



Hughes Capital Investor Update

Guardian Has Strong Deal Flow

October was a good deal flow month for Guardian, purchasing \$800,000 in new mortgages and rental properties. As you know, we have had excess cash recently which dilutes the return. (When cash sits, it is just like every other bum out there that is not employed. The only difference is, the cash can't collect unemployment.) We continue to like the model of buying homes that are already occupied by tenants who are interested in becoming homeowners. We have also started to build a network of local property managers to identify properties to purchase and help manage the portfolio. This gives us a physical presence with local knowledge in places where we need it, and it will help increase our deal flow with quality product. We are anticipating another \$300,000 to \$500,000 of new mortgages and rental properties in November.

ROI Strategies Closes In on a New Profit Center

ROI Strategies has some exciting news! We are working hard on a deal on a mobile home park in Columbia, South Carolina. Children of the former owners inherited and managed the park after the parents passed away, but they have run it into the ground. It may not sound appealing, but that is how you find the good buys. Purchasing the park will also help solve our problem with the 7 vacant trailers near the Bakken Oil Field in North Dakota. With 180 spaces total and 33 of them vacant, it means our trailers can say "goodbye, Bakken," and "hello, warm, sunny South Carolina." Another plus is that the lot spaces are large enough to accommodate our 16' by 80' trailers. We will give more details next month on this new profit center. It is not a done deal yet.

Sentinel Will Have Distributions This Month

Sentinel sold the remaining notes in its portfolio except for those waiting for replacement and a few BK loans where the Trustee is holding payments. That infused about \$330,000 in cash which will be distributed to Sentinel investors in late November. Once the replacement loans

are received and paying steadily (which will probably take months), we will be able to do the final distribution from Sentinel. The reason it takes so long is that for each replacement loan the hedge fund needs to find a proper replacement that fits the non-performing loan. We prompt our servicer every week to help expedite the process.

Advanced Commission Ready to Greet the Holiday Season

Advanced Commission had a slow October. Now that this is our second October, we are seeing that it seems to be a seasonal slow-down. Both September and October last year were slower months. We still had 95 advances, but that is fewer than our normal 130 to 150 per month. We are now entering three of our strongest months of the year for advances, which must have something to do with the howlidays. Our marketing efforts continue to ramp up, and as we reported last month, one of the most promising strategies we've found is our Broker Affiliation Program. When we get a broker on board, we have access — and can market — to all the agents within the brokerage. The marketing campaigns are set up so that the communications come from the broker (or from us, on behalf of the broker), which makes the agents more open to our message.

Assuravest Is Working on a Challenge

As reported to all the Assuravest investors, and as you'll read in this month's newsletter, Assuravest has been waiting for over a year now for a pool of notes totaling \$1.15M. We continue working to resolve this issue with our buyer, and we may have a solution by the time you read this. We will update all the investors when we have additional information to report.

Until next month,

Steve Sixberry

Greg Hughes