



# REAL ESTATE INVESTING MASTERY

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## Cash Flow Investing With Mobile Homes

Hosted by: *Joe McCall*

Guest: *Adrian Smude*

**Joe:**

Welcome. This is the Real Estate Investing Mastery podcast. Hey, what's going on, guys, Joe McCall, real estate Investing Mastery podcast, it's been a little while since I've done one of these. I'm excited and we've got a cool guest on today. Today, we're going to be talking about mobile homes. Now, before you tune me out and shut me off, some of you that love mobile home parks. Like, why would you even think that? Listen, sometimes when I hear about mobile home parks, mobile home investing, I get like, oh, my gosh, that sounds so confusing, so complicated. So, like, I don't want to deal with it. But our special guest today, Adrian, has a different tactic, a different unique angle on it that I was really interested in. And we have some mutual connections that my one of my original coaches and mentors recommended. And I talked to Adrian, get them on the show. And any time Steve Cook says, hey, talk to this guy, I'm like, oh, OK. And he's also as another coach that I'm good friends with to talk about that. So he's got a really cool story because he retired his wife from her job. Now they're both working in the business full time and he's got a cool business name. It's called My Wife Buys. I love that because and I'll explain this to later in a minute. But I found some of the best letters and marketing that I've ever used is when it comes from my wife. When I say, hey, my husband and I are looking for a house that we can buy in the neighborhood and it's signed by her. So we'll talk about all of that with Adrian here in just a minute. I first want to let you know, guys, that this podcast is brought to you by ParterWithJoe.net. It's my new membership site that is basically an entire course for seven bucks on how to get your first check in the fastest way possible doing wholesaling, cash deals, wholesaling. And my coaching business partner and Gavin did this class together. And we also include if you go to PartnerWithJoe.net Right now, you can get a free version of my cash offer, software that will help you analyze deals, evaluate deals and make a solid cash offer to sellers. It gives you the proposal in a letter to send to sellers and a very good, solid contract. It's amazing you get it for free. What a partner with you. If you want the full version of the software that makes cash offers and lease option offers and owner financing offers, along with all the proposals that you can send to sellers. It's like having me look over your shoulder as you're making offers to help you evaluate the deals and come up with the comps and make the offers and present it in a proposal that gives you credibility that you can send to the seller. All that amazing stuff. It's just seven bucks and you get the membership site that teaches you how to do deals. Come on, you're



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kidding me. Go to PartnerWithJoe.net and check it out. All right. So let's bring Adrian on. Adrian Smude, how are you, my man?

**Adrian:** Wonderful. How are you today? Good.

**Joe:**

Now, I'm glad you're here. All right. So let's go back a little bit. I got a text message from one of your coaches, one of my good friends, Steve Cook, and he said, hey, you got to talk to this guy. He's doing some cool things. I think you're going to like having him on your show. I said, OK, so we talked about, man, this is really interesting. I like what you're doing with mobile homes, with land. And then when you filled out the podcast appointment calendar here, you started talking about really cool things that you've been investing in this business for over 18 years. One of your original coaches, a good friend of mine, Ken Holmes, a challenge you to retire your wife and we're you. Twenty nine years older. Was your wife. Twenty nine years old when you did this?

**Adrian:** She was twenty nine years old when I did it.

**Joe:** And how old are you?

**Adrian:** I'm six years older than her, so that would be a simple math. Thirty five.

**Joe:**

This is cool. I like how. And you're still working with your wife, right. Is she the one that's the my wife buys.

**Adrian:**

Yeah she is. And she helps in the background really. The retiring of her did is it allowed her to find her true passion which isn't real estate enjoys what it does for our life. But she's an R.N. and she started traveling nursing last year when it started. She's been on nine different assignments now for a while, currently in Baton Rouge, working. She came to visit and I go visit her our life. Ls that

**Joe:** OK so she can live anywhere in the country.

**Adrian:** Yep, and it truly fulfills her helping in that way.

**Joe:** We get in real estate. OK, cool. So where do you live right now?



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**Adrian:** In Plant City, which is the winner. Strawberry Capital in the World, right in between Orlando and Tampa.

**Joe:** Plant City, Florida, Central Florida, just in Florida. Two days ago for a week, we did a vacation in the panhandle near Seaside Rosemary Beach area. We love Florida. So why does it have to be so humid and why does it have to be so humid in the summertime in Florida? I don't know, but I had a good time. There is one. All right. So you go back. How long you've been doing deals, real estate?

**Adrian:** I started as a tenant. A lot of people did, but I was a terrible tenant. I got evicted and a stack of eviction notices. And my favorite one was asking us to please stop parking the motorcycle inside the house. My friend had a motorcycle. And believe it or not, it gets cold enough here that he didn't want to park it outside and wait thirty five seconds for it to warm up. And a family member that was a mortgage broker, he said buy a place of. You remember 18 years ago, 19 years ago, you didn't need anything to buy a place, so that's how I bought it. OK, one hundred dollars is the same friends in and we all lived in different bedrooms in the house. Fast forward a few years. I bought a second house. That one was at the top of the market with the arm adjustable rate. I lost a little bit every month, but it's OK, you refinance. Well, that ended up being a short sale and you can fast forward probably another eight, 10 years. And I went to rehab meetings and I listen to the season investor, the guy on the back of the room that didn't have to do another deal. They just really enjoyed the business. And they had a common theme of mobile homes.

