

Complete Step-by- Step Guide to Finding Investors

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The Entire Manufactured Home Investing

System

Part 3

Finding Investors and Funding

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DISCLAIMER

Please have your Attorney or Tax Accountant Review these documents and advise you based upon your own personal situation.

Your personal situation may be special and there could be special circumstances that may effect your financial and legal obligations.

TAX DISCLAIMER

Buying and Re-Selling Mobile Homes will result in Capital Gains Taxes. Please discuss this matter with your Accountant before buying & re-selling any mobile home investments.

ACKNOWLEDGEMENT

Robert Minton is a Licensed Real Estate Broker in the State of Ohio. Robert Minton is not a licensed attorney, tax advisor, or any other professional service provider. Brian Beck is not a licensed attorney, tax advisor or any other professional service provider. Anyone considering implementing these ideas and plans are advised to seek professional advice concerning legal and tax matters.

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The Finding

In the first few manuals, we learned how to find homes that were currently for sale, how to buy these homes for cash and turn them over for resale with financing. By following the steps clearly outlined for you, you can invest a small amount of money and realize massive returns on your investment. It is a classic buy and hold real estate investment, whereby you are buying a property, holding it for the long term and collecting small payments on it. In actuality, you are trading thousands of dollars for a payment of a couple hundred dollars each month. Depending on how much capital you have to invest to begin with, at some point the math is going to catch up to you. The way to combat this is to employ yet another classic strategy of real estate investing, and that is by using OPM.

OPM stands for Other People's Money. In order to take this idea of buying and selling mobile homes, and create a successful business out of it, you will inevitably need to use OPM. Look at it another way. By using other people's money, you can share in the profits without running out of your own money.

First, you must realize that there is a ton of money out there. One common misconception about money is that there isn't enough of it to go around. In fact, you may have grown up being told that, "*Money doesn't grow on trees.*" Physically, that is true,

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but metaphorically speaking you can and should plant money trees everywhere you go. Every time you purchase an older used mobile home and sell it on financing, you are planting a money tree. It requires a minimal amount of work, and if treated correctly will provide you with income for years to come. By properly paying attention to your investment, or essentially, watering your money tree, you will be able to keep management of the investment at a bare minimum, while creating a lifetime of “fruit.”

When first starting Capstone Investment Properties LLC, we offered real estate investors an opportunity to invest small amounts of cash into older used mobile homes. This provided them with an investment that not only was making an incredible return, but an investment that had no recurring debt. They were able to invest without first attaining a mortgage. This eliminated a lot of the stress involved in real estate investing.

We also offered to do the investment for them. This is big. This is what made us stand out. The thought of driving through mobile home parks and walking through trailers and dealing with “trailer trash,” did not exactly titillate many investors. The numbers are what excited them and instantly got them trying to figure out how to reap these types of returns without having to get their hands dirty.

It opened up the world of OPM to us, and we dove right in. Like I said earlier, there is a ton of money out there, and to be successful, you need to go hunting and find it.

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Please understand that when I say to go hunting for money, I am not talking about calling retired old women and offering vacation homes somewhere off in a swamp. There are many hucksters out there offering to take someone's cash and making promises of riches, only to steal the money and sneak off into the night. This is not what you should want to do. We have put together a comprehensive plan for investing money, and creating a large return on that money. By offering to do all of the leg work for investors who want no part of that leg work, you can profit nicely *along with your investors*. Make yourself wealthy by creating wealth for others. It really is that simple.

For example, we bought a home in a park that was about a half an hour's drive from the office. This particular home was a 1992 Edgewood mobile home, measuring 14x80 with 3 bedrooms and 2 full baths. Our cost on the home was \$5,000.00. We sold that home three weeks later for \$16,900.00, financed over seven years at 13.25%. We received \$500.00 down, and we are getting \$300.00 per month for the next 7 years. If the customer who bought it pays on time, every month and buys out the home as she is supposed to, we will earn a total of \$25,700.00. We decided to turn this investment over to an investor. Had we kept it, we would have realized a return of 414%. Divide that number over seven years and you get an annualized return of 59%!

I don't know about you, but to me that is exciting. There is definitely room here to share and still make money. If we sell this investment to an investor, we get our original money back, plus we make a service fee on the sale. We took the particulars of

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this home to one of our investors and showed him what we expected to get from investing in this home. We offered to purchase the home for the investor, run the advertising, screen the would be buyers, place a qualified tenant in the home, do all of the paperwork including title transfers, collect the down payment, and hand the investment back to the investor for a 3,000.00 fee.

By adding the 3,000.00 fee to the purchase price of the home, it changed our numbers. The total amount invested by our investor now goes up to 8,000.00, while the total amount received from the buyer over seven years stays the same. They will now see a profit of 17,700.00, which amounts to a 221% return, or 31.5% return annually. This is still an unbelievable return on investment! This is what gets exciting for investors and keeps them coming back for more. This particular investor will have all of their money back in 25 months. (Remember we only got \$500.00 down.) In other 27 months they will have doubled their money, and they will still have 32 months of payments left on the note!

Why couldn't the investor just go out and do this themselves? Well, they absolutely could have. What you just read was the exciting part of the story. You didn't read the ugly part, so without further adieu....

This particular home was given to us *free* by the park owner. The previous owner had been evicted, and the place was trashed. We were able to see the potential in the

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home because it met a few of our criteria. (size, age, location) It took us 5,000.00 to rehab the home. The first thousand dollars was spent in roll off dumpsters. It took us 2 thirty yard dumpsters just to empty the place of all the junk left behind. Toilets were ripped from the floors and thrown into the living room. The place had been empty for six months and there was still food in the refrigerator! We had to replace all of the plumbing throughout the entire trailer, paint everything, put down new floors, install new carpeting, fix walls and put appliances in the finished product.

That is the part that wasn't sexy. That is the part your investors don't want to mess with or even hear about. Showing them photos of the home in this condition, or worse, walking them through the home would have killed the entire deal from the beginning. You need to get an investor to see the return he/she will receive by investing in the home. You don't want them to see what is physically involved in creating the investment.

The example above illustrates the first investing opportunity we offer to investors. This is the riskier option of the two options, but it does offer a higher return. We offered to do the entire investment for them, including locating the home, negotiating a price, transferring titles, marketing, selling, and all of the paperwork involved in the buying and selling. We do this by charging a one-time upfront fee. Once the home is placed and the buyers have moved in, we hand the investment back to the investors. They take over the management from this point on. In reality, there isn't much management to begin with,

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after all, the buyer has purchased the place, not rented it. Our investors are not landlords. However, we all get phone calls from time to time when buyers are going to pay late, or if they have maintenance issues.

Our second option is basically a loan to our company. We offer a fixed rate of interest and monthly payments over five years on an unsecured loan. This option is geared more for those looking for a more passive investment. It is completely passive and less risky; however the return is much lower. We will get deeper into the investor options further along. Remember, at this stage of the hunt, we are looking for the investors. Let's find them before we stress over what we are going to offer them.

So it's time to go hunting. Strap on the boots, apply the camouflage make up, put some type of ridiculous hat on your head, and let's head off into the woods.

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Finding Investors

The stigma of mobile homes and mobile home parks however, sparks at the very least, a questioning look. You have to know what you are talking about before bringing the idea to an investor and be able to show the investment to them. They want to see numbers, they want to see liability issues, and they are going to be concerned with the amount of time the investment needs for management. They also want to know why they should invest in mobile homes rather than say, Wall Street. Fortunately for you, many of the people with the money to invest do not want to get their hands dirty. You can tell an investor to drive through mobile home parks and walk through mobile homes, but what is the actual chance that he will sacrifice his time for this? However, by showing him the returns you are creating, and offering to do all of the work for him, you would have a great chance of piquing his interest. Time is a precious commodity and many investors nowadays are looking for investments that are completely done for them. This is the main reason the stock market is so popular. It is an investment that doesn't involve much more than some research and a phone call, and even this has sprung businesses all over the place offering to do the research and investing for you. People don't want to do the work involved. They just want to reap the benefits. You need to step in, do the work, and reap some of the benefits along with them.

