

**EPISODE 1385****[INTRODUCTION]**

**Whitney Sewell (WS):** This is your Daily Real Estate Syndication Show and I'm your host, Whitney Sewell. Today is a Highlights show that's packed with value from different guests around a specific topic.

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**[INTERVIEW 1]**

**WS:** Our guest is Ryan Narus, thanks for being on the show Ryan.

**Ryan Narus (RN):** Thanks for having me.

**WS:** Ryan is a double graduate of Wake Forest University with an undergraduate in psychology and an MBA. Frustrated with the golden handcuffs of corporate America, Ryan set out to build a portfolio of mobile home parks, but here's the thing, he started with nothing. No money, no network, and no experience. That's exactly where a lot of us have felt or are feeling right now and probably a lot of the listeners can relate to that. Flash forward five years, and Ryan has purchased 15 mobile home parks, spanning roughly 1,400 in 40 lots, and is financially free, successfully escaping corporate America.

Ryan, grateful to have you on the show, you and I met a while back. A pleasure to just hear more about your story, I know the listeners want to know how you did this, and want to just share with them how you became financially free, and help them with some steps to get there as well, because when you're starting with nothing, like your bio mentioned, it seems hopeless almost, right? It seems like there's just no way to get there or you know, where do we even turn?

But welcome to the show, give us a little more about who you are, maybe your focus right now but I want to dive into just how you became financially free and help the listeners as well.

**RN:** Sure, just to kind of start with the present. As you mentioned, I have been a part of 15 mobile home park transactions, I currently have three under contract and two verbal agreements to price. I should have several more under contract. It snowballs, it starts really slow, you question what you're doing over and over again, and if you have a very stubborn wife like I do who I love very much, she will also be like, "What are you doing? This is stupid and is not going to work."

I just want to start where I'm at with anyone who isn't familiar with the mobile home park space or anyone who is hearing my voice for the first time. I started like most of you. I had nothing; I had more student loan debt than cash. I bought the lie, Whitney. I bought the lie that the counselors in schools tell us growing up as a millennial: "Study really hard, and then you'll go to a great school, and then after you graduate from that great school, you'll get a great job, and you work really hard at that job, you get promoted, and then one day you'll retire on the beach."

Well, here's how that actually looks, you miss out a lot of your childhood because you're stressed out, trying to get good grades. You get into a good school, I went Wake Forest University, good school, you rack up student loan debt, and you graduate. The job market is not as great as you would think it is, even if you go to a pretty good school. I mean, this is what happens when you go to a good school and you got into a job interview, "Wow! Lake Forest University? Great, I don't care."

That's the fact, that it's like, "Oh wow, cool, you went to a good school. Kind of check-in that box, let's see what else you can do for us. Oh, you're not going to work for next to anything? Okay, yeah." I mean, it's like, it's so frustrating and then you finally find a job, and then you feel stuck in that job because you're getting married to a lifestyle, a middle-class lifestyle, and you get stuck in this job, trying to get promoted and impress your boss, and politic your way up, and it's unfulfilling, and –

**WS:** Spinning that hamster wheel.

**RN:** It's horrible. I ended up doing everything that I thought I was supposed to do and I wasn't happy. And then, I quit my job to chase my dreams, I more than halved my salary, lost 401(k), lost benefits, literally moved into a double-wide mobile home, and I lost 15 pounds by changing nothing about what I was doing. I was not working out, I was not eating any better. I just removed the depression from my life, which was working to make someone else rich in an unfulfilling job.

If you get nothing else out of this interview, it should be that, once you find what you're meant to do, you will find that all of this middle-class lifestyle, that you think you're addicted to and can't let go of, doesn't make you happy. Literally moving into a mobile home will skyrocket your happiness, and you may even lose some weight.

