

EPISODE 906

[INTRODUCTION]

0:00:00.0 ANNOUNCER Welcome to the Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

0:00:24.4 Whitney Sewell: This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today, our guest is Charlie Ansanelli. Thanks for being on the show, Charlie.

0:00:33.2 Charlie Ansanelli: Thank you for having me. I'm a long time listener. And first time guest. I'm happy to be here.

0:00:37.1 WS: Yeah, happy to have you. And Charlie is a former tech entrepreneur turned full-time mobile home park investor operator who owns and operates 10 mobile home parks comprising over 500 units and over 20 million dollars or current market value. In addition to mobile home park investing, Charlie is also an angel investor and enjoys mentoring other entrepreneurs or people new to the real estate investing space. Charlie again, welcome to show. Obviously, I've read a little about you and a perfect guest for our show, and just hearing the success that you've had in the space, so I've been arrested about hearing where you came from, how did you do that? How did you find mobile home parks? How do you know that was the asset class for you, and then we'll talk about some other things... Of course. About getting there.

0:01:22.6 CA: Yeah. So those are all great questions if you ask me... So 10 years ago, if I'd be

running a little mini mobile home park Empire, I certainly would not have believed you or I probably would have told you to go away, you're a crazy person, but here I am running and managing 500 mobile home park units across Western Pennsylvania through Ohio and Indiana, and I absolutely love it and thrilled to be doing what I'm doing, so my journey to mobile home park investing really started. If I think about it, probably back in 2016, I was in my mentally 20s and I had just had my first child and my daughter, and I was running a business and it was a good business, and it was a profitable one, good in... Allowing me to have a good life and spend with my family but it was very, very time-consuming.

I was getting burned out. You know, a lot of things you hear people complete all 95, well, running a business, this is a lot of those things too. You have your boss is just your boss is your customers, and were always demanding things as well, so it was a very demanding business, and I really wanted to sort of carve a path where I could eventually get my time back, but I also carve path where I can create real wealth, and so the business was a good income, but I didn't really feel like it was creating wealth, and so I have saved up for this nestegg, got 120000 dollars, plus or minus, and that took me a few years really to kind of accumulate and a lot of people said, Well, hey, you're a young man, you got a family.

Go buy a house, you should buy a house. That's the next logical thing to do. That's what the banks tell you to do. That's what everyone sort of says you should do, and I just had other objectives and I wanted to get more income streams. I wanted to diversify my income streams because I didn't feel being self-employed, very secure, having all of my income come from one source, and you know when you're looking back, I mean, thank goodness I... I made that decision, because that business that I'm talking about, that I was running is actually not even happening right now because of what's happening, this global pandemic, so I wouldn't be in a very different position talking to you today...

I wouldn't be talking to you today if I didn't diversify my income streams, so back in 2016, I decided I wanted to buy real estate that seemed to be the most logical path to building long-term wealth, and so sort of on this journey of deciding, Okay, well, which asset class am I going to purchase? I kind of did what I think a lot of people do is, is they kinda go online, you

go make a pocket, you go to a lot of different websites and different gurus, and so you kind of peel back the layers of what's the right investment for you and I've always been a fan of un-sexy things.

I was always a fan of chaotic industries, that's kind of where I tend to sort of believe the value is, and the opportunity to sort of take chaos and organize it is where you can really capture the most value. And so that ultimately led me to this mobile home park world, I sort of... I think why would I own a mobile home park? Aren't mobile homes, like something that depreciates in value and the tenant base and a lot of these sort of stigmas around it, but as I unpeeled it, as I sort of unpacked it, I discovered...

Oh, okay, so the goal here isn't really to own homes, the goal here is to own the land that occupies the homes, and then ideally, I want the tenants to own the home, if they don't own them already, I'm gonna sell them back on a zero percent interest the lease-to-own contract, so win-win... They're gonna become homeowners, they're gonna become a long-term tenants, we're talking, you know, my tenants are 5, 10, 15, 20 year tenants, because they own their home, the homes aren't that mobile, they can't drive off in the middle of the night... You know, it does cost an average of 5000 dollars to really move one of these homes, so unless you're a slum lord or a terrible landlord or gouging prices, there's not a lot of incentive for them to move.

