



# Hughes Capital Investor Update

December 2017

## ROI Strategies Prepares for Park Purchase

At the moment, we are performing a physical inspection of the 185-space trailer park we are planning to purchase in Columbia, SC. Today we visited the park and toured the surrounding area. The park is in desperate need of improvement — just the way you want a project like this to be when you buy it. The children who have inherited the park have been using it (and other parks that their parents had built and managed since the early '80s) as an ATM, performing little-to-no maintenance or upkeep. The place needs a lot of cleanup, and the roads will require a complete resurfacing throughout the 27-acre site. We will have our on-site partner remain in the project until we're satisfied that it has reached our standards of improvement for attracting better homeowners over time. We expect to close on the purchase in January.

## Buy and Hold Fund Growth Spurs Need for Property Managers

The fund had another good month of deal flow: approximately \$630,000. We continue to work on a strategy for finding great property managers (a rare breed!) in targeted locations. Local property managers will help us improve the quality of the deals by finding both the right tenants and homes that fit our criteria. Property managers are incentivized to keep the deals at a high level and to retain or build their management inventory. We know that not all tenants in tenant-occupied homes will become homeowners. In each tenant-occupied home that we purchase, tenants start with the intention of becoming homeowners, but sometimes they won't follow through with all the paperwork to take the step toward homeownership, or it's possible that something prevents them from qualifying after the fact. When this is the case, we hold the home as a rental until the tenant is ready to leave, at which point we find someone to become the homeowner and we carry the mortgage.

## Outside Interest in Assuravest

There is not much to report for Assuravest. This has always been a challenging investment in the way of monthly updates since working out non-performing loans

is a slow and arduous process. Finding non-performing seconds at the right price and in volume has become increasingly difficult. Because of this, there has been quite a bit of interest from other groups we know regarding our remaining buy. We are currently in talks with another group that manages a successful fund similar to ours. They are interested in buying the \$1.15M position we have in the purchase that has not transacted yet. This could mean either an all-out purchase from us or some type of partnership. We have only started this process, and it, too, will take time. We will update you when there is news to report.

## Advanced Commission Tightens Approval Process, Nears Mobile App Release

We saw an increase in Realtor® commission advances in November, but the increase wasn't as great as it was in November of last year. Interestingly, we have recognized one of the reasons for the lack of growth. We are actually producing about 50% more leads, but we've tightened our approval process, which has kept our approved advances at a comparatively lower number to applications received. That is a good thing. The holidays November through January have shown to be a popular time for commission advances, so we will see how December and January perform compared to last year. In less than a month, Advanced Commission will be rolling out a new mobile app. It has been a lengthier, more comprehensive process than we had originally planned (what's new?), but we believe that each "add" is taking it in the right direction. One of the main components of the app is a series of training guides and educational materials that add value by helping agents drive business and increase profits. This, in return, keeps Advanced Commission top-of-mind with eventually thousands of agents that will use our advance services.

Until next month,

Steve Sixberry

Greg Hughes