**Joe:** Was this in Florida that you were going to? These was the real estate clubs.

**Adrian:** Yes. And in Florida, all local. We have a bunch of them in the Tampa Bay area. I just listened. I figured these guys and girls have been doing it longer than men alive. So they probably know more than I know. And they were right. That's how I got introduced to mobile homes.

**Joe:** OK, now when I hear mobile homes, I think big mobile home parks, I think of derelict properties that are completely trashed with a bunch of white trash in them. That sounds horrible, but like I think of like, oh my gosh, a lot of work, a lot of maintenance, a lot of things to fix. It's hard to find management and you need millions of dollars to buy these huge parks. Right. But you do you have a little different tactic on it. But before you get into



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that, maybe talk more about, all right, you hear these investors talking about mobile homes. What was what was your journey into that?

**Adrian:** Well actually, my first life and our Experience the Get A Life program Sean McClosky was one of the speakers, and he told a story about getting to your big splat moment of basically the need to have a big fail to get there quicker than you can get back up and not just slowly. My goal, I was a little frustrated being comfortable in life. I decided I'm either going to spend the rest of our money on this mobile home. I have no idea if it's going to be profitable or is going to be profitable. I spent most of our savings buying a sixteen thousand dollar nineteen sixty two little trailer that had everything against it. The septic was in a bad spot, going to go through one bedroom to get into another. Everything most investors don't like and I bought it made a phenomenal return.

**Joe:** How much did you buy for sixteen thousand.

**Adrian:** If we only put less than four thousand in between closing costs and we put up for rent, you rent it is

**Joe:** Explain how the. Because I'm confused on this too. Like how does it all work when you buy a mobile home and you buy the land that goes with it? If it's in a mobile home park, you rent the land?

**Adrian:** Great question, so our main business that we do it, we buy the home and land together. So we own the real estate there. It's no different than a normal transaction with a single home, except for they have to do a title search on the trailer. It's like a vehicle. That's the main difference. If you're buying just a home on someone else's rented land, which is typically inside of a park, in that case you're going through in most states, the DMV, there's some state to create a new government department to take care of it. But then you're buying a vehicle. It's not much different than going and buying a car from a different person. And you would do your title search the same way, which for me, it's the DMV and make sure there's no liens on it. But we like to buy the dirt if we have these things called hurricanes down here. Yeah, American wipes it away. And I had his rented land. Now I rented land and I have nothing on it. So we like to have the dirt as a little bit more security.

**Joe:** All right. So the first deal you did, did you do that? Did you buy the dirt and the mobile home?



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**Adrian:** Yep, we bought it all together.

**Joe:** Did you do that do that by accident, or is that what they the guys taught you to do?

**Adrian:** It's what they talked more about doing those they talked a little bit about both, but they really liked the dirt because we're in here in Florida.

**Joe:** OK, and so then you bought it for sixteen. You put four or five grand into it to your all into it for about twenty. Twenty one grand. Did you say you put it on a credit card.

**Adrian:** No, I did the rest of most of the rest of our savings account.

**Joe:** OK, that's right.

**Adrian:** I didn't my wife that plan by the way. So either this flat or make it big. I didn't tell her that was my plan of possibly spending the rest of our money and not get anything out of it.

**Joe:** All right. All right. So you bought your first house turn out well. What did you do?

**Adrian:** We did the basics to get it ready, OK? And then from there, we just put the sign up for rent. We actually did a ringtone on that one. I followed some of the old mentors. We don't do that as much. We would do similar to what you teach a little less often these days. We did a ringtone, the person but five thousand dollars down. Wow. And she stayed there for about four years.

**Joe:** How much how much should you rent it for?

**Adrian:** She was only paying four hundred and ninety five dollars a month because she put such a large down. We kind of figured that up together.

**Joe:** Let me get my calculator here. She paid for ninety five and let's just say you have thirty percent for expenses. Vacances maintenance management repairs, future capital expenditures times for ninety five times twelve times point seven. So you netted about four thousand one hundred and fifty eight dollars. First year approximately, and you put twenty one grand into it, right? That's a 19 almost 20 percent cash on cash return, not back. And she was there for how long?



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**Adrian:** She stayed about four years. OK, life change and moved up north. She gave us the property back and basically the same condition. OK, and now it's rented at seven hundred dollars a month.

**Joe:** Seven hundred a month.

**Adrian:** And obviously we had to put some money into it to spruce it up a little bit. But it costs a few thousand dollars and said seven hundred.

**Joe:** Now when you buy the land, are you buying the land in a mobile home park or is this like a one acre lot somewhere out in the country or something?

**Adrian:** Both. We've mainly done bigger lots. I mean, that's what we like because we feel like we get a better quality tenant. The people want a little more privacy, but we've done them at point zero nine acres. So a little sliver. Sometimes they're in a community that looks like a park, but everyone owns their individual lots. And sometimes it's a mix road that there's some site built homes, there's some mobile homes, there's some vacant lots. It's just a little bit of everything. I prefer the mix roads, especially a dead end. And we also have a decent amount down dirt roads. Another item that breaks a lot of investors rules don't buy down dirt roads, pressure wash and find out what color the house says.

**Joe:** Yeah, we're fine with it. Do you do you do this virtually or only in a closed area where you can actually go see the house?

**Adrian:** 30 minutes from our house, I'm very strict, diamond that I stay within. I don't want to spend all my time driving around.