**WS:** That is awesome, I love how you just put it right out there because it's so true. I've seen it so many times, including myself. You know, having the job that you think you're going to keep promoting and keep moving up and then you finally realize, well, is that really what I want? Is that really what's best? But congratulations to you Ryan for just recognizing that and been

taking that hard leap. I'd like to just talk about that a little bit, I love focusing on that a little bit, because I know there are so many listeners that are wanting to do that same thing, thinking about that, and the repercussions of that, is it worth it, can we do it, have faith to make that happen.

Just in their selves and their ability, maybe they're even their support like you're talking about. Your spouse, maybe your spouse is not onboard, that alone is such a good topic, maybe you could speak to as well? But let's talk through that transition just a little bit, you know, you quit, you move to a mobile home park, and it was a great decision. Obviously, now, looking back, right? That's easy to say.

But speak to that transition a little bit, some difficulties there. I know you mentioned your wife was questioning this decision, how did you do that? How did you make that commitment, and how did you work through some of those things?

**RN:** What I don't want to do right now, Whitney, is give you a highlight reel. I love watching ESPN's Top 10 but the truth of the matter is, there is so much omitted from that highlight reel that's really relevant to your audience. If you don't mind, what I'd like to actually start with is by going back to 2012.

In 2012, I had just hit, I was working for Honda, selling Hondas, and I had just hit their gold award, which is like the highest award you can get out of the gate. It was after my first full fiscal year, just sold 240 cars. Like 20 cars a month. I got this award and I just remember, going to Washington DC to be celebrated, "Oh, look at you! Great." It's like a pat on the back and then it's like, "Go do it again." I just remember feeling –

**WS:** But do twice as much, right?

**RN:** My gosh, I just remember feeling so unfulfilled. It just was not worth it. What I did was I went, it's time for a change. I was 24 years old and it's – I was like, it's time for a change and what I did was I just picked up any book I could read. I heard somewhere that the average American CEO reads 50 books a year so I went, all right, book a week, we're going to do it. I did exactly that and it completely opened up my mind.

I mean, Rich Dad Poor Dad alone, if that was the only book I read that year, just completely – because my dad was the poor dad, even though he had a PHD and the works. What I kind of realized through that, Tim Ferris' 4-Hour Work Week, all of those, was that I needed to find who I was. Stephen Covey, Begin With the End in Mind.

After spending quite literally hours and hours reading, changing my mindset, I realized I needed to meet everyone I could possibly meet. Over the course of three years, from 2012 to 2015 – By the way, while I'm developing skills, how to negotiate, how to sell, how to persuade, while I'm selling cars. Over the course of three years, I looked at over a hundred businesses that I could possibly start.

A lot of dead ends, over the course of three years, actually started a couple of businesses that went nowhere. Then, in the summer of 2015, I found mobile home parks, and then, in the summer of 2017, I finally went full-time. It took me three years of a lot of reading, a lot of networking, a lot of soul searching, then it took me two years, one of which to prove I could actually make money in mobile home parks and another to actually plan to go full-time, to actually go full-time. When you're listening in and you're like, "Oh now, I really want to do this, I'm going to quit my job." Don't. No, don't do that. Spend quite literally a year, you're going to feel so stuck like you're getting nowhere but if you just learn, network, and self-assess. Just self-assess really hard, find out what you really – what really makes you happy so then that one moment, where it's time to make a sacrifice, you are ready.

If you're hearing this, I really hope that what you're taking away is, this took Ryan like five plus years to get to the moment and, when you're at that moment, by the way, you prepare – like, let's use jumping off the diving board because I'm afraid of heights. It's a good example. Jumping off the diving board is an example. You don't just walk up to a diving board and jump off, right? You got to know how to swim, you got to put on your sun tan lotion if you're like me and you burn really easily, you got to have your swimsuit on, the works, right? Can't be Adult Swim and then, when you get to the diving board, you got to have a plan, right? I'm going to jump here, I'm going to take a running start, I'm going to swim to this ladder here after I jump, right? You have to have some kind of plan and then you have the fear of management piece.

