

There's No Money Like Mail Box Money

By: Lonnie Scruggs

My favorite and most profitable **mobile home investments** are the ones I can buy for \$2000-\$3000 and sell for \$4,000-\$6,000. These are the mobile homes that make me the most money, with the smallest investment, the least amount of risk, and the best profits/yield/returns. But many times I've heard from someone saying they couldn't find a mobile home for these prices where they live. If that really is the case, (I doubt it) then you have two choices...move, or pay more. But do a deal!

Don't get hung up on my numbers, learn the concept and make it work in your market. And yes, even though this is 2010, these numbers still work in most parts of the country. Let me share one of my actual deals to illustrate my point and hopefully inspire you to get out and do it.

I had sold the last home I had and still had several good potential buyers that wanted a home. (You do keep a buyer-seller list, don't you?) So what do you do in that case? Do you just thank them for calling and hang up? No! You tell them that you will have another one like they want very soon. Then start looking and find one. And that's what I did.

It was a nice Sunday afternoon, so Joanne and I decided to go trolling for a mobile home investment. And what do you know, opportunity was waiting in the second park we visited. I spotted a "For Sale" sign on a tree and a man sitting on the deck of his home. It was almost like he was just sitting there waiting for me to drive up and solve his problem.

I stopped and asked if he was the owner. After confirming that he was, I started asking questions until I knew all I needed to know. He was getting a job transfer to another state in two weeks. He had been trying to sell his home for over two months and had lots of "lookers", but no "takers". His original asking price was \$8,900, but he was now motivated and willing to take less for a quick cash sale. See what you learn when you ask questions?

This home was 14 years old, 14 x 70, 2 bedroom, 2 bath with all appliances, central AC, storage shed and a deck, on a nice lot, in a nice park. The home was in excellent condition. He was asking \$8,900, which was a very fair price. So why couldn't he sell the home? Because people who wanted to buy it didn't have \$8,900 and couldn't get a loan. (Sound familiar?) And the seller wasn't willing to finance the sale because he needed the cash to move to his new home.

After some more chatting, and just as I was ready to leave, I asked one of my favorite questions, "If I could get you the money tomorrow morning, what is the absolute best cash price you will sell for?" His answer was \$5,000. (He didn't get the money until he vacated the home, but my question produced the right answer). Now that's not the numbers that make for a typical "Lonnie Deal", but I felt this would still be a deal that would be "good nuf". I would prefer to have made two deals out off that \$5,000, but a good nuf deal is better than no deal.

So I agreed to pay him \$5,000, drew up a contract and paid him a \$100 deposit. The balance of the purchase price would be paid after the home was vacated, inspected by me, and left in the condition he agreed to leave it in. He said he would be able to move in two weeks. So that gave me two weeks to find a buyer before I had to pay for the home.

Earlier, I had shown a mobile home to a couple, but it was not in the location they wanted. So I already knew how much of a down payment they could come up with, how much they could pay a month, how soon they needed the home etc. I told them I would have a home for them soon, and to hang in there until they heard from me. After reviewing my notes on this couple, I felt sure this home would be just what they were looking for.

So I called and told them the good news. I described the home, told them the price was only \$8,900, and I could work out affordable financing with only \$500 down. Why only \$500? With all the other fees they would have to pay, \$500 was all the down payment they could afford. (Always make the deal affordable.)

This couple checked out good, was in the Military, (steady pay check) and would be here for several years. And even though they didn't have the minimum down payment that I usually require (10%), my instincts told me they would be good payers, so I decided to put them in the home.

They were excited and wanted to see the mobile home that night, but I didn't really want to go back out to show it at that time. So I called the seller and asked him if he would mind letting this couple stop by for a quick look. (This is the lazy man's approach to selling mobile homes...put the seller to work for you). The seller agreed. So I called the couple and made an appointment. After looking at the home, they called me back saying they loved it and wanted it. I then asked them to come by my house, make a deposit and sign the purchase agreement. That would assure them of getting the home they wanted. And they did.