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In order to get started, you need to know exactly what you are getting into, and to do that you need to go out and buy a few of these homes for yourself. Then turn them, just as you have been taught to do, and carefully document every step you took. How much money did you spend on the home? How much to rehab it if you had to? How much was advertising? What was the length of time from when you purchased the home, to when it was ready to show and sold? What deal did you broker with the customer moving into the home? How do the numbers look? Obviously I could go on and on with the questions you need to ask and answer, but you get the idea. You want documented proof of the investments as well as, real life experience. This is what is going to sell your idea to investors. Put down this book, and go buy a home or two before continuing. Follow all of the steps that have been outlined for you. If nothing else this will get the hardest purchase you will ever make out of the way: Your First One!

Be very organized! This is very important, so I will repeat it. Be very organized!

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Each Mobile Home that you purchase should have its own file. In this file you should, at bare minimum, have the following:

1. Purchase agreement you signed with the previous owner.
2. Photos of the home in its condition when you bought it.
3. Photos of the home in its condition when you sold it.
4. All receipts for taxes, title transfer fees, supplies, contractors, etc.
5. A copy of the ad you ran that produced the customer that bought the home.
6. Copies of the Promissory Note you created for the home, as well as the sales agreement.
7. The title of the home, signed over to the customer, but with your lien stamp on it.
8. Copies of the check used to purchase the home, as well as a copy of the check or money order you received for the down payment.
9. All other important papers and receipts associated with the home.

Being organized now, is going to save you a lot of time and head ache in the future. Obviously, all of these things together will be helpful for tax purposes and for record keeping. Also, when you start to approach investors to invest with you, these files will do two things. First, it will illustrate to the investor that you have found an investment that is truly worth investing in. Second, it will go a long way toward showing

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the investor that you are an organized and precise person. They do not have to worry about their investment money in your hands. You want the investor to be excited to be working with you. Remember, they were nervous when you mentioned the words “mobile home.” It is your job to show them why they should overcome that fear.

Finding investors is a lot simpler than you may think. Begin by telling absolutely everybody you know and meet what you are doing. Talk constantly about investing in mobile homes. You will be surprised at how many people will want to invest.

As I got going I made it a point to tell everyone exactly what I was working on. When I did quit my job to do this full time, I had three investors from my old job. Eventually, my parents became investors. My parents are hard nosed people who did not fully understand why anyone would buy a mobile home, but the more I talked the more interested they became. My wife bought her first mobile home recently. She had been saving money here and there in a “secret” fund and the more she heard about the great returns I was making, the more excited she got. I’ve had friends invest as well as contractors. When cleaning out the home I spoke about earlier, I explained what I was doing to the guy who owned the company that delivered our dumpsters. Needless to say, he was interested and is now on my list of investors. So are my lawyer and accountant. The guy who owns the cell phone franchise, where I bought my business phone, has joined us. Once you start talking, don’t stop!

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Do you know anyone who is actively investing in real estate? Many of us know someone in our families or circle of friends who are in the game. Approach this person and explain to them that you have started investing and ask for advice. Explain to them that you have bought and sold a few mobile homes and show them your files. Be sure to show them your numbers. Explain that you would like to continue investing in mobile homes, but the math is going to slow you down. See if they would possibly be interested in investing with you.

Do you have family members or friends who have money in an account making practically nothing? Once you start asking around, you will be amazed at who has money and just how much they have. There are tons of people out there with money that are just waiting for the right opportunity to invest it. You need to become that “right opportunity.”

Join a group. The internet is a great way to find local real estate investing groups in your area. Usually the group will have some type of publication, such as a monthly newsletter, or email alerts, message boards, etc. Join a local group and start talking to these like minded individuals.

I recently joined the Real Estate Investors Association of Northern Ohio. It cost me \$140.00/year. The reasons I joined are plentiful. Some of the benefits of my membership include

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- General meeting- The monthly meetings offer national and local guest speakers covering a variety of timely real estate topics. These meetings also provide an excellent opportunity to network with fellow investors.

(This alone was reason enough for me to part with \$140.00. Every month I will be in a room with any number of people who understand real estate, and who are interested in investing. The networking opportunities are endless. I have a slight advantage and that advantage is the fact that I love people, and love talking to them, so these meetings get me all fired up!)
- The Wealth Builders Journal- The monthly newsletter contains handy tips, details of recent deals, excerpts from specialized real estate publications, positive thoughts and much, much more. *(I'm all about the self education, and I read just about anything I can get my hands on. The newsletter gives me an opportunity to learn new ideas, but also, it gives me a forum to express my ideas, and reach out to investors who are looking to invest. If we follow Pareto's principle, more popularly known as the 80/20 rule, you can imagine that there are quite a few people in these groups who are not investing at all, or are waiting for the right opportunity. The beautiful thing about our investing strategy is that it does not involve a ton of money or any mortgage, so those who may be on the fence about investing in general may be receptive to our idea. Also savvy investors will like the*

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fact that they can get in on the unbelievable returns we are creating without having to actually do anything but sign a check.)

- Trade, Swap and Sell – Your opportunity to present real estate property, products and/or services to your fellow investors and guests during the monthly meetings.
- Opportunity table – Participate in the privilege of advertising and promoting your real estate property, products and services during our general meeting.
- Advertising
 - Advertise in the monthly newsletter – Reach hundreds of investor members. *(This is a way for me to reach local investors.)*
 - Advertise on the website – Reach millions of interested people worldwide. *(This is a way to reach people who are not so local!)*
 - Online classified – Take advantage of our online classified.

Advertise your property, product or service on a weekly basis.

As you can see there are many benefits to joining a real estate investing association, but the one I'm most concerned with when finding new investors, is the networking possibilities. In the beginning, when you are just getting started, you will find a couple of investors and spend a lot of time catering to them. Running around finding homes, selling homes, showing homes, doing paperwork, etc. After all, the happier they are, the more they will invest with you. Later on we will teach you how to automate most of these

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steps so that you can use your time for more important tasks, like finding new investment money.

After you have done quite a few of these deals, you will come to a point where you need to focus on boosting that investor list. The investors you already have will run out of money at some point, so you need to constantly be looking for new sources of funding. I have reached the point where I have hired a few people, so I spend most of my time doing marketing to both customers and investors. As long as I keep the investor list growing, we will always have the money to purchase homes. That being said, I welcome any opportunity to network with fellow investors.

Go to Auctions. In my area, Sheriff's auctions are every Monday morning at the local courthouse. The people attending these auctions are investors usually looking for properties to "quick flip." Start talking to the people attending the auctions. One thing to remember is that the people attending the auctions usually have cash right there. When bidding on a property, one needs to pay a certain percent down at the auction. Many times, there will be investors who came to the auction all jazzed up and ready to purchase only to have lost in the bidding war on a property they were interested in purchasing. Now he's going home with money, all frustrated because he missed out on an opportunity. Talk to that guy!

Run an ad. There may be an *Investors Wanted* or *Business Opportunities* section in your local newspaper. I have written a sales letter describing our investing strategy and

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Free Report for Beginning Real Estate Investors!

