



## Investor Update

### ROI Strategies

As I sit here starting to write this month's update, I watched Santa Claus drive away in his 2007 Toyota truck. I have known this secret for 19 years now. Santa lives next door to me. That is not an easy secret to keep so I am going to finally let the cat out of the bag. For those of you that use my Investor Updates as a bedtime story for the little ones, make sure to skip this next part when reading it to them.

**My neighbor, Rod, is Santa.** The best part is that Rod is Jewish and he volunteers every year as Santa and travels around to hand out gifts to kids in need. That is very cool which makes him very cool which makes this country and its traditions very cool.

Well, if you remember, October was crazy in getting 8 Lease 2 Owns done and now November was a goose egg. The big 0. **What a fickle bunch, those home shoppers.** We already know that November and December are the slow months and sometimes January is slow too. People are not all that interested in moving during the holidays and I can't say that I blame them.

We did have a nice Thanksgiving gift of another Lease 2 Own Homeowner buying their home back from us and expect to have two more bought back from us in December.

We have continued to work the Dallas market since visiting down there in November and we've encountered a few good prospects but nothing has been brought to completion yet. Again, they celebrate the holidays down there too, making home buying slow even though the weather is beautiful this time of the year.

**Our biggest challenge still remains the lenders.** We now have 3 banks, 1 credit union, and multiple private lenders. The challenge is we only get \$750,000 to \$1,000,000 with each and that doesn't buy many homes. The private lenders are over \$3,000,000 which is really the way we got started.

Now we have another nationwide lender that will do up to \$10,000,000 which sounds great, but the rates are only okay and include prepayment penalties. This makes it more costly for our Lease 2 Own Homeowners. **With the right lender we could reduce the cost to the Lease 2 Own Homeowners, get more people into homes, and provide a better return to investors.**

We continue to work on finding the right lender or restructuring our program to fit the lenders better almost every day. You wouldn't think it would be that tough. We buy a house and we want a loan. We put at least 25% down and have double the cash flow of ordinary rentals. Where's the hold up?

Next stop: Birmingham, Alabama. We are working on our due diligence on high margin rental homes. **We have a source to purchase turn-key homes for \$40,000 to \$45,000 each that are valued at \$60,000 to \$70,000.** They have Section 8 tenants which means the tenants are receiving government assistance with their rent. It takes them years to get into the Section 8 program and they don't want to lose that eligibility, so they are particularly invested in keeping the property in good condition.

Our source did over 250 of these homes last year. The big deal in Birmingham is it has a tremendous revitalization program throughout parts of the city. As we understand it, there is not an old school anywhere to be found in Birmingham. They have all been newly rebuilt. We will keep you updated on our progress.

**Happy Holidays and I hope you enjoyed our investor's gift this month, the book "Stonewalled."** We feel very fortunate and grateful to be able have you and your family as part of our investing family. Until next month,

Greg Hughes

Steve Sixberry