trends by offering highly competitive rates, with some dipping into the mid 5's. HUD options remain robust, especially in asset refinancing. CMBS offered competitive rates earlier in the year, but oversaturation has made it lose steam slightly. As we continue forward, investors and property owners should stay alert to the consistent wall of maturities.

Industrial

Rate Range: 6.50% - 11.00%
Quoted Average: 8.21%

As we continue to quote industrial investments, we've observed a slight decrease in average interest rates for this asset class with new options rising to the top with competitive pricing. Notably, credit unions and banks within this market segment consistently offer highly competitive rates.

Self-Storage

Rate Range: 6.55% - 10.50%
Quoted Average: 8.22%

Similar to industrial investments, we've observed a continued slight decrease in average interest rates across the board, primarily driven by banks and credit unions. We have even been quoting a multitude of favorable options for investors.

Retail

Rate Range: 6.75% - 10.50%
Quoted Average: 8.13%

Average interest rates for retail assets have remained steady, though we have seen options reaching into the 6% range. We have seen a large spike in multi-tenant and credit tenant deals as lending institutions have labeled them to be "easy to lend on" in the current market.

Land

Rate Range: 10.00% - 14.75%
Quoted Average: 12.42%

Following an established criteria over the last year, many traditional lenders continue to prefer developmental land while exercising caution with speculative projects and raw land as a whole. These stringent criteria have led to higher overall rates and a constrained pool of willing lenders.

Single Family

Rate Range: 6.50% - 12.50%
Quoted Average: 11.17%

Much like the multifamily sector, agency loans remain prominent players in both individual and portfolio projects. Additionally, HUD and CMBS options consistently demonstrate significant competitiveness in this arena. However, there have been instances of higher rates as lenders contend with properties intended strictly for investment purposes, striving to preserve housing availability for genuine homebuyers.

Office

Rate Range: 8.27% - 9.50%
Quoted Average: 8.76%

Despite the sluggish lending activity for office assets in 2023, there are signs of a modest resurgence in lenders offering office loans in 2024 despite its continued struggles. However, these participating lenders continue to maintain stringent underwriting requirements.

RV Park

Rate Range: 8.25% - 9.00%
Quoted Average: 8.33%

Despite being a more niche asset class, there has been increased activity in RV Park investment over the last month. With a wide range of applicable financing routes and a relatively straightforward underwriting process, we have observed relatively steady rates compared to other assets.

Mobile Home

Rate Range: 7.40% - 9.25%
Quoted Average: 8.33%

With the growing demand for affordable housing options, many investors are redirecting their attention to mobile home parks. Mobile homes offer advantages such as lower rates and simplified underwriting processes, presenting a unique diversification opportunity for any portfolio.

We maintain a competitive edge in commercial real estate by continuously generating quotes for various property types. This provides us with real-time market trend insights. To secure the best financing for our clients, we have developed a nationwide database of financing rates across different asset classes. This data, reflecting July 2024 market conditions, empowers you to make well-informed decisions.



Louisville Home Show Attendee Tip and Quest to Reach 200,000 Shipments (MH2X) in 2025

By [Spencer Roane](#) & [Alexandra Stone](#)



Photo courtesy of The Louisville Show

Earlier this year the volunteers behind the annual SECO Conference issued a challenge to the industry: break out from the stagnant annual production of 100,000 new manufactured homes by doubling the production next year. How? Encourage the 40,000+ community owners in the U.S. to buy new manufactured homes to fill vacant lots and upgrade their communities (codename: MH2X).

How? Live, hands-on, inexpensive, roll-up-your-sleeves-and-get-it-done workshops with a dozen speakers covering as much about buying, configuring, marketing, pricing, selling, and financing (including Lease-Option) new MHs as possible in an 8-9 hour day. Then follow that up the next day with an introduction to a lender who'll finance a CO's acquisition of the homes and a visit to a local community where 100 new lots have been developed and 25-30 new MHs are being sold annually.

ShowSearch© Phone App

How often have you gone to shows like Louisville or Biloxi where 50-75 of the latest model MHs are on display. You find a home that would be perfect for your market only to find that shipping cost to your location is prohibitive because the plant building that home is too far away. Enter ShowSearch©! Before you look at the first home you bring up the free app on your phone. You enter your community's (or retail sales lot's) location, and the app calculates the distance from your location to every MH plant in the U.S. and lists those closest to you. You click on information about the manufacturer owning each plant, homes built at that plant, view floorplans, photos, and video, pull up contact information on sales personnel (hopefully at that show), and immediately call, text, or email them to check out their homes.