Now, let's see if this mobile home investment would be good nuf. The sales price was \$8,900, \$500 down and a note for \$8,400 payable 9%, \$209.03 monthly for 48 months. If you run the numbers, you will see that I've just created a \$8,400 note that I have \$4,500 in, with a yield of 39%. (Most people only make this kind of yields in their dreams). And it was about as easy and simple as it can get. But a word of caution is in order before you run out and expect it to be this easy.

This deal may seem easy and it may seem simple, and it was. But the reason it was so easy and so simple is because I've been doing this sort of thing a long time and have learned what to do and what NOT to do. It wasn't that simple when I first started in this business, but I kept doing deals and learning from my mistakes. I learned to be a better negotiator and how to deal with people. I learned how to make better deals that would increase my profits and yields.

So you need to realize that knowledge, education, and practice is what makes many things appear easy and simple. And how do you acquire that knowledge and education? You start by doing one little inexpensive deal. Then you move on to the next deal. You learn by attending [mobile home investing seminars](#), by reading [books](#), and by studying what successful people are doing. You hang around people who are smarter than you. You [learn](#)

[how money, financing, interest, and the time value of money really work](#). You [learn how to use a financial calculator](#) so you can structure deals that are good for both you and your buyer.

Another reason this deal was so simple and easy was because I had already established a good working relationship with the mobile home park manager and knew I could do business in that park without any problems. I already knew it was a nice park, in a desirable location, with a good demand for homes. I already knew my market and what the fair market value of that home was. I understood that my profit would be made by negotiating a good purchase price. (Your profit is made when you buy, not when you sell.) And I already had a good prospect to buy that home. When you know all of these things in advance, the deals can be very easy and simple. And while education, knowledge, and experience is what makes the difference, none of it will matter unless you TAKE ACTION and make it happen

When you make things happen, they happen for you. But if you sit around and wait for things to happen, they happen for someone else. What if I had decided to stay home that Sunday afternoon and watch a ball game on TV? How much money would that have made me? So get out of the easy chair and your comfort zone and go find a deal. And when you find one, DO IT!

Now, let's recap this deal and see if it was good nuf. I bought the home for \$5,000, sold it for \$8,900, \$500 down and 48 payments of \$209.03. I collected \$10,533 (\$10,033 in payments plus \$500 down payment). That's a profit of \$5,533, and a yield/return of 39%. So even though this isn't a typical Lonnie deal, it's still good nuf. And I'll take one like this any day.

And how much time did it take to put this deal to bed? About 2-3 hours on a Sunday afternoon drive to find the home and negotiate the purchase. About 1-2 hours with the buyer going over the purchase agreement. And about 2 hours when I met the seller and buyer at the home... when the seller was moving out, and the buyer was moving in. So with about 6-7 hours of my time, and two trips to this home, a \$209 check showed up in my mail box every month for 4 years. Mail box money.

Folks, regardless of where you live in this great country, there are many good deals with your name on them. But they won't show up at your door with a sign around their neck, you have to go find them. Then, after you find one, you have to take action and create the deal.

So what are you waiting for? It's 2010, time is marching on. Are you in step? Or are you waiting for the economy to get better? This may come as a shock, but your economy is what you make it. You don't have to accept the kind of economy that the politicians try to dump on you. The people who understand how to recognize and capitalize on the opportunities this economy has generated will become wealthy in the next several years. But for many others who believe the doom and gloom on the evening news, and refuse to change their thinking, it will probably be a terrible economy.

The present economy can be the best of times, or the worst of times. And the choice is up to you. But don't depend on somebody else to make it better. If you want a better economy,

then it's up to you to create a better economy. For instance, how many mobile home deals would it take for you to be able to "fire your boss"?

Regardless what the economy is like, there has always been, and always will be, a big demand for affordable housing. And what's more affordable than a used mobile home with seller financing?

And with that, I'll sign off by asking you this question. "If you do the same thing in 2010, as you did in 2009, where will you be in 2011? I expect 2010 to be a great year for me, and I hope it will be for you. And it will be... if you make the right choices and practice the right habits.

This is Lonnie Scruggs wishing you good health, good friends, and good deals.