



## Cash Flow With Mobile Homes

*Hosted by: Joe McCall*

*Special Guest: Kevin Bupp*

Welcome, this is The Real Estate Investing Mastery podcast.

Joe McCall: Hey guys, welcome. This is The Real Estate Investing Mastery podcast. We're in for a special treat here today because we have another podcast host that I'm interviewing and I'm looking forward to this because I've been wanting to talk to Kevin for a long time. He's got a very good cash flow Real Estate Investing for Cash Flow podcasts and a lot of you guys know him. His name is Kevin Bupp, but did I pronounce your name right, Kevin? I forgot to ask you that.

Kevin Bupp: No, that's correct.

Joe McCall: Yeah. Okay, good. Alright, so I want to let you guys know too real quick that this podcast is brought to you by my book Wholesaling Lease Options. You can get my book. This is how I quit my job back in 2009 flipping lease options. And I've been saying this for a while now that the market starting to slow down a little bit it's more important than ever, I think to understand creative real estate investing, how to buy and sell properties creatively and lease options are my favorite creative strategy to buy and sell properties. Because I believe it takes out a lot of the risk and if you want more information about that, I wrote about it in my book, Wholesaling Lease Options. It takes just a couple hours, three hours Max to read. I've been getting great feedback from it. You cannot get it on Amazon. You can only get it if you go to WLOBook.com WLOBook.com. I printed a several hundred, a thousand. I don't know of them and I'm going to give it to you for free. Just got to pay the shipping and handling and I'll send you the book. It's going to be a real good one. And plus sneak peek.

Joe McCall: I'm coming out with a new one. A lot of you guys maybe remember, maybe don't. I wrote a book boy about four years ago called Brilliant At The Basics and I'm going to be updating it and I'm going to be releasing that book hopefully in February or March. So just stay tuned for that. I'm excited about it. I'm updating the whole thing and I think it's more important than ever in this market as things are changing that you guys understand the simple basic things and don't try to complicate it and I think I have a good feeling we're going to be talking about those simple, basic things with Kevin on this podcast. So, one more thing guys, leave a review on this podcast if you liked the show, I appreciate the reviews. It's kind of like a tip jar for podcasters and I'm looking at Kevin's podcast here and he has 456 reviews. Are you ready for this, Kevin? And I have. Oh, 463.



Kevin Bupp: Oh, I've got one other podcast Joe, and It's got 600 reviews so.

Joe McCall: I'm just kidding. But the reviews are important for guys like me and Kevin guys, we want to know what you like about the show, what you don't like about the show. What other things do you want us to talk about? What other things do you, are we talking too much about? Like, you know, hey, you just need to chill on this topic. Had really great constructive criticism and feedback on my podcast over the years since I've been doing it since 2011 and I've changed a lot of things. I've made it better, I hope. And your feedback is what does that, it's kind of the fuel that feeds us and we really appreciate you leaving reviews. So, go to iTunes, subscribe to the podcast, leave us a review there. You can also leave us a review. You can leave me a review on Stitcher and, what's another podcast place? They can leave reviews. Do you have another one, Kevin? It's pretty much iTunes, Stitcher, isn't it?

Kevin Bupp: Yeah. You know, they're. I don't know if Soundcloud or Google Play, if you can leave reviews there. I know that, I know that we all probably host there, but I'm not sure if he can leave reviews there. So, I think it might be iTunes and Stitcher.

Joe McCall: Okay, well, there you go. Oh, well Kevin, welcome to the show guys. This is Kevin Bupp. He has the popular podcast, Real Estate Investing For Cash Flow. I love that name. You've been doing it for quite a while. Kevin, haven't you?

Kevin Bupp: I have as you have Joe as well. So, I think we're one of the pioneers of the podcast space, but not the Real Estate Investing for Cash Flow podcast, I've been doing for just over five years now. So yeah, it's been a lot of fun.

Joe McCall: What's your other podcasts? Do you really have two?

Kevin Bupp: Yeah, I started a mobile home park investing podcast, which is the niche that we've, we've focused in for the past six years and I started that one I believe that's going on two and a half to three years. I forget the exact start date. Most of the time that's a weekly show. I miss them here and there, but the Real Estate Investing For Cash Flow podcast has always been a weekly show. And we stay very consistent with that.

Joe McCall: Nice. You got a lot of great guests on there, which you also teach a lot of stuff, which is amazing. And I want to, I want to ask you some questions about your story, Kevin, and kind of how you got started in real estate, but if somebody's just listening to this right now, wants to go find your podcast or your



website, it's called Real Estate Investing for Cash Flow and you can just search for that in iTunes. What? What's the name of your other mobile home podcast?

Kevin Bupp: It's called The Mobile Home Park Investing podcasts. I try to keep it nice and simple.

Joe McCall: The Mobile Home Park Investing podcast and a Mobile Home Park. I'm looking that up right now. Oh, there it is. It's right next to you. Yeah, okay. I see it. And you do. You have 618 reviews. We need to talk like how did you get so many reviews?

Kevin Bupp: And I promise you they're not from like Fiver or anyone in the Philippines they are real people.

Joe McCall: Yeah, mine are too. I have never done that. But you know what I. I might have, when I first started my podcast in 2011, I think I did buy five reviews. I'm embarrassed to admit that and maybe I shouldn't, but that was back in 2011 and I wanted to just get it started and I did buy, I'm embarrassed to admit that five reviews in 2011, but I've not done any sense, I swear. But yeah, you've got, wow. You got some really good five star reviews. This is a podcast that you guys need to pay a lot of attention to and you've got a lot of recent ones.

Kevin Bupp: Okay. It seems like the mobile home park one gets more, more consecutive reviews and then the other one kind of goes through little spurts. You know, we'll get a couple of reviews in a month and then we'll see any for a number of months. And you know, I, I don't, I don't ask for them as much as I used to either. Maybe that's why they've kind of slowed down a little bit. But now it's reviews definitely helped guys like Joe had said I mean it. What I try to encourage folks to do is like tell me just like you said, let me know what you want to hear, you know, help, help guide us on the information that you want us to bring onto this, onto our podcast. So in any event the reviews are very, very helpful.

