

CYNTHIA AXNE
3RD DISTRICT, IOWA

COMMITTEE ON FINANCIAL SERVICES
INVESTOR PROTECTION, ENTREPRENEURSHIP,
AND CAPITAL MARKETS
HOUSING, COMMUNITY DEVELOPMENT
AND INSURANCE

COMMITTEE ON AGRICULTURE
COMMODITY EXCHANGES, ENERGY, AND CREDIT
CONSERVATION AND FORESTRY

Congress of the United States
House of Representatives
Washington, DC 20515

Monday, June 10, 2019

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J. Anthony Antonelli
Managing Partner
Havenpark Capital
51 W Center St Suite 600
Orem, UT 84057

Robison Pratt
Managing Partner
Havenpark Capital
51 W Center St Suite 600
Orem, UT 84057

Dear Mr. Antonelli and Mr. Pratt:

I'm writing today because I'm deeply concerned about the recent rent changes at Iowa manufactured housing communities (MHCs) that Havenpark Capital has purchased.

Your company began to purchase MHCs in Iowa starting last October with North American Mobile Home Park in Indianola, and continuing with four more, including Midwest Country Estates in Waukee and Golf View Mobile Home Park in North Liberty. After purchasing these MHCs, your company has raised rent prices ranging from 20% at Sunrise Mobile Homes in Iowa City, to almost 70% at Midwest Country in Waukee, with additional charges on top of these.¹

This level of rent increase, increasing prices from \$295 to \$500, is unacceptable and causing significant financial hardship on Iowa families. I am aware that your group has now agreed to increasing prices incrementally, with the rent going first to \$400, and delaying the next \$100 increase until April 1st, 2020. However, that is still a 70% rent increase in less than a year, which is far too large to expect seniors, families, and hard-working Iowans to pay. Some of those living in MHCs are not able to relocate their home, meaning that because of these rent increases, Iowans might not only be evicted but also lose the equity they have invested in their home.

I was further concerned when I saw that the Better Business Bureau has given your company an F rating, in addition to reports from other states highlighting that residents have complained that promised upgrades and capital improvements at the property were never completed. For

¹ <https://www.desmoinesregister.com/story/news/2019/05/05/mobile-home-tenants-wary-history-complaints-havenpark-capital-partners-waukee-north-liberty-iowa-ia/3640106002/>

example, one resident in Ohio placed a work order to prevent her mobile home from washing away last November. As of May 10th, this work had not been completed.²

In addition, residents at North American reported that they received an eleven page list of rules, which if not addressed would result in first additional charges for the resident and then possible eviction. Having reviewed a draft of the proposed rules at Midwest Country Estates, I am concerned that some of these rules are unreasonable and may even be a violation of the Fair Housing Act.

First, I strongly urge you to reverse these large, rapid rent increases. Second, to help me better protect Iowans in my role as a member of the House Financial Services Committee, I request the following information within 10 business days:

1. Please provide a comprehensive list of your Iowa properties. Is Havenpark in the process of purchasing any further properties in Iowa?
2. For each Iowa MHC, please provide the site rent prior to your purchase, as well as any increases that have been implemented since Havenpark purchased each community. Additionally, please provide information about any rent increases at specific properties which are expected in the next 12 months. If there are fees which more than 20% of the MHC's residents are paying, please also list those.
3. Included in the proposed rules were things like limiting swing sets and play areas in yards, requiring that toys can't be left out in the yard, and putting a 35-pound weight limit on pets. I heard from residents who might have to give up their dog if this goes into effect. What changes to these rules will you make to minimize their impact on residents' lifestyles?
4. Attached is a list of properties pulled from Havenpark's website. Please confirm the accuracy of this list, and if there are any new purchases (like the four in Iowa), please provide the name, address, and # of home sites for those MHCs. Additionally, for any properties on the list which Havenpark once owned, but no longer does, please provide the date when they were sold, as well as the length of time Havenpark owned the property.
5. Please provide a detailed explanation of capital upgrade commitments made to each Iowa MHC's residents. This should include the total amount, with a breakdown of the cost associated with each upgrade, as well as when the residents can expect them. Will you commit to delaying the final increase at Midwest Country Estates until the planned capital improvements are completed, and will you similarly commit to delaying a portion of the rent increases at the other Iowa MHCs until the capital upgrades there are completed?
6. The rent increases at Midwest Country Estates are now being delayed. Why is this implemented by increasing rents to \$500 immediately, with a \$100 rent credit being applied to each resident's bill? Wouldn't it be simpler to just increase rent only to \$400 now?