And so when I looked at a lot of those factors, it became more appealing and then I kind of unpacked, I said, okay, well, let me look at the demand for this product, the demand for the space... And housing in America is only becoming more and more expensive and more cost prohibitive, and so when I look at the market forces for affordable housing, I thought, Okay, this is something that I should probably invest in. This is going to be a long-term trend. I only see becoming a higher need is the need for affordable housing, and then there was one more very, very attractive sort of layer to all this, and that was the shrinking supply curve and the rising demand curve, so the rising demand curve for affordable housing met with a shrinking supply curve of mobile home parks actually being demolished more each year than are being created. There's a lot of reasons for that, and I won't spend this podcast getting into that, but a lot of

those reasons really led me to really sort of making an unconventional decision, and deciding to use nestegg to ultimately purchase a 31 pad mobile home park in Tucson and Arizona.

And I chose Tucson because I was living in California, and it was something close by if I thought I could travel to relatively easily, if I had to get there, and I purchased that one in 2017. I got that for 695000 dollars. Seller financing put 120K down, create my business plan to have value to improve the quality of the park, ... roads, a lot of the basic stuff, and bring in homes in the empty pads, filling vacancies, do some rehabs, a few rent raises because they were under market. Nothing... This is very hard, it's not very easy, but it's also not very hard, and so I followed that plan and in a year and a half, I was able to sell that part that I have purchased for 695000 ... cash flowing very well throughout the entire time, and I was able to sell it for 1.325 million ton a year and a half. And so I thought, Okay, there's something here. I think I wanna do more of this.

0:07:31.7 WS: I wanna back up just a little bit and ask you a few questions about some of this process. You know, backing way up a little bit, why not just go passive? You mentioned you had a profitable business you were working at, and I understand a very time-consuming all those things, but instead of taking that risk with you, this nestegg that you have worked so hard to say over a couple of years, and in fact, it sounds like you put it all in that one deal, in that first deal, and so why not just invest it passively and keep working the profitable business like you were?

0:08:00.9 CA: At that time, my goal wasn't necessarily creating a business. My goal at that time was to create an investment, an alternative investment for myself that was sort of offset some of my expenses, and I didn't really... At the time, I think I was gonna grow it into what has become today, I mean I had offers, I have family members and friends. You know, as I kinda talked to them and they wanted to invest with me, but I just really felt like... I didn't want the pressure of other people's money at the time. I really wanted to say device of, hey, let me sort of prove with my own capital like my neck on the line and let me build my formula here, and ultimately...

I've done that a couple of times, and that really led me to sort of have a confidence in myself ultimately, that I can be trusted with other people's money, because I now do partner with select investors and LPs on deals, and I participate in the capital pool, those deals as well, but that it's a very big responsibility to me. I treat all of my investors' dollars like they're worth two times more than my dollars because I care about the relationships, the people I bring in, they're not strangers. Even if I don't know them well, I don't know that they have a family. I know that they work hard for their money. I know how I feel about my money, so yeah, I think at that time, I didn't want that extra added layer of stress to something that was still new and then I was still learning...

0:09:27.1 WS: Yeah, I just felt like, why not just be passive? Like invest in somebody's syndication or something like that with that and just stay in that profitable business as opposed to really jumping out here and putting all your capital in one place like that, having to operate your own part now and learn all that, why not just invest passively?

0:09:44.4 CA: Oh right, yeah, I'm sorry, I misunderstood the question. I think the reason for that was, it's just in my nature to just sort of... I just love business, I just love sort of a sleeps and getting dirty, I love figuring things out. I could have probably invested passively, but to me it was really about doing it on my own, learning it inside and out, and I always had a passion for real estate, so it wasn't something I was like you know, dreaded doing.

0:10:05.2 WS: What about just educating yourself to get that first deal done, like a 31 pad, seller finance... Congratulations, by the way. How did you educate yourself to understand the mobile home park business well enough to feel confident enough to put the entire nest egg into that deal?