**Joe:** OK, do you ever go buy a vacant lot and then put a mobile home on it?

**Adrian:** I have followed someone else in that process, so I hold him just the mobile home and I follow the entire process. At the end I run lines and found out what he did and I just said that's way too much work for me. I don't like to do that much work to deal with all these government agencies and the movers saying he was going to do it and seller of the actual home got upset with them because the timeline, too many moving parts. Not for me. There's money in it. But again, I like to be a little lazier, I call it.



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**Joe:** I like lazy, too. So you're looking for a vacant I mean, a lot of property that has a mobile home on it already?

**Adrian:**

Because also if you move on to the land, people think, oh, you just move it there, you hook it up on the back of a truck and move it. Yeah, you do. And that costs seven to fourteen thousand dollars to have it moved and set up in Florida. You might have to bring the septic up to code. That could be seven to fourteen thousand as well. Depending on our water table, you will have to have other inspections done. If you don't already have utilities there, you're going to have to get a well or connected to the county water electric bill. And you have to worry about the home getting damaged on the drive there. And that's if you got the home for free. And he did no repairs. It's not as cheap as a lot of people think, oh, just get the land. You'll get a home and move out there and you're done. There's a lot of work to it.

**Joe:** OK, all right. So go back to your wife. Your wife was working. How long ago was this?

**Adrian:** That was about four years ago. Three years ago, sorry.

**Joe:** How long have you been doing real estate? Full time.

**Adrian:**

Full time for about six years. We were very fortunate. We don't have kids yet. She was working full time and trusted me and we just snowballed everything I did and lived off of her income as one of the benefits of not having a lot of debt. And we just snowball and everything I was doing for the first little bit.

**Joe:**

Nice. So today, what is your business look like? How many properties do you own? What kind of cash flow do you get?



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**Adrian:**

We take care of about thirty properties. We do have a few master leases within there and we are out of the homes. We just sold our last one about a month and a half ago. That was the first house I ever bought as well. And we sold it because I looked at the equity that I had in it, how much the net cash flow I was getting on the equity and it was five point six percent. And I assumed I could make more than five point six percent in other areas of real estate. So we decided to sell it and we put some of it to work already. And one of them we put to work that one property that we bought Olin at fifty thousand, is producing a higher net cash flow than the two hundred and seventy thousand dollar house that we sold.

**Joe:**

Yeah. So you can take that one site, build home. Right. And buy three or four mobile homes and we get a lot more rent. So what what is your average net cash flow on your properties.

**Adrian:**

We are all over so we have properties that grows from seven hundred to thirteen hundred and our numbers are pretty standard. Like you said, the thirty percent I'd say 30 to 40 percent if you run them and manage them. Right. They're not any different than a lot of people think they are. If you manage them, repair them ahead of time, find the right tenant. We haven't found them to be any different.

**Joe:**

OK, cool. When you do get a vacancy and you start to advertise in the house, do you get a lot of applicants applying for a home? So there is a big demand for them?

**Adrian:**

Yeah, there's a huge demand and that's something we've really honed in. It's one reason we've sold some of our properties this year is because we created an avatar of who we love as a tenant, just that person has worked best with us. We've worked best with them. And it's a blue collar handyman or handy woman. We look for properties that they like. They don't mind that dirt road that I mentioned. They love a workshop to put their tools in. They like a property big enough to pull their utility trailer on it and park it there. They don't want in any way because until it bugs them, they love a fenced yard so they can bring their pigs and goats, the animals that most people don't like. So we started buying properties that attract that person. We still get a lot of calls, a lot of applicants, but we're trying to get that one person that that's their ideal home. They want to live. They're not. They have to live there.



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**Joe:**

And so you've got 30 of these properties. I'm assuming if you're being coached by Kent Holmes and Steve Cook, that you own most of them free and clear. You're close to owning them free and clear.

**Adrian:**

And the little bit that we have is mainly performance based notes. So if the tenant is not paying us, we're not paying our lender. And we go into that and that relationship, they make a little bit more money on that risk. But we get the beauty of not having that debt going out.

**Joe:**

Steve Cote did that class. I helped him do that. And that was a long time ago, probably 10 years ago. You called it debt free investing and was a great program. And he talked about how you can actually grow a portfolio, very good portfolio of properties without any debt. And you think, how could you do that? Well, exactly what you said. Maybe you can explain it a little in more detail here. What is debt free investing? How do you raise money from a private investor but not call it debt? How does that work? Because this is fascinating

**Adrian:**

That we structured it technically is on the property. It's a mortgage that is secured by a performance based note. So there's not a set interest rate. There's an asset payment. And the way that we've done it is there is a buying amount. It really doesn't matter how much we purchased the property for. It doesn't matter anything else besides the cash flow. Obviously, we don't want to have someone lend on us on a property ten thousand dollars more than we feel it's worth. They do their due diligence there, but we owe them that money back and we usually do four to six years. It is a loan, but in that time we're giving them half of the net cash flow. We take the maintenance repairs until we build up the fund. Obviously, if there's any vacancy, there's no money going out either way. And then property management, we calculate all that in and we sent a check for half of it. The rates go up. The lender just got a higher payment if there's no vacancy, Olin or just a higher payment instead of it being set. And for us, like I already mentioned, we don't have debt going out. That's a scary part. The debt to me that can kill you.