Joe McCall: Yes, we appreciate that guys.

Kevin Bupp: It's not just an ego thing, right Joe.

Joe McCall: But it, it is helpful though too because we want to know what you don't like and what you do like and good feedback helps us make the show better for you. So Kevin, where do you live? Where are you from?



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

Kevin Bupp: Well, where I'm from Pennsylvania, so I was born and raised in Harrisburg, Pennsylvania, which is for those that don't know, it's, it is the capital, but it is a very small, very small city in central Pennsylvania, but I've been in Florida, in the Tampa Bay area since 2002 and I currently reside in Clearwater, Florida, so over on the west coast of Florida.

Joe McCall: Cool. And when did you get started in real estate? Can you give us a little bit of your background?

Kevin Bupp: Yeah, yeah, absolutely. I, um, I, I kind of I guess, luckily happened into real estate. I kind of found me. I didn't find it. And so I'm very grateful and blessed that, that, that part of my life occurred, because I don't know what I'd be doing today, Joe for real estate hadn't found me. I was, I graduated high school was, you know, I wasn't overly studious at all and I didn't go away to school like a lot of my friends had. I went to community college. I came from a very blue collar family, so they didn't have money to waste and I didn't know what I wanted to do, so I didn't want to go wasting my parents' money away at university, just partying, which is probably what I would've done. And so I basically stuck to the course of the local community college. And about a year into school I had started dating a girl and, and basically, her mother was dating a guy and I met this guy that her mother was dating. And he happened to be a local real estate investor. And a really long story short, I became friends with him and kind of saw the lifestyle he was living and he had a lot of flexibility, drove a nice car and just seemed to have it all together and that, that was intriguing to me. And you know, I think maybe in me looking back, he probably saw the state kid with no direction in life and not really knowing what I wanted to do. He took it upon himself to invite me to a bootcamp, a real estate boot camp. That was hosted by Ron Legrand, who I think is still around. I don't know if he's still teaching or not.

Joe McCall: Yeah still traveling a lot too. What year was this?

Kevin Bupp: Oh Gosh, this was 2000. Yeah, 2000 era. And that was down in Philadelphia was a fix and flip bootcamp and he invited me to go with them. I didn't know what that meant, what it was all about. I'd never read a real estate book before, but I saw his lifestyle. He seemed like he, again, he ended up all put together and really enjoyed life and enjoyed, you know, the cash flow that, that has properties through off he was, he was mostly a buy and hold investor, a small single family, small multifamily properties. And so I went to this three day event with him and again, I was overwhelmed. I didn't know what I was getting myself into and what I did do is I met a lot of people there that I didn't feel were much smarter than I was.

Kevin Bupp: I mean, they had obviously they had a much more real estate knowledge, but it's only due to time right in the business. And so I left that event, meeting a lot of great people, uh, just, you know, seeing



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

a lot of opportunity, and essentially as David, David, what can I do to help you with your business? Like, I want to learn this. I'm not going to try to go at this alone. I just, I didn't have much money. I was young, I was naive, I was everything. But I'm willing to help you in my free time between tending bar and going to school, how can I help you in your business so that I can learn what you're doing? And that's what happened. He agreed to it. Again, we were kind of friends already. We got along really well and so every minute and hour in between classes and my part time bartending job, I would meet him at his office or meet him out in the field and help them with contracts with brokers, contractors basically do the busy work and just to be around him and to learn what it was that he was doing as a real estate investor.

Kevin Bupp: And that's what I did. And for a little over a year, follow him around. I before I bought my very first property, which was a rundown row home and Harrisburg, Pennsylvania, bought it with a private, a private lender or one of his resources, a had lent me the majority of the money, the money came from my bartending money that I had saved up and bought that first property, renovate it and flipped it up. You know, maybe profit made a lot of mistakes, you know, probably could have made more, but made some money. Did it again, did it again, wholesaled some properties along the way. And uh, just continue on that path. I mean that was really the start of it, did it for a couple of years of Pennsylvania, moved to Florida in 2002 just want to get out of the cold. I'm not a big fan of a cold, dreary winters and moved down to Tampa and that's where it really all began for me just to kind of a, it was a new place, new scenery, you know, Tampa was a much larger city to me, a lot more opportunity and start buying up a frenzy. Mostly single family properties. Some smaller multifamily and it was really buying, I was buying along a business model that David used, which was buy and hold for cash flow. And so of the things we bought, unless we had a sell or unless we had to build up some additional capital reserves, we would buy, renovate, and then rent and I built quite a large rental portfolio, single family properties and start buying more apartment complexes and fast forward today also are now buying mobile home parks. So that's kind of the condensed version of my story and there's lots of ebbs and flows in between there because that was way back in 02 when I moved down here to Clearwater. And so now we're obviously in 2019, so it's been a many number of years since I've been a full time investor. And but that's, that's it.

Kevin Bupp: That's the 10,000-foot view of my story getting into real estate again, that kind of happened into it. I find myself to be very blessed and lucky that that occurred. And that I met David and that he came into my life and became a mentor because again I wouldn't know where I'd be at today, Joe. It wasn't for David.

Joe McCall: Nice. Is as David's still active.



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

Kevin Bupp: He is. But at a much, much more minimal capacity, he's about 25 years older than I and so he's kind of at a stage of his life where he's just kind of relaxing and enjoying the fruits of his labor over the years. So he is, but he's very picky and choosy and just kind of cherry picks things here and there and doesn't he? I wouldn't say he's an active investor, although he invests in a few deals a year, but mostly it's enjoying the fruits of his labor and the cash flow from the properties that is acquired.

Joe McCall: Nice. Nice. And where are you holding most of your properties now? Where are you buying or looking?

Kevin Bupp: Yeah, so today we only own, other than a few miscellaneous residential properties, we only own mobile home communities. We're currently in 13 different states, so there's not one concentrated area and we have some mobile home parks in Florida, Georgia, all the way north up to Michigan, New York State, out west to Oklahoma, Kansas and then a bunch of other miscellaneous states in between. So we're kind of scattered throughout the country.

