



## October 15, 2012 – Monthly Update 26

To Current Investors:

The resale market continues to remain strong to quite strong with high buyer demand, historically low interest rates and slowly rising prices. Increased competition has led to slower acquisitions for us at the courthouse steps. It seems like the TV shows featuring trustee sale auctions and the Wall Street journal articles have finally caused a flurry of new investors to enter this asset class. We continue to buy carefully and do not want to compromise our fundamentals to chase deals that do not make sense. We have begun paying down some of our debt facility in order to decrease our leverage and keep investors' capital working for maximum efficiency.

We expect to be able to operate in this auction space for another 6-12 months. After the flip strategy no longer makes sense, we plan to close the fund, return investor capital along with remaining profits and offer a new fund to invest in. We are currently working on formulating this fund. The new fund will be the 3<sup>rd</sup> fund Equity West Capital has managed and will be the largest to date. It is anticipated to be capitalized with \$25-50 Million in assets under management within 12-24 months of inception. The fund will focus on purchasing SFR's, condos and small apartment buildings in the Portland metro area. These units will be rented and investors will collect a steady stream of cash flows. This fund is expected to be low risk to our investors due to the number of units we will be purchasing (200-400 units) on a buy and hold strategy. Investor returns are expected to range from 8%-10% annually for a period of 3-5 years. We are hoping to have our first closing on this fund in November or December of this year.

Our IRA quarterly debt payments were sent out today to Equity Trust company. We are going to be refinancing all of our IRA debt to 12% within the next 30 days. Investors will have the opportunity to roll their current earnings into a new 12 month promissory note at 12% or redeem their funds for cash. As our borrowing costs continue to drop, we feel that it is only fair to our equity investors to do a commensurate decrease in our IRA debt interest rates as well. We will send out more correspondence to our IRA investors regarding this refinance w/ the next 30 days.

Currently the Fund owns 17 properties, 14 located in Oregon and three located in Ventura County. We closed escrow on one property in Oregon and two properties in California in the past 30 days. On the acquisition front, we purchased the following property over the past 30 days:

1. **Address:** 228 Elizabeth Court, Santa Paula, CA 93060  
**Purchase Price at Auction:** \$170,100  
**Projected Sales Price:** \$210,000  
**Projected Repair Costs:** \$7,500  
**Property Notes:** Property is occupied by the former owner, but he is looking to do a cash for keys to vacate within the next 2-3 weeks. Property should need minimal repairs.

EWCP is currently NOT raising additional capital for this fund. If you or anyone you know would like more information on our future investment opportunities please contact us at [info@equitywestcapital.com](mailto:info@equitywestcapital.com).