

GTF, INC. *Investor Report*

One Call - One Solution from Get There First Realty

BEST MARKET IN OVER 25 YEARS!

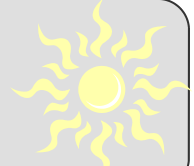
The enormous imbalance that always seems to exist in North Texas has once again taken this market to extremes. While the real estate sales world crumbles around us, the world of rentals is better than ever. Apartment and single family home occupancy is very strong, rents are stable or slightly increasing, and compliance seems to be better. In the first half of 08 only 16% of our tenants breached leases; down from 22% in 2007. Though it's still over triple the national average, it is positive. The time it takes to rent a home is faster than ever (average 49 days) and the ONLY empty homes are the ones not 100% ready or those over priced. Though real estate prices are falling, you would have lost less money in it than the 16% stocks have fallen since July 07.

A glimmer of hope for sales in this market is the inventory of homes for sale which reduced by 10%, probably because we are leasing them so easily, and sellers need cash. This could help stabilize the market as fewer homes are available to choose from for purchase. The country is not fairing as well. In Detroit, 80% of the homes are being sold to investors. In Youngstown, Ohio there were over 1,000 vacant homes bulldozed. Delinquent mortgages are up 15% in the US, and the average credit card debt balance rose to \$9,312.

National foreclosures will approach 3 million homes posted, and here in North Texas as many as 60,000 homes will post in 2008. Yet statistically, and through the amount of new move-ins we experience, the rental market is breaking new records every month. North Texas continues to add new jobs: 8700 in May alone and that is a positive trend (until over building starts up again). Unemployment increased 1/2 % which means we need to create more jobs to stay positive; nationally it was up 1%.

Activity Statistics Dallas/Ft. Worth Market	
Previously owned homes sold in D/FW	April 2008 -11%
	May 2008 -12%
	June 2008 -20%
Average Sales Prices	-2 to -5% depends on who you ask
Apartment Construction	Dallas/Ft. Worth is #1 in the US
Average days selling a home	83 days
Foreclosures	D/FW +18% Collin County +40%
Delinquent credit card accounts	Up 13% to 4.51%
US Median Household Wealth	Fallen 25% between 2004-2009

**Summer
2008**



Volume 19, No.3

Stocks Sink Low

This was the worst half for the Dow since 1970, dropping 14.4% for the year. The Dow was down 9 % in June alone. It was the third straight quarter decline. The NASDAQ was down 13.5%, but the real boom was in crude oil which was up nearly 40%! Consumer prices were up 4.2% over the past year, and if the stock market predicts the future, the future is not bright. Our new president will have his hands full as the financial and currency markets worldwide continue to discount any faith in our economic future. The US stock market this year has lost \$2.1 trillion in value, and major industries like financials, automotive, and even certain manufacturing have taken huge losses. Money in your mattress would have been best.



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Get There First Updates

National foreclosures were up more than 50% in June as our country moves through the process of “major market adjustment.” The last thing you might want is for the US government to slow this process since every foreclosure is a new tenant for your rental. In many national publications the trend in renting is once again fashionable, and the rush to obtain the American dream may not need to be home ownership. I was recently published in a national trade publication, “The Residential Resource” with an article entitled “The Born Again Renter.” Like Rodney Dangerfield, I have been waiting for respect as your rental housing provider, and our day has finally arrived. Let’s enjoy it here in North Texas while the getting is good as we have waited so many years to be able to more easily rent our properties and retain our residents.



In keeping with this, GTF has hired a national web development company MarketNet to split our web sites into two separate brands, one for owners and another for renters. The new design will allow much greater flexibility in marketing to search engines as well as allow the use of credit cards for on line applications. We have also made an investment with a few of the larger management companies to create a “super web portal” for North Texas rentals. We currently place every rental in many web sites, some costing up to \$89/month, and this may be a more efficient way to lease rentals faster and faster. We also invested in a very flexible voice mail system which will now automatically send prospective callers to several agents at once instead of relying on one agent having phone time. Our goal is always to provide the most effective (and often the most expensive) advertising, and we always want to stay ahead of the trend. The trend is for instant response, and our virtual video tours, on-line application processes, and credit card options should take us in that direction to better service our clients when you have a vacancy.

If you think this is a good time to invest in leased rentals, we have been posting a few investment properties each month on our web site. Three sold last month so Get There First. The web page is www.dfwlandlord.com/investments. Current GTF clients can take 5% off the sales prices.

Very often we lose tenants to new home purchases. Ironically in the 2nd quarter of ‘08, sales of new homes were down almost 1/3. It was the lowest quarterly home sales total in a decade. There are currently 8,200 finished and vacant new homes, and this number is less than the 12,000 our market carried in early 2007. Many GTF rentals on the market are new homes and this emerging market is huge for us. When you are competing against new homes for tenants it certainly raises the bar for excellence in your make ready. Of all statistics that remain consistent about North Texas, it is that all things that are new capture much higher occupancy and yields. Even in the best of times we see a weakening with older properties that are not kept up and renovated to compete.

INDUSTRY TRENDS

I still believe long term, North Texas will remain one of the most challenging markets to successfully invest in. We still face the country’s worst credit risks and despite an easing of non compliance, a tremendous percent of our population breaches leases. Bargain prices attract uneducated investors who jump on deals without doing adequate research. Would you believe we have dozens of properties vandalized each month just for copper metal? This could easily be avoided if purchasers would do a little research on the areas they are buying in and the property crime statistics. As I look at the national landscape of depressed real estate markets, I still believe more in the future of the depressed US coastal areas. All it takes is one stroke of government intervention and the supply of tenants from homeownership to rentals will slow our market and put it back into the “challenged zone.” So I say to all of you to enjoy this market while it lasts; it has NEVER been this good. In real estate, they say the most important factor for success is location. As a property manager, properties in less desirable locations or properties in less desirable condition will always suffer. Home values declined in Oak Cliff 19% this year already proving that challenging areas are always hit hardest. It is our quality rentals that are impeccably made ready that get multiple offers at full price. I hope you will ride this wave of opportunity with me to fill your properties with quality long term tenants.

A handwritten signature in black ink that reads 'Mark H. Kreditor'.

Mark H. Kreditor, MPM
Broker