Joe McCall: Have you ever built mobile home parks? Are you always just looking for existing ones?

Kevin Bupp: You know, at this point in time that we have not built in a couple different reasons and uh, it's one of the, you know, one of the reasons is that is the reason why we like this niche so much as mobile home parks have a bad rep and it's only fair that, that some of them do because some people were just slum lords and they don't run a properly there, you know, their communities are full of just bad folks and drugs, sex and rock and roll and it's just their unsavory types of individuals and municipalities don't like that. And so they've kind of got a bad rep over the years. And so it's very difficult to get approval to build a mobile home community. So Joe, if you had a piece of land, I don't know where you're, I think you're based in Missouri St Louis Area, you would have quite an uphill battle unless it was out in the middle of the country somewhere in Missouri. You'd have quite an uphill battle getting approval from the local municipality to get a new park built, and so literally over the last 10 years that I believe there was less than 20 new communities that were built throughout the country. So there's a huge barrier to entry because municipalities don't want them. And also there's a better use of the land for the most part, the tax basis of an apartment complex on the same land mass area is going to be much higher than a mobile home park would be.

Kevin Bupp: And so there's better uses for most land that could be used as a mobile home park. And so no, we haven't bought one and you know, the other big reason is that there's lots of operators as there are in any type of real estate niche that don't do a good job with the operations, right? They're just not good operators. They're not efficient and they don't run these things like a business. And so we can very



often find opportunities that are mismanaged and buy them for below replacement cost. And so why build it when we can buy something for below replacement costs and not have to go through the headache of dealing with a municipality and you know, and having to develop something from the ground up which takes many years and lots of money and lots of risk. And so we typically, well not typically, we always buy existing that might change in the future, but today we only buy existing mobile home parks.

Joe McCall: Okay. That's nice, that makes sense. And I wanted to ask you more about why mobile home parks, but first I want to ask you the, the crash in 2008 and nine. Were you living in Florida? Were you still in Pennsylvania?

Kevin Bupp: I was. Yup. Yup I was down here since 02. So yeah, I was down here during the crash.

Joe McCall: What, so how did you survive? What happened?

Kevin Bupp: I didn't survive. I physically survived as a human being, but my business did not survive it basically imploded and yeah, it's about as worse as it could possibly get. And you know, had 122 single family rentals in my portfolio. And then I had a few hundred apartment units as well, apartment doors in my portfolio and the single-family homes are really, they took the toll on me and it was multiple different reasons for that. We were low leverage, but Florida was ground zero, you know, within a matter of a year things that I was at 60 percent LTV on were upside down. I know a lot of people say that rents never go down, that surely didn't happen here. There was rent concessions out the door most places were giving rent concessions were lowering their rents to get tenants in. And so it went from having positive cash flow with my single family investments to essentially being not only upside down on the equity side, but also having a major vacancy issue and having to reduce rents and not really even have enough to cover debt service. And so it was a very challenging time. I ultimately had to let go of most of my properties that I had. I just, I couldn't afford to write huge checks every month to make up for the negative cash flow. And it didn't, as we know, the market didn't correct itself in a matter of 12 or 18 months, right?

Kevin Bupp: This went on for a number of years. And so I couldn't sustain it would have taken me millions upon millions of dollars to support that load to get through it all. And I couldn't and I just wasn't in that position. So it was not pretty Joe at all. But I, I learned a lot. I mean, you know times like that, the challenging times in our lives is when you need to kind of step back. And it took me a couple of years to really step back and see the positive side of this, of what had occurred. But ultimately it's made me a better investor because of, of the challenges that I faced. But I, you know, I know everyone's got the



sob story, but I really did lose my personal residence, my bank account got garnished a literally everything, but, you know, it's actually negative on my personal bank account. Got garnished. And it was a very, very challenging time. And um, but we're here now we've rebuilt stronger and bigger than what we were before and things were going wonderful.

Joe McCall: I think it was Walton, Sam Walton who said I would never trust anybody in business who hasn't failed at least a couple of times, I think is what he said. So what were some of the lessons you learned from the crash?

Kevin Bupp: I think the big one, and this is, this isn't too, you know, to compare one asset type to another, but, you know, back then I was single. I wasn't, wasn't married, didn't have kids. And so, and I really enjoy what I, what I did. I enjoyed that today. Like I enjoy real estate and so, I mean, I know a normal work week of 70, 80, 90 hours was the norm. That's just, it was my life. And I just remember looking back, it took a lot of time and energy many years to build up that, that rental portfolio of buying right and buying solid single family homes in good neighborhoods to build up 122 units, right. And I look back and I think there would have been a much more efficient way to build that portfolio and it would have been with multifamily properties. You buy one, you know, one apartment complex at 100, 20 units at one fell swoop, whereas it took many years to buy 122. So I thought that was one of them, another one that, you know, I wouldn't say we never got right, but it was just, it was an inefficient part of our business was the management of these single family properties. I mean we had units that were spread amongst the three different counties. I mean, so just the inefficiencies of leasing and also the repairs and maintenance aspect of that portfolio was what's daunting.

Kevin Bupp: I mean, I don't know how else to put it, but it was daunting. And I know the big hedge funds have kind of figured that out. But I guess maybe we didn't and it just, it was a very capital intensive, part of our business, the management property management side. And we never did well when we tried to hand it off to a third party property management company, it just, it never turned out better than what we were doing it. So, you know, also the financing aspect, much more challenging I feel to get financed on, you know, buying individual homes, you know, one after another, after another, after another. It was just buy one good commercial opportunity. You know, and there's a sweet spot in commercial real estate, whether it be apartment complexes or mobile home parks. I mean, once you're kind of above the two and \$3,000,000 loan amount, things get a lot easier.