To me, that was a really difficult thing going full-time because I was like, "Oh my gosh, I'm going to cover half my salary," I'm going to take out recourse debt by the way. Everything I've ever worked for is gone if I fail here. It was really scary thinking about that, but you know what happened, Whitney? Do you know what pushed me over the edge where I went, "I don't care"? It's because, I think I've got to credit Steven Covey's 7 Habits for this, or maybe it was Tim Ferris' 4-Hour WorkWeek, one of the two. Basically puts this – maybe it was Susan Jeffers' Feel the Fear and Do it Anyway.

Someone, somewhere in the book I read was like, "Think about being 80 years old, thinking back on this moment. What are you going to say at 80, thinking back on this moment?" And I said to myself, "If I fail at" – you know, I was 29 years, I had just turned 30. Okay, At 80 and 50 years, if I think back to how I failed epically at 30, would I be miserable on my death bed thinking about that? "Oh, man, I wish I had stayed working for the big bank," or would I go,

“You know what? I failed epically, I went bankrupt, I lost everything I had, but boy did I have some courage back then.”

At 80 years old, I think if I think back at that moment, I was like, if I think back to this and I failed epically, I’m going to be so proud I took a chance and took a bet on myself, and not only that, in that same vein, I thought because I didn’t have kids at the time, I’m a father now. I went, “You know what? I’m a big believer of do what I do, not just what I say,” or whatever that cliché is. I said, “What better lesson for my child than to say, you know what I did? I listened to my counselors growing up and the people around me and they were wrong, okay?” I bought the lie, but instead of playing the victim card, going man, you know what? I did all this and now I’m stuck in this.

I said, “You know what? I’m not going to play the victim, I’m going to go out and get what I want.” Whether or not it worked is irrelevant I’m proud of myself for making that leap, I’m proud of myself for diving off the diving board and I just cannot think of a better lesson to teach my children beyond doing what I had done. Having courage and going out there and doing it. And that, I really hope, you know, if you’re listening in and you’re at the precipice of going full-time or wondering if you should go full time and you’re trying to get over that fear thing. I’ll pull you in two directions. Number one, will your 80 year old self would say about you, and I bet your 80 year old self is going to be really proud you had the courage and, number two, your kids.

There is no better way to teach your kids to not have a spoiled or victim mindset than going, “Daddy felt the same way, and daddy found that what he had to do was take a bet on himself, and that’s exactly what he did.” Even though it didn’t work out, that’s the mindset you have to have, and guess what? If it works out, then even better. Now you’re not stuck in corporate America anymore.

**WS:** Some great advice, Ryan, wow. I just love the story. Even just the line that you read, that you mentioned, what are you going to say about this decision when you’re 80 years old? Or the decision you didn’t make, or I mean, not making decision is making a decision, right? Or deciding to stay in that rat race and decide to stay where you think you’re comfortable and where everyone else thinks you should stay as well.

I had to make those same decisions. Very similar story of jumping out and committing everything ultimately, you know, in the beginning to make it happen or risking everything, right? But yeah, no doubt about it, such good advice.

What about the family support during those hard times? What did that look like, how did you handle that through making this big leap?

**RN:** Yeah, my wife hated it. To put it bluntly. Actually, what ended up happening was, imagine that you spend years quite literally looking for the business that you want to start because I knew I was meant to be a business owner. You finally find it, and you get home to your wife and you're like, "Guess what? I know what I'm supposed to be when I grow up!" And she's like, "Excuse me?"

In so many words, "F you and F that." Imagine just having cold water thrown all over yourself? Now, discovering that you have two battles. Number one, trying to get a company from scratch with no money, no network, and no experience off the ground and, number two, trying to win your wife over in the process.

It was really hard, especially because what I love about my wife, she has a lot of conviction and she's stubborn in the right way. In other words, I think Jeff Bezos said this or someone famous said, "I picked my wife because if I got locked in some jail in a third world country, she has so much conviction and fights in her, she would get me out. She'd find a way." That's what I love about my wife, which is great when your incentives align. When they don't, it's really tough.