How to invest a minimal amount of money and maximize profits *in your spare time!*

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then sent it to those who have called. This is a great way to find investors. I remember when I was first getting started; I would always read the classifieds looking for investing opportunities. Remember, I had no idea what I was doing. I had a chunk of money from my previous business, but I was clueless as to how to invest it. Everything I was reading was telling me that the greatest returns around was in real estate, but that's pretty vague. What I was shocked to find out was that there were tons of people in my exact situation. They had money to invest, but no direction. The difference was that on top of perusing the local newspapers, I was also reading up a storm. I was educating myself on all of the possibilities. This would have been an ad I would have answered.



I'm all about free information and just as we have advertised for our homes, we are presenting a non-threatening way for people to get that very thing, free information. I set up a voicemail with the following script.

“Thank you for calling for our free report. I remember when I first started investing in Real Estate. I did not know where to begin, there are so many options out

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there. The biggest fear I had was “What if I screw this up?” Well, the good news is that I came up with an investing strategy specifically designed for beginners, in that only a minimal amount of money is needed, no mortgages or banks are used, the returns are phenomenal, and the risk is very low. The best part is that you can’t screw this up, as we will do all of the work for you. We have been buying and selling manufactured homes for massive profits and are always looking for new investors. This is your opportunity to tap into this well without risking everything you have worked so hard to save. Please leave your name, phone number, address and/ or email address and I will send you your free special report. There is no obligation to purchase anything and your information will not be sold or shared with anyone. Thanks again for calling, here comes the beep!

What other ways could you attract investors to your list? This is where creativity and thinking outside of the box comes into play. I’ve driven by bandit signs stuck in the ground at freeway exits asking for investors. While I’m not saying this is the best way to attract investors, it certainly stood out to me as being from someone who was using their brain.

Remember that what you are looking for are everyday people. This investment can certainly be done for less than 20,000.00 and almost always done for less than 10,000.00. Of course, this depends on your market. You don’t need a list of billionaires

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and hard core real estate developers to get your company off the ground, although it wouldn't hurt to get a few. Just keep telling everyone what you are doing!

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Investor Options

Now, you have a few people interested in investing, but you are wondering what to offer them. This is going to depend on the investor, specifically how passive he/she wants to be, as well as, what kind of return they expect to receive.

As I stated earlier, I offer two different options for investors. When we first started Capstone, we only offered one option. We offered to do the deal for an investor and charge a commission. As with any business plan, there were ups and downs in this idea.

On the upside, we had created a business which was producing a great amount of income. At this early stage, I was operating alone and managing to do two or three deals a month on average. I quit my 9-5 job in order to have the time to search for homes, and do everything else associated with the investment. In order to do this and still manage to feed my family, I needed to pull a salary. Paying for minor fix ups, advertising and salary ate up a lot of the income, and at the end of each month we had everything paid and up to date and still managed to have a little profit. Good job, I'd say to myself as I was tapping my own shoulder blade, and then I'd repeat the process all over again. The problem was that we weren't creating any equity for the company. The business wasn't growing. I had merely created a job for myself. Also, what would happen if I

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accidentally slammed my car into a bridge abutment? There would be all kinds of investors wondering what was going on? The mistake was that I had made myself more valuable than my business. I had created a business that was completely dependant on me. It was time to turn that around. Time to figure out how to get this party started.

I stopped offering to do “investor deals” and started borrowing money from investors. This way I could buy all of the mobile homes and keep them in the company and constantly create equity in the business. Each mobile home produced a payment each month, so there was a residual income. Also borrowing larger amounts of money allowed me the funds to hire some employees, train them and slowly create a business that was self sufficient. I was making the business more valuable and less dependant on me.

Good Job! *Tap, Tap...*

This idea ended up bringing us back to the original problem of trading thousands for hundreds. In order to still pay salaries, advertising and to keep buying homes we would need to continue borrowing. I have no fear of borrowing, but I could see the point in the future where we wouldn't need to borrow and man, that was a beautiful place. I needed to get there faster. We needed more income.

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The rest is obvious. Option 1 offered nice income but no equity, and Option 2 offered equity but little income. Why not offer both? This is exactly what we did and now we are off to the races.

Investors like to have choices as well. Some investors are more aggressive and some are more passive. Many of my investors have done a little of both options. This is a way for them to diversify their risk.

I personally do not believe either option is all that risky. If you have followed the steps in this book, investing into mobile homes makes a lot of sense. Those things that are risky for other real estate investors, such as abandonment and evictions, can actually be better for your investment in the long run.

I haven't had a home sit vacant for longer than three months at a time. Also, this is an investment with no mortgage debt, so vacancies don't hurt as bad. Let me go over the two options in detail so you can have a better idea of what to expect.

Please note that these are the options I offer to my investors. If you are a creative person, you can come up with many different variations on my options. That being said, I wouldn't offer investors too many options, as then you will be making everything confusing. Two short and sweet options should do it.

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Option ONE

Be a Mobile Home Owner!

The first part of this book told you in detail how to become the proud new owner of a used mobile home! Don't you want to share that excitement with others? My first option to investors is the chance for them to share in the joy of mobile home ownership without all the hassles of actually doing any of the steps we outlined in this book. For this I charge a commission. Currently, as I write this, I am charging a 1500.00 buying fee, and a 1500.00 selling fee. I charge the entire one time fee upfront. This allows me to move quickly and not waste time chasing someone for the seller's fee later.

I have each of the investors fill out an application ahead of time. You can create your own application, or use mine. There is a copy of the application I use in the back of this book. It is a simple application because you only need a few details. You need to know their name address and best way to get in touch with them. You also need to know where they are getting the money to invest, and how much they would like to invest.

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Knowing where they are getting the money is crucial because it helps you to gauge how quickly you can buy the home. If Uncle Steve is one of your investors and he has \$10,000.00 to invest, you should know if it is coming from a jar hidden in his attic, or if he has to request the funds from his 401k. Negotiating a good deal on a mobile home depends on speed, and getting Uncle Steve to request the money from his 401k account is going to take some time. It is a good idea to tell your investors upfront to have the money readily available to them. I tell my investors to have the money ready and to be prepared to get the money to me within three days. If their money is tied up for some reason, I will merely move to the next person on the list and come back to them when they are ready.

Take your applications and create a file for each investor. Then take the info from the applications and compile a list. On this list, you want to have their name, phone number and amount being invested. Carry this list with you when you are looking for homes.

Assuming you have already done one or two of these homes, I would start looking in the park you have already worked in. Obviously you have already created a relationship with the manager or owner, so you save the time of gaining approval to work in their park. Most of the parks I work in are concerned with two things, credit and background. They don't want drug traffickers or pedophiles in their park, and they want to make sure the person moving in can pay the lot rent. I usually offer to co-sign for

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anyone the park accepts into one of my homes. I ask the park owner to be a little more lenient on the credit side and I will take responsibility for the person moving in. If they do not pay the lot rent, go ahead and evict them, and I will pay the back lot rent that they missed. Lot rent in my area is usually around 220-300 dollars a month. I would rather the park do the evictions and paying a few hundred dollars in back lot rent does not concern me. Especially since the next person moving in will give you a down payment, so you should be able to recoup what you spent. This idea of co-signing will get you into more parks, I guarantee you.

Your investors need to know ahead of time that they will be responsible for the lot rent as the guarantor. They are essentially becoming a co-signer for the lot rent. This is the part of this option that makes it a little riskier than the other option. Your investor is responsible for lot rent while the home sits vacant and/or for back lot rent when a buyer skips out on paying it.

Upon identifying a home and negotiating a price, I immediately call an investor on my list and give him/ her particulars of the home and at what price I expect to sell the home. My goal is to double their investment, *commission included*.

When describing the investment to the investors, I quote the lowest price I would sell the home for, but actually try to sell the home for more. *Promise less, deliver more*.