The beta version of ShowSearch© was introduced for both iPhone and Android devices at the annual SECO Conference in Atlanta in September. Since then, developers have been scrambling to add new features and options. The dramatically improved and populated app will be available for the Louisville Home Show next month. A module to locate vendors and exhibitors based on sought-after products and services is also in development.



By Spencer Roane, Alexandra Stone, and the SECO Planning Group. Spencer Roane is a Community Owner, pioneer of the Lease with Option to Buy MHC owner plan, and Cofounder of the Southeast Community Owners Conference that occurs in the Atlanta area each September.



[Click here for the link to MH2X](#)

Contact Ms. Alexandra Stone alexandra@secoconference.com for more information on ShowSearch© and on being a part of SECO in September, 2025.



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Our Favorite MHP Lady

By Clay Holmes

My wife thinks I'm cheating on her.
She catches me in my sleep whispering sweet nothings to my dear, sweet Fannie Mae.

Aka, the Federal National Mortgage Association - the US sponsored agency and the largest lender to mobile home parks.

Now, I'm not actually fantasizing about a lender but I still like thinking of Fannie Mae as a kind and generous lady.

I asked AI what lender Fannie Mae might look like personified as a middle-aged woman and its rendition looks oddly appropriate....



AI Photo: "Fannie Mae" aka Boss Lady

Feels like she could fix the tractor, run a board meeting and then bake you a mean peach cobbler.

Ok, fine I admit it, this is getting weird.

Yet who else would give you tens of millions of non-recourse, interest only loans? Grandma? Hell no, Grandma grew up in the depression, she's stingy. Plus she doesn't have that kind of coin.

But Fannie does and she LOVES mobile home parks.

You can even call her out of the blue and get a supplemental loan with minimum paperwork and reduced transaction costs. CMBS lenders won't even answer the phone.

Without her mobile home parks would be less "liquid" (fewer buyers) and less profitable.

Thank you, Fannie Mae.

Fannie Mae Loan Stats

And apparently, Fannie knows what she's doing. Entering the mobile home park lending business was a stroke of genius considering its lower risk profile.

Fannie Mae's MHC book of business had a serious delinquency rate of only 0.12% as of June 2024.

That's a rounding error barely worth mentioning compared to most real estate asset classes. It's a fraction of Fannie's apartment delinquency rate.

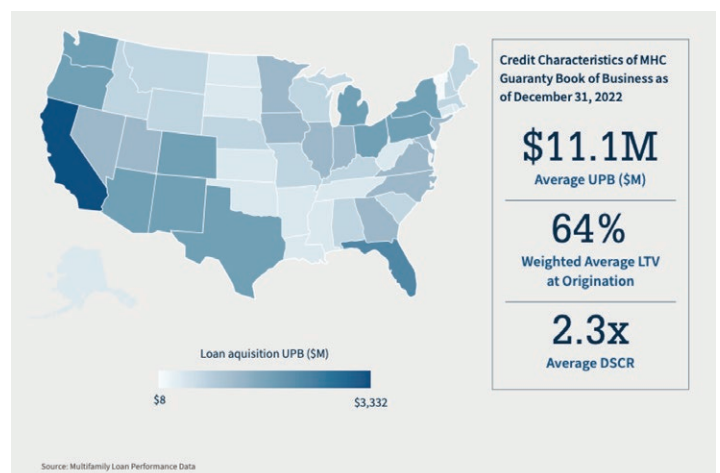
And this isn't just the mega parks owned by the largest operators. While the average unpaid MHP principal balance was \$11.2 million, 66% of all loans involved smaller properties (well, small for Fannie at less than \$9M).

As of June 2024, Fannie Mae had financed 1,900+ MHC loans, covering over 750,000 sites, with a total unpaid principal balance of \$22 billion.

Loan volume is still dramatically below peak MHC financing volume of \$5.5 Billion in 2020. Fannie financed a much lower \$800M in the first half of 2024.

Fannie's Book of MHC loans only represents about 5% of its overall multifamily book of business. But the credit quality of that book is incredibly strong with an average DSCR (debt service coverage ratio) of 2.3x.