She was very much so not a fan of this. We came to some – we had some really serious fights. Eventually, I won her over, and, believe it or not, she's actually going to go and buy her own mobile home park. On her own, I am not invited by the way. It's come very full circle and anyone who is listening in, if your significant other does not buy in, don't let that be a hurdle.

Don't let you think it's going to be always. If you love each other, you'll find a way to make it work. I invited my wife on my podcast, our second episode is literally called, Spousal Buy-In, and I basically gave my wife two rules. I went, "You have an open mic. Two rules, don't give away any of my secrets and no bad words."

She absolutely lights me up over the course of like 10 minutes and then, in the last five – It was a 15-minute episode and the last five minutes, we kind of have a great talk about marriage through the lens of entrepreneurship. If you are feeling like you are fighting an uphill battle against your significant other, trying to win them over, that is an episode worth listening to because it is so honest and they will understand how my wife felt in that moment and they will understand –

It's like that whole feel, felt, found bit in sales, right? You feel this way. My wife felt the same way, and she found a way to overcome and, together – and actually come out with our marriage being stronger than when it started. If you're listening in, that's definitely something I'd point you to go listen to my podcast episode with my wife but just know, if you don't have time to go listen to that, that if you have a good marriage, it's like any other disagreement you have. If you love each other, love will find a way.

[INTERVIEW 2]

**WS:** Our guest is Jonathan Tuttle. Welcome to the show, Jonathan.

**Jonathan Tuttle (JT):** Thank you. I'm excited to be here. Thanks for having me on.

**WS:** Let's talk about your fund a little bit, your parks, what's happened over the last year we'll say, maybe where you are at, last November, December and then compared to March and then June and kind of walk us through how COVID affected your properties in your mobile home park specifically?

**JT:** I mean, it's kind of a shock to everyone in this world. That's the first thing. I feel bad for some asset classes. We're, unfortunately, over the last 50 years, mobile home parks have been the lowest default rate based on bank data. Self-storage is a close second, but they actually got affected this year also, because they got overbuilt. I mean, like all asset classes in some way, shape, or form. But the one advantage to us is for our perks, we didn't see maybe one or two people pay it like a couple weeks late. But then again, our average rent is \$300 for our personal parks, and they had the stimulus, which helped, at the end of that income, we have a mostly senior park. So, they get the social securities and then like their rent to expense ratio is a way below, so that's one of the advantages of this industry is we have a lot of the focuses on seniors, and the baby boomers is 10,000 retiring every day. Just on Social Security, small savings, we're the only affordable option.

If you look at how a government looks at when you went to get a house, you won't have one-third payment down. Basically, they want to see that spread. We're one-third of apartment price, one-half apartment, one-third a house. So, even if it's \$300 or \$400 lot rent, or if they work \$10 an hour, we still serve that need. And there was a study, I don't know about the time you see this, but about three days ago or six days ago, sorry, Green Street, which does data for all the commercial real estate assets, pretty much all institutional data, and industrial and mobile home parks are the only two that have actually gone up in value this year. We've gone up about 8%. And you've seen double digits negative for obviously like malls, because e-commerce, you can't go in the mall, retail, lodging, some other asset classes are like 6% to 8% decrease in value. And we've seen an 8% increase in value.

It's just been fascinating to see like this is what we've been preaching for the last couple years that we are recession resilient, or at least the last 10 years. And now, we actually have the data that backs it up. Wall Street Journal did an article in February of this year, 2020, we did the previous year, since the last downturn, mobile home parks were the best performing real estate asset classes, Wall Street Journal article. It mainly just comes down to supply and demand.

There are 60 million Americans who need affordable housing. There are 10,000 baby boomers retiring every day. The spending power, inflation, all that works to our advantage and we're the only thing that could solve that problem. And the problem is, there are only 12 million mobile homes and 44,000 lots. So, there's this huge demand, but there's not enough supply.