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For example, I buy a 2 bedroom, 1 bath home for \$2,000.00. I call the next investor on my list and tell them about the home. The investor's cost will be the cost of the home, \$2,000, plus my fee of \$3,000.00. I explain that we will sell this home for \$8,900.00 at 12.75% over four years with a payment of \$225.00 per month and a down payment of \$500.00. The investor can expect to have all of their original money back within twenty months and the remaining twenty eight months are pure profit!

When the four years are over the investor will have made a total of \$11,257.09. This is a return of 125.14 % spread out over four years. This is an annualized return of 31.2%. The investor is thrilled, after all, where else is he/she going to find a 31% annual return on investment!

Now, when I actually sell the home, I am aiming for \$10,900.00 and a payment of \$250.00 per month. This will put the loan at 4 years and 8 months. Now when the whole thing is wrapped up, the investor will have made \$14,300.03. This is an overall return of 186% and an annualized return of 39.8%! When the papers are signed and the buyer moved in, I bring the investment back to the investor and surprise him/her with even better than what they expected. They have a higher payment, higher return and longer investment. This keeps investors happy. This keeps them on your list. This keeps them calling you to get them more homes. Remember to always: *Promise less, and deliver more!*

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Now, let's see how **you** did on this deal. Let's say you spent a total of \$100.00 in gas driving around finding a home, meeting perspective customers, showing the home, and going to the title bureau, etc. Let's say the home sat for two months and you ran ads for that whole time costing you \$500.00. Title transfer fees and other smaller costs such as paperwork, printer ink for the documents, etc. added up to \$100.00. Let's say prepping the home cost you \$100.00 as well, for air fresheners, lamps, etc. All of these are extreme exaggerations, but it's good to do that when estimating costs. We'll even add another \$200.00 in miscellaneous costs to give us a round total of \$1,000.00 in costs. This means you netted \$2,000.00 from this one deal, and because we exaggerated, it took you 2 months. That's \$1,000.00/month net profit for not a whole lot of work. Here comes another important point. ***Save all of the names and phone numbers of the people who did not buy this first home.*** You'll need them for this next part.

The costs will be higher for your first home, but let's say while this home was sitting, and you were answering voicemail from perspective buyers, you were also looking for other homes. Let's say you found another one. Now you call the next investor and purchase that home for them. You prep that home as well. You could then call all those people who didn't like the first home and show them the second home. This will save you time, because you are not waiting for them to call you. This will save you money because you did not have to run an ad. These people already understand the program and the terms (if the home purchase was comparable to the first one numbers

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wise.) Chances are pretty good that you can sell this home without running another ad. This cuts your cost and time and raises your net profit for those two months. What if you could do four homes in those two months? I can tell you that when we started Capstone, we were averaging three of these investor deals per month easily, and I had no manual to go by. Start crunching the numbers and you start to get goose bumps!

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Investor Option #2

Be a Lender!!

Banks make a lot of money on a process known as *arbitrage*. Dictionary.com defines this process as “the simultaneous purchase and sale of the same securities, commodities, or foreign exchange in different markets to profit from unequal prices.” To put this in layman’s terms, I heard a banker tell me once that they refer to arbitrage as the rule of 363. When asked to explain, he put it this way. “The first three is the percentage we pay to the consumer putting their money in our bank, the six is the percentage we charge the consumer borrowing that money from our bank, the second three is the time I hit the golf course.”

All joking aside, he brings up a point. Charging more for money than you paid for it will make you wealthy. Our second option that we offer to investors is the chance to become the bank. This option is much safer for the investor than our “investor deals” and this investment option is completely passive. Ninety percent of my investors who have chosen this option have used funds from Self Directed IRAs. They have money sitting in an account making somewhere around six to eight percent, and they are looking

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to invest that money at a higher rate without taking on all of the headaches that come with property management. They can, as Ron Popiel coined, “Set it and forget it.”

Self Directed IRAs are retirement accounts that allow you to use the funds within your account to invest in things not offered by other retirement account brokerages. You can use the funds for a whole plethora of different investment opportunities. One of the companies that offer these types of retirement accounts is right here in Elyria, OH. The name of the company is The Equity Trust Company and you can find out more about Self Directed IRA’s by visiting their website at www.trustetc.com. I highly recommend looking into this for yourself and your family members. Many of my investors have set up accounts for their children, and then used my second option as the investment vehicle for their children’s funds. I tell everyone that I have some of the youngest investors around!

As a lender to Capstone Investment Properties LLC, the investor is currently being offered 13% interest annually on a five year unsecured note. You can choose whatever terms you would like to pay, and in different areas of the country, your rates and terms will differ. I chose thirteen percent because it’s twice what the prime rate is right now. It beats out other investing options such as stocks, bonds, savings and money market accounts, CD’s, 401K’s, etc. Your rate has to be enticing to an investor, and be low enough that you will profit from it. It has to make sense to an investor to pull his money from one investment and put it with you. At 13%, it makes sense for people to

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pull equity from their homes, pay a rate of around 7%, and recoup 13% by lending it to me. It makes them a bank!

Now the investors you are recruiting may be savvy real estate investors who have found ways of making a much better return than 13% annually on their money. These people are more likely going to choose the “investor deal” option. This option of becoming a lender is a way for their children to invest. This option is also good for other family and friends who do not understand what you are doing, or who do not care to understand what you are doing. They just want to make more money on their money and not have to deal with anything.

What I have also implemented with my investors is a three month deferral on their first payment. For example, I have an investor who lent me 15,000.00 from his Self Directed Roth IRA. We'll call him “Joe,” because that's actually his name. I signed a Promissory Note to Joe promising to pay a monthly payment of \$342.00 for a period of five years or sixty months. We set this up in April and the Promissory Note clearly states that his first payment was due on July 1. This gave me three months to buy as many mobile homes as I could before starting to pay Joe back. This allowed me to spend all \$15,000.00 without using any of it to start paying Joe back. Additionally, by moving quickly, any homes that I was able to buy and turn in the month of April gave me a down payment plus two months payments before I started paying Joe.

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I also included a clause in my Promissory Notes stating that there were no prepayment penalties. I quickly ran out and bought 3 mobile homes with this money. Two were less than \$3,000.00 to purchase, but needed repairs to fetch a better price. One was 6,000.00, but was in excellent condition and needed nothing.

One of the homes sold for \$15,900.00 at 12.75% for 70 months. The payment from this home is 325.00 per month. I collected a 500.00 down payment for this one.

The second home sold for 16,900.00 at 12.75% for 83 months. The payment from this home is 300.00 per month. I collected a 500.00 down payment for this one.

The nice home we bought for 6,000.00 sold immediately for 12,500.00 at 16% for 66 months. The payment on this home is 275.00 per month. I also collected a 500.00 down payment on this one.

At the end of May, all three homes were finished. My numbers looked like this:

15,000.00 – borrowed and spent

3 mobile homes bought

\$1500.00 in down payments

\$900.00 in first month payments

\$45,300.00 in notes

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\$21,057.85 in interest payments on those notes.

Another beautiful thing about this is that the notes are set up for 5.5 to 7 years. I have to pay Joe for 5 years, which means that everything beyond those initial 60 months is just profit. I have 900.00 coming in and I'm making a payment of 342.00 every month. I could easily make a double payment to Joe every month and still make a profit of \$216! By doing this, I will have paid Joe back in 26 months. This means over four years of a 900.00 profit free and clear! What if I paid Joe all \$900.00 every month? Nineteen months and my expenses are gone! Are you getting excited yet? This is just one loan I did. I currently have thirteen investor loans going right now!