Kevin Bupp: It, it's, it sounds counterintuitive, but it's actually much easier to get financing on a, on a cash flowing, you know, higher price asset than sometimes it is when you're actually at like that, you know, in the single family home space, this is lending, lending situations are different back then and what they are



[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

today, right? And so I just remember it being challenged at after the portfolio got to a certain size because we were literally guaranteeing every single one these individual loans, we had to start like getting commercial lines on our, you know, carrying little portfolios of our single family properties and getting commercial lines on them in order to keep buying. And I remember it just took a lot of creativity to keep buying these single-family properties. And I just don't feel like we have as much of a challenge today on the commercial side.

Kevin Bupp: So, you know, those are some of the big, the big key points there. and again, I think looking back, just the scalability, like, I want to build, be able to build a business that's sustainable. I know that you're big on family Joe as am I, and you're going traveling. I am as well. I've got two young boys, a beautiful wife. I enjoy spending as much time with as God will give me right and I want to build a business that is not only to scale and it is fun, but also sustainable, you know, that I can step away from for two weeks if I want to and I know you do a lot of traveling and I like doing that, but I like coming back knowing that the business has to supported itself and actually has, has grown, right, has progressed without me being around. And I feel like me personally, I feel like it's a little bit easier building that scalable business in commercial real estate. So again, this isn't like a compare single family versus multifamily or commercial, but those are some of the reasons I feel that we've kind of made a big switch and going down this road.

Joe McCall: I appreciate you sharing what you did about the crash because you know, a lot of people probably, if I were to guess least three quarters of the people listening to this, if they were doing any kind of real estate was really hurt and impacted during the crash. But we've learned a lot of valuable lessons from it. We've come out ahead, stronger out of it, right?

Kevin Bupp: Yeah, no, absolutely. Yeah.

Joe McCall: What, what are you doing to, how are you approaching real estate now to protect yourself if that kind of crash happens again?

Kevin Bupp: You know, one other one other point I'll mention about the single family properties, you know, I always called myself a cash flow investor even back then, but those single family properties, when you really factor in, you know, you know, capital reserves and you know, downtime with the turn of the units. They weren't, they weren't cash flow properties like we buy today.

Joe McCall: Oh, I'm so glad you brought that up.



Kevin Bupp: You know, and I feel like a lot of folks lie to themselves with the operation side and it goes back to the inefficiencies. And so what we do differently today, number one, we haven't real.

Joe McCall: And Kevin to touch on that. I've seen this over and over and over again from people that claim they are cash flowing right? When they're in front of the stage. When you're at a mastermind, they're talking about how many houses they own. You really dig into the numbers, like take away the BS and you dig deep into the numbers. Very few people are making serious cash flow with single family homes. I wish it wasn't true, but it is. Especially the ones out there, the guys that are buying these 30,000, \$50,000 homes in the Midwest or even down south. Those property, you can get a spreadsheet to tell you anything you want to. Oh my gosh, I've been what's the word, horrified almost. Maybe not that strong, but you look at the numbers and it looks like it's cash flowing, but when you take the numbers out for the turnaround time, it's not just vacant one month if you evict a tenant, it's vacant on average two to three months, right? Then people forget about. They may set aside a little bit of money for vacancies and repairs and maintenance, but every year you're going to have to do something like replace the roof, replace the heater, the water heater, the furnace, the air conditioner, all of that right. Then you're going to have the tenant that trashed the property, you got to clean it up. Then when you were using a property manager, not only are you just paying them 10 percent of the rent, usually you're paying them one month's rent every time they get a new tenant. If you look at the numbers, I would argue it's almost impossible to cash flow if you're buying properties under \$100,000.

Kevin Bupp: Yeah, no, agree with you wholeheartedly agree with you.

Joe McCall: And then you start getting above that number. Well then you got to get financing, right? Then you have debt servicing. So you guys, you got to look at this with open eyes and really dig into the numbers. One of my favorite sayings I got from somebody, it's called data, not drama. Give me the data, give me the hard data and really look deep into this. So. Okay, so move on. You were, you were talking about.

Kevin Bupp: Well you kind of asked the question like what we do differently today and I'll tell you a few different things that we do. Number one, we buy properties that really can be self-sustaining properties like they support themselves. I'm not saying that we lie to ourselves before, but I just, I feel like I'm a smarter investor today and you know, we always look before we even buy a property we look for, in fact, I just got done with lunch with one of, one of my employees. He's a recent hire and he's on our operations side of our business and you know, he, he had recently got back from a property up in North Carolina. We have in contract and we're talking about that and you know, there are some



unfortunate things that were exposed during our due diligence about the current owner and, you know, his different holdings in the area and how he might essentially, you know, cause issues for us operating this property if we buy it from him. But anyway, you know, what came up in the conversation is that going into a deal, we always look for a way to kill it. Not that we would just want to kill deals to kill deals, but why shouldn't we buy this? Let's talk about why we shouldn't buy these properties. And then once we can filter out, all of those, you not have any of the why we shouldn't. We can talk about why we should, but let's first talk about why we shouldn't buy this property and is there enough evidence there that we uncover of why we shouldn't buy it, that we don't have to talk anymore about it. Let's just move onto the next one. So that's one thing we do differently. We don't try to find reasons to buy it. We try to find reasons not to buy it. The second that we do is we put them through our own, you know, internally made financial stress tests and it's very basic.

Kevin Bupp: I make it sound a little bit more formal than what it is. But I mean it's our own financial model, but we run different scenarios, you know, just because you're getting a five percent rate today, as we all know, rates are going to go up and if you're getting a commercial loan, that's got a five year balloon, what the heck's going to happen if the rates go up two points, right? Which that's pretty drastic in five years, but it could happen, right? What if it goes up to eight percent? What if, what if you can't get a cash out in five years like you're planning on what if your plan was to get cash out and pay your investors back 70 percent of their money? What if that, you can only get a rate and term refinance in five years. What does that deal look like? Can it pay your, your investors can't support itself, can't pay its debt service? You know what happens in worst case scenarios to this deal? Can it still survive in what I know can happen? Like you know, a lot of people think that, you know, you'll always be able to get cash out of property. Always be able to do refinances. Well, I could tell you that in 09, 08, 10 and 11, it was incredibly difficult to get even the nicest deals financed. And if you wanted to go get cash out from a bank on a refinance and pull all of your equity back out, chances were very slim less. It was like a class property, right? I mean it was just very challenging to get debt, new debt, good debt on any piece of property and I know that it's inevitable that that will happen again.