**WS:** They're not really building more mobile home parks, right?

**JT:** Correct. That's the biggest thing. And once you have one, it's like a goldmine, basically. You want to solve the affordable housing, provide an ethical, safe place to live and fair pricing, you still have to maintain it. There's still cost involved with that, obviously. You can tell some people like, "Oh, there's so much labyrinth for that." But well, okay, we have to maintain the grounds, you have to maintain the sewer lines, we have to maintain all that. And plus, we pay the bulk of the taxes. So, if these get torn down, which is about a certain percentage get torn down every year, there's plenty of people that don't have a place to live.

So, we look at it as like, "Hey, we're providing affordable place. We do the CapEx and you come in. We make sure there are improvements, bring more amenities, bring everything up to speed, and they have a better quality of life." And we're really passionate about that. But also serving that affordable housing.

There was also, I forgot what date that was, that 93% collection of rent during the worst part of COVID, March and April institutional data. So, when everything else, I heard some certain asset classes got down to 70, 75, there's about a 93% collection rate based on the data. Wells Fargo did a recording in that too, as well, their commercial lending.

**WS:** Can you just speak a little more about – was there a way that your fund or your parks were better prepared for a downturn or better prepared for COVID? I know mobile home parks, in general, you talk about how they're just more resilient. But was there anything specific that you were doing, even beforehand that have helped you to just minimize any kind of internal downturn for those parks?

**JT:** So, at Midwest Park Capital, and our parks personally too, we always try to buy parts that are more – we don't want your own parks, we're not trying to come in and say, "Hey, we got to completely turn around." There's obviously opportunity for it, there's a lot of upside, but it's a lot more boots in the ground and just more working, and running out all the units and bringing in new units. We try to identify the better opportunities that are already well-positioned. They're already top tier. The parks that people really demand. We're not trying to get a part that's in the middle of nowhere, with no chance of getting the residence in there, those parks like that.



So, first, acquiring the right park. Second, you look at parks, do the correct due diligence, and it's a whole long process. I won't go into details on that, but make sure you do the correct due diligence. Marketing, we use a lot of Facebook marketing. Marketing really makes a difference because if you were competing with a lot of mom and pops, like I mentioned, it's mostly mom and pops, and most of them know how to use Facebook. So, if everyone is on Facebook now, hundreds of billions of people on Facebook, Facebook Marketplace is free, way to market units, and it was really, really effective and it's very cost – if you're not paying anything for, you could boost it. But most the time you just put on there, you get 20, 30 calls on a unit, if you're selling or renting them.

Especially now with everyone with COVID, they're on land looking at properties. We're surprised, I even had like 65 or 70-year-olds, like, "Oh, thank you, I saw that in Facebook Marketplace." Everyone's on it. You're just getting in front of more audiences, to keep the parks maintained and keep the demand there. And that's been really efficient with the management.

**WS:** Yeah, what are some maybe different things that you do when managing your properties that maybe other mobile home park operators do not that just help you to stand out or rise above?

**JT:** We use a third-party manager, I call them Shapiro. They're the biggest operator, about 35,000 lots. They manage Apollo's groups as well, which is one of the biggest private equities in the world, plus a 30-year history. So, having the right team, we have a season Park CPA that just works another fund, has been in for 20 years, having really an all-star team. And not just cutting corners, making sure you have an all-star team, everything from management to the CPA. And then like I said, it comes down to the requirement parks. It's a lot of industry relationships. I've been in the space 15 years. I was supposed to be one of the speakers in the national Expo with Dr. Ben Carson. And then Clayton Homes, which is the biggest manufacturer of mobile homes.

One of the 12 speakers this year, but obviously COVID, it went to digital and digital was like a small segment. So, hopefully I'll be on the speaking stage next year. But what that means is I have a lot of industry relationships. We get deals that people don't see. Like a lot of stuff, because it is supply and demand, they want to work with people they know they can trust and then the business. It's a lot easier for somebody like us to get better deals and somebody just come into space like, "Hey, I heard about mobile parks." And we put the years then, so they trust us now. They're playing catch up to us.

