



Hughes Capital Investor Update

Assuravest: A Fast-Forward Conclusion

In this month's update, we thought we'd give you the conclusion to the back story of one of our loans that we shared last month. As a quick recap: we had purchased a junior mortgage for \$16,000, on which the borrower owed \$111,000 total, including arrears. Between our note and his senior lien (which he is current on), he had substantial equity in the fair market value of the home.

We agreed that the borrower would pay us a total of \$50,000 over 19 months. The schedule consisted of an \$8,800 good faith down payment, \$200 per month for 18 months, and then a balance payoff. The borrower sent the money as promised – first the down payment, then two monthly payments of \$200 each. Here's the gem: on the 3rd month, he suddenly paid off the remaining balance of \$40,800.

This is one of the reasons why we like the notes business. We all came out winners here. We made a gross profit of \$34,000, less \$3,000 in expenses, for a net profit of \$31,000. That represents an annualized return of 310%. The borrower had a big win and was able to eliminate \$55,000 in additional debt. What a nice way to do business.

Sentinel Disbursement Around the Corner

We just sold another batch of notes for Sentinel, which means that we will have either paid or will be close to paying off the lenders (the debt portion of the notes) by the time you read this update. We anticipate the first investor disbursement to be in May. Once the debt has been paid, all cash flow from the sale of notes will continue to be disbursed to the investors as return of their capital and profit.

Guardian Growing Strong

We purchased another 11 homes for Guardian — mainly in Ohio, Indiana, and Tennessee. A total of 14 homes have been sold to homebuyers, and the mortgages are now held by Guardian. We also purchased 9 of the Sentinel mortgages, providing immediate cash flow to Guardian.

Last Buy for Assuravest

In the last month, Assuravest has had multiple discounted settlements like the one we highlighted earlier. We expect our last buy to be completed by the end of the month or mid-June.

Advanced Commission Continues to Perform

We are getting better at collecting Realtor payments when a deal falls out of escrow. Like everything in life, it is a process and takes time, but we have figured out the most efficient way to collect with the lowest cost and the most powerful tactics. With some modifications to our agreement (remember, this is an advance on a receivable they have earned — not a loan), we can now file a UCC-1 in their state and serve it to the broker. This notifies them that the next commission earned is to be used for repayment. We are planning on ramping up our marketing this month, so there may be more room for new investors. If so, we'll be contacting individuals on the investment fund "wait list." If you're not on the list and would like to be, reach out to us and let us know.

A Good Deal for ROI Strategies

We have a couple of rent to own deals in the works for ROI Strategies. One of them — a short sale re-purchase — is a really good deal for ROI and the homeowner.

Hughberry Meets the Neighbors

We continue forging ahead with plans for the senior assisted living property, having submitted the paperwork for our building permit in early May. A neighborhood meeting was held on the first Sunday of this month. Most of the people at the meeting haven't lived near a home like this, so they had some unfounded concerns about how it might change the neighborhood. It really won't affect the neighborhood at all. If you were a neighbor, and I didn't tell you there was an assisted living facility, you would likely never know. We should have an update on the special use permit by June.

Until next month,

Steve Sixberry

Greg Hughes