0:10:20.8 CA: And that's a great question. So I just spent about a year and a half of research and due diligence, and I read books and I attended seminars, and I listen to podcasts, you know, CDs on tape, you name it. I mean, I did it all, and you get to a certain point where you're never gonna be 100% ready to do anything. My philosophy is you have to get to 80%, if you can get to 80%. Pull the trigger because otherwise, you'll just be waiting around forever, and I

see these people sometimes, and they kind of do the seminar sort of... They go on seminar lined up, and they're gonna go to the next one in Dallas for self sort of the next month, and because I think that people are afraid of failure, and so you have to not be afraid of failure.

You have to be okay to accept failure, but just limit your failure by doing your due diligence and having a certain criteria and follow that criteria. I mean, look when I bought that first park, I was like... And I signed the dotted lines. And it was like, you know, I was like 27. It was scary to me. It was like the largest thing I ever bought at the time, I looked back now, it's like a small deal for me, but at the time, I was like, am I ready for this... Just put everything into this into a mobile home park. Am I a crazy person, but I have to calm myself down and say, Look, I did the research here, I had my checklist. It met my checklist. I'm going forward.

0:11:31.3 WS: Nice. How did you find that deal?

0:11:33.3 CA: Yeah. I found that deal because I was searching with brokers in the area, I had sort of at this point identified the asset class, identified for the region, I'd narrowed it down to Southwest and just sort of deal after deal I was looking at... It wasn't like... It wasn't like... It wasn't like, and kind of liked it maybe, but then they liked my offer... 'cause my offer's in... And there's this one deal that was just... It was under contract and it kind of got in the wind, it was gonna fall out of contract, and I just stayed on it, and so the moment I was able to sort of take it over from having fallen out of contract, I was right there and ready to jump on it.

0:12:04.0 WS: Nice, educated yourself and you just went all in. He was not afraid of failure, I appreciate that. And can relate in a lot of ways. But now you sold that property, you 1031 into another one, your portfolio is grown very fast over the last couple of years, what were a couple of keys there to the next stage of growth the first time it seems like you had the capital to go in there and make it happen, you got to sell or financing. Congratulations on that. And then what about the next level? Being able to do more deals, was it starting to syndicate... Finding LPs. What was that?

0:12:34.9 CA: So I was sort of running this one here in Tucson, and I was feeling pretty

successful in about nine months in 12 months in about how I was turning it around. And the proof was in the pudding. It was a money maker. And so then I had partnered with a couple of friends and my parents on a couple of opportunities in Pittsburg, Pennsylvania, and sort of purchased that in partnership with them because I had some extra capital, but not all the capital I needed, and we had sort of created a pretty friendly structure on those, and then we actually did quite well, and again, very similar, we sort of followed the plan, and these weren't very big deals, but we followed the plan that I had set forth in a year's end...

This is short, after I had sold my Tucson property simultaneously. We had actually doubled the value of those properties as well, and I was able to refinance those sort of buy out my partners, which is a couple of friends and parents, and they got a very large return and I got to sort of maintain the assets and I still have those today, and I have some surrounding properties around those as well, so that kind of led me towards feeling comfortable with... Okay, I feel like I've done a few deals now, no one was on my own, a couple of other outside investors, and so that led me to sort of feel comfortable using other people's money, and to this day, my parents invested my deals too...

And so it's like it's... Any investors it's okay. I'm involved in it, I'm in the capital pool. And so are my parents and so are some friends. So if you're investing alongside my entire... Not just net worth, my entire personal net worth, my arbitration is on the line, everything I do. So it's just sort of you, I think, inching towards comfortability, and I always suggest that to people too, is like, don't try and bite off more than you can shoot. If you wanna buy that 10-12 unit, just to get comfortable with the whole process. Do it, but I also say, Sell Your duplex and do it, don't just go and try and raise money from other people and not put anything down, go figure it out yourself, and then you have a story to tell, and then you can duplicate that story and then put some of your own funds into the next deal, or maybe not, maybe you're recourse, but at least you've proven that and you've done it, and you have a story.

0:14:41.2 WS: No doubt. Well, in the mobile home park business, as you have grown your business quickly, how do you prepare for a downturn? In this business, what are things you like to see if you're underwriting or as you're preparing to do a deal that's just non-negotiable when

preparing for just really the unknown.