**WS:** Nice. The team is so important in whatever business you're in, especially in real estate. Who is the management company again?

**JT:** M. Shapiro, they're out of Michigan.

**WS:** Nice. What are your criteria now for when you're finding a mobile home park? Is there specific sizes, and locations? Are you just anywhere in the country? How are you finding those deals and what are your criteria?

**JT:** For Midwest Park Capital, we focus on 75 to 250 units. It's better for scale of economics, and efficiencies, like Midwest. Midwest has about one or two points in a minimum higher cap rate. Coastal City is a more institutional private equity and like they're bidding it down. Obviously, they have access to capital way cheaper than we can. So, we focus in the Midwest. We also like Tennessee, and Texas, because, the growing economy, people are flocking there. So, we like the Midwest focus for that reason, 75, 250, most of the parks we're acquiring at 1970 to 1990 because there really hasn't been any developments as you alluded to, in the last 20 to 30 years. It's almost impossible to develop it from ground up. And the problem with ground-up development, if you get one of the few people a year that gets it, luckily, you're basically developing a subdivision from the ground up. You're not buying a cash flowing asset. If you buy an apartment building or you buy self-storage, and they already have tenants in place and rent rolls coming in, you're literally building up, putting \$80,000 per head, plus you haven't filled the marketing, the approval, you're not even making a profit for like three or four years.

Our philosophy is let's buy somebody's cash flow right now, and prove the efficiencies. If we get, I mentioned, go back to water and sewer. That's one huge way if it's allowed to increase the NOI. Also, just really marketing efficiencies and management efficiencies. And that really separates it. Because remember, a lot of these people that have owned it, had it for 30, 40 years and sometimes, they're living in a small town or tertiary market. They have like a \$4 or \$5 million mobile home that they've paid off. They're making 400,000 or 500,000 revenue. They're not trying to maximize it, every little dollar. Sometimes they haven't raised it around like 15 years because I already have half a million dollars. I live in a town where the average income is like 30 grand. They need those maximized.

**WS:** Nice. That's some great criteria. I appreciate you just elaborating on that. And as the economies of scale, 75 to 250 units for sure. Before we even started recording the show, you mentioned just like the most popular real estate niche in 2021. Why is that?

**JT:** Yeah, I'm going to be writing an article in Forbes about this. It's literally just the supply-demand. We're seeing so much migration from other asset classes and people inquiring from their retail, especially retail, hospitality and lodging. We're seeing like, it almost feels like they're [inaudible 00:14:31] to see if they can start your own. But it's because they've been so affected by COVID unfortunately, and we just have the supply and demand to our advantage.

It's got something unique attributes to it. The whole thing we want to do is basically just on the land and rent the units out. And when you have less to work with, it makes a lot more efficient. There are still challenges, people say, "Oh, you just want to land." But no, there are still challenges, still got a marquee of stuff, and train the staff correctly. That the hidden challenges are like if a tree is to fall down, do you have to make sure that the tree is not coming down on the houses? Like that's a big issue of like doing that tree trend. All of a sudden it comes down to this mobile home. It's basically just a shoebox. There are no load-bearing walls on the inside, it's just the outside. To come down, you have to basically brace the unit, and it's gone.

As an experienced operator, you know that you come in, the first thing you do, and you also use that in your price negotiation like, "Hey, these trees haven't been trimmed for 20 years, that's going to cause expert tree based on what it is. We need to knock this price down."

[END OF INTERVIEW]

[OUTRO]

**Whitney Sewell:** Thank you for being a loyal listener of The Real Estate Syndication Show. Please subscribe and like the show. Share with your friends so we can help them as well. Don't forget to go to [LifeBridgeCapital.com](https://LifeBridgeCapital.com) where you can sign up and start investing in real estate today. Have a blessed day!

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