Kevin Bupp: So we basically run it through multiple scenarios, kind of figure out what the worst case might look like and what the threshold of that property is and then try to make an educated guess of do we think you'll ever get that bad and will that deal survive if we feel kind of iffy about it we pass. I'll give you an example that's not necessarily from, it has to do with an infrastructure a but also a financial component or a mobile home park up in New York that we recently backed out on finances looked great thing performed flawlessly. We were picking up for was a very good deal based on its current operations. This park had a very small section, I think it was a 65 space park, had a very small section



of five homes in the back of the community that were near a creek that that section of the park was in a flood area, which actually had flooded in the past five years.

Kevin Bupp: One home was destroyed, the other ones weren't touched, and so it last one home. That was an occurrence that supposedly only happens once every hundred years, but you know, with global warming things are changing. I find it hard to believe that it's not going to happen again for another hundred years, so there's a risk there that if we lost five of those homes, let's just assume we do. There's a good chance of it that that will happen, that we lose those five homes and if we lost them, we wouldn't go to rebuild mobile homes on those lots. We lose the grandfathered zoning of those being mobile home lots, so now we're down to 60 revenue lots, right? That's kind of a kicker. Like that affects the future performance of this property. It also affects our end buyer. Looking back and saying, wow, this thing was actually damaged in the flood even though the rest of these homes aren't in the flood zone.

Kevin Bupp: What happens if FEMA rezones and remaps this area right now that it's going to be in a flood zone. Anyway, so that was a big one. The other component was half the park was on a brand new master septic system where it had one huge tank, a leach field that fed 30 homes, and then the other half was on individual septic systems that had been there for, you know, since the park was about 40 years, septic systems can last more than 40 years. I've had challenges with ones that were only 20 years old. It really depends on how they're maintained and how the tenants take care of them. We all know that tenants put things down septic systems that shouldn't be there. And the challenge with this park was if any one of those individual septic systems on the old side went bad. There was not enough land area to put a new septic field in, the only way to put a new septic field in is if you basically remove the, the mobile home lot next door.

Kevin Bupp: So take a revenue unit away and use that empty lot as a new leach field. And so over time the chances the time's working against us in that park to whereas leach fields will fail. They will. It's inevitable. They'll fail. We'll essentially have to bastardize one of those lots next door that's currently paying, you know, \$400 a month in lot rent. We'll have to make them move and it will use that empty lot is a new leach field so that park could essentially be reduced over the next 10 years. Again, worst case scenario, but it could be reduced by 15 or 20 lots. The deal doesn't make sense at that point in time. And so that was kind of a delicate, kind of the worst case scenario, but we weren't even comfortable with like a very, you know, middle case scenario of, you know, will we lose five septic systems in the next 10 years?



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

Kevin Bupp: Chances are we probably will or we'll have major issues with them. They will have to pump them very often, which is also very expensive, having to pump a system multiple times a year. You eat into your revenue and it's basically a downward spiral from there. So anyway, that was, you know, that's kind of like we went through multiple stress tests. We had a lot of money wrapped up into this deal. We traveled there, we did environmental inspections on and we probably had about, I don't know, eight grants wrapped up into this park, eight or nine grant between travel and third-party reports and ultimately backed out, you know, it made sense today, but we didn't feel that it was the best investment for us and our investors for the long-term. And we're long-term investors. If we, if we had intended to buy it and flip it in three years, you know, wanted to gamble and roll the dice, we probably could make money on it. But I'm not a gambler. I'm not a speculative buyer. I want to know that we're buying something solid, that if we intend to hold an unplanned and ultimately do hold it for 10 years, we look back and say, wow, that was a great buy I'm glad we held onto that thing. So anyway, just give you an example

Joe McCall: Now what do you predict? What I want to get to that in a minute here when I was writing down some more questions. When you are financing these things, how much, if you don't mind me asking, like what percent do you typically have to put down? What percent do you get from private lenders and from banks?

Kevin Bupp: Yeah. So we have a, our company, we have a fund structure and so we, do raise capital from private investors, high net worth individuals and we don't do a deal by deal. We typically, like right now we're in the middle of a \$20,000,000 raise we've already bought eight parks, you know, in 2018 in this current fund that we're raising for and that will probably buy another seven or eight more. And so we buy multiple communities underneath one umbrella, I guess the best way to put it, as far as what we do raise capital from private investors to do that as far as, you know, lending is concerned we do use debt as well and it's all across the board. It really depends on the location of the community, the size of it, and the condition just like, you know, any other type of real estate.

Kevin Bupp: But I'd say if you wanted to take the broad brush stroke approach to it and, and just give a general answer would be 70 percent loan to value, 20 year amortization, five year balloon and then you know, rates today and somewhere in the mid five range, five point five, five point six something like that. But on the higher quality parks, there's also Fannie Mae and Freddie Mac debt available. So there is agency debt available. There's also CMBS debt available on the, uh, on the higher loan amounts. So, we've done multiple CMBS loans that have had 30-year amortizations tenure balloons, sub five percent rates. And this is just, you know, in the past, you know, six to eight months and we've also just finished up a family loan a couple of weeks ago where we got a, I think it was just over five percent



30-year amortization, 10-year balloon, you know, so they're really good, long-term long amortization type debt. So there's a little bit of everything available. It just really depends on the park.

Joe McCall: Hmm. That makes sense, okay. What kind of I wanted you to talk about is it Sunrise Capital?

Kevin Bupp: That's correct. Yes, Sunrise Capital Investors.

Joe McCall: And how long have you been operating that?

