

## Another Record-Breaking Month for the Buy and Hold Fund

By the time you read this we will have another record-breaking month in the Buy and Hold Fund with almost **\$6 million of homes purchased in December**. This is primarily due to us buying a package of 67 homes worth \$4.6 million that we have been working on for the last 90 days. It is always a little scary spending a tremendous amount of time working through all the due diligence on larger packages like this one because you can never be sure if it will close or not.

We, of course, spend as little time as possible working with the homes until we have an offer and acceptance, and then we start on the due diligence for each individual home, which is very time consuming. The vast majority of the homes in this package are tenant occupied and freshly rehabbed, saving us that expense. To give you an idea, our average rehab is around \$17,500, and we have only allocated \$2,000 for rehab costs on each of these homes. **One benefit of having tenant occupied homes in need of very little rehab is that it allows us to place them into the Buy and Hold Fund's inventory more quickly.**

With December's purchases, we have reached 577 doors under management. As we

continue to build our economies of scale, it is opening up other opportunities. We have opened our own real estate brokerages in St. Louis and Cleveland. This will give us an advantage in these markets as we build up the number of agents in our brokerages to help find and identify more homes we can buy off-market. We act as a built-in buyer for agents. If an agent finds an off-market home that fits our criteria, they can give the homeowner an all-cash, instant offer without the homeowner even having to list the property. This way, the homeowner doesn't have to go through the hassle of placing it on the market, the inconvenience of having people walk through their house during showings, and the potentially long process of getting it sold. It will get us better buys and eliminate those hassles for the homeowner.

## Gardnerville Home for Sale & Mobile Home Park News

The rehab on the home in Gardnerville has been completed and it is listed for sale at \$699,000. The real estate market in Gardnerville appears to be hot, partly due to the lack of inventory. The home we are selling is 2,436 square feet with 3 bedrooms and 2 baths and sits on 5 acres. We purchased the home in 2013 for \$376,000. We put \$114,000 into it, so depending on the sale price, **ROI**

Strategies should make a nice profit on the sale of this home.

Living next door to our Gardnerville home is a young family who lost their home in the Paradise fire. They were hoping they could buy the Gardnerville home, but it ended up being out of their price range. They had a good insurance settlement and they will get something out of the PG&E settlement as well, but the amount is unknown at this time, so unfortunately they had to pass on the home.

There is good news and bad news with the mobile home park. Bad news first: **The county reassessed the value of the park and our property taxes increased by a whopping \$43,000.** That's even with our partner, Major, negotiating the assessment down by 20%. I often say the government isn't any good at anything, but I'm wrong. They are really good at increasing taxes, finding new ways to charge taxes, and, most of the time, collecting on those taxes!

**The good news is that the city water has been hooked up and running within the park for over a month now.** That's important, as it gets the park off of well water and increases its value. We also experienced a lower-than-expected amount of water use. We are still double-checking the figures but it appears we will have a nice cost savings.

## Date Change for Monthly Newsletters and Investor Updates

If you are a long-time reader of our monthly newsletters, you may have noticed that you received this newsletter at a different time than normal. **I guess change is in the air with a new decade upon us!** Our company has been growing like crazy, and *this* change was a way for us to streamline our processes. Now you'll be receiving your newsletter in the middle of the month, rather than towards the end. Only the date is changing, not the content. It's the same old *real estate investment newsletter with a twist* you are used to reading.

Until next time,



Steve Sixberry



Greg Hughes