



Hughes Capital Investor Update

April 2018

Buy and Hold Fund Prepares for the Future

We continue to purchase a steady \$700,000 to \$900,000 in single-family homes per month. We are also researching duplexes, triplexes, and quads in the same markets to see if they fit our model. We will let you know our conclusion when we've reached it.

Even though we currently have strong, consistent deal flow, we plan to look at some of the other cities we have identified for additional properties and deals. While there is no need to go beyond our four cities of Memphis, Toledo, Cleveland, and Birmingham at this time, we want to be prepared for the future. Preparation means physically spending time in each of the cities developing our local teams which include property managers and rehab crews.

In the next 30 to 60 days, we'll be building a secure online Data Room that will include monthly financials, a list of all of our assets, verifications of titles, and other pertinent information for the fund. Any interested party will be granted access to the Data Room through unique login credentials.

ROI Strategies' Mobile Home Park a Done Deal

We finally closed on our mobile home park in Columbia, South Carolina. Out of the 185 spaces, 30 are vacant, 33 have park-owned mobile homes, and the rest are leased to people who own their own home and rent space from the park.

Our mid- to long-range plan is to sell the 33 park-owned mobile homes (with the option of owner financing) to either the current tenants or new buyers. As long as the tenants are in good standing with the park and are current on their rent, we can work with them on the timeline. Eventually, the park will only lease spaces to lessees who own their own home. (This follows the model of a financially healthy mobile home park in which there are no park-owned homes.)

Residents received a notice letting them know that there is a new "sheriff" in town and that things will be changing.

So far, the notice has been met with a generally positive response. The former owners let the place go and didn't enforce any of the rules. As a result, you'll see things like: cars parked all over the place, including by front doors and on the sidewalks; chickens and dogs roaming around; and poorly-constructed, illegal additions on homes with ugly blue tarp, impeding adjacent spaces.

Once the rules have been enforced, the "problem tenants" will leave, and the "good tenants" will stay, making it a more friendly, family-oriented atmosphere.

You might wonder why we bought a park like this in the first place. Actually, the unsavory state of the park is the reason we bought it and got it at a good deal. It will take a lot of work and an infusion of about \$350,000 to bring it up to our standards, but it will be worth it. Our partner in the park has moved his family to Columbia to manage the project and get it back into shape. That will give us someone on site every day with a vested interest in how it performs.

Advanced Commission Hits a Milestone

Advanced Commission has reached an exciting milestone, having officially advanced more than \$10,000,000 to real estate agents!

The company has been largely focused on completing and releasing the mobile app, which is currently available for Android users. The app offers original educational content to help agents generate more leads, grow their businesses, and of course, the app makes it easy to apply for an advance.

So far, the mobile app has been released solely to Advanced Commission customers, and it is starting to gain traction. Since its inception on Dec. 1, there have been 202 unique app downloads and 62 commission advance applications via the app.

Until next month,

Steve Sixberry

Greg Hughes