Short of a complete economic collapse, it's hard to image how they'd see significant impairment from this loan book given that substantial margin for error. Especially considering the recession resistant rental stream and lower cap-ex costs to maintain parks.



Our Favorite MHP Lady Cont.

Park Criteria

To be considered for Fannie Mae financing, an MHC must meet specific property characteristics:

- At least 50 sites
- Paved roads throughout
- Area under the homes can consist of concrete, crushed rock, or dirt
- Homes properly set and anchored according to local requirements
- 100% of homes must be professionally skirted, with hitches must covered or removed (they are sticklers about hitches)
- A minimum of 2 on or off-street parking spaces per site, properly maintained and paved, concrete, or gravel (if common in the market)
- Amenities are not required at Level 3, but the amenity package should be competitive based on market comps
- **The MHC must achieve at least a Level 3 Quality Rating according to Fannie Mae's MHC Quality Rating Standards**

MHC Quality Ratings

I've always felt the level or star rating system for mobile home parks was a bit arbitrary.

Whenever I'm asked, "can you define a three or four star park?" I feel like Supreme Court justice Potter Stewart when asked to define pornography.....

"I know it when I see it".

	Level 3 Quality Rating	Level 4 Quality Rating	Level 5 Quality Rating
Characteristic	Minimum Standard	Minimum Standard applies (Except as detailed)	Level 4 applies (Except as detailed)
Streets	Paved roads.	Same as Level 3.	Rolled curbs (if warranted by layout/drainage needs).
Home Sites	Area under the manufactured homes consists of concrete, crushed rock, or dirt. Entry to the manufactured homes is through a patio or porch. Manufactured homes are supported by stacks of hollow concrete block or steel pier systems along the main beams (with ground anchors and steel straps holding the frame against movement) that meet local and state requirements.	Same as Level 3 with at least 60% of MH sites having commercial grade porch/cabanas or patios.	Same as Level 3 with all MH sites having commercial grade porch/cabanas or patios.
Site Size	Preference for 50% doublewide MH sites, however lenders have delegated discretion on the percentage of doublewide sites as long as the MHC is competitive with a clear market demand for singlewide sites.	Same as Level 3.	Minimum 50% doublewide MH sites.
Density	Preference for 50% doublewide MH sites, however lenders have delegated discretion on the percentage of doublewide sites as long as the MHC is competitive with a clear market demand for singlewide sites.	Same as Level 3.	Minimum 50% doublewide MH sites.
Skirts/Hitches	100% of the manufactured homes are professionally skirted, with hitches covered or removed. Lenders can meet this requirement through a Completion/Repair Agreement*.	Same as Level 3.	All the manufactured homes are professionally skirted, with hitches removed.
Parking	Minimum of 2 on- or off-street parking spaces per site that are properly maintained, paved, concrete, or gravel (if common in the market). Lenders have delegated discretion to determine compliance based on prevailing market conditions, subject to local ordinances.	Same as Level 3.	2 paved off-street parking spaces per MH site.
Amenities	Not required, but amenity package should be competitive based on market comparables.	Competitive amenity package required.	High quality amenity package competitive with other high-quality MHCs.

Fannie Mae uses a five-level quality rating system, with Level 5 being the highest and Level 1 the lowest. This is basically the same as the 1-5 Star park rating convention most MHP investors reference.

Most properties in Fannie Mae's MHC loan portfolio are rated Level 3. Here is detailed table of their rating system if you want to geek out:

Or if you're a visual learner:



Level 2 ❌



Level 3 ?



Level 4 ✓



Level 5 ✓

Source: Fannie Mae, Jose Villarreal, Greg Ehrhardt, Emilio Allen - 2019

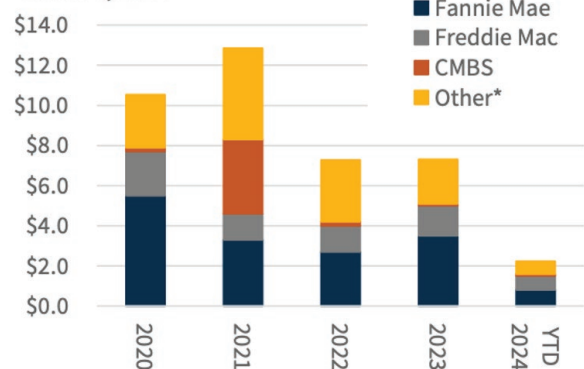
MHP Market Plus Check

One other thing Fannie Mae needs to make a MHC loan...

