

**Grow Your Own!**  
**Article 6 of 6**  
**by Doug Ottersberg, ACM, MHM**

This is the last of a series of six articles on why manufactured home investing should be among the various tools in your investor's toolkit.

Today as I write this article, I am sitting with my oldest son, Stewart, enjoying a steaming hot *café* in front of our hotel. It's the morning rush, students are on their way to school, street vendors are offering their wares, and most everyone else is on their way to work. Our hotel sits across from the main plaza and cathedral of this gorgeous city in southern Mexico. We are seated outdoors, on the broad sidewalk in front of our hotel. It's the type of place we don't have many of in the United States, a broad, covered *portal* with columns and arches carved of a beautiful stone called cantera. In fact, most of the buildings in the historic core here are made of stone and adorned with this cantera. It's definitely a place that should be on your list of places to visit! (Morelia, Michoacán, Mexico) Like us, many people are sitting in the cafés talking, eating their breakfast, and in general just enjoying this new day we have all been given.

It's appropriate that this article is entitled, "Grow Your Own." Now before some of you start getting too excited, (I *knew* that Ottersberg was smokin' *something*), I'm talking about growing your own customers. Customers like the ones we provide with decent, affordable housing, that in turn provide the cash and cash flow that allow me to enjoy this awesome time in Mexico with my family. We have grown to love them, (the customers) and when you become involved in this business, you will as well!

Smart investors have many tools at their disposal with which to take advantage of opportunities as they arise. No matter where you live, what your area of specialization, and despite what you, your friends, the media, and the public at large may think about this particular housing product, there are six excellent reasons you should consider investing in the manufactured home market.

**Six Reasons to Invest in Manufactured Homes**

1. Affordable Housing in High Demand
2. Niche Market
3. Lower Entry Cost
4. Excellent Cash Generation
5. Fantastic Returns
6. Grow Your Own Customers

## **Building a Reliable Customer Base**

The housing market can be thought of as a ladder. Each rung on the ladder represents a different housing option and its corresponding pricing. People will enter the ladder at different rungs, some will climb up, some will climb down, and some will remain where they are. Smart investors, over time, should develop skills to work several different rungs of the housing ladder, taking advantage of the natural desire of most people to move around.

If you are just starting out, as discussed in an earlier article, investing in manufactured housing entails a lower entry cost for you as well as your potential customers. It also offers you, the investor, something else: the opportunity to develop your most important asset as an investor—your people skills! No matter what you are investing in, a mobile home, a single-family home, or a multi-family rental project worth millions of dollars, your technical knowledge about investing and property will be of little use to you if you have not developed your personality and communication skills. Building a business one customer at a time, along with proper training, will help you develop these skills. As you do, it would be surprising to me if you did not start looking for other opportunities to invest in besides manufactured housing.

Once you've developed these skills, or if you already have, your goal should be to grow a base of customers that you can conduct repeat business with. In the mortgage business, it's been said that something happens with most mortgages every seven years. I've also found over the years that many of our clients seem to get the itch to move on the same cycle. That's good to know, and it's been our experience in this business that it sometimes happens even quicker than seven years. Knowing this, wouldn't it be good business to position yourself to help your customer obtain new housing when the time comes?

When you sell someone a manufactured home with financing, not only are you are creating a long term relationship, you are also helping many of your customers develop the financial discipline they need in order to invest in a larger, more expensive housing option in the future. Let them know that you invest in many kinds of housing, and that in the future, should they desire to move or buy another home, as long as they have established a good record with you, you'd be happy to discuss taking their manufactured

home as a down payment and selling them another home. You may even be in a position to finance it for them as long as they establish a good track record with you.

With a base of steady paying customers, imagine the possibilities! What if you bought a single family home and decided to lease-option it? What if you could sell with owner financing, do you think it would be an easier sale? Rather than advertising to the general public, what if you had a dozen or more ready-made customers that you had been grooming for just such an occasion?

We recently sold a home with owner financing to a customer that bought a mobile home from us over eight years ago. I don't remember what they originally paid us for the mobile home; however we gave them a \$10,000 credit towards their down payment on their new home. They were thrilled! (You can do things like that when you are making a great profit on the house you are selling, and when you can resell the trade in!) They also gave us an additional \$7,000 in cash that they had managed to save because they had paid off their present home several years prior. We sold them a home that will appraise for at least \$125,000 for \$119,900, and financed the sale using what we call in New Mexico, a Real Estate Contract. At the same time, we got them set up with a local credit union that will refinance the property for them after six months! We had no advertising costs in selling this home, only a few phone calls and trips to show it to our potential customers, (who were fighting over it by the way), and very little carrying costs.

Manufactured home investing offers many benefits, and as we've just discussed, as you grow your investment business, you will be wise to grow a large base of customers that have developed the discipline to make timely monthly payments.

Thanks for taking the time to read this series of articles; I look forward to seeing you in my workshops and seminars soon! Until then, for more information, feel free to visit the website and happy investing!

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