

Buy and Hold Fund

One million homes. That is the number of homes Amherst Holdings wants to have in its portfolio in fifteen years. It's been reported that they have anywhere between 16,000 and 25,000 homes in their portfolio today. Regardless of the actual number of holdings, they have a long way to go. What does this matter to you or to our Buy and Hold Fund? Amherst's goal serves as a confirmation that the vision for our own portfolio is not unrealistic.

At the beginning of 2019, we set a BHAG (Big Hairy Audacious Goal) of having 23,000 homes. A BHAG is exactly what it sounds like: It's the biggest goal you can think of that would stretch a company to levels it can barely comprehend. But unlike most strategic goals, a BHAG doesn't usually have a deadline or time frame that needs to be met, unless you decide to set one. And instead of a "success or failure" type of mindset, a BHAG is more like a beacon off in the distance that drives progress and decision-making.

Whether or not we reach our BHAG of 23,000 homes doesn't really matter. It's more important that we use it as a compass to guide us in the right direction. If we can continue to successfully buy more homes and attract the right investors, then we will build the team, systems, and processes to accommodate our BHAG. Today, we're at "409 doors," as we say in our industry. *Only 22,591 doors left to go!*

We are buying between twenty and forty homes a month across all of the markets, and that means a lot of rehab needs to take place. So, we've been

working hard to add to our pool of quality sub-contractors. (In fact, we just brought a second construction manager on board for the Cleveland market last week!) Our goal is to have a stable of vetted, rated contractors, so if any of them falters, we just plug in the next one. It is a never-ending process, and it will probably be that way forever. *It's not easy, but that's one of the reasons we do this. If it were easy, everyone would do it!*

ROI Strategies

Have you heard the saying, "No good deed goes unpunished"? We seem to be experiencing this with one of our Lease to Own homes in Gardnerville, NV. The home was finally vacated by a disabled veteran and his family, and for the last few months, we have been working on completely rehabbing it. When they first leased the home, we had made a special deal since the father was a disabled veteran. We worked tirelessly trying to help them get financing, and we continued to work with them when they had trouble paying rent.

To make a long story short, even though the family made enough money on the disability income to not only live comfortably but to also qualify for financing, they just never got their own finances together enough for it to happen. Nothing is more guaranteed than disability income from the government. This should have easily allowed them to get financed and buy their home. Guess it just wasn't meant to be. There were other issues, though. They lived in horrid conditions, and we later found out that they even terrorized the neighbors.

When all is said and done, ROI Strategies should make some money on this house. We purchased it for a great price, and with home prices continuing to go up, we figure we can do a complete remodel and still make a profit on the sale.

We have made the decision not to pursue the refinancing of Polo Estates Mobile Home Park at this time. Even though the terms of the loan were very good, which made it a pretty enticing deal, we ultimately decided to stick to the original strategy: to make some more improvements and look at the refi again in about a year. We plan to fill thirty-eight empty lots with new mobile homes and replace twelve others. This should increase the value of the property, making it easier to obtain the refinancing.

This is good news for ROI Strategies because it keeps the loan in place and the money deployed at a solid return.

Next month, we will report on the progress of the other park we were looking to buy down the street from Polo Estates.

Until next time,

Handwritten signatures of Steve Sixberry and Greg Hughes in black ink.

Steve Sixberry

Greg Hughes