Mobile home park DEALS!

Deal-flow has felt damn near non-existent vs. the boom times of 2021.

MHC Loan Volume by Type of Lender - Jan. 1, 2020 – June 30, 2024



Source Fannie Mae: Tanya Zahalak, Sept. 2024

Our Favorite MHP Lady Cont.

Thankfully, deal flow is starting to surface. The bid-ask spread on pricing is narrowing. This is partly due to rates decreasing and partly due to seller capitulation.

Divorces and deaths are still happening and sellers are starting to realize we're not going back to a zero percent interest rate world.

Consequently, I (and our good friend Fannie) expect many more transactions in 2025.



Clay Holmes, of MHP Weekly, is "The Salty MHP Investor," delivering "The Mother's Milk of Mobile Home Park Investing" through sharp, practical advice.

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Scott Turner Nominated as HUD Secretary

By Manufactured Housing Institute



President-elect Trump announced Scott Turner as his pick for Secretary of the U.S. Department of Housing and Urban Development (HUD).

"We are thrilled about the nomination of Scott Turner as HUD Secretary," said MHI CEO Dr. Lesli Gooch. "We appreciated his engagement and attention to innovative housing solutions in his previous role at the White House during President Trump's first term. We look forward to working with him again to elevate innovative housing and expand attainable homeownership."

Turner visited three manufactured homes on the National Mall in 2019 and complimented MHI and the manufactured housing industry for its innovation and creativity. View his full comments [in this video clip](#).

Scott Turner served as the inaugural Executive Director of the White House Opportunity and Revitalization Council (WHORC) during President-elect Trump's first term. Collaborating with former HUD Secretary Ben Carson, Scott oversaw 16 Federal Agencies in implementing over 200 policy measure to advance economic development.

Following his NFL football career, Turner transitioned into politics and won a State House race in his home state of Texas. He is now the CEO of his family's foundation, Community Engagement & Opportunity Council (COC), which aims to rejuvenate communities across the country through initiatives centered around sports, mentorship, and economic empowerment.

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MHARR Calls for Urgent Action by President Trump to Withdraw and Repeal DOE MH Energy Regulations

By Mark Weiss

Upon the election of Donald J. Trump as the 47th President of the United States, the Manufactured Housing Association for Regulatory Reform (MHARR) has taken immediate action, urging the President and his transition team to prioritize the repeal and withdrawal of pending U.S. Department of Energy (DOE) manufactured housing "energy" regulations that would needlessly undermine the inherent affordability of mainstream HUD Code manufactured homes.



Photo courtesy of DOE

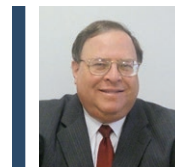
In a November 7, 2024 communication to the President-Elect (copy attached), MHARR states: "... it is imperative that your new Administration take action at the earliest possible date to prevent the implementation of the pending DOE manufactured housing "energy" standards and withdraw or repeal those standards."

MHARR's communication stresses that a repeal of the pending 2022 manufactured housing energy standards and 2024 proposed enforcement procedures rule is not only essential for the continued affordability of mainstream manufactured housing, but would be fully consistent with President Trump's withdrawal of an earlier iteration of the DOE manufactured housing "energy" standards upon assuming office for his first term in 2017. Such an action by the incoming administration would potentially moot the need for further litigation against the DOE rule in the pending federal court case.

Because of the fundamental importance of this issue to the entire industry - and consumers of HUD Code manufactured housing as well - MHARR strongly urges and encourages all industry members and all state associations in particular, to

join in the effort to encourage President Trump to repeal and withdraw these destructive pending regulations before they can inflict real and irreparable damage on both the industry and consumers. Simply put, at a time when homeownership is increasingly out of reach for lower and moderate-income Americans, and younger Americans in particular, the availability of affordable homeownership via manufactured housing should not be mortally wounded by needless, unnecessary regulation driven by climate extremists and their allied special interests.

For its part, MHARR will continue to take strong action to oppose the DOE standards and remove and eliminate the threat that they pose to both the industry and American consumers of affordable housing.



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.