Obviously, it is up to you to decide what to do with the money you make every month and this decision is based solely on what your goals are for your company. The above example shows what you could do if you did this on the side, and did not draw any salary from the numbers. I have switched to doing this full time and have hired a few people to help me out with this, so I have higher expenses. However, I had two goals when I started offering this option. One was to be able to quit my job and draw a salary, and the other was to build equity in Capstone. Both of these goals have been achieved and are still continuing. I still draw a salary, and the equity is still growing every time I purchase a home.

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Finding Homes

I'm assuming here that you have already found a home or two, by looking through the newspapers, and/or driving through your local parks. These are hands down the best ways to find a mobile home for sale by a motivated seller. In the next section we will be getting into using systems to automate your business. Even though I have a system in place that has motivated sellers chasing after and calling me, I still drive through the parks and check the daily newspapers! This proves another one of life's little adages that seem to stick in your head. *Don't forget the basics!*

That being said, there are a few other places where I have found homes for sale by motivated sellers. When you turn this investing strategy into a business and start buying for other people, you need to be looking in as many places as you can, because money follows speed. An investor who signs up to invest with you is excited and wants a home soon. Call them six months from now, and you may have lost them.

We started Capstone in the summer, and immediately had about fifteen investors sign up. I was out scouring all of the different parks and papers, etc. and I was buying homes. Like I said earlier, I was averaging three or four homes per month. Problem was the fourteenth and fifteenth guys on my list were construction guys. By the time I

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reached them on the list it was around Christmas. Winter is not a good time for construction workers in Northeast OH. They usually make a ton of money in the summer to live off during the winter. Both guys laughed when I called telling them I had a mobile home for them to buy.

“Call me in July.” They both said when I called. “Its winter and the budgets are tight right now.” Had I found something sooner, I could have had these deals wrapped up with these guys. So make a mental list of where to find mobile homes and continue to look. Here are a few other places to look:

Ban**ks**

Before the recent housing boom, banks were lending money on new and used mobile homes. Some banks, such as Vanderbilt, and Conseco/Greentree were specializing in mobile home financing. When the boom hit, everyone and their mother could get a stick built house. This had people leaving mobile home parks in droves. This situation hurt these banks and by 2006, chattel lending on *used* mobile homes had all but disappeared. Chattel lending or chattel loans are the form of lending involving personal

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property where the property serves as the asset to secure the loan. Automobile sales are a form of chattel lending. Some banks still do chattel lending on new mobile homes, but finding a bank that will finance a 1963 Detroitter will take an Act of God.

The bottom line is that banks, who are now dealing with millions of foreclosures on stick built homes, do not want an inventory of old used mobile homes. This is good for you. Call the banks and ask if they have any repossessed mobile homes for sale. Generally, savvy park owners have already snatched up the good deals, but you can find banks who have been sitting on a vacant mobile home or two, who would like to just get rid of the thing.

When talking to the contact at the bank, you must remember that you are probably talking to someone who has never left the comfort of their cubicle to go out and look at the actual mobile home they are holding. Patience is definitely a virtue when dealing with these people. Some of them are completely unreasonable.

I called a bank about a home in a park near my home. The person I was finally directed to told me that they needed to get \$21,000.00 for this home. It was a 1990 Colony with 2 beds, 2 baths. I explained to the guy that I was buying larger, newer 3 bedroom houses for less than half of what he was asking and he would not budge. I told him of the condition of the place (not good) and did everything I could to get him to

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come down to my price point (around 6,000.00). He still would not budge. I thanked him and told him that if he changed his mind to call me back.

Two months later, that home was still sitting there for sale. Upon talking to the owner of the park, I found out that the home had been vacant for over a year! I called the bank again, got the same guy, and asked him how much he wanted for the home. He told me they needed to get \$21,500.00 for the home. His price had gone up! When I told him I had called 2 months earlier and wanted to know why his price had gone up, he told me the answer as if it was the most obvious thing in the world. The bank was paying lot rent every month, and every time they paid the lot rent they added the amount into the home price. He actually told me I should have bought it when I had the chance two months earlier, because I could have gotten it at a better price! Just revel in the blatant stupidity here for a minute before you go on.

This guy had no idea what he was doing and had no desire to find out. You will run into these people from time to time, and there really isn't too much you can do about it. On the flipside, some banks just want to get rid of the home. Anthony, an employee of mine, called a bank about a home for sale in a park that we were already working in. He told the guy at the bank that the place was completely trashed (which it was) and it was sort of small(which it was) and that it had some back taxes owed on it (which it did to the tune of \$300.00) The guy at the bank said "Make me an offer."

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Long story short, after getting frustrated that the guy would not name a price, Anthony offered him \$50.00. The guy said, “It’s yours, send me a certified check.” Just like that. This is why you should check with the banks. You can find unbelievable deals, but like I said, you need to be patient. There are a lot more guys like in our first example, than there are like the one in Anthony’s situation. Keep plugging away and you’ll find a few.

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Exploring the Internet

www.mhvillage.com

This site contains mobile homes “For sale by owner” in various parks near you. Many of them are priced sort of high, but you will start to notice that some of the same names are listed as contacts for different homes. That is because this site is heavily used by park owners, banks, and property management groups. There are not too many private owners on this site. No matter, contact these people anyway. Chances are some of them will have a list of bank owned homes. You want that list!

I found a contact through this site who worked for a property management group located some two hours from my home. She ultimately ended up providing me with a list of over 300 bank owned homes all over the state. I was interested in a home in a park near my house. I had driven by the home after seeing it on the website and inquired when I could set up a time to go see the home with her. I was assuming she had a contact nearby that could meet me and open the door for me.

She explained that most of these homes had had their locks changed and many times the keys were hidden on the door frame above the door. If the keys were not there,

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she told me to take a large screwdriver to the door jamb and force the door open and check it out for myself! I explained that I was busy and did not want to spend a weekend in jail. She laughed and told me that it was *industry standard*. If anyone asked what I was doing, just tell them her company gave me permission. I have since gotten very good at breaking into mobile homes, and she was correct. Many of these vacant used homes have been broken into time and time again. When you go check one out, you may notice the damage done to the door jamb, from the people who did it before you. Now if you look in my briefcase, you will find a large flat head screwdriver, my newest “Tool of the Trade,” with a label on it that says, “Master Key!”

www.mobilehomeparkstore.com

This site is geared toward exactly what it says in the web address. Mobile Home Parks for sale. They do, however, have a ton of links running down the left side of the home page, which can be very useful. Along with a list of parks for sale in your state, they have a section of directories. They have every mobile home park listed in that directory and you can search by state. Upon locating the parks in your state, they have them broken down into alphabetical order by city name. This is very helpful when first starting out, and looking for parks.

They also have a section of homes for sale, and I periodically check these out as well. Remember, you are looking for motivated sellers. Usually, a motivated seller is

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someone who has moved out and is getting eaten alive by lot rent every month. These people are usually broke, so you don't normally find them advertising on the internet. I would still check these out anyway, because you just never know.

www.mobilehomeuniversity.com

This is another site that is geared toward purchasing mobile home parks. Corey Donaldson and Steve Case have put together a fantastic site for those of you who are interested in possibly purchasing a mobile home park or self storage facility. The best part of this website is the Forum. All of the people on the forum are going through what you are going through, and best of all, they are talking about it in the Forum. There is a search feature in the forum which allows you to look up any thread in the archives that had anything to do with your question. This forum is full of people who know what they are talking about, and can give advice from purchasing one mobile home to buying multiple parks! Also, there is tons of educational information on this site, as well as various free teleseminars, blogs, etc.

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Whether you are sticking signs in the ground at intersections, or attending general meetings of local real estate investor groups, remember to constantly be talking. One of the rules when buying a mobile home or when selling a mobile home is to keep your mouth shut. ***This rule does not apply here!***

Finding investment money, and/or investors should be a full time concern. The more investors you have on your list, the faster you will be able to buy a home when it is available to you. This is the key to being successful in this business.

