

MH MH *Life*

Manufactured-Home Life!

ORANGE COUNTY & So. L.A.

SEPTEMBER 2014, VOLUME 2 NUMBER 9

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From the Editors



Welcome to the first issue of **Manufactured-Home Life**, formerly Mobilehome Magazine. In the magazine, we will shorten this to **MH Life** or just **Life**. Our website remains the same: www.mobilehomemagazine.org.

We publish **Life** for you! **Life** is your magazine. You can contribute articles about your park, or your local area. Anything you think your friends and neighbors would like to read is acceptable. Of course, we have limited space.

Life will be more advertiser friendly also. Businesses, through 2014, may have a free listing in the Services Directory, and you, our readers, may sell items, advertise the sale of your home in the new "classified advertising section." We all understand this will take time to develop, but we are patient.

This month there is far too much going on to get it all into our little sixteen page magazine. Much is happening in Huntington Beach (Sierra & Starr Management, Kort & Scott). See Letters to the Editor on page 6. It is heart-breaking to learn that the Huntington Beach City Council voted down the ballot measure, a first step towards rent stabilization (page 7)! We want all MH owners in Huntington Beach to know we are at your service! Please use us. These unscrupulous park owners must be stopped.

Donna Matthews continues her monthly articles. This month the topic is Lot Lines (page 5).

MH owners today have a unique opportunity to support a free magazine, now reaching over 20,000 MH homes a month and joining a terrific non-profit group, CAMOA, dedicated to effect positive changes. MH owners have never had such a one-two punch. CAMOA is already involved with parks getting new Rules and Regulations and very much wants to help the folks in Huntington Beach. Please support our efforts to help you. See pages 8-11.

Next we publish an article by someone who makes a living buying and selling MH parks and promoting them as cash cows. See page 4. Tell us if you disagree with our caricature of an unscrupulous park owner.

Finally on pages 14-15 we publish an article about retaliation.

Life

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How To Make Money In The MH Park Business Simple and Proven Strategies

Editor's Note: The following is written by Dave Reynolds: Dave Reynolds is an active community investor and also the founder and owner of MHPS.com and MHBay.com. Dave recently teamed up with another industry professional and investor, Frank Rolfe, and together they have created an entire series on How to Buy, Sell, Operate and Turnaround MH Communities.

Both Dave and Frank make their money promoting the purchase of MH parks. We put this article in the magazine to show you how park owners and their promoters think. Just read the title again! How to Make Money. These are their strategies that are simple and proven, i.e. they have worked in the past.

Published on: Tuesday, August 12, 2008

Advice on due diligence and buying and operating mobile home parks effectively has filled dozens and dozens of books, but the general theory of how to make money with mobile home park investments could fit on the back of an envelope. This article will explain in a few, simple steps how to make money in mobile home parks.

BUY A PARK IN A BIG MARKET

It doesn't have to be New York City, but you need a market large enough size to fill vacant lots and push rents. A mobile home park in a tiny town suffers from little population growth and high dependency on the employment trends of a few large, local employers. Also, you need prevailing two-bedroom apartment rents in the \$700 or so range. In housing markets where the rent for a two-bedroom apartment is \$295 per month, tenants do not need mobile homes for affordable housing and owners cannot push rents.

STICK TO CITY WATER AND CITY SEWER, IF YOU CAN

If you can avoid private utilities, you can avoid huge potential capital expenditures. Using public utilities, the worst capital expenditure you may face is a few thousand dollars on pothole repair. But if you have a water well or packaging plant or lagoon, the overnight cash you might have to cough up could be \$50,000 to \$250,000.

NEVER COUNT ANY INCOME BUT LOT RENT

You can't use any mobile home rentals, note income or

laundry income in your calculations. You can only rely on lot rent. Period. Even if you insist on including other income in your application, your bank will stop you by refusing your loan.

Buy at a 10% cap rate or better

You should only get in the mobile home park business to make money, and positioning yourself to do that is crucial. Buying parks at a 6% or 8% return is starting off behind the 8-ball. You may only cover your mortgage with no cash flow as reward for all your time, effort and risk.