Kevin Bupp: So we've been buying parks for six years. I've been buying parks for six years. For the, I guess the first seven or eight parks that I purchased that I purchased with my own money. I'm not in a fund structure, not raising private capital in the manner that we do today, but Sunrise Capital Investors has been around for a little over three years. So about half the time that we've been buying parks, but we essentially formed it as that. We're really good at finding deals. So we use a lot of the same strategies that the folks in the residential space, you know, direct mail, cold call because that's how I was trained. I was trained in a single-family space, so I do a lot of what they do, which is kind of out of the box for commercial real estate investors. Most of them don't do that kind of stuff. So we're really good with creating deal flow. And I got to a point, we were essentially out of bandwidth as far as our own capital is concerned and so we had a very good amount of deal flow and we're confident in our ability to get more. And so that's how, that's why we ultimately formed Sunrise Capital Investors so that we could continue capitalizing on great opportunities, you know, share the love with, uh, with our partners on those. So, we brought private investors in that wanted to participate in this niche, believe in this industry, you know, believed in us, wanted the returns, but didn't really want to be involved in the day to day operation so yeah.

Joe McCall: And that website, if anybody's interested, I'm looking at it is SunriseCapitalInvestors.com, right?

Kevin Bupp: That's correct, yes.

Joe McCall: Cool. Can you talk a little bit about how you find your deals? How do you go out there and do any direct seller marketing? Or is it just referrals? Do you knock on doors? How do you guys find your mobile home parks?

Kevin Bupp: Yeah, all the above. But I tell you that our claim to fame is direct mail and cold calling. You know, the thing about mobile home parks and it's unique in that you can't just go buy a list of every mobile home park in the US it doesn't exist. And the reason behind that is a lot of these parks were built back.



A lot of times the land that they're on was not valuable land. They were kind of on the outskirts of town. A lot of the towns even have a zoning ordinance in place, and so a lot of these parks fall into a category of a grandfathered status, so like as the town grew around them, now there might be within the city limits, but the underlying zoning surely today would not support a mobile home park.

Kevin Bupp: So a lot of these things are grandfathered in, but the underlying zoning, you know, we've seen residential, agricultural, general, commercial, multifamily, I mean, it's all over the board, so you can't just, you can't just go buy a list of every mobile home park in the US because the aggregate data you get from the county is all over the map, right. And so about five and a half years ago, we started building a mobile home park database of literally have a team of VA's doing it for us, literally using Google Earth, identifying them all on Google Earth. I'm talking like painstaking, painstaking work, going to individual markets. We researched a couple hundred markets first and then literally visually went in. You can easily identify them visually, a park, right? It's pretty easy to kind of pick out a mobile home park aside from apartment complex and then we'd go into the county records, they got that information going to the Secretary of State and then we'll use a couple of skip tracing services where we can get their cell phone numbers and our home mailing addresses and all that.

Kevin Bupp: So we've built this database now of we've got about 9,000 parks on that database and there's of that nine there's about 50,000 parks in the US and the \$9,000 we've database or ones that are in markets we'd want to buy and they're of a certain size and they're of a certain quality. So like it's a very targeted list and we've been growing it over the years. But anyway, we've been direct mailing to that list for, for many years now. We actually have a fulltime cold caller in house in our office that literally that's all she does all day long is outbound dials to these park owners. And in addition that we use brokers. We have relationships with, with industry brokers that we have other, you know, people that bring us deals here and there. But you know, what I have found is over the, over the last couple of years, it's been such a competitive space, not just mobile home parks, but just cash flow real estate, right?

Kevin Bupp: Apartments are a great example. It's nearly impossible to buy an apartment complex. I don't even care if it's a c minus quality apartment complex for anything better than a six cap. I mean, you're lucky if you can buy something at a six cap that's, you know, 100 plus doors and size. Same thing really started happening in the mobile home park space. It's really tight. And so you go to a broker, what's happened is the broker obviously is going to put out to the market he even puts out to his pocket buyer list. There's always going to be, I always said there's always going to be someone out there willing to pay more than you or I for it. And so you basically get in these bidding wars and you end up



paying more than what you want to. And so when we go direct to owner, we typically don't have to deal with that.

Kevin Bupp: I mean we can avoid overpaying for something and not being, you know, in a competition with five other buyers that are willing to pay a little more than what we are. So the direct mail and direct, the owner marketing has it has been wonderful for us and it produces about 85 percent of the things we buy in our current portfolio today.

Joe McCall: Okay. That makes sense. I like how you're doing the cold calling. That is something very few people are doing.

Kevin Bupp: Yeah. You know, if, if our, if our list was like \$50,000, 100,000, which I know a lot of the residential guys, like they've got massive mail list or you know, a contact list that wouldn't be, it wouldn't be feasible, I guess it could be. But our list is small enough that we can literally make, make our way through it in less than a year, you know, making those outbound calls. And then we touch them any other ways as well. So they're getting letters from us. Again, we do it, we just started the quarterly newsletter, which is just really value ad, like it's literally just a quarterly newsletter, a little bit about our company, a little bit of a general articles, a couple of articles that are, you know, how to improve their community, how to generate more revenue from their community, you know, just all value add to them, but just another way to touch them.

Joe McCall: What are some common fears that people have when it comes to mobile homes? For beginners, people that don't understand the business yet.

Kevin Bupp: I think it's just the tenant base. I think everyone, you know, if you've never been in a mobile home park, which I had never been prior to, you know, getting into this niche, but it kind of lump it into one category of like, it's got to be a rough tenant base full of people that don't want to pay, you know, drug dealers and just, you know, kind of the scum of the earth and that's, that does exist, but it's really, it's, it's far from the truth. And so I think that's one of the biggest fears and I think that basically scares most people away from it. And you know, you have a chance to build up any additional fears because that one scares them away.

Joe McCall: You want to hear something funny? Just two days ago, my uncle well he's probably mid-sixties, he sent me a picture that he took when he visited our family in Edmonton, Alberta in 1982. So I was 74 I was eight years old at the time. And I remember living in this mobile home park. I used to live probably for, three to four years in a mobile home park. And I grew up, my parents were poor. They



[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

were the hardest working parents that I've ever met. And I never knew I was poor, right. We just, my dad worked as a janitor at McDonald's for the long time and then he started his own janitor business cleaning restaurants and offices and carpets and toilets and whatever. And but I grew up in a mobile home park and I was looking at these pictures, he sent me these pictures and if anybody wants to see them, if you just go to my Facebook page, you'll see some of these pictures, but I couldn't. I would look at that trailer thinking holy smokes, I forgot how small it was. Like this was probably a 750 if that square foot mobile home. I don't know what's the, what's the average size?