**Joe:**

Right, because like so if the property's been vacant for three months, you've got to put a lot of money in it to fix it up or whatever. You are not making any payments to that private lender, but they're still secured in the deal with a mortgage or a note on the property. Right, exactly.



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**Adrian:**

We had four vacancies at one point from some properties we had purchased and we had turnover at that time. And I had a total of two hundred dollars of payments going out. And that's because it had an owner finance on one of the properties. It felt so relieving not to be a distressed landlord looking desperately for a tenant. I could take my time. It didn't hurt me to wait a few more weeks.

**Joe:**

Oh yeah. Because then you can find the right tenant. You can be patient to find the right tenant. And this is so huge because when I when I lost everything back in two thousand eight nine was because I had too much debt. I owed too much money to private lenders. Banks, took over mortgages, had private mortgages, completely frustrating. And every dime of cash flow that I saved. Right. Disappeared immediately. Any time I had one or two months of vacancies and I at any one time of my fifteen homes, I always had one or two properties that were vacant, completely horrible. So then somebody maybe ask for what's in it for the investor, like they're not getting interest or what does that mean? So it's like they're still they're probably getting maybe a better than interest, a normal interest rate. Right, because you're sharing some of the profits with them. So it's just it's half of the net cash flow. Usually you have a balloon then, is that what you said? Yeah.

**Adrian:**

And I mean, I believe in this idea so much that we have some of our IRA money lent out at the exact same scenarios to different investors and the balloon. That's the other scary part of mortgage or debt to me. But I look at it as I have a four year track record. When it's time to pay it off, I can either renew it with that person. I can go to you, Joe, and say, look, I have four years showing the payments and everything. I believe that's a little bit better. And if you say, no, I'm not going to give you the fifty thousand you're asking for, I don't give you forty. Now, I have to come up with ten thousand. Or in our case, we do pay these off sometimes because we like some debt free.

**Joe:**

Yeah. Yeah. So do you still work on paying them off? Do you save some of the cash flow so that you can pay it off or. Hey, maybe the seller a little bit of extra money if you have it.

**Adrian:**

We would love to do that. So I'm analyzing to do that recently. But honestly, I don't have any that I can pay off because I know most of these people. I know that I'm helping. We'll see Brian save for his retirement in a few years. And if I don't pay him that check, my friend may not to retire as well. And we have some sellers that had to do seller financing because if not, they lost their government assistance for most of the debt that we have right now. I would feel bad paying them off that it's going to hurt their life.



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**Joe:** OK, but you could if you had you wanted to.

**Adrian:** Yeah, and we have in the past. But where we're at right now, we really don't have any one to pay off because we get a value that is not MindTree of making those payments to them.

**Joe:** OK. And so right now, personally, for you guys, are you getting enough cash flow for you and your wife to not have to work? This is all that you're doing now.

**Adrian:** We live off of this to meet our needs that we do like to travel. We're always looking for more for that reason. And as I said, my wife, she still works. We call it her hair and nails, money so she can guilt free by whatever she wants in the money and she can spend however much she wants. I just tell her, don't tell me the credit card bills. Just spend it.

**Joe:** Yeah. Yeah, she earned it. She sends it to talk about. How did you figure it out? My wife buys things. Your website for Seller's is MyWifeBuys.com, right. Yep. So where did that concept come from?

**Adrian:** Do you remember the black and white shirts that said I buy houses? They were pretty popular years ago that I like to be different. So I just had such a problem buying that shirt. And as you alluded to in the beginning, women are better for marketing. I used to be in marketing, so I already kind of knew that as guys would rather talk to a girl than a guy. And women are less timid talking to a girl than a guy. And then I actually there's actually data behind that, not just my experience. I decided my wife size. I was in one of the masterminds, Finnair. I was wearing the shirt and I had this other brand that I just got from fiber and someone stood up and said, What are you doing? You have two different brands here. One of them sucks. One of them is awesome and it's relatable and it fits your personality. And you could mastermind group you listen whatever most of the people in the room and tell you the same thing. They became our brand.

**Joe:** I'm going to share my screen with you if you don't mind. Can I show you can you show everybody your website? Cool. You guys see this? This is MyWifeBuys.com. I love how you're very specific on what it is that you buy. We buy mobile homes and then check this out. The next page says my wife buys here. Yeah, that's the diamond shape that you're talking about. So you're very clear on where you're buying properties at. And these are the types of people that you help. Simple three simple steps. Sounds like story brand. If you read the book.



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**Adrian:** Exactly, exactly where we rebuilt it from.

**Joe:** Everybody needs to read that book story brand. It's a cool picture of you and your wife. And this is it's real simple. This is going to get more attention here. I had a student once who was a lady. Her name is Penny a Penny, or I think it was Penny. And she was really struggling with getting leads and she was doing all the type of marketing everybody else was doing. But then she added, she did a penny saver ad and she changed it to Penny buys houses. What I thought was maybe her name was Page. Page buys houses. It was a picture of her, a woman shaking the hand of another woman in front of the house. And guess what I mean? She went from hardly any calls to tons of calls because it was a woman thing. A woman's name buys a house, a picture of a woman in the front of the in front of a house and started getting a lot more leads from that. You also buy houses, but it's way down here. And what a cute couple that is. You guys, right?

**Adrian:** Nice. And every picture on the website is a property we purchased our own for our wholesaler or something. We did.

