



Investor Update

ROI Strategies

This year has taken longer to come out of the slow season for Lease 2 Own Homeowners. For the last 3 years, we have experienced a slow-down from November through February. This year it extended itself through March for whatever reason. **However, April looks like it may make up for it with a possible of 6 homes to close by the end of the month.**

The same thing is happening with Lease 2 Own Homeowners buying their homes from us as they are able to get their financing. We have 3 scheduled to happen within the next 30 to 60 days. That would bring our total up to 21 successful Lease 2 Own Homeowners who have bought their homes back from us. This will accelerate as we enter our 3rd year of the program.

In other exciting news, we have been in the process of developing a relationship with a non-profit out of Las Vegas that assists people in becoming homeowners, as I have mentioned before. They were in need of a reliable investor to provide Lease 2 Owns when the appropriate candidate is processed through their system. **This is really exciting because it will become a reliable source of Lease 2 Own Homeowners for us.** They are able to expand their program to Dallas and Reno so there is some really big potential for a win-win for everyone.

Birmingham, Alabama was a bust. We travelled to Birmingham to conduct due diligence on purchasing approximately 22 homes. The outline of the deal appeared attractive enough to make the trip, but what was presented to us was not accurate. These homes were supposed to be worth \$65K to \$70K each and we were able to purchase them for \$40K to \$45K. This was not actually the case. They were worth about exactly what they were selling them to us for.

Either the operator we were working with was incompetent or not an honest person. Pick either of

those two options and they both come out bad on the other side. This doesn't mean that Birmingham is a bad geographical location for investment, but it certainly is with this operator. We met other sources during the trip and may revisit it later. Our projections show that we could still have a cash on cash return in the high teens, but part of the attraction was the package deal with this operator.

We decided to test a TV commercial here in Reno. It is airing as I am writing this update. Reno is much more reasonable for commercial costs than Dallas or Las Vegas, as you can imagine. We shot two commercials with different spokespersons and we will test if one or the other has a better attraction with viewers.

At the end of March, we presented 3 days in a row at the Keiretsu Forum in San Francisco, East Bay, and Silicon Valley to accredited investors. This is a group of angel investors so it unusual for a real estate fund to present. The founder, Randy Williams, has a real estate background, so that is the reason why they do have real estate funds present a few times per year. Real estate certainly offers that diversification for the angels and their portfolio. Many times I have heard Randy call the forum members a gracious community. I would have to agree many are willing to help out with ideas, advice, and insights during our visit. Now we are on to our due diligence process.

Speaking of due diligence, would you like to know more about us? We are proud to now have a Data Room built that's accessible on our website www.HughesCapital.com under the Investor tab. It is password protected, so you will have to request that to get in. It includes our marketing material, financials, executive summary, sample transactions, etc.

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