² <https://www.fox19.com/2019/05/11/local-mobile-home-owners-say-their-property-is-washing-away-land-owners-wont-do-anything-about-it/>

7. The Limited Liability Corporations which have been created to purchase the Iowa MHCs are registered by Nathan Ricks. In addition, Mr. Ricks signed the mortgage agreement for Midwest Country Estates. What is Mr. Ricks' affiliation with Havenpark Capital?
8. Mr. Ricks was also mentioned as the investor who was providing the \$100 rent credit so that the full increase to \$500/month will be delayed until Apr 1, 2020. What compensation is Mr. Ricks receiving for this?
9. What percentage of Havenpark's revenues from Iowa MHCs will come from fees as opposed to rent? How is this split relative to initial communications with investors?
10. Are the above percentages different for Havenpark's Iowa MHCs as opposed to properties in other states?
11. Heartland Living, LLC is registered at the same address as Havenpark Capital. What is the relationship between the two?
12. Are there related businesses (either directly affiliated or via a significant percentage of common ownership) which will benefit from Havenpark's MHC operations? If so, what are they, and how will they benefit?

I look forward to a timely response to these questions that will better assist the residents in these communities with understanding what rent increases, fees, and upgrades to expect.

Sincerely,



Cindy Axne
Member of Congress

Havenpark Portfolio

Iowa, total home sites: 94

- *North American 7* Leonard Ave Indianola, IA 50125; Home sites: 94

Michigan, total home sites: 1736

- *Orion Lakes 47* Bluebird Hill Dr. Orion Charter Township, MI 48359; Home sites: 423
- *Springbrook Estates 71400* Van Dyke Rd. Romeo, MI 48065; Home sites: 400
- *Loon Lake 8* Crane Lake Drive Linden, MI 48451; Home sites: 45
- *North Bay Harbor Club 11567* Heron Bay Dr. Fenton, MI 48430; Home sites: 94
- *East Bay 3075* East Bay Drive Fenton, MI 48430; Home sites: 75
- *Sugar Tree 1303* Sugar Tree CT. Caro, MI 48723; Home sites: 138
- *Fawn Lake 831 N.* Pontiac Trail #91 Walled Lake, MI 48390; Home sites: 135
- *Swartz Creek 73* Ashley Circle Swartz Creek, MI 48473; Home sites: 176
- *South Valley Estates 137* Bellwood Drive Swartz Creek, MI 47473; Home sites: 125
- *Lake Fenton 11446* Harbor Cover Drive Fenton, MI 48430; Home sites: 125

Ohio, total home sites: 1275

- *Meadowbrook 10694* Ashville Pike Lockbourne, OH 43137; Home sites: 117
- *Miami View Estates 5825* PH-128 Clevees, OH 45002; Home sites: 135
- *Lebanon Acres LLC 5522* Zoar Rd. Morrow, OH 45152; Home sites: 115
- *Hilltop Estates 2755* State Route 132 #300 New Richmond, OH 45157; Home sites: 248
- *Westwood Estates 7055* Quarry Rd. Amherst, OH 44001; Home sites: 458
- *Fairfield Acres 94* Sammy Dr. Fairfield, OH 45014; Home sites: 202

Indiana, total home sites: 503

- *Lake Lemon MHC 9655* East North Shore Drive Unionville, IN 47468; Home sites: 90
- *Bon Air 2501 N* Apperson Way Kokomo, IN 46901; Home sites: 94
- *Wellington Green 1350* Clubhouse Dr. Clarksville, IN 47129; Home sites: 319

Texas, total home sites: 412

- *Pradera 709* North Collins Frwy Howe, TX 75459; Home Sites: 240
- *Thousand Oaks 140* Thousand Oaks MHP Mansfield, TX 76063; Home sites: 82
- *Country Village 913* Cottonwood Circle Corsicana, TX 75110; Home sites: 90

Kentucky, total home sites: 285

- *River Oaks 3416* Kramer Lane Louisville, KY 40126; Home sites: 105
- *Pioneer Estates 4136* Cane Run Rd. Louisville, KY 40216; Home sites: 180

Missouri, total home sites: 219

- *North Star 8701* NE 107th PL Kansas City, MO 64157; Home sites: 219

Nevada, total home sites: 147

- *Panorama Estates* 581 South 9th Street Elko, NV 89801; Home sites: 147

Oklahoma, total home sites: 107

- *German Corner* 11516 E. 113th PL N Owasso, OK 74055; Home sites: 107