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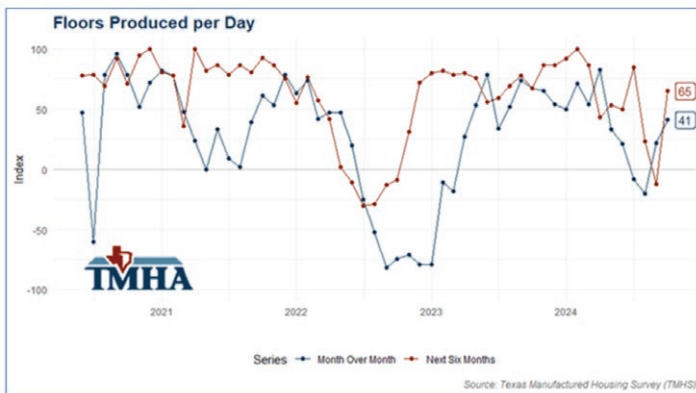
Texas Housing Manufacturers' 6-Month Projections Include Significant Production, Sales Increases

By Texas Real Estate Research Center

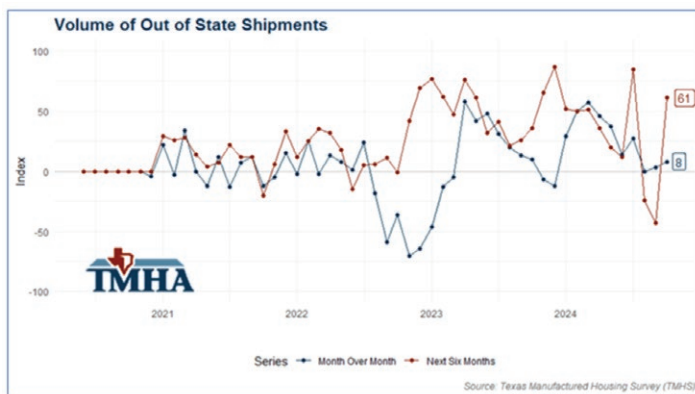
COLLEGE STATION – The October Texas Manufactured Housing Survey (TMHS) revealed a much more positive outlook across the board, with significant increases in production and sales expectations six months out. General business activity is also expected to improve, while outlook uncertainty should decrease after the presidential election dust has settled.

the outcome of the election, and that uncertainty has now been removed with Donald Trump re-elected as president in 2025. I think factories are expecting consumers inside the state and outside the state to increase home orders in 2025.”

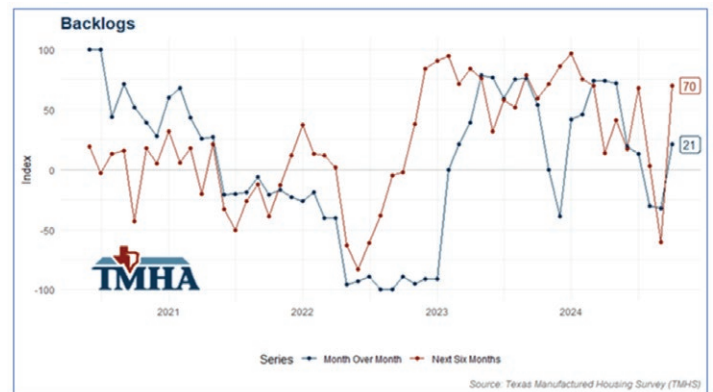
Average employee workweek and labor supply have remained subdued for the past several months. However, that may be about to change. TMHS respondents are signaling that demand for new employees should be much stronger in the months ahead, driven by the more optimistic sales expectations. As a result, labor costs and backlogs are also expected to increase.



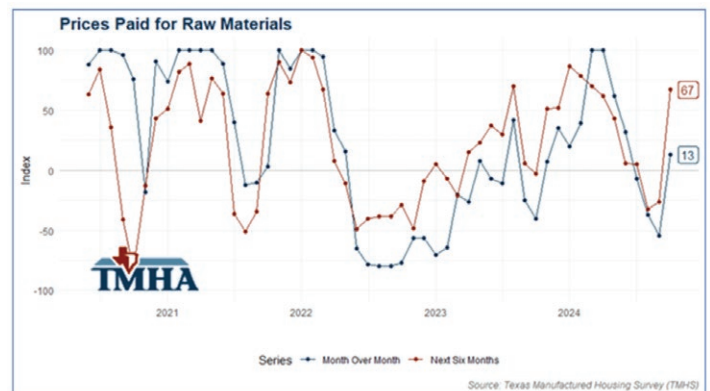
Part of the expectations for stronger sales may be a result of events that have occurred outside Texas. Respondents are expecting a significant increase in the volume of out-of-state shipments in the months ahead, a reversal from last month's survey.



