



Investor Update

ROI Strategies

It is the spring rush, or at least deal flow is picking up for us as we roll into spring. **For ROI Strategies, we are on track to do 3 Rent to Owns and 1 Short Sale Repurchase this month.**

That is welcome news after the always slow winter. Our flipping portion of the portfolio is increasing as well here in Reno. We really like the Reno market and it is proving to be profitable. Last Friday, we purchased three homes in one day, totaling almost \$700,000 off the courthouse steps. We are moving towards our goal of purchasing 2 homes per week off the steps. It is amazing in this market that there continues to be enough foreclosure inventory to do so.

We have increased from two to three rehab crews and we are looking to add a fourth crew as soon as we can find the right people for the job. As you know, that is never an easy task. Our goal is to get the rehab completed and property sold in 100 days or less. One crew takes eight days to complete a \$15,000 rehab on average, but of course, they are currently backlogged.

As for Assuravest, our notes fund, there isn't much to report yet. The purchasing of the notes doesn't happen overnight and the collection of collateral after the purchase takes time too. Since we are just getting started in that process, it is hard to report about it on a monthly basis.

We did however receive the list of notes from our first purchase. This was a purchase that Steve and I did with our own money prior to setting up Assuravest. We are really pleased with the quality of the loans, especially since almost 50% of them have performing 1st mortgages on them. That usually assures us that we will be able to get those seconds re-performing and our model is built on only getting 42% of the notes to that point. Our servicing and workout company has already begun on the first phase of the workouts which is making contact with the borrowers. We will keep you updated.

And now, as promised from last month's update, to tell you more about another business we started that will eventually include a new fund and an investment opportunity for you. **We have started a business called Advanced Commission which provides real estate agents an advance on their commission for properties they have in escrow.**

So as an example, let's say an agent has a property in escrow ready to close in 40 days with a net commission due to the agent of \$12,000. The agent wants part of the commission

up front and requests a \$4,000 advance from us. We underwrite the agent and the overall deal and then, if approved, send them the advance.

In that scenario, our company Advanced Commission would be repaid on the day the escrow closes from the title company. **We would receive \$4,000 to repay the advance plus a \$760 fee.** Nice, huh! Now the next question I am always asked is "What happens if the escrow falls through and doesn't close?" The agent and their broker have a signed contract with us to pay us back on the next escrow. That is where the underwriting is critical. We are not giving advances to agents that do only a deal or two per year. They have to prove to us they are active and producing 10 or more closings per year, plus a whole lot of other underwriting criteria must be satisfied before we approve their advance.

We have been working on the structure and formation of the business for about 150 days and have now been actively marketing for about 60 days. I have never experienced a business like this and the results have been nothing short of incredible.

First, it is extremely scalable and can be done all across the U.S., which we are already doing. Second, we know this can be a big business because there is already an 800 lb. gorilla in the space that has done over \$1 billion in advances over the last 16 years. That's right, with a "b." We would love to tell you we are so brilliant to have come up with this idea on our own, but we are really just copying what they were doing and adding our own flare, twists, and business savvy.

We also see the market as being highly fragmented and disorganized among most of the other operators. They are mainly all mom and pop operations that stay restricted, usually by their geographical location, lack of operational sophistication, and not being a marketing driven company.

So to date, we have done over 125 advances, trending at about 3 advances per day, and are comfortable we can push it much higher. We know this can be a hundreds of millions of dollars a year business so guess what we are looking for? Money! Imagine that!

The good news is it doesn't take much to do a lot since the turn on each deal is so quick. We don't have the fund set up yet so we are very selectively taking on investors as the company requires additional capital for the advances through promissory notes. If interested, contact us to get more information.