

## ROI Strategies

**The Polo Estates refi might be just around the corner. We originally thought we'd have to wait until the end of the second year to refinance the Polo Estates mobile home park project (and pay off the ROI loan with the proceeds), but it looks like we'll be able to do that sooner than expected.** We wanted to have the 38 currently empty spaces occupied at the time of the appraisal, but a few things helped accelerate the take-out financing (or refi) process:

1. The loan became available with very good refinancing terms through the FHA.
2. We didn't want to fill any of the vacant spaces until after all the improvements had been done and the park was in better shape; we are close to having most of the work done.
3. We will likely submit a purchase offer for Willow Creek, another park less than two miles away, and we'll move the homes from that park to Polo Estates. As we pay off the current ROI loan, we'll need to take out another loan for the new park. This may be a very good way to keep cash deployed and working. (Willow Creek is in worse shape than Polo Estates was when we purchased it, but that is where all the value-add comes into play.)

**As we have previously reported, our partner, Major, has done an excellent job in getting Polo Estates into much better shape, and we expect this new park to have the same success.** There will be more details to come as we figure out our strategy for both parks. Here is a quick update from Major:

*"There are a few smaller areas left that are in need of paving. I bring this up as it is imperative that paving and the infrastructure of the park be pristine in order to obtain the highest value in the upcoming appraisal for the refinance. At this time, we have had 7 companies come to the property and propose bids to finish the paving project. I also have asked for the bids to include the option of leveling out and placing gravel in the barren land areas between cul-de-sacs for a much-improved appearance and additional parking."*

The news about the loan and Willow Creek might be a bit premature, but we want to keep you up to speed.

Like anything in real estate, it is subject to change until we actually close.

## Buy and Hold Fund

**Purchases are continuing to pick up, allowing us to rebuild our inventory of homes and make them readily available for 1031 Exchanges.** (Inventory was a little skinny there for a while.) We have been able to provide homes for all of the 1031 Exchange requests that came through the door, but it took a little longer than we would have liked to identify the properties and to close the sales. At the pace at which we are buying and rehabbing properties, we shouldn't have that same problem again anytime soon. However, it's still possible that a couple large-value 1031 Exchanges could eat up most of the existing inventory. At the time of this writing, we have about \$2.5M in inventory slated for 1031 Exchanges. **If you are anticipating doing a 1031 Exchange with us, be sure to get on our list for priority treatment. We want to be sure we have you covered.**

I continue to be amazed at how our 1031 Exchange program can be a such a win/win for everyone. Investors rid themselves of all landlord hassles, and they can usually at least double their investment income. We just helped some friends selling their condo rental do a 1031 Exchange. They were netting a maximum of \$2,000 a year on their condo when every expense was factored in. After they complete their exchange with us, they will be netting \$10,200 a year. That's a **fixed** amount, with no variation to that number. **They will increase their income more than 500% and not have to take one more landlord call.**

Regarding the new "boots on the ground" property management team members, we continue to make positive progress with our new construction manager in Cleveland, one of our best purchasing cities. It is all about getting A-players on the team. They make a world of difference.

Until next time,



Steve Sixberry



Greg Hughes