0:14:57.5 CA: So I purchased the home part because they were a recession-resistant asset class. The thesis on the loan part is that people and good times move up into little home parks and the bad times, they move down, and so it sort of as the backs up to affordable housing. Now, I did not know if they were a pandemic-resistant, that was something I was going to find out when this came around, and it turns out that they're not pandemic-proof, nothing is, but they are... They did turn out to be pandemic-resistant.

And there's a lot of factors towards that: One is that most of my tenants own their home or they've been paying off their home, and so when looking at their bills they're gonna pay, paying their rent and their own payment is sort of the top of the list, because they don't wanna lose that, that's what equity to them as they're home, and they're also not likely to gain the system and maybe use sort of the covid moratorium as much if they have equity and skin in the game, and that's a big thing about mobile home parks, that separate it from the pack is that the tenants are really partners to this whole thing, they have skin in the game because they are homeowners on your land, so the asset class sort of by default is sort of one of the proxies of being ready for a downturn.

Other things is that I'm not buying properties where if I hit X, Y and Z, I... that's how it's gonna work, and that's the only way that we're gonna really sort of cash out on this. I really like to find diamonds in the rough, and you can still do that in this asset class, because it is still fragmented, it is still largely ... owned, if that's changing that... Then that's not gonna last much longer. But those diamond in the roughs in this asset class really truly just a lot more, you can find someone who has an under-appreciated distressed, large asset, and you can buy it through the efficiencies of the marketplace, you can buy an off-market at a price where you know that if you have to... You could sell for profit tomorrow when I try to make those deals, so I try to only go on deals where I know that if I needed to... If life happens and I need to sell this the next day, I'm going to add worst breakeven if it most likely turn a profit, and then if I hit my game plan, it's gonna be a total home run... So that's kind of how I kind of how I go into it.

0:17:13.7 WS: Yeah, do you have any predictions for the real estate market or maybe specifically mobile home park industry over the next six to 12 months?

0:17:19.7 CA: I try to be too smart and just sort of play the basics, and I've done very well, just kind of hitting singles and doubles and triples in most a while, I think that we're gonna start turning around, I don't see things getting worse. I think we are over the hump, that's that I think it's gonna be a slow recovery, I don't think it's gonna be a sharp one, I think we'll see it... I think the biggest thing I'm kind of paying attention to is sort of already gonna pump the covid moratorium again, you know, I certainly have some tenants that are taking advantage of that... Right, anybody who's been directly affected by covid, we have...

Any good landlord has done, any smart landlord, it's a business decision, has reached out to all the tenants proactively or fact, and said, Hey, if you're having trouble, if you really have lost your job, if you have gotten covid, if you're directly affected, please let us know. Work in a pant Plan, and we have done that with a handful of tenants, but there's certainly some that are just using this as sort of... they're gonna be gone anyway, they are bad tenants to begin with, and now it's like they've gotten the green lines and the government to just stick around as long as they want until this is over, so I'm kinda keeping an eye on that, and I'm hoping that mark 31 is sort of the end of it.

But I think that that's going to really dictate a lot of deals in the next six to nine months, is that the eviction moratorium I think a lot of investors are looking at that. I know I am, when I'm now looking at deals and I'm saying, Hey, let me look at the aged receivables in this deal again and let me really underwrite the tenants a little bit better in these deals because I may be sick with them for six months

0:18:46.8 WS: With no income.

0:18:47.0 CA: With no income, right, right, right. Before, it used to be much more of this is an underwriting on the actual asset of infrastructure, and that's still the most important thing to me, 'cause I can get tenants in and out, I want good bones, but you do have to now really

underwrite your tenants a little bit more closely as well.

0:19:03.4 WS: What are a couple of daily habits that you are disciplined about that have helped you achieve the success...

0:19:08.3 CA: Organization, organization, organization. I was a terrible student, I always felt like I was smart, but I just was a bad student, and looking back at what made people successful at school and why it wasn't was because they used their planner and they were organized and got things done, and so, it wasn't really, until I just maximized my Google calendar, I'd like to do this project software like a solid that I really hit the next level. It comes down to execution, you hear it over and over again, but I mean, I'd rather invest in a C idea with some was going to execute on it, right? So I live and breathe by Google calendar, and then I have my own daily checklist, so every day I look at my check list, I'll move things up and down on my checklist as to what's mission critical, what can wait, and then I also examine those things and say, What can I hire for? And I know you're big on that too, and so that's kind of why that right now is asking myself constantly the question, What can somebody else be doing that I don't have to do?

