



RV PARK MONTHLY

November 2012



The RV Park Home Study Course includes a manual, due diligence manual and 24 hours' worth of material that will teach you how to BUY, SELL, OPERATE, AND TURNAROUND any RV Park.

RV Park Store
PO Box 457
Cedaredge, CO 81413

www.rvparkstore.com
www.nicheinvestmentnetwork.com

E:mail :
brandon@creuniversity.com

P: (800) 950-1364
F: (970) 856-4883

Memo From Frank & Dave

One of the benefits of RV parks, unlike mobile home parks, is that many people actually enjoy running them as much as they enjoy owning them – in fact, some people would run them for free. These are the owner/operators that always seem to be the most successful, as they put 110% into their investment and their property shows it. We can tell in 5 seconds when we have pulled into an RV park with an owner who really loves the service they provide. As our first Thanksgiving wish, here's a salute to those who provide terrific RV parks – well above the norm – and give the industry a good reputation!





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RVs Are a Popular Christmas Theme This Year



It's not even Thanksgiving yet, and we're already seeing an abundance of Christmas decorations for sale. One theme that we're already seeing repeated over and over in catalogs is the RV ornament. We've seen them everywhere. There's even a Christmas inflatable of Santa in an RV that you can put in your yard. It

looks like Americans are feeling the Christmas spirit in a very RV way this year.



DID YOU KNOW?

There are over 13,000 RV parks in the U.S.



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YOU CAN'T ARGUE WITH MATH

Most people would agree that $2+2=4$. However, many RV park buyers seem to want to pretend that $2+2=5$. It is a very bad strategy to argue with math. Because when your note payment comes due – and it was built on the premise that $2+2=5$ – then you won't be able to make your payment. And that's a very harsh lesson in math.



Why do people try to cheat the math

Rational people know better. But rational people become irrational when their emotions become involved. It's kind of like the auction a few years back in which two bidders pushed the price of a \$10,000 sports car to almost \$100,000. They knew it was only worth around \$10,000. But the irrational side of their brain got involved and they let it get the better of them. When an RV park buyer finds a park that they like the looks of, and can envision themselves owning, they are willing to stretch the truth of the finances to try and make the deal work. And this is a recipe for disaster.



Why you can never win by cheating at math

If an RV park has revenue of \$300,000 per year, and expenses of \$150,000 per year, and a net income of \$150,000 per year then, then it cannot afford a note payment of \$200,000 per year. And this mathematical discrepancy will never go away. Some buyers want to pretend that they can better manage their affairs and achieve the needed \$50,000 per year income boost. But life just doesn't work like that. Instead, the new buyer soon finds that they were overly optimistic on several line items and even their \$150,000 income estimate was too generous. Basically, you have to leave yourself some room in any deal to handle a rainy day. Overpaying on day one is only going to put you in an impossible position.





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How to stop yourself from cheating



All humans are subject to being irrational (except Captain Spock off Star Trek) given the proper circumstances. To keep yourself honest, you have to be scientific and impartial. The best way to do this is to approach every deal with proper due diligence. This is the scientific double-checking of every possible detail – however minor – to make sure that the purchase is based on facts and not fantasy. Benjamin Franklin once said “diligence is the mother of good luck” – and he knew what he was talking about. Another way to make sure that you use common sense is to get a second opinion from that most feared of institutions: a bank. Seller financing can be a dangerous elixir, because it skips the formality of a banker’s cold stare. Even if you are buying an RV park with seller carry, you should still show the deal to a bank or two to see if they would finance it. Their opinion can be invaluable – and free. Don’t forget that, unless the seller’s note runs for 20+ years, you’ll have to refinance the park with a bank at some point in the future.

Conclusion

Don’t let your emotions get in the way of your math ability. Every property will have to hit certain revenue and cost targets – and pay a mortgage – after closing. Don’t let your enthusiasm to buy an RV park be short lived. Make it last past that first mortgage payment and beyond.





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RV Parks for Sale

- Bradenton, FL
- 19.7 Acre(s)
- \$2,995,000



For more information, contact
Ric Del Vizo of Optimus/Keller
Williams Commercial at
941-928-0737

- Jamestown-Lake
Cumberland, KY
- 57 Lots
- 2 Lodge Buildings
- \$1,650,000



For more information,
contact Michael Crowe at
270-585-2300

- Woodland Park, CO
- 54 Lots
- 3.79 Acre(s)
- \$2,200,000



For more information, contact
Steven L Weinberg of
The Brokerage Real Estate at
800-945-0255

- Rodeo, NM
- 6 Lots
- 1 Acre
- \$265,000



For more information, contact
Diann Matteson of Mountain
Valley Lodge & RV Park at
575-520-3731

- Sturgis, SD
- 480+/- Acre(s)
- \$7,450,000



For more information, contact
Donald Greslin of Shade
Valley Camp Resort at
605-347-4288

- Eastland, TX
- 9 Lots
- 7 Acre(s)
- \$399,000



For more information,
Contact Drexel Roy at
254-488-2200