



Investor Update

ROI Strategies

The month of April kicked off the busy season for Rent to Owns. **We purchased three homes for Shoppers and two Short Sale Repurchasers.** Shoppers are individuals who go out and 'shop' for their home until we come in and purchase it for them. The Short Sale Repurchasers are those whose homes we buy in a short sale, allowing the families to stay in their home as a Rent to Own.

Flipping in Reno is continuing to move along smoothly and the rehab crews are busy. We took a two week break from buying in order to help the crews catch up a bit on all the work. We are going to take our first loss of about \$9,000 on a flip. Losses are a part of the model and bound to happen when purchasing foreclosure sales. After doing quite a bit of rehab, we had this particular home selling for \$160,000, yet the appraisal came in low at \$151,000. Since it was an FHA loan, appraisals stay on the property for six months. We looked at our numbers and found that we are better off selling the home at a loss than holding on to it and renting it for a period of time. Regardless, we are in good shape. Our operator will just have to make up for the loss to ROI Strategies in the next flip(s) sold.

Assuravest has officially purchased its first \$1,000,000 of non-performing 2nds. It will take some time to receive the collateral for each of the notes and to start contacting the borrowers. This is an interesting part of the notes business.

Many of these people have all but forgotten about their 2nds. It's been years since they last paid on them and the banks have stopped calling. When we show up, we probably look more like the devil than Santa Claus. But that changes over time. For the ones that want to stay in their homes, we can actually lift a couple of huge burdens they have been living with for years.

The first burden is the nagging feeling that comes when the phone rings. **They were always thinking, "When are they going to come take my home away?"** Keep in mind, we are not talking about the deadbeats that could care less and will just move on. These are the

families that want to stay in their homes, but for whatever reason, are past the point of no return with the bank and their loan.

The second huge burden they are living with is the extreme frustration of trying to work with the bank and getting nowhere. Most of the time this goes on for years with no end in sight. Most families owe so much in arrears – which are all of the back payments, interest, and penalties – that they have no way to catch up. At this point, the only light in the tunnel they see is a train coming straight at them.

This is when Santa Claus shows up. We purchase notes at such a steep discount that we can do almost anything for them. When they work with us, we are able to get everything up and re-performing. We expect 42 percent of our portfolio to become re-performers. **This is why we have to remember we are dealing with families, not just numbers, on the loan document.** There are so many homeowners that want to be able to be current on their loans. Unfortunately, something happened along the way and now there doesn't seem to be a viable exit. *Ta dah*, Assuravest to the rescue.

Please don't nominate us for Sainthood just yet. This is something that is extremely satisfying for our team to be a part of. We enjoy being able to help people get back to being homeowners through our Rent to Own program so they don't have to worry the next time they hear the phone ring or a knock on the door.

Advanced Commission has been a fantastic business. **Already, we have done over 150 transactions with an average advance of \$4,333.** Surprisingly, the pay backs average at just 24 days, nearly half the estimate. In May, we are tripling our marketing efforts and refining our systems to handle the influx of business.

Lastly, a thank you to our investors that made it to our last dinner at ArrowCreek in April. It was so enjoyable to spend quality time with everyone that attended. I encourage all of you – whether you are an existing investor or someone who just wants to find out more – to attend these events. We would love to see you there and I know you will have a lovely time as well.

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