Here as promised are some of the marketing pieces I've used to find investors. Mostly they were written for a newsletter as inserts, you can take and tweak them to fit your needs.

This first one was a sales letter. People responding to an ad were sent this "Free Report."

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What do you see here? A trailer? A Mobile Home?

I see opportunity! I see about 15,000-20,000 dollars! I see an untapped real estate market!

Capstone Investment Properties LLC is celebrating its first birthday! We have been going strong for a year now, helping investors' buy market and sell mobile homes all over the Northeast Ohio area. We have gone through some changes here and there, but we have stayed true to our original mission. We help people with credit and financial issues get back on their feet, by providing very affordable housing, with easy low payment financing, while at the same time, providing our investors with unbelievable rates of return on their money. This has absolutely been the most rewarding job I have ever had, and by far, it has been the most...interesting!

I owe it all to Rob Minton, author, broker, and my personal mentor. He gave me the opportunity to take one of his ideas and run with it. He pulled me aside and asked me what I thought about Mobile Homes. To be honest, I don't believe I ever thought about Mobile Homes. I knew what they were, but I had never been inside of one. I had heard all of the stigmas attached to living in a "trailer park." Actually buying one had never crossed my thick brain, but I am an open-minded kind of guy, so I took the bait and went to look at some of Rob's empty mobile homes. I remember standing in the living room of this tiny 2 bedroom, 1 bath 1970 aluminum home, dizzy from the smell of cat, and absolutely shocked that a human being could live like this. The living room carpet was cut diagonally from one corner to the other for no apparent reason. The exposed floor was tiled with three different pattern tiles, most of which were broken or cut. The carpet that remained was stained something fierce. The entire floor along the south wall of the home was soft, the plumbing was shot, the roof was leaking, etc. The place was

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destroyed and this Rob guy wanted me to sell it. I couldn't sell this thing if it came with a bag of money in the cabinets!

I was wrong. It took me five days!!!

The ad I had run, had pulled seventy five phone calls, and I sold the place as/is! From that point on, we were off to the races. Let's look at the numbers:

In one year:

48: Mobile homes bought and sold

22: Investors

12: Parks we are working in

10: Referrals we've paid out.

6: Counties we are working in

6: Number of homes that we have had to refill.

3: Number of Employees

3: Number of months one home sat empty before we could fill it. (The longest)

0: Number of times we have been to court to evict a tenant/buyer

0: Number of investors who have lost money!

These numbers are numbers I am proud of, but I am looking forward to boosting all of them, other than those three at the bottom of the list! Yes, we have not yet had to evict anyone. In the two cases where someone was evicted, they were evicted by the park, and we came in afterwards and refilled the homes. The other four homes we had to refill were a result of the people leaving voluntarily, or disappearing into the night.

Why would anyone invest in mobile homes?

There is and always will be a demand for affordable housing, and especially in today's buyers market, we are seeing tighter restrictions on who can qualify for a home loan. Chattel lending, or lending on personal property, has all but disappeared for used mobile homes. Lending can still be found for mobile homes but usually for new, more expensive homes, and they usually carry the same restrictions as getting a home loan.

Mobile homes are usually sold by private owners for cash. The number of people walking around with the kind of cash needed to purchase a mobile home is dwindling and those that have the cash are purchasing houses. Mobile homes currently for sale are sitting longer and prices are dropping, providing an opportunity to pick homes up for pennies on the dollar and sell them for 2 to 3 times what you paid, providing you finance the sale.

The only competition out there, which I have run into, is the parks themselves. Some of the owners have seen this time as an opportunity to increase their cash flow by offering to

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sell the used homes in their parks on a note, much the same way we do, or they have offered to rent the homes. The owners that I have worked with are tired of renters destroying their homes, and are tired of rehabbing used mobile homes for resale. I have grown personal relationships with these owners and their managers to the point where they now call me as soon as they issue an eviction notice to a mobile home owner, or if they hear of someone selling their home.

There is a stigma with owning and living in a mobile home, but this is something we are working towards destroying. We now have a crew of people rehabbing the older homes to make them more appealing and allowing us to sell the homes for more money. Our crew is made up of people living in our other mobile homes who have the skills needed to do the work and who are looking for extra money. This works out well because they have a chance to earn extra money on the side, and it keeps their heads above water, and keeps their payments coming in on time!

We have marketed our homes to younger people who are excited to move into their mobile homes and filled with enthusiasm, ready to fix up and beautify the homes. We have reached out to these mobile home tenant/buyers with different referral programs, and keep them tied together in a community with direct mail letters and monthly newsletters geared toward being fiscally responsible and working on the credit issues that plague some of them. We have had success in finding good people with some temporary financial problems and making them home owners rather than renters!

The returns our investors are seeing have been well above what most people expect to see on Wall Street and the risks are minimal. I have often said that the worst thing that could happen when we place a tenant buyer into a mobile home is that they pay exactly as they should, on time every month, and buy out the trailer when they near the end. If they leave voluntarily, or get evicted, the investor gets to start all over again. Ask those investors who have been doing this the longest. I'll bet the homes they first bought have more than paid for themselves and are still creating cash flow today! Here are a few examples of some of the deals we have done.

1995 Oakwood Single Wide 3 bed 2 Bath
Purchase price: \$6,000.00
Commission paid: \$3,000.00
Total investment: \$9,000.00
Sold for \$16,900.00
\$1200.00 down, 300.25/month for 84 months @ 13.25% interest
Total: \$25739.15
Total Return of 186%
Annualized return of 26.55%

The investor who bought this home is going to sit back, collect the checks, and make almost 27% on his money! That's if everything goes perfectly. If this tenant leaves in

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one year, the investor may need to fix up the home a little, but he gets to start all over again! Then the returns would be higher. Here's another:

1988 Skyline Double Wide 3Bed 2 bath
Purchase Price: \$6,500.00
Commission paid: \$3,000.00
Total Investment: \$9,500.00
Sold for \$20,000.00 as/is (needed some work)
Tenant moving in agreed to do the work to make up for small Down payment of \$500.00
\$500.00 down, \$360.00/month for 84 months @12% interest
Total: \$30,740.00
Total Return of 223.5%
Annualized return of 31.9%

Obviously these are just two examples and there are, at the very least, 46 more examples just like it!

How do I become an investor?

We offer two different ways to invest through Capstone Investment Properties LLC. You can invest actively or passively. The active investor wants to own the mobile home, but does not want to spend the time driving to and from parks, searching for homes for sale, negotiating prices, buying, going to the Title bureau to do all of the Title work, marketing fixing up, showing the home, meeting the people, negotiating again, setting up the note, etc. There is a lot of work involved. At Capstone Investment Properties LLC, we have fine tuned these steps down into systems and have people working on every step of the process to make the whole system more efficient. This has allowed us to market to the active investor who does not want to be *that* active.

Option 1: We will put you on an investor list. We will then go out looking for homes, and negotiating deals on these homes. Once we have reached a deal with the current homeowner, to sell us his/her home, we call the next investor on the list. We charge the investor the sale price of the home, plus any money for any repairs that need to be done. We also charge a one-time commission of \$3,000.00. This breaks down into a 1500 buying fee, and a 1500 selling fee. We roll the commission into the price of the home and price the home accordingly.

Being on the list is free and there is no obligation to buy when it is your turn. If it is your turn and we call you at a bad time, you can simply tell us you want to wait, and we will move on to the next person. We will get back to you later.

After placing a tenant/buyer into the home, and completing all of the paperwork, we essentially hand the investment back to you. We guarantee the tenant/buyer we place

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into your home for the first three months. If your tenant buyer stops paying, gets evicted, or abandons the home within the first three months, we will step in and refill the home for free.

