

Buying and Renting Homes in the Midwest

Our process of buying homes in the Midwest and getting them rented has not missed a beat over the last couple months, and everything seems to be trending in the right direction. As for the continuing effects of COVID-19, other than a small dip in the collection of rent to date (which we shared with you last month), **we have not been affected much**. The uncollected rent is just delayed, and we still expect to collect most of it. The portion that will *not* be collected are the late fees, as we are forgiving most of the ancillary fees right now.

An investor recently expressed concern that some of our tenants will be affected by the extra \$600 per week of unemployment benefits going away. For most of our tenants collecting unemployment, the \$600 is a big number over and above the normal weekly unemployment amount. For context, if a person was making \$40,000 a year, they're earning about \$770 per week from their salary. Most states pay about half of what the individual was paid over their previously highest paid quarter of the

year. Half of \$770 is \$385, so \$385 is what many people with that salary would be getting weekly with regular unemployment benefits. Add an additional \$600 for 32 weeks, and that is a huge amount. **We'll have to see what the next phase of the government stimulus looks like to know how it may affect future rent collections.**

Rental Demand Continues to Increase

The continuous good news is that whenever we get a property rehabbed and ready to be rented, it is rented faster than ever. *Roxanne, our general manager, recently reported that we can't buy enough homes fast enough in Cleveland to stay up with the demand.* **That is what I like to hear.** An investor asked me why I thought the rental demand continues to increase, and I think there are three factors. One: seasonality — more people are moving during the nice summer season rather than during the cold winter months. Two: when things get tight in the market and tenants face uncertainty, **they don't upsize; they downsize**. That is why we love the affordable housing market. Three: (this is all speculation so take it for

what it's worth) during COVID-19, some people may be moving out of apartments and into homes so they have more room for future quarantine stints.

More Doors Under Management

We continue to buy 40 to 50 properties per month, which is about \$3 million to \$5 million of monthly purchases. By the time you receive this update, we should have more than 900 doors under management. Another positive point for both you as an investor and our business, is that **our team just keeps growing and getting stronger**. I have to brag here for minute. We have an amazing group of people that make up our team. Without them, we would not be anywhere close to where we are today. We are all very fortunate to have a team comprised of A Players.

Minden Home Sold to All-Cash Offer

The home in Minden finally sold and we lucked out in the end. As we reported to you last month, our first offer, which we accepted at \$580,000, asked for repairs on the HVAC system, which was about the only item that *wasn't* replaced on the

home. **Fortunately, we had a \$618,000 all-cash offer waiting as a backup offer.** They were satisfied with all the inspections and closed on the home.

Polo Estates Financing Moving Forward

The financing on Polo Estates has positive traction, moving forward with the Community Bank of the Chesapeake based out of Fredericksburg, Virginia. We have sent in most of the requested financials and should know the closing date for the loan by the time we send out the next update.

Until next time,



Steve Sixberry



Greg Hughes