PUSH RENTS RELENTLESSLY

There is no better way to make money in the mobile home park business than to increase rents. Every dollar that increase goes directly to the bottom line and is worth 10 times more in determining the value of the park. Increasing rents by \$1,000 per month yields \$120,000 in sales value enhancements, at a 10% cap rate.

GROOM THE PARK INTO A 20% CAP RATE

If you push the rents by about 10% each year, it will take you only about seven years to double the rent. Can you push rents this aggressively? You bet. At \$3,000 or so to move a mobile home, there is a huge barrier to moving out, so tenants will accept pretty much whatever you raise the rents to.

That's the entire roadmap to success. It's not complicated, but people make errors every day. In an effort to buy something quickly, many people will sacrifice their lives and buy a mobile home

park on which they can't possibly profit.

If you respect yourself, you have to hold your ground with our strategic deal points. If the seller won't sell at a 10% cap rate, then walk away from the deal. The same is true with all the other subpoints. Without the correct alignment, the park will be an inescapable and profitless burden.

Don't try to get fancy if you want to make a million dollars in the mobile home park business. Follow proven formulas such as ours and you will have the best chance at success.

<http://www.nuwireinvestor.com/howtos/how-to-make-money-in-the-mobile-home-park-business-51898.aspx>



MH Life This & That

AB 225. MOBILEHOME PARK PURCHASE FUND

Our good friend Michelle Smith, a GSMOL manager in Placerville, recently sent us information on AB 225 and her concerns with the bill. This bill gives the Department of Housing and Community Development (HCD) greater flexibility in its administration of the Mobilehome Park Purchase Fund, including allowing HCD to lend these funds for individuals to repair their mobilehomes and for nonprofit sponsors or local public entities to acquire mobilehome parks. The bill is sponsored by Golden State Manufactured Home Owners League (GSMOL). It is curious why we haven't read anything about AB225 in the Californian. Perhaps we just missed it.

On the surface, this appears to be a terrific bill; however Ms. Smith warns us about the potential misuse of monies (currently \$20 million) in the Mobilehome Park Purchase Fund. And remember, we don't feel HCD is doing its job effectively and question it's control of such a large amount of money.

Until we get more facts, we recommend MH owners write, call or email your legislators telling them you **DO NOT support AB 225**.

GSMOL'S CALIFORNIAN - THE NEW LOOK

We congratulate GSMOL's staff. Their new Californian looks terrific. Nice layout, clean look. In fact it looks a lot like Mobilehome Magazine! Remember the saying: Imitation is the highest form of flattery. Well we at Mobilehome Magazine are flattered. Nice job GSMOL! And we bet it costs GSMOL less to print. It's all good.

SUBSCRIPTIONS TO MH LIFE

Now Park Owners and Managers can subscribe to MH Life. Our goal is to have park owners, managers and residents to working together. Why not? It benefits all parties. And we want Park owners and park managers to be informed, just like MH owners.

To that end, we now offer a subscription to park owners and managers. Just \$30/year to get the magazine mailed directly to you. Simply make out a check in the amount of \$30 payable to Mobilehome Magazine and send it to Mobilehome Magazine, P.O. Box 3774, Chatsworth, CA. 91313.

And remember, if you live in Timbuktu, you too can get MH Life via the US mail simply by subscribing. MH owners pay just \$15/year to receive 12 copies of Life. A bargain.

SERVICE DIRECTORY

As you can see (page 4), we are developing a business listing page to highlight local businesses that service you. If you can

recommend a business in your area, please let us know (call or email Frank at 818-886-6479 / fawodley@yahoo.com). We will give them a free listing for the balance of 2014. This is a win-win. The business get's a free listing and residents have choices of businesses when then need something for their home or themselves. Anyone that a MH owner might use qualifies.

That includes big and small businesses - Home Depot to the local handyman. Readers want good referrals.

CLASSIFIED ADS

Beginning this month we will accept classified advertising. Advertise household items, cars, electronics, or whatever. We will even accept ads for mobile/manufactured homes for sale.

Advertising is very inexpensive, only \$1 per word with a 10 word minimum. Phone numbers count as one word, addresses as two words. Your ad will appear for one month in your area only. Additional areas at \$.80 per word or all magazines at \$4/word. So you can reach your local area or the entire state of California with your ad.

