



Hughes Capital Investor Update

Assuravest Working It Out

Assuravest is working out solutions for some of our non-performing notes. We took a discounted payoff on a note in Chicago with a small \$1,700 loss, but it was a real mess, and we were fortunate to get most of our money back. We also found out that one of our loans was a 1st and not a 2nd. This would seem like good news, but one of the reasons we like junior liens is that you don't have to worry about the house and you have no expenses. Now that we are in first position and the house is vacant, we are responsible for catching up the property taxes if we don't want to lose it to tax sale, which is soon. We will catch them up and be just fine since we only paid \$11,000 for the note, and a local Realtor is confident we can sell quickly for about \$55,000.

Sentinel Waiting for Replacement Loans

Sentinel is still in somewhat of a holding pattern, waiting for our servicer to replace a few loans that stopped paying. As we discussed in the last update, if the replacement loans come from another servicer, we can expect delays in getting payments. That will in turn delay our sale of the loans because we need to show a consistent string of payments to get the best price for each loan. It is also possible that some of the borrowers will start paying again before we get them replaced. We just had one borrower bring their account current by paying five months all at the same time. They don't have to do it that way, but in the end, they are always responsible for all payments due under the note.

ROI's Growing Family of Homeowners

Last month, ROI Strategies had three more Lease to Own tenants purchase their home. It is satisfying to see each of these families achieve their goal of homeownership. As the investors that made this possible, you should feel pretty good about being part of it. Homeownership is such a foundation for families — even more so for our Lease to Own tenants. They have endured more than the average homeowner to get to where they are today.

Advanced Commission Remains Stable

Advanced Commission had a good month, but there has still not been a lot of growth, holding steady at around 30 advances per week. I know this has frustrated some of you who either want to get started with this investment

or put more money into it. The business model is working well because we get paid back within 46 days on average and recycle the money. We need to hit the next level of growth before we can infuse more investor dollars. Sorry, we are working as hard and as fast as we can to make that happen!

Hughberry Says "So Long" to Quilici

Hughberry, our senior assisted living company, received some bad news regarding the house on Quilici Lane, where we had spent six months preparing for county permitting. In a final meeting with the county, the fire marshal informed us that we would need to have 1,500 gallons of water per minute for a duration of 2 hours to fight any and all possible fires outside or inside. That translates to a 180,000-gallon tank of water 40 feet in diameter by 24 feet tall. Yes, you read that correctly. This was missed early on in a pre-development meeting with one of the assistant county fire representatives who failed to alert us to this unreasonable requirement.

The home is on a well that produces enough water to run the fire sprinklers without any storage tanks. Some of the homes in town have small storage tanks that take up a space about half the size of a one-car garage. We were prepared to do the same, but we weren't about to build a tank the size of a small house that would have cost us around \$500,000.

Of course, we are disappointed that this home is not going to be a Hughberry, but we bought it at a good price, and our Reno real estate market is very strong. We have listed the home for sale and will continue the search for another one on municipal water.

As the saying goes, "If it were easy, everyone would do it." This has not always been easy, but it makes for a profitable business when you can work out what others have failed to make happen.

Until next month,

Greg Hughes

Steve Sixberry