

Record Month for Property Acquisition

As of Nov 7th, we have a total of **471 doors under management** for our Buy and Hold Fund and 1031 Exchanges. October was a record month for property acquisition with **33 new homes valued at a total of \$2.8 million**. The reason for the higher dollar amount is partially due to us purchasing homes more expensive than \$60,000. As we said in last month's update, we have been testing out purchasing homes up to \$175,000. Acquiring the higher priced homes and fitting them into our model was not easy but has proven to be a successful venture.

There are benefits and challenges to purchasing higher priced homes. The biggest challenge, as you may already know, is that rent doesn't increase proportionally as the home price increases, so your margins shrink the more the home costs. **That is why most of our higher priced homes are still below \$100,000.**

The benefit of buying higher priced homes is that it opens up a much bigger market share, **allowing us to purchase more homes to satisfy the demand for the 1031 Exchange Program and the Buy and Hold Fund.** Since we are broadening our market share, we can also be more selective overall when choosing homes.

For investors, this means a brand new option for future 1031 Exchange investors who would

prefer to own higher priced homes at a slightly lower return. Also, investors who are willing and able can leverage the homes to increase their returns. This will not change the return for our current 1031 Exchange investors, but it does give them more investment choices in the future.

The return for our Buy and Hold fund investors will not change either. We will leverage the new homes over the \$60,000 mark in order to **keep the compounded net returns for the Buy and Hold Fund** at the 8% to 9% level before depreciation.

New Option for Cash/IRA/401k Investors Who Want Their Name on the Title

If you like the idea of owning the individual home with your name on the title, but don't need to do a 1031 Exchange, we can also structure the investment that way for a cash, IRA, or 401k investor. It would be identical to how we do the 1031 Exchanges in that the investor's name is on title and we master lease the properties back from them, taking full responsibility of the management and expenses (everything except insurance) and we pay the investor fixed rent through their master lease. **It also won't tie up the investor's money as they can give us a 90-day notice and we will purchase the homes back from them.**

North Dakota Home Still Not Sold but Mobile Home Park Makeover Successful

There is not a lot to report for ROI Strategies this month. The darn house in North Dakota has still not been sold. It's a strange cycle where every time a buyer falls through and the home is put back on the market, it immediately goes *back* into contract with another buyer, but so far none of the buyers have been qualified to take it through to

completion. At least we know people are interested in the house, so that's promising. **Let's hope the 4th time's a charm as our new closing date is Nov 15.**

Our mobile home park partner, Major, sent us these pictures to show what this part of the park looked like before and after the renovations. It is literally a night and day difference (but in this case, the night photo is the amazing post-renovation photo!).



Until next time,



Steve Sixberry



Greg Hughes