Please include your contact number, including your address, phone number and email address (if you have one) with a check to Mobilehome Magazine, P.O. Box 3774, Chatsworth, CA. 91313.

CREDIT CARDS

Several readers have asked if they can use a credit card to purchase a FAQ Handbook (\$6), subscribe to MH Life (\$15/year) or join CAMOA (\$24/year). The answer today is a big YES.

We are using a service through PayPal. Simply call us (818-886-6479) with your credit card number, and we will bill it. It is that simple. Also we will protect your identity. We do not keep any credit card numbers, at any time, anywhere! Your number is destroyed as soon as we use it. That helps protect both of us.

FAQ HANDBOOK

The 36 page FAQ Handbook is a must-have for any MH owner in California. 36 commonly asked questions with simple to understand answers supplied by the Senate Select Committee on Manufactured-Home Communities. Plus bonus pages - more tips and suggestions from an attorney.

If you only want a Handbook, it is \$6 through Mobilehome Magazine. However, now CAMOA is offering a free Handbook with every CAMOA membership. This offer is valid through the end of 2014, so get on board with CAMOA and get a FREE FAQ Handbook at the same time. Just \$24/year and well worth it!

What is Retaliation?

Editor's Note: This article is taken, without edit, from the organizing manual published by All Parks Alliance For Change, a state-wide advocate in the state of Minnesota. The manual can be accessed at <http://www.allparksallianceforchange.org/?q=organizing/manual>. Other topics covered in this terrific manual are: Organizing, Leadership, Resident Associations, Park Prejudice, and Media and Messaging. It is well worth your time to take a look.

Retaliation is a strategy used by powerful institutions to prevent homeowners from organizing and/or asserting their rights. It is a two-pronged strategy involving both active and assumed retaliation. "Active retaliation" is carried out in the form of specific actions that punish leaders and their base for their efforts to pursue change.

An effective and far more insidious form of retaliation is "assumed retaliation," meaning that people automatically assume that organizing or asserting ones rights will lead to retaliation, even in the absence of specific past examples. Assumed retaliation operates so that powerful institutions rarely have to use active retaliation. The very existence of assumed retaliation prevents people from organizing and standing up for their rights due to a perceived sense of powerlessness and internalized fears.

RETALIATION IS REAL

There are countless examples of active retaliation. The case of Tammy Hoth, a homeowner and leader from Montana, shined a national spotlight on the issue of retaliation. She was arrested and jailed for exercising her free speech rights in a manufactured home community by flyering and attending resident association meetings. Tammy Hoth was threatened with 6 months in jail for her actions, but the charges were later dropped following a national campaign for her freedom.

In Minnesota, APAC brought a case to the state Supreme Court after a park lord (Uniprop) refused to allow organizers into the community to educate residents about their rights. The Supreme Court upheld APAC's right to freedom of expression. In a manufactured home community called Jackson Heights, immigration police raided the community after residents rallied against a road project that would demolish their homes. The leader of the residents association and many of its members

were deported.

Park lords have a variety of tools at their disposal to carry out other forms of retaliation, such as eviction, rent increases, denial of services, discriminatory enforcement of park rules, harassment, and damage to reputation.

RETALIATION IS AN EXCUSE FOR PEOPLE NOT TO GET INVOLVED

The assumption that getting involved will lead to retaliation prevents many people from getting involved. Yet for every example of real retaliation there are many, many more examples where residents organize and retaliation is either not used or ineffective. We need to be sympathetic towards people who fear retaliation out of a feeling of powerlessness or vulnerability, but we also want to challenge their assumptions and embolden them to become leaders rather than victims. If you are involved in organizing your community for Mobile Justice, then you are taking a risk. You need to let people know that if they want to see change, then they have to assume some of the risk as well.



WHY DOES RETALIATION EXIST?

Retaliation is a tool that park lords, government agencies, and others use to maintain control and to retain power. Many see retaliation as an act of power, but it really isn't. Retaliation would not be necessary if community organizing had no potential for success. Retaliation happens because institutional power fears this success. Therefore retaliation is not a demonstration of power, but rather an act of fear and powerlessness. They are scared of you!

