



Investor Update

ROI Strategies

And then there was 2014! It's all over and even though we had a record year at Hughes Private Capital it always goes out with a whimper at the end of the year. Few people want to spend their time looking for a home over the holidays. However, that slower time allows us to work more on our business which is a great benefit.

We had another successful purchase from a homeowner in December and in other exciting news the Dallas market is really starting to heat up for us. We have our first deal signed, but not quite yet completed with a home purchase. We also have a few Lease 2 Own Homeowners from the Dallas area in the qualifying process. **With over six million people in the Dallas Fort Worth area, we have a good base to draw from and the benefits of a very vibrant and diverse economy.**

As you know, a barrel of oil has plummeted in price causing all kinds of concern in North Dakota. My 21-year-old son Hayden manages a fracking recycling plant for his company, Basic. He was receiving \$1,000 a month for housing and they cut it back to \$500. They also reduced his hours. He still works overtime, just less of it.

It is a dichotomy of good and bad with lower oil prices. It's good overall for the consumers, yet wreaks havoc on the oil industry. Currently our holdings in ND are 7 single wide trailers and 1 home. Two of the trailers are currently vacant, but we expect to have them both rented within the next 60 days.

We continue to work almost daily to obtain more cost effective financing. Over the last few weeks we have rebuilt our model so it works within the structure most lenders prefer. Now we have a far better chance of finding a national lender because we have built it to fit their financial terms while still working for ours.

Getting this right could really be a game changer. **We will be able to offer the program at more affordable pricing for the Lease 2 Own homeowners and at the same time, increase our return to investors.**

The more institutional money that is in the 5% interest rate range with at least \$5M to \$10M credit lines package their loans up and securitize them on the open market. Previously, we were not able to utilize those lines because of their prepayment penalties or yield maintenance. With our new model, we would be able to make it a win-win for everyone.

We travelled to San Diego last month for a mastermind group on purchasing notes on single family homes. With our own money and participation from one of our investors, **we are moving forward in a purchase of \$200K in both 1st and 2nd notes.**

We are working out our strategy to determine if notes would be a good fit and additional diversification for the fund. We don't think you can ever stand still in the dynamic real estate market. As investors, it is essential we are prepared to always be open to other strategies as they emerge in the market.

Over the next couple of months we plan on setting up some lunches and dinners to invite potential investors to learn more about the fund and the investment opportunity. As part of our family of investors, **we encourage you to join us and invite a person or two that could benefit from the opportunity.** They will be enjoyable events and it is always nice to see our investors in the flesh (well, not literally)!

Hope you had terrific holidays and now it is time for us working stiffs to get back to it.

Greg Huger Steve Sneyd