Kevin Bupp: Of like a single wide about thousand. Okay.

Joe McCall: So it was about a thousand square feet, two bedrooms, one bath, a little living room, a little kitchen. But looking back at that, I was almost tearing up looking at that picture because we were trailer trash, right? But at the same time we kept that trailer really clean. I was looking at some of the interior photos that we took and um, we had nice furniture in there. My Dad has never missed a bill or been late in his entire life on any kind of bill and we were just really hard working-class blue-collar people. And I remember growing up in that mobile home park too. And having friends that also lived there and playing with other kids and, you know, it was, yeah, the stereotype that it's a bunch of really bad people or poor people living in mobile, home parks, that don't care about things. It's just not true. That's my whole point.

Kevin Bupp: No, absolutely. I like to use this comparison. You know, you go to any city anywhere in the US where there's apartment complexes, residential, single family, home neighborhoods, mobile home parks, all three of those you can go to. You can find a class neighborhood of the single-family homes, the apartment complexes and mobile home parks even. I mean we've got a couple of really high-end mobile home parks that those people actually choose to live there. The homes that they have in there, the mobile homes in the town that they're in actually cost more than some of the stick built homes. You know, some of the builder grade stick built homes. And then you can go to the complete other end of the spectrum in that same town. You can find the scariest apartment complex that is full of just, you know, riff raff and people that you would not want to run into at night, let alone, you know, just anytime in your life, just bad people. Same thing with single family home neighborhoods or residential neighborhoods. I mean you got, you know, really rough neighborhoods that are scary, you turn a block and you know, drive really fast as fast as you can, lock all the doors and the same thing as this with mobile home parks. So I mean it's really they all. I don't know why mobile home parks kind of get kicked into their own category, but there's really nice ones that exist. There's a, you know, the ones that you're speaking of, which is mostly what we own, which are just good hardworking folks that they're in good towns, but these folks, they need affordable place to live, but they want the best



for their kids. They want to send their kids to good schools. They're hard workers. They pay their bills on time, but they can't afford a thousand dollar a month apartment unit.

Kevin Bupp: And even if they could a lot of them actually still choose to live in the mobile homes because then they get their own yard, they get to have their own parking pad for their, maybe even a car port for their car. And it's just a little bit more freedom than living in an apartment. So there's a number of communities that we own that, as far as like the pricing is concerned would be the equivalent price on a monthly basis to what, like maybe a c grade apartment complex is in the area. And some of these parks we bought that vacancies, you know, we would market very heavily to the c class apartment complexes and we would pull people over, you know, people that wouldn't be a homeowner. For the same price monthly. They could get their own yard and they could literally own that home and a number of, you know, five or seven years. Whereas an apartment, they're always going to have someone above them, below them on either side and they're never going to own the darn thing. So yeah, no there's nice parks out there. And it's unfortunate we've got that stigma, but I think we're, we're slowly changing the industry Joe. We're working on it.

Joe McCall: Alright. So then what kind of advice would you give to beginners? Maybe they have some experience doing single family homes, maybe they don't. What kind of advice would you give to somebody who maybe is interested in mobile homes, you know, doing it themselves or partnering with somebody?

Kevin Bupp: Yeah, I mean, as with anything get educated. Unfortunately there's not a ton of education on this niche. I mean pretty much every other real estate niche out there you could find probably 100 books or more on Amazon. You could find 100 podcasts are more mobile home parks not so much. So there's a few people out there are, you know, myself and there's a few others that have good information on this asset class, but I would say start with that, you know, like the Mobile Home Park podcasts that we have. I think there's, I don't know, 100 and 110 or so episodes. A lot of very granular in nature. Like, you know, there was a number of episodes where we went very deep into our business model, how we build our database, how we identify markets, how we do the actual market research, how we dig into the Secretary of State website, how we skip trace the owners, how we know, how we direct mail them. So we go very deep into the mechanics of our business. So I would start there, it's free, go listen to it and you know, it's going to give you a lot of the higher level points that you need to ultimately make the decision of do I want to continue pursuing this and does this seemed like it could be a good fit for me or should I move on to something else, but that's where I would start.



Joe McCall: Cool very cool. And if people want to get hold of you, Kevin, you want to reach you, how can they find you?

Kevin Bupp: Yeah, the best way is my website, which is KevinBuppCom. You can surely reach me through there. That also is where, that's where I host my Real Estate Investing For Cash Flow podcast. And then also our company website, if you want to learn a little bit more about what we're doing or you can contact me through there. SunriseCapitalInvestors.com. So either one of those two websites you can get ahold of me.

Joe McCall: Kevin Bupp is K E V I N B U P P.com. And he has some good resources on there. All your podcasts are on there. What are some of the things you talked about on your podcast if somebody's never heard of it before?

Kevin Bupp: So the Real Estate Investing For Cash Flow podcasts, the reason why I started that, I've been a listener for a podcast for a long time, Joe way before I started that podcast. And what I found is that there weren't. This is back before everyone started the podcast, right? This is like eight years ago, nine years ago. You were podcasting then, but not many other people were. And there were, there weren't. There weren't any real estate shows podcast on commercial real estate, you know, anything outside of residential investing. There was nothing on apartment investing. There was nothing on any of the other asset classes that kind of fall underneath of the commercial umbrella and that's what my interest was like, that's where I was at that point in my investing career. And I was finding it hard to get the information out there. And so I was like, well, I don't want to start my own right.

Kevin Bupp: And so it actually had the idea, took a couple of years, finally jumped on it. And so that's what we do. We basically, you know, about 20 percent of the shows are me covering a specific topic and the other 80 percent are interviews with very successful commercial real estate investors across many different niches. So, anything from self-storage, to apartment complexes to assisted living to a carwash, laundry mats, shopping centers, I mean, you name it, industrial centers. I bring guys on that specialize in those niches that have created a business out of those different types of commercial real estate just to expose people to a different world that's out there. You know, I think a lot of people get scared of commercial real estate because we're like, how the heck, what did you expect me to ever buy that \$30,000,000 shopping center or buy that you know, marina or the self-storage facility, but a lot of the guys I interview you now have created a multimillion dollar business if they start just like you and I did. Right just taking that action step and moving forward, so I try to showcase those and educate folks on those different niches.



