



Investor Update

ROI Strategies

Well, August proved to be another busy month and by the time you receive this newsletter we will be well into September.

Early in September, we opened a new fund, Sentinel, LLC, that purchases re-performing mortgages on single family homes. The responses we have received to this fund have been very positive. We know this type of investment is not easily understood by all because most of us don't deal with buying, selling, and owning mortgages. I am going to give you a 50,000-foot view here, but don't hesitate to contact us to find out more if you are interested.

The Sentinel fund works by purchasing re-performing mortgages in bulk at a discount and all of them come with a 15% yield. To give you an example of how this works, we would purchase a typical mortgage for \$35,300 at the present value with a 15% yield, and it will have 215 payments remaining of \$475 per month. We collect that yield or cash flow monthly and then re-sell the mortgages one at a time on the retail market for additional profit. With the cash flow from the yield and the profit from re-selling the mortgages, we are targeting a 13%+ return for investors within the Sentinel fund. We expect to have all of the mortgages sold and the investors' principal and interest returned back to them in approximately 12 months.

Sentinel, LLC is going to be a closed fund. **We will take investments until October 14th or until our special buy on these re-performers is exhausted.** Currently, the fund has \$1.8 million committed.

Here is where it gets interesting when purchasing these re-performing mortgages. We will receive a two-year warranty on those mortgages from our servicing company. If any of them stop performing, they will get the mortgage back to performing, replace it with a similar mortgage, or refund our

entire purchase price less the payments received. It is hard to beat that deal!

Investors have asked me why our servicing company would provide such an amazing warranty. The short answer is once a homeowner has started to re-perform again on their mortgage and has made 6 payments, they rarely default. I know that is not exactly a detailed answer, so contact us if you would like to know more.

On another note, we are currently in discussions with two senior assisted living owners to purchase their real estate and operational businesses. Both opportunities look promising, and we will keep you updated on the progress of these discussions.

As we continue to work on locating homes that will fit our vision of a high-end senior living property, the more we learn and the more we are excited about our goals of filling the gap in this niche market. In our search, we rate homes using a 5 point system. 1 is the lowest rating, and is attributed to properties with Medicaid residents, among other factors. 5 is the highest rating and is given to what we consider luxury properties. Currently, we have not found any properties in the Reno/Sparks area that are higher than a 3. We expect our homes to be rated a high 4 or a low 5 at minimum.

If you have not already experienced having to place a loved one in a care facility, the time will come when you must make this difficult decision. We see our senior residents living in high-end luxury homes with very personalized care within a comfortable home setting. Each residence will have private bedrooms and bathrooms. Multiple people have told us they prefer a home setting with personalized care to big box facilities for their loved ones, but could not find a solution in the area that fit their standards. We see our homes as solving this much needed amenity.

Until next month,