**Joe:** And real testimonials. Yeah, nice. And so this is a good example of the type of home maybe that you guys buy a zoomed in a little bit, right? Yep. This is in central Florida. It's a mobile home. It looks like it's got some privacy in the backyard. And I can see why this would be an appealing house to somebody who doesn't want to be part of an way. They want to be able to put their own stuff around right around the property

**Adrian:** or bring the harder it is than the move. Say it again. More people bring, the harder it is for them to move.

**Joe:** So is that is that good or bad?

**Adrian:** They want to stay longer and longer.

**Joe:** OK, OK. I see.

**Adrian:** We want to say a long time.

**Joe:** Right. All right. This is a pretty ugly place here. Would this be a property you would buy?



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- Adrian:** We did buy that. You did. We own it right now. As you can see, for the people who are watching, it came with most of the siding.
- Joe:** OK, so what did you buy this thing for?
- Adrian:** We bought it for seventy five hundred seventy five hundred dollars thousand dollars down one hundred dollars a month. All right. Zero interest.
- Joe:** Let me say this again. A thousand dollars down one hundred dollars a month.
- Adrian:** One hundred dollars a month.
- Joe:** Did you, like, amortize that or is that principle only payments or principle. Only principle for how many years.
- Adrian:** Sixty five hundred months.
- Joe:** Sixty five months or sixty five hundred.
- Adrian:** But that would be sixty. Sixty five months, sixty five, when you don't have to be good at math to know your real estate calculator.
- Joe:** Here's a crazy thing. If you owned this house, who would say no to that offer? Right. Yeah, that's a great offer.
- Adrian:** And he hugged me and I think was more excited than I was because this was a headache to him. And he was an experienced investor to the point that the title company knew his name. When I dropped off the paperwork, he was just burned out and he moved on. You know, he actually sold me two of them, the exact same deal side by side. And that's the home of the land.
- Joe:** How many acres was was this on?
- Adrian:** About a quarter of an acre.
- Joe:** Was it in a community of other properties down a dirt road?



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**Adrian:** It was off of a dirt road?

**Joe:** OK, so you bought the land and the mobile home. What did you do to it after you bought it?

**Adrian:** Believe it or not, the inside didn't look as bad as the outside. We obviously had to fix up the outside, do some work on the inside. It needed all new electric. We had to get all the electric. We had some plumbing. You can see most of the windows are out and that's it. We put about ten thousand, I believe, into it.

**Joe:** Did you do the work yourself contractors to do it?

**Adrian:** I did at the very beginning and I learned enough that when someone tells me it takes four hours to do the job and I know it takes me four hours, you're less of your professional. And I learned that I'm not that good at it.

**Joe:** OK, so how hard is it to find a contractor that would look at this and say, alright, I'll do it, replace the windows? I'm sure I'm assuming you replace the siding or you just power wash it.

**Adrian:** We replaced siding.

**Joe:** All right. You replace deciding maybe new roof.

**Adrian:** Actually the roof didn't leak on this one, believe it or not.

**Joe:** All right.

**Adrian:** If roof had been leaking, we may not have been able to keep it because once they start leaking these old ones, that the floors start falling apart, their press particleboard on the old ones.

**Joe:** All right. So this may be a dumb question, but like, is it is it hard to repair these types of homes or is it just like a regular single family home?



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**Adrian:**

So the upgrade to these homes is replacing it with the same materials as a single family. This one has a real thin walls. And if I remember correctly, we did not have to replace any walls. Sometimes we have to and we'll take out the whole wall, put two by fours in it, put drywall. That's the nice upgrade for later on the inside of this one. Look pretty good. We did not have to replace the cabinets. OK, we have a lot of mobile home park stores that have these will cheaper materials that they use originally around us. And I would guess that there aren't a lot of areas you just have to start looking for.

**Joe:**

OK, so it's by the way, we were just in Florida last week driving home through Alabama, Arkansas, Florida or Alabama specifically. We saw a lot of these on the drive home. When you're driving from the panhandle in the seaside area, Destin, Seaside, Pensacola, you drive state highways. County highways is the most direct route north till you finally get to an interstate. And it was amazing to me driving through these little small towns, how many of these properties that you saw that I saw down there and I was like, wow, OK, who would live out there? But the structure of this is it know the floor, is it steel? Is it wood trusses? What is it?

**Adrian:**

Think of a wood frame house that's sitting on steel beams. Steel beams is the actual trailer portion of it and they kind of put a wood frame house on top of it. The easiest way to think of it. So if you strip down the subfloor, if it's done right, you're going to have the wood to put your subfloor back on the exterior walls or wood framed walls. Yeah, the older ones like this, they do have metal a lot of times. That's probably not the original siding on that one. A lot of times they have metal and they're really thin. So here in Florida, they stay pretty warm. That's why a lot of people put individual AC units in the windows because essential areas just don't seem to keep up.

**Joe:**

OK, are most of your homes central air or units like single units and windows and stuff, mainly single AC windows?

**Adrian:**

We found a lot of people. I find this hard to believe, but they said it. The window units are cheaper electric. My theory is they are only turning them on in the room they're currently in, so they're not cooling the whole house at the same time. OK, that's the only thing I can think of them again.

**Joe:**

I don't know why people in Florida even need a hurricane. The weather so beautiful in the summer.



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**Adrian:**

I don't know why the insurance companies make it or you have to have heat in Florida and not have to have AC. They got it backwards.

