

August 2018



Hughes Capital Investor Update

Rent Increase and Major Improvements in ROI Strategies Mobile Home Park

We received this terrific email update from our partner in the mobile home park. I'll print it here word for word, as I couldn't have said it any better.

Greg and Steve,

Hope everyone is doing well and staying cool. We had a very productive week since we last spoke. The SCEG utility company started installing 30-foot utility poles and street lights throughout the park. Weather permitting (it has been raining almost every day for the last two weeks), they should all be installed within the next two weeks.

All the lot rents have been increased to \$305.00 starting August 1st, and we didn't get any push-back from the tenants. They are all very happy to see the changes and updates in the park. Currently, we are in the process of evicting nine tenants from the park; they have been an issue with partying late at night, drugs and disturbing neighbors. So, we will have an increase with the lot rent in August, but we might also see these nine rents missing for a month or two until we turn them around and get them sold.

Good news — we have sold one of our empty homes this week. You will see a deposit of \$3,500 in the bank account for the sale and an increase in our rental income in the July end of month report. As of today, we have received \$51,582.37 for July.

The roads are 75% done. The rain has backed us up considerably, but hopefully, by the end of the month, both the entrances and all the main roads will be finished. We will only have the parking areas left. I am looking into two options for moving homes into the park to fill vacant lots. Will follow up with our best method to move forward next week.

Fund Enjoys Consistent, Healthy Deal Flow and Works Through June Expenses

The buy and hold fund took a little dip on its June return. Why would we be bringing that up in the August investor update? We always have to write the update before we are done reconciling last month's financials. It takes us about 15 days to reconcile all the funds each month and then another 10 days to double check, print statements, get the newsletters and updates back from the printer, etc. That's why we tell you that your Capital Statement will go out on about the 25th of each month.

In June we saw two expenses hit hard at the same time. We had property taxes come due for a large majority of our properties. We also had more homes than usual go vacant around the same time, all of which required some rehab to bring them up to our standards. These were homes we purchased a while back with tenants in them, which usually means there will be some required maintenance in the future. We plan for this expense at the time of the purchase, but it does end up leaving the fund with no rent for a couple months as we rehab them and find new tenants.

If any of that work is considered warranty work from Home Partners, then the fund has no costs except for the loss of rent during rehab. In this case, we had a mixture of warranty work and normal repairs and maintenance to perform.

As for more recently, **the fund continues to flourish with very healthy deal flow of \$500K to \$1M a month of new homes coming onboard and lots of interest in people becoming an investor and not a landlord by getting rid of their rental properties through a 1031 with the buy and hold fund.** August is shaping up to be a nice net return as most of the rehab on those June homes has been completed and they are ready for tenants.

Until next month,

Steve Sixberry

Greg Hughes