“Manufacturers were feeling good coming into their quarterly earnings releases and knew that the question of who would win the presidential election was soon to be decided,” said Rob Ripperda vice president of operations for the Texas Manufactured Housing Association (TMHA). “Some of the recent softness in retail orders has been attributed to consumers holding off on home purchasing until they knew



Along with increased labor costs, respondents are expecting prices paid for raw materials to move higher as well. The survey indicated a slight increase in expectations for supply-chain disruptions, which could be a contributing factor.



“Although a major U.S. dock strike was temporarily avoided in October, the massive amount of rebuilding that will be required in the Southeast U.S. due to recent hurricanes could

Texas Housing Manufacturers' 6-Month Projections Cont.

be a factor in the expected material cost increase," said Harold Hunt, Ph.D., research economist at the Texas Real Estate Research Center at Texas A&M University (TRERC). "However, when asked specifically if they expected the hurricanes to have an impact on future material prices, respondents' views were surprisingly mixed."

Prices received for finished homes are expected to spike six months out, as manufacturers should be expected to pass along a portion of any material and labor cost increases.

This monthly sentiment survey gauges current conditions and expectations surrounding Texas' manufactured housing industry. All members of the TMHA with manufacturing

facilities in the state are invited to participate, and the survey panel represents 89 percent of HUD-code homes produced in Texas. The survey was created by TRERC, who administers it and calculates the responses.

Established in 1971, the Texas Real Estate Research Center is the nation's largest publicly funded organization devoted to real estate research.



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Utilizing AI for Better Landlord-Tenant Communications

By Scott Wymer, Ph.D.

Every landlord knows communicating complex and challenging issues to their tenants is not easy. It is not difficult to identify what some of the worst of these issues are:

- Persistent nonpayment of rent
- Rent increases
- Security deposit disputes
- Maintenance delays
- Noise complaints and other violations



Luckily for landlords, many tools are available to help with these issues in tenant communications.

What is OpenAI's ChatGPT?

AI, or Artificial Intelligence, is very much in the news today and is a marvelous tool for helping with and improving your writing.

One of the most popular AI-assistive tools right now is ChatGPT. We are going to focus on how to utilize a free subscription to ChatGPT to improve messaging to your tenants.

So, what is ChatGPT? ChatGPT and similar tools are programs that are trained to learn about subjects, such as human communication, by analyzing billions of examples. They build an "understanding" of patterns and their use. With all of this, they are actually very good at writing based on prompts or requests that are given to them.

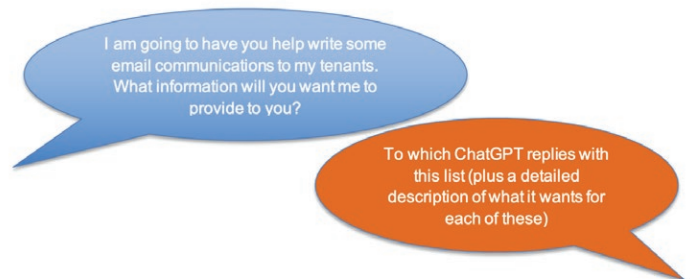
Go to <https://chat.openai.com/auth/login> to sign up for a free account.

Using ChatGPT as a Writing Assistant

In order to use these tools well, there are a few basics that you have to understand:

1. Use them as writing companions, and never as a ghostwriter for you.
2. Always review and edit output before use.
3. Check for "Hallucinations." (These are reasonable seeming facts that AI programs are notorious for creating.)

As you use these tools, it is always good to remember the computing axiom "Garbage In - Garbage Out." This means you should carefully feed the AI the outcomes, details, and context it needs to write for you correctly. One of the best things to do is to ask the AI itself what it wants. For example, you might type a prompt like this to ChatGPT:



1. Purpose of the Email
2. Specific Details of the Issue or Topic
3. Tenant's History or Background
4. Desired Outcome or Action
5. Tone of the Email
6. Any Legal or Compliance Notes
7. Urgency or Deadline
8. Additional Context

Most of these parameters are pretty self-explanatory, and you don't have to provide extensive details. Remember that these AIs are trained to interpret from context. You don't even have to provide all those items; the software will try its best to work with whatever you give it.