The home will be titled to your tenant buyer and you will be the lien holder on that title. You are also the guarantor of the lot rent. This is the deal we have made with the parks, where by we agree that if the tenant buyer leaves or gets evicted you will pay the back lot rent, and keep the lot rent current while we refill the home. This guarantor clause gets us into the parks and solidifies our relationship with the park owners and managers. In return, the managers are slightly more lenient on the credit checks performed on our tenant buyers and they keep us aware of the status of the tenant/buyer.

As the owner you are also responsible for the lot rent accrued up to the point at which we place the home. The longest it has taken us to place a home has been three months and the money spent on the lot rent was recouped in the tenant buyer's down payment. Lot rent in the parks we have been working in ranges from \$220 - \$300/month.

Option 2: This option is for the passive investor. You become a creditor for Capstone Investment Properties LLC. We are looking to borrow money, and with this money we buy the homes and hold them in our portfolio. We offer 13% interest annually for five years, and we ask that the payments be deferred for three months from when we borrow the money. If you lend us \$10,000.00 in August, we will begin to make your payments of 228.00/month starting in November.

This allows us time to locate homes, place tenants in the homes, and start to receive payments before we begin to pay you back. This keeps us from using the money we borrow to make payments on that money.

This option allows you as the investor to sit back and collect payments for five years regardless of what is going on with the homes we buy. Our competitive rate offers you the chance to make more on money that may be languishing in an underperforming investment or account. This option has been a hit with investors who have money in Self Directed IRAs, or who are looking for investments for their children. I'll bet we have some of the youngest investors in the country!

How Do I Get Started?

It is as simple as filling out the application you find attached to this letter. Upon receiving your application, I will personally call you with any questions I may have, and hopefully answer any questions that you may have. As I stated earlier, there is no obligation to invest with us. We will give you the opportunity to invest, but it is ultimately your decision to invest. With the two options of how to invest, and the no

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obligation to invest, this application is really a “No-Brainer.” We simply could not have made this any easier to get started.

This is only the second time we have offered this opportunity, and there is a reason for that. The first time we offered it, we had such a great response that we have operated for a whole year with just those investors who answered the first call! As you can probably imagine, we only have a few spots on our list to fill, so filling out your application and getting it in to us is of the utmost importance. We will still accept applications once these few spots have been filled, and we will hold them for the next open spot. So remember, Time is of the Essence!!!

Also, once we have accepted your application and placed you on our list, we ask that you make the money you have to invest more readily available to you. If we call with an investing opportunity, we need you to get the money to us within one week. We do not want to lose any deals on the table. As is often the case, we have made a good deal on a home *because* we offer to pay cash and pay it fast. So if the money you want to invest is locked into a CD or 401K and will take a while to get to, we ask that you move the money to an account more readily available.

Thank you so much for taking the time to read this and I hope you decide to work with us. Good Luck in all you do!

Brian Beck, *President*
Capstone Investment Properties LLC
31811 Vine St.
Willowick, OH 44095
Off. (440) 549-5957
Fax (440)918-0347

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This next sales letter was an article that was placed in the Income For Life newsletter in the very beginning. People had recently read a contest entry I had sent in for the newsletter. The entry I had written was a five page story of how I got started in Real Estate Investing. Since my name was recently in the newsletter, we decided to exploit that and use it to push the start up of the Manufacturing Home Business. We titled it: “What’s Brian Beck up to now?” To date, this sales letter brought in the most investors and ended up giving me the bulk of the investors I started with. Again, much of what I’ve written might not fit you or your business, but feel free to take this piece and make it fit you and your situation.

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What is Brian Beck up to now?

It was brought to my attention recently, that there aren't many investors tapping into the potential great returns offered by the mobile home market. In talks with Rob, we decided that the main reason is the work and time involved. Driving through the parks, finding mobile homes for sale, negotiating price, and the paperwork involved in the sale is a lot to go through just to get the mobile home itself. Then you have to start the advertising, fielding phone calls, screening possible buyers, showing the home and then once again going through the paperwork involved in the sale. THAT is only if you happen to buy a mobile home that doesn't need any *sprucing up*. Many if not most of the Income for Life Members have day jobs, so you have to schedule all of this around work, on top of managing your RTO homes. Is it worth it?

You bet it's worth it!

The numbers on a Rent to Own Home are definitely better in the long run. Especially when your tenant/buyer buys out your home providing you with substantial profits. However, you might want to seriously consider mobile home investing if:

1. You cannot qualify for a mortgage.
2. You do not have the time to acquire and manage a RTO investment.
3. You have idle funds invested at rates below 15%.
4. You have funds in a Self-Directed IRA.

As you already know, the main point of the RTO system is to increase cash flow. You make the most money on the sale of your home, but by following the system, you use that money to purchase more properties. Why? To increase cash flow! It's basically all about the cash flow. The RTO system is great, and that is why I have five of these homes now, but I am not anywhere near the point where I can *retire* from my day job. My cash flow isn't high enough yet. The beautiful thing about the mobile home investment system is this...

It is pure cash flow!

To give you an example of what I mean, take a look at one of Rob's mobile home investments.

14x70 1970 Star- 2 bed/ 1 bath
Original price: 7,000.00
Sold to mobile home buyers for 11,900.00
Amortized over 5 years at 12%
500.00 down, 253.00/month
Total after all payments: 15,680.00
Total return of 125% Annual return of 25%

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This particular example is of one of the homes Rob owned before he met me. For the next five years after he purchased the home, he would receive \$253.00 a month without owing anything on a mortgage. The home was put into the new owner's name once the deal was set up, and a lien was placed on the title, therefore, Rob carried no insurance on the home. (the new owner's responsibility) That means that without writing a check every month, Rob received a stream of income every month for five years. **THAT is pure cash flow!** What is not included in this example is the amount of money spent on advertising, the amount of time spent driving and negotiating with the previous owners, or the time spent showing the home, fielding phone calls, screening possible buyers, etc. It took some time, money, and effort, but as you can see, the numbers show that it was worth it. Had his \$7,000.00 sat in a mutual fund earning 12%consistently for 5 years (highly unlikely) he would have \$12,336.39 I have yet to find an investment vehicle paying 25% consistently every year!

As I said earlier, this idea was brought to the investors when they first became IFL members, but many people have not taken advantage of the potential earnings involved in the Mobile Home market. Rob and I bounced ideas off of each other (actually it was more like Rob had a bunch of ideas and bounced them off my thick skull, but I did manage to grunt every once in a while.) and we came up with a solution for those of you interested in investing your money for a higher return than your average 401K, stocks, mutual funds, etc. I'm assuming you have a reserve from your RTO down payments, or if you have been paying attention to the newsletters every month, you have a self directed IRA. How much are you earning on the money you have sitting there? Is it in a savings account or, God forbid, an interest free checking account? If so, you should ask your significant other to punch you in the face, because you obviously have not been paying attention. It should at the very least be invested in a money market account. Let's assume that it is, and therefore you are earning somewhere around 4%. Money in mutual funds, stocks, bonds, 401k's could be earning as much as 10-12% That's great! But you know you could be doing better. We have come up with a way for you to PASSIVELY invest a small amount of cash, something like 5,000.00 to 10,000.00, and earn 25-60% on your investment over the next couple of years with no work whatsoever on your part and limited financial risk. Here is an example of a recent mobile home investment I handled for Rob:

14x70 2bd/1bath

| | |
|--|--------------------------|
| Purchase price: | \$2,500.00 |
| Buyer and seller fee (combined) | <u>\$3,000.00</u> |
| Total Investment amount: | \$5,500.00 |
| | |
| Selling price | \$9,900.00 |
| Down payment | <u>\$500.00</u> |
| Amount financed | \$9,400.00 |
| | |
| Monthly payment | \$251.01 |
| Term (financed at 12%) | <u>48 months</u> |

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Total of all payments (plus down payment) 12,548.48

Total return 128% Annual return 32%

As you can see in this example, I added my fees for buying and selling the property. I ask for the fees upfront. This seems to be the easiest possible way for everyone involved. A buyer's fee of \$1500.00 and a seller's fee of \$1500.00 combined for \$3,000.00. These fees allow me to run extensive advertising and spend the time and energy to follow it through. As you can see, I recoup the investment back throughout the process. As we move forward, I will accept a small number of Income for Life members for this investing opportunity. For selected members, I will find a used mobile home on their behalf. I will negotiate the purchase of this mobile home in your name. You will use your funds to acquire this investment. I will then sell your mobile home to a mobile home buyer with owner financing. This includes all advertising, showings, negotiating and paperwork. For a small fee of \$15.00/month, I will even collect the monthly checks on your behalf and forward them to you.

