

GTF, INC. *Investor Report*

One Call - One Solution from Get There First Realty

2003 is now Over!

Year end is a very refreshing time for us. We get to start over and put the past behind us. 2003 was the worst year we have ever had in 22 years in business. Despite increasing our advertising level to over \$100,000 and dominating every newspaper rental section, we could not absorb all the vacancies created from new business and departing residents. We evicted more, we advertised more, and we worked more. It was a year of imbalance, but things have SIGNIFICANTLY picked up in the past 30 days, and we are very optimistic that 2004 will provide the turnaround we have waited for these past 3 years. We have hit bottom with vacancy levels at 11%, highest since 1992, and rent concessions averaging about 12%. GTF doesn't give away free rent but we encourage owners to stay competitive by aggressively pricing vacancies and making them perfect. But again, I feel this market is finally turning back, and leasing has been robust this month.

As we move upward, buyers come back into the market and owners may want to sell. GTF works with two large investment funds that have purchased many of our owners' homes over the years. They generally pay you 50 times the monthly rent if the home is leased under a GTF lease. All cash, no games, quick close. Call me.

The U.S. is still hooked on borrowing and in 2003, Americans took on another half trillion dollars of debt. Nothing should be more important to you than reducing your debt, especially paying off your mortgages and then finally enjoying your rentals. The U.S. should have 300 million residents by 2008, and Texas is on track for a population of 25 million by 2010. It is expected that Dallas has now lost its second place position to San Antonio in city population.

Activity Statistics Dallas/Ft. Worth Market		
Previously owned homes sold in DFW	Oct 2003	9%
	Nov 2003	-14%
	Dec 2003	FLAT
2003 sales trend		Flat
Total median price trend—2003		+2%
2003 average days on market		70 days
Jobs lost 2003 D/FW		70,000
Home inventory for sale 2003		Up 50%
Foreclosures in 2003 as compared to 2002 statistics	Dallas	+31%
	Collin	+57%
	Tarrant	+30%
Bankruptcy D/FW	2003	29,320
	2003	+20%
Local Murder Rate		

**Winter
2004**



Volume 15, No.1

The Equity Markets of 2003

With a 25% gain, the Dow had its 9th best year since WW II. The NASDAQ turned in its third best year ever, being up 50%. Technology stocks led the recovery, and predictions for 2004 say it will be a good year for stocks, slightly behind 2003. So again, if it's time to move money into the market, buy stocks. Ironically, gold also went up this year which is usually a hedge against currency valuations or a safe bet in difficult times. The second year of a bull market is usually more difficult, and I feel your investments should be cautious and conservative. My personal recommendation is dividend paying stocks and tax-free bonds. The key is NEVER lose money, and compound!

In the last quarter of 2003, new

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The Landlord's Edge

Many investors in real estate want to buy more homes. In response to this desire, we are offering a series of investment classes at SMU starting February 23rd at 5:30 PM. Though I know it's short notice, the classes are very entertaining and informative. For more information call 214-768-6476 or go on line to www.smu.edu/informal. You will see our investment property class featured, and I'd love to see you there.

In our desire to reach a wider rental market audience we have retained a full time bilingual agent and geared some of our ads to Spanish only newspapers. The population shift throughout Texas makes Hispanic exclusive marketing a very important component to any small business. My nine years of conversational Spanish I took as a kid gets me through most contract negotiations or repair requests. Having a bilingual office and now a bilingual leasing department sets us apart.

Trends indicate that prices have stabilized and some predict may even drop this year. The sharp falloff in home sales towards year end will only be stimulated by price reductions to move inventory. The longer I analyze real estate statistics the more I'm convinced that often the sales and leasing markets move in opposite directions. The greatest factor leading to vacancy is the ease of credit to purchase a home. If interest rates go up this year, the rental market may finally recover and allow rents to stabilize. 2003 was a terrible year for rental rates and occupancy. Our clients had to raise the level of standard for their make readies and spend money on deferred maintenance just to remain competitive.

This year we produced your 1099 reports in house, and if you have questions about your statements simply call Rick Moore at extension 7. We have also purchased palm based cell phones so we can have a directory of tenants and owners in hand at all times when we call or get called. We invested in disposable directional signs that we put out near your properties to direct prospects to your property, and now do our own virtual tours that appear at www.dfwlandlord.com each day..

Our business environment seems once again to be on solid ground, and we appreciate the hundreds of referrals you send us every year. Last year we added over 200 new owners to our portfolio, most of whom were referred to us by our current owners. It seems that every landlord knows another landlord who wants a manager.

home starts in D/FW set a record indicating a bullish optimism among some new home builders. During the same quarter the November trend of existing home sales fell by 14%. At year end there were 7,200 completed unsold new homes that will most likely be marketed to your tenants. There was six month supply of pre-owned homes for sale, and the median sales price in December was flat indicating that the appreciation that has maintained this market has slowed. A top Realtor economist recently estimated that this market topped out in July, 2003 and a cooling period awaited us. It still affects us as landlords when a tenant can easily own a home, so a sharp rise in interest rates will be the most welcomed relief for us all. So in conclusion: the year ended with it taking longer to sell a home and without any increase in price. Time to sell?

FINAL THOUGHTS

I will be out the office the week of February 16th and ask you to speak to Rick Moore at extension 7 with any questions you may have. Please remember to update me with any changes to your e-mail, phone, or mailing address. 2003 was the first flat year our firm has ever had, and I am determined to deliver increases to my owners once again this year. One way is by controlling expenses. Our new lease, which I spent the last 2 years on a committee writing for the Texas Association of Realtors, is simply fantastic. It provides a more limited scope of landlord repair issues and sets forth a tenant deductible for all other repairs that do not fall into the scope of air, heat, hot water, water penetration, or worn out plumbing. It was our hope to reduce the nickel and dime requests that eat away at your bottom line. Coupling this with a stronger rental market should bring better returns for us all in 2004.

Owning rental properties is a full time business for owners and for GTF as your manager. When you travel, especially if you have a vacancy, please check your e-mail so we can get decisions made. Many owners this year sold their rentals to the tenants and had us write and service the notes. Turning your rental into a mortgage is like being a landlord on steroids. It is always my personal goal to focus on cashing checks and not fixing toilets. I'll end with that and Happy New Year!

A handwritten signature in blue ink that reads "Mark H Kreditor". The signature is written in a cursive, flowing style.

Mark H. Kreditor, MPM
Broker