



## Hughes Capital Investor Update

### Behind the Numbers of Assuravest

As part of our update this month, we thought it would be fun to tell you about a non-performing mortgage that we own in Assuravest and highlight some of what is done behind the scenes. This is a junior mortgage that we bought for \$16,323. It has a current unpaid principal balance of \$84,266 and owes an additional \$27,485 in arrears, for a total of \$111,751.

The homeowner asked a typical question when we contacted him, "What happened to my loan? I have not heard from anyone for a couple of years." Many of these loans get sold and lost in the shuffle, since no one is trying to collect on them - sometimes for years.

We requested he fill out a hardship package, so we could understand where he stands financially. This is extremely important for us to create a solution for the borrower that will increase their chance of being successful in fulfilling any forbearance agreements we craft on their loan.

A new valuation was ordered on the property which showed a value of \$1,072,000. A credit report was run and the senior mortgage shows an unpaid principal balance of \$542,446 with a monthly payment of \$4,432 and a credit score of 696. This was good news to have a reasonably high credit score and this much equity in the property, including the unpaid principal balance of the junior mortgage as well. It is not always that good.

After review of his financials and further phone conversations, an agreement was struck that works for both parties. He is going to pay a discounted settlement of \$50,000 (remember we only paid \$16K for the loan). He will start with \$8,800 down and make payments over the next 18 months until he pays us the remaining \$41,200 balance due.

If he fails to follow through with any part of the agreed upon forbearance plan including paying us

the balance of \$50K in full by 18 months, then everything reverts to the original note terms, and he still has an unpaid principal balance of over a hundred thousand. You can see how this is a profitable deal for Assuravest with the \$16,323 invested - but is also an opportunity for the homeowner to save tens of thousands of dollars as well.

### Guardian is Off to the Races

Guardian is up and running with a great start. To date, we have raised \$600,000 in just 5 weeks and have had a great response to the model. As of the time I am writing this update, we have purchased 77 homes and have sold 6 homes. We expect to have another 5 to 15 sold in the next 30 days.

### Sentinel Working on Widening Buyer Network

Sentinel hasn't sold any more mortgages since last month. We were testing a source to sell the mortgages through, but it hasn't been successful in finding buyers. We are now starting to post the mortgages for sale on various sites, such as MLSLoans and FCI Servicing. We are also working with multiple people that sell these mortgages, to open our circle of buyers.

### Special Use Permit for Senior Assisted Living

ROI Strategies is continuing to sell off Lease to Own properties to happy homeowners at a pace of about 1 to 4 per month. The Hughberry property is in the process of attaining a special use permit this month to expand the home to 15 bedrooms, all with full bathrooms. We keep getting told this is an easy process, and we shouldn't encounter much resistance. I think we'll believe it when we see it.

Until next month,

Steve Sixberry

Greg Hughes