Lets go back to Rob for a minute...

Rob, at the time, had three mobile homes in Sahara Mobile Home Park in Madison. Two were vacant and the third was about to be. He handed me the keys. Most of you are used to investing in nice homes; homes that don't need anything more than a coat of paint, if that much. This was not the strategy Rob used when acquiring these three homes. The first home was full of the last tenant's personal items, reeked of cat and mothballs and definitely needed some repairs. The fridge was full of rotten food and God knows what else! The second one reeked of cat, (people in mobile homes like cats!) was missing half the carpeting, had busted tiles all over the floor, and needed to have all of the plumbing replaced. I mean all of it! Hot water tank, pipes, faucets etc... The third one was the worst. These people had four cats (What did I tell you!?) and the home was thoroughly trashed, infested with fleas, mattresses and garbage on the front porch... Plus, after the people were evicted; the cats stayed!

Have I scared you yet?

The point I am trying to make is this, as of this publication, all three are sold! I sold the first two in the first week after running one ad in two newspapers. I had the first two sold before the tenants were evicted in the third one. I sold the first two while Rob was on vacation!! The only reason the third one did not sell in the first week, was the fact that there were humans still in it. (And cats!) Two of them sold for more than Rob asked for in the first place. After the smoke cleared, I had a list of forty other people who needed and wanted a mobile home. Why did this work out? Am I to believe that I am that

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amazing at selling, am I good enough to sell ice to an Eskimo? Yes, but that is beside the point. The point is that there is a market, a substantial market for these mobile homes. So, we have come up with a system.

What's this all about?

I am currently seeking out mobile homes and marketing to mobile home owners to sell me their homes for cash. I have identified four as of this writing, and hopefully, they will be finished up and paying off as of your reading this. I am also still running ads for mobile home buyers who need a home and building my buyer lists as well. I also have a list of investors, who have the funds accessible, for me to use to purchase the homes. I am basically matching them up, and managing the properties. Rob and I have talked and decided to bring this opportunity to the pool of Income for Life members, under a new company called Capstone Investment Properties LLC. I will use your money to purchase the homes, and place buyers in them on a payment plan over five or so years. A home sold for 9,900.00 is amortized over four years for a down payment of 500.00 down and 250.00 a month. These payments go straight to you or your self directed IRA. You are not a landlord as the home is placed in the buyer's name immediately. You just hold a lien on the title. This is the average, but I try to structure the payment plan around the needs of the buyer. If they can afford 400.00 a month, then you may get 400.00/month for only 2.5 years. It depends on the buyer, but I like to keep the payment at or above 225.00/month. Are you creating 225.00 + cash flow on every one of your RTO homes. If so, great! The reason you should invest in this opportunity is simple. There is no mortgage payment, there is no insurance payment, there are absolutely no landlord duties, etc... You do virtually nothing but invest the money, sign some papers and collect the money!!

Are there risks?

As with any investment, there are always risks. There is the risk of a buyer not paying on time or at all. In this case, the tenant would need to be evicted. I can be hired to take care of that for you. This isn't really a risk though, because than the process starts over and you end up making more. This situation would leave you without a payment for a couple of months, but that isn't that bad either because you don't have a mortgage payment to worry about. You may be responsible for lot rent for the time between buyers are evicted and new buyers are placed, but that will be recouped with the next down payment. A buyer could damage the property before being evicted, but if you remember the three homes I sold for Rob in the beginning. It cost me a total of \$2000.00 to have all three cleaned, all new plumbing in the one, and new carpeting laid in the flea infested one, (I'm that damn good!) and I recouped that money in the sale prices of the three.

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Like I said, there are risks, but I keep them very minimal. Through advertising I am building a constant list of buyers. So placing buyers in these homes should not be difficult.

So What Do I Do Next?

As mentioned above, I am looking for a select few investors for this new program. At this point in time, this business consists of ONLY ME! Rob is too busy to be involved in the day to day business, but is overseeing the entire operation. This simply means that I cannot work with every Income for Life Member. Right now, I am looking for only 5 Income for Life Members for this mobile home investment opportunity. As the company grows and more systems are implemented, we plan on opening the doors to more members. However, at this point in time, this opportunity is limited to a small handful of investors.

If this is something that you might be interested in, please contact me immediately. Complete the enclosed form and fax it to Rob's office at 440-918-0347. Or you can mail it to me at Rob's office. Mail it to me at:

Paramount Wealth Group
Atten: Brian Beck
31811 Vine Street
Willowick, Oh 44095

Here is a copy of the application I use for investors!

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Mobile Home Investment Application

Capstone Investment Properties LLC

Option 1 _____

Option 2 _____

Name: _____

Address: _____

Home Phone: _____ Cell Phone: _____

Email address: _____

Best way and time to get a hold of you: _____

Amount you have to Invest: _____

Is this money in a self directed IRA? Yes _____ No _____

Please note that there is no application fee or obligation to invest. Simply fill out the application and you can be added to an investor list. Upon identifying a home and negotiating a price, I will then start at the top of the list and call the investors to see who is interested in the home. The list will be written first come first serve. Once you are called, you must have the funds to purchase the home within 48 hours. So if this money is locked into a 401K or other investment where it takes a considerable amount of time to access the funds, you may need to move the funds into an account more readily accessible to you.

Fax this form to: 440 – 918 – 0347

Or

Mail to : Paramount Wealth Group
Atten: Brian Beck
31811 Vine st.
Willowick, OH 44095

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Here is an email we sent to all interested parties about going to the loan system, or

Option 2

Subject: Special Opportunity for Fixed Rate of Return

As many of you know, Brian Beck and I launched Capstone Investment Group LLC in 2006. To refresh your memory, this new business, under Brian's leadership, has been helping our members buy and resell used mobile homes. This business has been running along very well. Brian has done an excellent job and I'm lucky to have him as a partner.

We are now about to take this business to the next level. The reason I am sending this email to you is to see if you might want to participate in this business with us. We are looking to borrow funds to help grow this business.

Here is what we are offering:

- 1) Fixed 13% interest.
- 2) The loan term would be 5 years.
- 3) We would make monthly payments on the loan that would include both principal reduction and interest. The loan would fully amortize in 60 months.
- 4) You can loan funds from your self directed IRA and lock in a nice fixed rate of return.
- 5) We would provide a fully executed Promissory Note along with the loan amortization schedule.

I realize the rate of return is not close to what you can earn in other investments. However, this investment would be completely passive. You would now become a bank collecting checks without any hassles whatsoever.

If this is something you would like to participate in, please reply to this email. It would be helpful if you could include the amount you would be willing to invest. Once your email is received, Brian will be in touch to finalize the details.

We would be happy to answer any questions you may have.

Best,

Rob Minton

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