**Joe:**

All right. So you fix this property up and probably looked a lot nicer when it was done. And then what did you do with it? We put it advertised it for rent. So when you do that, are you are you advertising it with rent to own the lease option? Would you ever try to do owner financing or do you just rent it, get the best tenant you can in there?

**Adrian:**

It really depends on what the property I feel like. Just tell me to do with it. This one, I felt like it was going to be a little higher maintenance and. Going back to I can be a little lazier, I

don't want all those calls, so we did give the person the option to buy it. OK, we got someone that's going to go in and take care of it as if it's there because it hopefully will be theirs one day.

**Joe:**

All right. So then are there any more challenges with. Well, I guess what I'm asking is like, why not owner financing? Why a lease option?

**Adrian:**

We do the lease option because I want to fill out that tenant buyer first. OK, and the first year my accountant does not want me selling it in the first year. He wants me to have a year, 13 months of ownership. OK, and if you're doing multiple of them and you space out the right way, you can stay with under the Dodd-Frank guidelines of having to do the loan originator. You know, we're not doing a huge volume, so we keep it where we're doing one, maybe two a year.

**Joe:**

I was going to ask to this. Dodd-Frank applied to mobile homes. It does.

**Adrian:**

And I believe that even applies to mobile homes that are just in the part where you do not own the land. OK, we don't do many of those. I believe it involves that to any of the listeners. I look at that. You look it up.

**Joe:**

Is it hard for people that live in mobile homes? Is it hard for them to get financing from banks?



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**Adrian:**

Yes, if it's the big banks, they'll go about 20 years old. The Chase, Bank of America, Wells Fargo, if it's a smaller community bank, they will go back to nineteen seventy six and they will do even some of them will do single wise for a homeowner, for an investor. They don't do that. And it's got to come up the code. It's got to have the stress. And the peers are all up the coast in Florida. That's stricter because of hurricanes, which is good.

**Joe:**

OK, cool. By the way, God bless your wife for being an hour and a nurse during covid. Thank you. Yeah, that's crazy. All right. So let's talk about your wife, why my wife buys. She OK with this, too, by the way?

**Adrian:**

It's a great question. I think you're the only one to ask if she's OK with it. She does not love attention. OK, so we go to a meeting together.

**Joe:**

This obviously and you obviously do love attention because you're wearing this tie, right? Yes.

**Adrian:**

OK, I do like the attention it was for the marketing and like is that she is involved in it. If she wasn't involved in it, I couldn't have done it. You know, just my own integrity. Yeah. She takes care of the background and it works. I wish I could say I was a genius and thought all this up ahead of time. It just slowly worked. I took a little bit of action and got feedback and it fits my personality better than being a big corporation brand. Yeah, yeah. I'm the guy next door and my wife happens to buy mobile homes.

**Joe:**

I like it. So does she. How does she help with the business or do you just are you the main one that takes the calls and makes the offers and stuff.

**Adrian:**

She helps me analyze the properties. I bring her everything and I'm more the entrepreneur where I'm over here and over here and all over jumping around. And she grounds me the behind the scenes. He checks all the rings. He's a lot more, let's say, secretarial mindset, where, hey, this is the process, this is how we do it. And that doesn't fit well with me. I'm all over the place and running around. We complement each other and that way.



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**Joe:**

Nice. And so you manage all these properties yourself, right. All right. Well, let's talk about how do you find these homes? How do you do the marketing to find a seller with a mobile home on land where the shirt. OK, by the way, those listening to the podcast, your shirt says what?

**Adrian:**

My wife buys mobile homes and it has a phone number.

**Joe:**

OK, cool.

**Adrian:**

That is a big part of it. You are starting the conversation now before I got Olin of the sound intimidating or you don't know much about it. All these different things. I go to lots of meetings and that's the way a lot of people think, wow, why would you buy them? They go down in value or they're not sexy to take a picture in front of four Facebook. I just tell people, you're right. Send me all your leads. Yeah.

**Joe:**

Yeah. Horrible deals. You don't want them. You tell them. Yeah, you're right. These are horrible deals. Send them all to me. I'll take them off your hands.

**Adrian:**

And that's the referrals is the same thing with realtors. Realtors do about the same amount of paperwork for that older mobile home as they would do for one hundred two hundred three hundred thousand dollar house. And most realtors still want to help out potential clients. I just want to help people. So we've gotten those referrals. And besides that, it's everything everyone else does with the bandit signs, the letters that they send out, any Facebook, Google AdWords. The only difference is you replace the word house with mobile home.

**Joe:**

Are there ways to. I'm looking right now in Prop Stream, can you do a poll, a list of mobile home owners?

**Adrian:**

Yes, it has been a little bit more difficult at times. I'm not really sure why, but the property appraisers sites, they do have mobile homes specified. So we have pulled the list before. And I'll say every once in a while, for whatever reason, it pools properties that are on rentals. And I don't understand how or why it does that, I just assume most of the services don't look at heart into it because they don't have many people doing it to complain.