0:20:05.7 WS: What about your best source for meeting new investors right now?

0:20:09.0 CA: It's all inbound. It can be maybe a podcast like this, it's typically been social media, it's really come a lot of me just kind of posting and just really not asking for anything, but just saying, Hey, look, this is what I'm doing, this is what I did. Here's my thought on this. And then that coming back and then people saying, Okay, Charlie seems to know what he's talking about a little bit, who seems like he's a decent guy, maybe they call me, we catch up. I mean, a lot of my investors are... Are maybe people I went to high school with, I didn't know that well, and they've done well on life, or people who are in my early professional network in the bay area who are now reaching back out and I am becoming close with them.

And so it's been a really rewarding experience in the sense of it's not just me partnering with one deals, and I love that, 'cause we can celebrate victories and wins together, but also getting

this new friendships of people who I didn't know that that well, or maybe dropped off the radar, or even in now, people I never even knew, and they reach out and I get to know them and we get to have a conversation, and we get to really sort of see if it's the right fit together, because I wanna make sure that they understand me, they understand the investment type, and I'm interviewing them as much as they're interviewing me, but of course not on the interview, just a conversation.

0:21:20.8 WS: I wanted to ask you though... Before I forget, the number one thing that's contributed to your success.

0:21:24.0 CA: Organization,

0:21:25.8 WS: Yeah, an organization. And I wanted to give another 30 seconds there. You talked about how tied you are to the calendar and inbound things like that, when we're talking about meeting new investors, what about being tied to a calendar like that, and I'm the same way, I have to look at my calendar all the time, 'cause it's just a meeting after meeting after meeting. Most days, the majority of the time, how do you incorporate, say, family into that? How much does your wife have say in your calendar? How do you manage that?

0:21:51.0 CA: I try to include her in my Google calendar and she hates it, so I like to back off on that, and she's like, Don't treat me like I'm one of your employees and don't talk to me like one of your employees, so I can match up of those things sometimes. It's the Google Calendar and it's just like a calendar at the other day that allows me to be a better husband and a better father, because if I'm not organized, if I don't know when I'm going to take care of something and then it's already planned out, then it lives in my head, and then I'm not present with my children, I'm not present with my wife, and so the calendar allows me to say, Hey, this is my free time. I know I've got other things to do. It's on the calendar, so now I can be present now, and that's helped me.

0:22:32.1 WS: Alright, and how do you like to give back?

0:22:33.7 CA: I like to give back by helping others, whether it's this podcast and someone can hear who was like me, I'm starting out, if there's anyone who's starting out and they're serious about wanting help, I'm here to help them in mobile home park investment. I'm here to review deals. I'm here to give them my advice, which is worth the price is paid, which is zero, so don't take it as gospel, but I'm here to help where I can, and ultimately, you know, I have a long-term vision of helping out... You know, my wife and I are assessing other sort of ways of charity, and I'm looking to really kind of get more involved in that and sort of pick some causes here.

0:23:08.1 WS: Charlie, it's been a pleasure to get to meet you and hear your story. Just congratulations to your success, and I knew that I did not come without a lot of hard work, a lot of time span and a lot of risk, you're willing to take that risk, you saved up that nestegg for two years and invested it and went all the end and now you've even move your family across the country and to be closer to your properties and just congratulations to you and your family. I know that just changes the projectory for your family forever, right. What the things that you have done on for the last few years and that work and time you put in, and so tell the listeners how they can get in touch with you and learn more about you.

0:23:42.8 CA: Sure, so you can go to my website, which is rockstackcapital.com. You can email me charlie@rockstackcapital.com. And Whitney, thanks for having me. You have offered a lot of value to everyone in the real estate community, and it's been a real honor to be here,

[OUTRO]

[0:23:59.2] ANNOUNCER: Thank you for listening to the Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption. Life Bridge Capital, making a difference one investor and one child at a time. Connect online at www.LifeBridgeCapital.com for free material and videos to further your success.

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