



Hughes Capital Investor Update

Guardian Is Hitting Its Stride

Guardian has produced an 11.04% annualized return as of the end of August. Our deal flow is very strong and will continue to be so in the foreseeable future. We have been refining the new model of buying homes with existing renters who have committed to becoming the new homeowners. It can take quite some time to get them qualified, but during that process, the home is occupied and is producing cashflow from day one which is a big benefit to Guardian. Not all tenants who have committed to purchasing their home will end up as homeowners. For those who don't, after the lease runs out or they move out, we will replace them with a homebuyer, making it similar to our original model of finding homebuyers for the homes.

Assuravest Chugging Along

Since non-performing notes are not fast-moving financial instruments, there isn't always much to update on Assuravest every month. It can take years to change a non-performing note's status to re-performing, or to get a discounted settlement or a full payoff. It is usually easier to share a good story about one or two of the notes. Being tight on space, we'll include a story in next month's update.

Sentinel Waiting for Replacement Loans

As with Assuravest, Sentinel often sees little change on a monthly basis. Right now, we are waiting for our servicer to replace some non-performing loans covered through the warranty. We sold a few more loans over the last month, but it's not enough to require a distribution. We do expect to have at least one more distribution by the end of the year.

ROI Gets Hughberry Deals Back

You might remember we were set to purchase two existing senior assisted living homes last January. The deal was struck, but the owner put it on hold due to some other events in his life. He recently reached out to us to say he is ready to move forward using the previously agreed-upon terms. Hopefully we can get it closed, because although the owner wants to retire, he doesn't seem to be in a big hurry.

We are also in negotiations on another home in South Reno which we would purchase and remodel into a Hughberry residence.

Two more Lease to Own tenants received the financing to

purchase their homes from ROI. (About two to three per month seems to be the going rate.)

Advanced Commission Packs an e-Punch

We knocked out 147 advances in August for a total of \$514,500. We have increased our advertising and marketing and are starting to see an up-tick in new Realtors getting an advance. This is our most trackable business, in that we can very accurately pinpoint the marketing source that directed a Realtor to us. Since most of our marketing is electronic-based (e-flyers, emails, Facebook, pay-per-click, banner ads, etc.), we can test and refine our marketing strategies daily in markets across the US. It is nothing like the days of the Yellow Pages where you'd pick your ad for the year and hope it was the right one. You couldn't test or adjust it for 12 months. Seems like the stone age!

The Note Vault Has Arrived

Big news! The Note Vault is now open to the public, with easily accessible and searchable notes on our website. It has taken a lot of time and effort to put the notes portion of the website together, so this is an exciting moment for us! The sale of notes has also resulted in a big change: It has created an opportunity for non-accredited investors to get involved, since the purchase of individual notes doesn't require investor accreditation. All of our notes come with a 1-year warranty with the option to extend it to up to 5 years. It's important to provide as much safety as we can in all of our investments. We want you to sleep soundly at night, knowing your capital is being protected!

Open Doors Realty Opens Its Doors

On a slightly different update "note," we have changed the name of our real estate brokerage from My Lease 2 Own to Open Doors Realty – a more traditional-sounding name for a real estate brokerage. It will make more sense to the public when we are selling a property that has nothing to do with a lease to own. This is the new logo.



Until next month,

Steve Sixberry

Greg Hughes