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- Joe:** Well, it's also just whatever is available in the county depends on the county that you're doing this and. Right. Yeah.
- Adrian:** And a lot of the counties, again, no one really complains or people don't speak up. They have mobile homes. They fix this for me and it never gets fixed.
- Joe:** So do you ever do direct mail, cold calling campaigns?
- Adrian:** I've never done cold calling. I know it works. I just don't like receiving them. So I decided I don't want to send them out is maybe not the best business decision, but that's what I did. And we have done some letters, but we've really we've done really well with the networks marketing that way and then the signs in the side of the road. We're trying some other marketing right now. We actually just signed on with a dirt track race track. We're going to have a big eight by four banner at the end. I don't know if it's going to work. It was pretty cheap. I feel like there'll be some mobile home owners. There is a lot in that area and I'll go check it out.
- Joe:** Well, you know, I went I went to prop stream here and I looked up Plant City, Florida. I'm just looking at the city, not the county. And in the property type dropped down. By the way, if you're interested in prop stream guys, go to prop stream, Joe, dot com, prop stream, Joe, dot com. You see the link right there. If you type in mobile, there is a residential selection for mobile home or trailer park and just mobile home. And I found thirty five hundred records. I'm just looking at some of these have pictures because they're active on the MLS, but there's a lot of, some of these are really nice mobile homes like with beautiful landscaping and all that. Some of them look like maybe modular homes. Do you buy modular homes or do you care about that?
- Adrian:** So the joke is when you're buying it, they're all trailers and when you're selling it, they're all modular. Is this perspective? I would buy them, but the cash flow, which is what we really care about, that's in a little bit older ones because the financing drops and then the price drops.
- Joe:** I wonder if you could do a search for mobile homes built after a certain year before certain your whatever, you know? Yeah. Here is one that I just found and I think this one is listed on the MLS. That's why there's a picture on it. This if you can you see that picture there. Yeah, that's a nice mobile home with a huge deck.



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**Adrian:**

I bet that's a few hundred thousand dollars with probably two hundred or plus they sell because you can get bank financing on that and that is beautiful. That's actually one way I convince my wife, hey, we're going to check these out. As I say, her starting on the inside.

**Joe:**

We showed her these pictures.

**Adrian:**

Yeah. And she's like, oh, they're not all we'll say terrible looking. We haven't got any of those super nice ones, but that's where we'll build up to those.

**Joe:**

I grew up for many years in a mobile home park in trailers. I lived in a trailer in Des Moines I'm sorry, Edmonton, Alberta, in the winter time for two and a half, two years. And I remember being frigid, freezing cold in the winter time. My dad would put plastic on the windows. I don't think we had air conditioning in Edmonton, Alberta, Canada. You know, they've had mobile homes in Alaska since the fifties.

**Joe:**

Not surprised.

**Adrian:**

I don't understand how they kept those warm.

**Joe:**

Well, that brings me to another question here. Can you because you're doing this in Florida, can you still invest in mobile homes like you do in other markets like Michigan, Montana, Minnesota, some of the colder climates?

**Adrian:**

I don't see why not. I mean, I have friends that do. I never have because I got real niche town to where we buy. But I don't see why you couldn't do it in any market. It's if it's there and there's a demand for them, which no work for us. We're in the affordable housing space of the northeast of mobile homes that we're really doing. And I believe there's an affordable housing crisis in the entire country. I don't see why you couldn't do it anywhere.



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**Joe:**

OK, well, here's something that I'm looking at here. I'm in prop stream. Propstreamjoe.com. And this is interesting. If you guys can see my screen, I did a search for right here. I went to property characteristics, property types. I typed in the word mobile right here and found out mobile home or trailer park, mobile home. And they've done it for five years or more. And there's seventeen hundred properties right there. Some of these are listed on the MLS, so you can get rid of those. But some of these I don't know, like this one just has some old pictures maybe used to be it was listed back in twenty eighteen. Sometimes you can go in and get a map of these properties but Florida has a lot of them obviously, because the climate is warmer down there. Do you know investors? Do you have you met people that do this well successfully on a larger scale in some of the upper northern parts of the country markets?

**Adrian:**

I don't know anyone that has made it their entire niche like I have, but I have friends that own a few. They don't say no to it when the call comes in. And you mentioned about the ones that are on the MLS, I would say if it's an older one, you should still look at that, because for whatever reason, the mobile home culture doesn't always use title companies. And we have found most of the title work is really messed up. So that means it can be very. For someone to buy it and we bought one, two years ago, it was on the MLS and I gave my offer and I left my offer at the home itself and they could not close because of title. Work was so incredibly messed up. It went back generations, really. And it was going to all these people that didn't think they had an interest in it, that you had to do appropriate all of a sudden. So we have a 40 year master lease on the property.

**Joe:**

Just a 40 year lease. So those kinds of deals, you can maybe make a more creative offer on it.

**Adrian:**

And it's a property that was on the MLS and the title work can be a little more difficult. But that's why you have a good title company and the financing people don't always realize that financing harder and they fall through because of that on the MLS as well.



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**Joe:**

Yeah, yeah. Well that's interesting. So you could maybe find a property on the MLS and make the seller two different offers. Maybe you can say I'll pay you cash at this price, which is going to be significantly less maybe what they're asking or I can get you the price you want with owner financing terms. Yeah. So let's let's do an example then. Let's say there's a there's a property, it's a mobile home. They're asking what's what's a normal asking price on a normal mobile home that's decent shape, livable, not not really nice. Like the one we were looking at with a huge I'd say today.

**Adrian:**

It's really jumped in last year and a half, but probably around one hundred thousand in my area.