Although retaliation comes from a place of powerlessness, it is also a strategy that has proven to be successful. Retaliation works. That is why it is so important that we understand how to confront it.

HOW TO OVERCOME RETALIATION

Find out what Protections Exist in Your State.

Many states already have laws that make retaliation illegal. For example Minnesota state law says:

A park owner may not increase rent, decrease services, alter an existing rental agreement or seek to recover possession or threaten such action in whole or in part as a penalty for a resident's: (a) good faith complaint to the park owner or to a government agency or official; (b) good faith attempt to exercise rights or remedies pursuant to state or federal law; or (c) joining and participating in the activities of a resident association as defined under section"

When looking at the laws in your state, pay close attention to how those laws are enforced and what loopholes (if any) may exist.

EDUCATE RESIDENTS ABOUT THEIR RIGHTS

Once you have done the analysis, educate your base about these rights and your commitment to ensure they are protected. This will often decrease a lot of people's fear about retaliation.

IF NO PROTECTIONS EXIST, CHANGE THE LAW!

Freedom is supposed to be one of the core values of this country. There is no reason why people should be denied basic human rights due to their choice of housing. Protections for retaliation are essential because, without them any effort to organize bears the risk of catastrophic consequences.

CONDUCT A RISK ASSESSMENT FOR YOUR ORGANIZING CAMPAIGN

People worry a lot about the risks of becoming involved, but rarely think of the risks of not becoming involved. In a group setting, ask people to come up with a list of the risks of getting involved (after educating them about the law!). Then ask them to come up with a list of what will happen if no one gets involved (park closings, rent increases, unfair rules, bad laws, etc). If you are choosing issues that people care about, the risks of doing nothing are often greater than the risks of doing something.

Risks of Getting Involved	Risks of Doing Nothing
Losing your home	Losing your home
Rent Increases	Rent Increases
Damage to reputation, harassment	Damage to reputation, harassment
Arrest and/or deportation, powerlessness	Accept victim role, powerlessness
Loss of anonymity	Loss of self-respect, dignity
Public disapproval	Public ignorance
Park lords become more hostile	Park lords think they can get away with anything
Possibility of failure	Setting precedent of weakness

STRENGTH IN NUMBERS

By acting as a group, it is more difficult for institutions to retaliate against you. The old saying, "united we stand, divided we fall," holds true when it comes to retaliation. The stronger the base, the broader the network of support will be in response to any real retaliation.

SURROUND YOURSELF WITH ALLIES

You are less likely to face retaliation if you surround yourself with powerful allies (organizations, elected officials, faith community leaders). Institutions will retaliate against people they perceive to be weak, but if they have powerful people on their side it serves as a buffer. Have your allies send a message "you mess with them, you mess with me!"

BE PUBLIC

Retaliators are like cockroaches; they scatter and run when you turn on the lights. The more outspoken and public you are in your work, the less isolated you are and the more people will sympathize with your cause. It also creates an opportunity to hold institutions accountable on a higher level for retaliation, compared with fighting it out in the darkness.

ACT PROFESSIONALLY

Don't provide park lords with easy excuses to retaliate against you by not paying rent or disobeying reasonable park rules. Make sure that you are credible in what you do and say, thus maintaining the moral high ground. People sympathize with community leaders, but not with public nuisances.

Whenever possible, try to appeal to your target's self-interest rather than demonizing them right off the bat. Angering a target should be a deliberate and strategic decision, not an accident.

Remember there is nothing wrong with making someone angry as long as it strategic. But recognize that with that anger comes a heightened risk of retaliation.

HAVE A PLAN

Don't wait until you or someone else is attacked to come up with a plan. Rather than scrambling to do damage control, you want to be in a strong position to respond immediately and effectively if your opponents use retaliation aggressively.

RESPOND TO ACTS OF RETALIATION AGGRESSIVELY

Acts of retaliation have the potential to obliterate your campaign. People will look to your organization to see what your response will be, as they weigh their decision to stay involved. This is not a time to put your tail between your legs and hope everything will blow over. Now is the time to be vocal and aggressive like never before. Your base will be looking to see if your commitment to stand up to them is real, and your opponents are already looking at whom to target next. Put a stop to retaliation now!

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