- Joe McCall: Nice. You mentioned you listened to podcasts for a long time. I'm curious, what are some of the other podcasts you listened to? In any different kind of.
- Kevin Bupp: I feel ashamed now because I think ever since, at least for the last three years, I don't find the time to listen to many podcasts anymore and I'll tell you the reason. One of the big reasons why too, actually I don't drive as much anymore as I used to. I used to have a pretty long commute I'd spend a lot of time in the car looking at local deals and I don't do that much anymore. And then number two, I get overwhelmed. There are so many out there. I search and I find like, you know, eight podcasts on one particular topic. And so again I feel ashamed that I am a podcaster and I don't even have one that's like my go to at this point in time, Joe. So, my apologies.
- Joe McCall: I have been, I have the same way. I just got rid of a ton of them, but I still have one, two, three, four, five times. I have about 25 podcasts that I subscribe to.
- Kevin Bupp: What's one of your favorites? Like what's the one at the top of your list?
- Joe McCall: Russell Brunson has one called Marketing Secrets. Really good one. I like a podcast, just looking through them right now. There's a lot.
- Kevin Bupp: That's what I'm doing. I'm looking through mine to see which ones maybe I'm not thinking of that I listened to.
- Joe McCall: Self-Made Man is a good one that I like. Smart Passive Income, sometimes I listened to that. James Schramko has one called Superfast Business that I like Don Miller Story Brand Building A Story Brand is a great podcast. And let's see here.
- Kevin Bupp: Tim Ferriss, I listen to a lot of his shows. He's got a good podcast.
- Joe McCall: There's some internet marketing ones like Online Marketing Made Easy I like. Those are the kind of the non-real estate ones. There's some decent real estate ones that I listened to The Art of Paid Traffic, The Smartest Guys in Marketing, Perpetual Traffic podcast.
- Kevin Bupp: So you listen to a bunch you just named, you named like a year full for me.
- Joe McCall: I wish I could listen to more. That's one of the things I miss about having a job. I haven't had a job since 2009, but I miss the commute because I would get a lot of audio podcasts, audio books, listen to



them and I just have not had. Frank Kern has a good one, Your Next Million that I've been listening too.

Kevin Bupp: Oh I didn't know he actually had a podcast.

Joe McCall: It's just the audio of his videos. But yeah, they're actually pretty decent.

Kevin Bupp: Yeah, I wish, I, I wish I could, I know a lot of folks listened to them when they're working out or exercising and uh, I just, I, I can't, I have to listen to music at that point in time. Otherwise I probably could get exercise multiple times a week. I could probably knock out a few hours of an audio books or podcasts, but the only time I listen to them because when I'm on an airplane, you know, like those little two-hour stints here and there, I'll, I'll download some shows or an audio book and knock and knock it out. But yeah, that's it. I'm guilty. I'm guilty. I record them and host them, but don't listen to many anymore.

Joe McCall: Well that's probably pretty common, but thanks Kevin for being on the show. Guys, if you want Kevin more information about Kevin, go check out his podcast, Real Estate Investing For Cash Flow podcasts. And he also has another one called Mobile Home Real Estate Investing. Is that right?

Kevin Bupp: The Mobile Home Park Investing podcast.

Joe McCall: Yes, The Mobile Home Park Investing podcasts. Check that out. I did a search in iTunes for real estate investing and you have your two podcasts are in the top four under real estate investing.

Kevin Bupp: Like making magic happen. Joe.

Joe McCall: Yeah. Don't get me started with the rankings in iTunes.

Kevin Bupp: I know. Well if you look at it on the phone, it's differently. I don't know how that works out, but so if you look on a computer, they're in the top four. I think I've got number one spot in real estate investing. But if you look on the phone it's like number 10 or something like that.

Joe McCall: Which is so weird too because the new and noteworthy, there's some podcasts on here that have been in new and noteworthy over two years.



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)

- Kevin Bupp: Yeah, my good friend Rod Cleaf I've been pushing him to get his show started. He'd started like two and half years ago and literally he's been new and noteworthy since he started it. And I literally, he doesn't know how, but it's there. I'm like very interesting. There's no secret. There's no secret.
- Joe McCall: There's another guy, MC Locher. I think he was forever. And then the, what's hot category, I can't figure that out, but.
- Kevin Bupp: I don't think anyone can so don't beat yourself up over it.
- Joe McCall: So good guys, you can get more information about Kevin and his podcasts and also KevinBupp.com, BUPP.com. And then Sunrise Capital Investing or an Investor's?
- Kevin Bupp: SunriseCapitalInvestors.com.
- Joe McCall: Yes. And we'll have the links to all of that in the show notes and if you want to get ahold of Kevin that's just go to his websites and you'll see some contact us pages on there. So thanks a lot Kevin. Appreciate you taking the time to be on the show,
- Kevin Bupp: Joe it's been absolute pleasure. Thanks for having me.
- Joe McCall: Alright. We'll see you guys go check it out. RealEstateInvestingMastery.com to get the show notes and all that good stuff. And I'm going to be doing transcriptions in 2019. I just made the decision will be getting transcripts again. Do you do transcripts, Kevin?
- Kevin Bupp: I'm guilty there. No, I do not and I should be.
- Joe McCall: Well, you know, some people love it, some people don't care. It's not cheap, but I think I'm going to do it, why not.
- Kevin Bupp: Dollar a dollar a minute, right?
- Joe McCall: I can get eighty cents. I can get eighty cents a minute, but hey, thanks again Kevin.
- Kevin Bupp: Thanks Joe appreciate it you.



# REAL ESTATE INVESTING MASTERY

[www.RealEstateInvestingMastery.com](http://www.RealEstateInvestingMastery.com)