

August ended as another strong month with 6 closings. In Nevada, the inventory for sale on the market has started to increase slightly and will help to slow the price increases we have been experiencing over the last year. This is a welcome event. If no other homes were put on the market for sale, it would take a certain period of time to sell everything currently listed, which is called the absorption rate. The market has moved from an absorption rate of 5 weeks to double that, at 2 ½ months. A healthy market is 5 to 7 months so this is still a seller's market.

Part of the reason for a slight increase in inventory is that many of the large hedge funds have slowed down or completely stopped buying. This has opened the market back up for regular home buyers to not have to compete against all cash buyers/offers. Interestingly enough, we never understood how these large funds were expecting to make their models work because they were gambling almost completely on appreciation. Blackstone, the largest purchaser, has only 56% their properties occupied. This is due to their inefficiency of owning tens of thousands of homes and having to get them prepared for rentals. It's tough to make money that way.

That is what we have worked so hard on in our model. We never want to be in the situation of depending on appreciation alone, hoping to find a renter and speculating on the outcome. Each time before we purchase a home, we have a qualified Lease 2 Own Buyer lined up with skin in the game and they provide us cash flow from day one and very little speculation on appreciation.

North Dakota continues to make progress. We now own 4 homes. As exciting as ND is for all the potential it has, we are moving cautiously. We have now made three trips there and are building relationships to further our investing as the opportunities present themselves over time. On a personal note, my son Hayden Hughes, who's 19, decided to take a year off of college and find a high paying job in ND. It took him 6 days with no specific skill set to land a job making \$28 / hour. Not bad for a 19 year old! ND proves it is definitely a land of opportunity for those that are willing to work at it and make the effort to take advantage of what is offered.

We'd love to have you introduce this investment to your friends and family, please let us know in what ways we could help you do that.

Thanks,