One item, in particular, needs more explanation: the "tone." This is a very important factor and the real value of using the AI engine in the first place.

Utilizing AI for Better Landlord-Tenant Communications Cont.

The types of writing parameters that you should generally provide to ChatGPT are:

1. Desired tone of voice: More on this below.
2. Size of output: Generally either word or character count.
3. Writing level: It is often recommended to use an "8th Grade" writing level for most common correspondence.
4. Style parameters: "Use shorter sentences", "Use Oxford commas", etc.

Regarding the "tone": You can just ask ChatGPT to describe the tones of voice that it feels are best for landlord-tenant communications:

If I was a landlord requesting help writing short-form messages to my tenants about hard topics like late rent, notice violations, property damage, etc., which tones would you recommend and why?

And it would generate this list (with detailed explanations):

1. Professional and respectful
2. Clear and direct
3. Firm yet empathetic
4. Solution-oriented
5. Informative

Getting Lots of Examples for a Message

You could obviously specify in a prompt what tone you wanted:

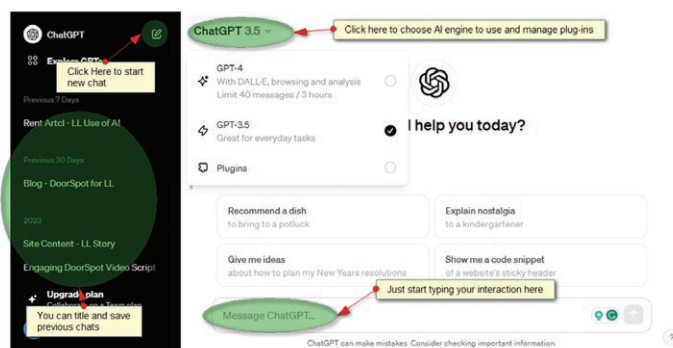
"Please rewrite that in a 'solution-oriented' tone."

But an even better solution would be to truly take advantage of this writing machine and instead tell it to provide multiple samples in the tones it thinks best. You might do that with a prompt like:

"I am a landlord. Please help me write a sample email to a tenant:

- Issue being addressed: repeated late rent violations.
- Notes on past tenant behavior: Tenant can be belligerent when confronted.
- Context: This is the second notice I am sending and further violations will lead to serious repercussions like the termination of their lease
- Desired result from correspondence:
 1. Tenant fully understands that further violations will result in eviction
 2. Rent gets paid on time in the future.

Please write me 3 different copies of this using the tones or voices that would achieve the best results. Please identify the type of voice or tone used for each example."



Final Tips and Tricks

Finally, let's talk about some practical tips for making the most of ChatGPT:

- If you are using a single session with ChatGPT for multiple outputs, be sure to give them ChatGPT labels so you can reference individual outputs in later instructions. "Please label this output as 'First'."
- You get faster responses from ChatGPT if you work outside of core business hours, when it is less busy
- Remember to save your sessions in the ChatGPT software so you can use the content at a later date and also annotate how you used ChatGPT in the past.
- Remember that it is called "Chat" for a reason. Any project should be a conversation. Ask it to revise, rewrite, and make corrections.

Utilizing AI for Better Landlord-Tenant Communications Cont.

- The last thing is to note that if you are not sure what you should do to get good output, just ask ChatGPT for help:

Please write me an instruction manual about how a landlord could generate a wide variety of email sample texts for a given situation. Please be explicit in terms of:

- The prompts that should be used
- The information that should be provided
- Any parameters that should be set, and
- Sample of the exact commands that should be issued to ChatGPT to make it all happen.



Scott Wymer, Ph.D.
COO and Co-Founder
DoorSpot

Scott is a landlord himself and has a great interest in PropTech. Having evolved into a software guy over the last 25 years, he is very excited about the company DoorSpot, which he co-founded. He is active in designing the innovative feature set DoorSpot offers fellow landlords in the property management space.

Note: We did not have room to include the detailed output responses from ChatGPT in this article. They can be found on the writer's blog at: [DoorSpot](#)

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