**Joe:**

All right. So they're asking one hundred thousand if you were to make them a creative offer like a master lease you said are owner financing really nice is not trashed. They're asking too much for a cash offer. So you're going to make them a creative master lease or owner financing offer something. What would that look like?

**Adrian:**

Actually, let's change the numbers to give you one that I did last week. He's asking one hundred and fifty five thousand dollars, which is too much in my opinion. The property mortgage with a bank is in his late girlfriend's name, is not in his name. The deed is in his name. He's already gone through probate. So I gave him two offers. One of them, I would rent it from him. And we didn't go through all the idea of what that would be. But I don't look, I'll read it from you and then I have the right to sublet it out. Really, what I want to do is sit down and talk about that more. If that was his preferred. And the second one was, I would do a little bit of owner financing and take over the mortgage because the mortgage was eighty three thousand and that was still more cash than I want to put down. I felt like I could rent it for probably fifteen hundred dollars a month. Well, OK. And I didn't have to do that much work to the place. The guy kept it up really well. He did the work himself, but it looks like he probably did it right. Most people just don't do it right. So I gave him the offer of taking over the monthly payments and a small amount of money, cash and a small amount of money on payments. We didn't go through those exact terms because he said, this is all new to me. I need to talk to my attorney.

**Joe:**

And there is a realtor involved to write this one.



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**Adrian:**

There's actually was not a realtor involved. OK, I'm going to follow them. I really think that he's probably going to end up putting it on the MLS and I wouldn't be surprised if he sells it a little bit less than that.

**Joe:**

Someone so you give this. I love that when you give the seller options and you say I can buy with cash but is going to be this lower priced, but I can get you a higher price if maybe rent it. So the master lease. Right.

**Adrian:**

I always offer the person whatever they're asking for it if I can make payments. And then really the payments just depend on how much do I think I can rent it for. And I need my payments and it's very safe under that. And we've done a lot of that. People always ask, well, for how long? I don't know. The calculator tells me that number, OK, if they want interest. So we have to put the number for interest in there, obviously the price of it and we feel solving for the matter months.

**Joe:**

Well, that's a good question here then real quick. And we'll wrap it up here in a minute. But what are your what are some of your minimum criteria for these deals? They have like a minimum cash flow, no minimum return on cash flow, return on cash, return on equity, or what do you what are some numbers you look at?

**Adrian:**

For the most part, I look for a minimum of 20 percent Olin ROIC. That's partially because of hurricanes and Florida, because I do have a higher risk. These older ones older than nineteen eighty, we can't get named storm coverage. So the hurricane takes it out. I get no insurance on it. I do break that rule. I broke it earlier this year because I liked the dirt a little bit more. So if something happened to it, I felt like I had more value in the dirt. But in general we've been buying the upper twenty to twenty eight thirty percent ahli and that allows us to share more of it with our investors, as we mentioned earlier. And it just allows us for that risk if something happened. You know, we mentioned there a little bit riskier because of the insurance, because of the all the aluminum wiring in them and some of the repairs, you have to make a high risk, high reward for sure.

**Joe:**

So is there like a minimum cash flow number, how much it has to cash for a month?



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**Adrian:** These days? We look for probably two fifty three hundred a month. When we were really growing. We didn't we did one on. In twenty five, a few of them, but we were just trying to snowball that we've since gotten rid of some of those properties, but they served a huge purpose while we were growing. I would never buy anything at a negative cash flow, volume and growth phase we have recently because of some sort. It was a very short term negative cash flow, but I think everyone has kind of figure that number out for themselves. But one hundred and twenty five is very, very, very slim. That was over.

**Joe:** Your did. All right, cool. Would you ever do a deal outside of your diamond area? Would you ever do a deal in Arkansas, for example?

**Adrian:** The only way I would do that is if I had a good friend there. I knew them and we were going to partner on it and I was going to have nothing to do with it. Day to day work. I'd be more of a silent investor like brainstorm and help out, I believe too much and be able to go and see my properties. If there's an issue, I want to go and talk to people. And I also don't want to have to learn a new state's laws and regulations that work to make sure.

**Joe:** All right, I get it. One more final question. Any piece of advice or tip would you give to somebody who is interested in doing something like this? And you think this is a great way to get some use, a small amount of cash to get some good cash flow, to

**Adrian:** do your homework and research, but not get stuck and analysis paralysis. And at some point when you feel like you're kind of ready to take action, then and really you can take action before you even kind of ready to start sending out the mailers or door knocking or signs online or whatever you're going to do for your average advertising. Just start doing it. And when you get stuck, reach out to another investor network a lot so you know who the good guys are and good girls and reach out to them and just say, hey, I need help.

**Joe:** Cool. All right, Adrian, how can people get a hold of you if you want them to? They're obviously your phone number is right there in your shirt. But where do you what do you tell people?

**Adrian:** You're gonna go to AdrianSmude.com And that has all the information. If you contact me through here, I'm not going to be the one picking up. You're going to have someone else answering the phone because I don't want to say love. Answer the phone calls.



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AdrianSmude.com, that has all my information on their message on social media. That's probably one of the best I do pretty well as messages. Cool.

**Joe:**

All right, AdrianSmude.com. Hey, man, thanks for being on the podcast. I appreciate it. Thank you for having me. All right. And give give your wife a big hug for us. We'll do appreciate it. Tell her hello and good. Come home safe. All right. Thanks a lot, Adrian. We'll see you guys all later. Take care, everybody. Bye bye.