## How our Buy and Hold Fund Homes are Doing, By the Numbers

For this month's update, we wanted to go over a few statistics pertaining to the Buy and Hold Fund. As of mid-September, **<u>we have 921 doors within the portfolio totaling almost $70 million in assets</u>.** Of this $70 million, $40 million is the Buy and Hold Fund portfolio, and the remaining $30 million are the titled properties held in investors' names. Most of those titled properties are part of 1031 Exchanges, but it also includes cash investors who are using outside financing to leverage their home purchases and increase their investment return.

Looking at all five regions where we own properties (Akron, Toledo, and Cleveland, OH; St. Louis, MO; and Birmingham, AL), **our average occupancy rate is 96%**. We saw a downtick in rent collected when the government's unemployment assistance expired in August, and we're working with our tenants to set up affordable payment plans based on their individual situations. We're also researching public housing assistance programs to find all available support for our tenants. **Out of the 921 doors under management, we have only 14 tenants in the eviction process.** We're abiding by the latest CDC Eviction Moratorium, which went into effect on September 4th, 2020, and lasts until December 31st, 2020. **The latest moratorium doesn't automatically protect all renters; the onus is on the tenant to prove that they have met the criteria within the declaration.** Renters must provide a CDC-signed declaration form to their landlords that analyzes their current situation, including statements that:

- they have put in all effort to pay rent;
- the only reason they cannot make full rent payments is due to job loss or extraordinary medical costs;
- they will not be able to find housing once evicted;
- and they may have to pay in full when the moratorium ends at the end of 2020.

The courts in each region are at different stages of handling local evictions. Although they are moving slowly, most regions are beginning to process evictions. We anticipate the process will continue to move slowly with a substantial backlog to work through. **However, this is all temporary and we will easily weather the storm.**

Despite these extra challenges, our processes are able to move forward just as they did before the pandemic. We purchased 51 homes in August for a total of $3.9 million, and at the time of writing this in late September, <u>we're on track to purchase 35 more homes, resulting in a September total of $4.1 million</u>. We are very diligent in our criteria when selecting new homes to purchase. We track a variety of metrics, including the duration of our rehabs and the time it takes to place an approved tenant in our homes. **There continues to be a very high demand for these affordable homes; as we've mentioned in previous updates, the number of applications for our homes has increased due to the unforeseen impact of COVID.** People are relocating out of more expensive metropolitan areas and, as such, there is a demand for our affordable single-family homes.

**Another metric we keep a close eye on is our delinquent vacant rent-ready (VRR) ratio trend; we want to see this trend down.** For a vacant rent-ready home, we set a threshold to have our homes tenant-occupied within 30 days or less after rehab is completed. Once the property reaches 30 days without a tenant, it moves into what we call "VRR delinquent." There are always properties that fall into this category for a variety of reasons. Here is the equation we use to track those properties in relation to our entire portfolio:

### The ratio = # VRR delinquent/total # properties under management

Because we continually add new homes to our portfolio, the denominator will continue to grow; hence, we track this as a ratio. Over the last 4 weeks, the ratio has been a consecutive **0.011%, 0.012%, 0.010%, and 0.009%**. This is good news, because we want that ratio to continue to trend downward. **Bottom line: our delinquent VRRs are 0.01% of our entire portfolio, and it is continuing to decrease.**

Overall, we are very pleased with the asset class of affordable single-family homes, and remain bullish on the five cities in which we buy. Stay tuned for more, as we're taking steps to start buying affordable housing in the multi-family property asset class.

## Polo Estates Refinancing is Complete

On September 25th, the refinance of the Polo Estates mobile home park loan was completed. The park took out most of the loan with one of our funds, ROI Strategies, leaving a small amount of $200K remaining. (ROI Strategies is currently closed to new investors.) **That loan will now be moved to the Buy and Hold Fund so it can be used to purchase homes and have the capital deployed.**

Also related to ROI Strategies: we have four homes for sale and four homes that are still being held as Lease 2 Owns; all eight of these are in Las Vegas.

## Our Very Own 1031 Exchange Company: Equity 1031

**We started our own 1031 Exchange company, Equity 1031**. This is an added value for our investors doing 1031 Exchanges. Investors will receive significant savings with fees of only $100 per property when completing their exchange with us. More importantly, we started Equity 1031 to ensure top-quality customer care at all times by keeping the entire process in-house.

Until next time,

Steve Sixberry

Greg Hughes

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