Reven Housing REIT, Inc.
Form 10-Q
November 14, 2013

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) Securities Exchange Act of 1934 for Quarterly Period Ended September 30, 2013

-OR-

o Transition Report Pursuant to Section 13 or 15(d) of the Securities And Exchange Act of 1934 for the transaction period from _________ to ________

Commission File Number 000-54165

Reven Housing REIT, Inc.

(Exact name of Registrant in its charter)

Colorado	84-1306078
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

7911 Herschel Avenue, Suite 201

La Jolla, CA 92037

(Address of principal executive offices)

Registrant's Telephone Number, Including Area Code: (858) 459-4000

Not Applicable
(Former name or former address, if changed since last report)

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerate filer, or a small reporting company as defined by Rule 12b-2 of the Exchange Act):

Large accelerated filer	o	Non-accelerated filer	o
Accelerated filer	o	Smaller reporting company	x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

The number of outstanding shares of the registrant's common stock, as of November 13, 2013: 79,360,880

REVEN HOUSING REIT, INC.

FORM 10-Q

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PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

REVEN HOUSING REIT, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

December 31, 2012 and September 30, 2013

	2012 (Audited)	2013 (Unaudited)
ASSETS		
Cash	$5,763	$10,106,114
Advance to property manager	3,375	10,465
Deferred stock issuance costs	50,000	-
Residential homes, net of accumulated depreciation of $1,400 in 2012 and $14,000 in 2013	342,010	592,838
Total Assets	$401,148	$10,709,417
LIABILITIES AND STOCKHOLDERS' EQUITY		
Convertible notes payable - officer, net of debt discount of $123,430 in 2012	$128,746	$-
Convertible notes payable, net of debt discount of $122,364 in 2012	127,635	-
Convertible notes payable - shareholders, net of debt discount of $25,539 in 2012	26,638	-
Accounts payable and accrued expenses	119,978	51,906
Accrued interest and security deposits	14,770	6,600
Related party advance	266,877	3,000
Total Liabilities	684,644	61,506
Commitments (Note 7)		

Stockholders' Equity		
Preferred stock, $.001 par value;		
25,000,000 shares authorized;		
No shares issued & outstanding	-	-
Common stock, $.001 par value;		
100,000,000 shares authorized; 8,350,000 shares issued & outstanding		
at December 31, 2012 and 67,860,880 at September 30, 2013	8,350	67,861
Additional paid-in capital	349,513	12,080,555
Accumulated deficit	(641,359)	(1,500,505)
Total Stockholders' (Deficit) Equity	(283,496)	10,647,911
Total Liabilities and Stockholders' Equity	$401,148	$10,709,417

The accompanying notes are an integral part of the condensed consolidated financial statements.

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REVEN HOUSING REIT, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three and Nine Months Ended September 30, 2012 and 2013 (Unaudited)

	Three Months Ended September 30 2012	Three Months Ended September 30 2013	Nine Months Ended September 30 2012	Nine Months Ended September 30 2013
Rental income	$-	$14,193	$-	$55,817
Operating expenses:				
Rental expenses	-	11,978	-	25,718
Legal and accounting	114,875	21,536	114,875	114,411
General and administrative	68,708	17,060	68,708	121,599
Interest expense	1,302	25,081	1,602	77,382
Amortization of discount on notes payable	-	281,625	-	563,253
Depreciation expense	-	4,200	-	12,600
	184,885	361,480	185,185	914,963
Loss from continuing operations	(184,885)	(347,287)	(185,185)	(859,146)
Loss from discontinued operations, net of taxes	-	-	(3,365)	-
Net loss	$(184,885)	$(347,287)	$(188,550)	$(859,146)
Net loss per share from continuing operations (Basic and fully diluted)	$(0.02)	$(0.03)	$(0.02)	$(0.09)
Net loss per share from discontinued operations (Basic and fully diluted)	$-	$-	$-	$-
Weighted average number of common shares outstanding	8,350,000	10,937,430	8,350,000	9,221,954

The accompanying notes are an integral part of the condensed consolidated financial statements.

REVEN HOUSING REIT, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2012 and 2013 (Unaudited)

	2012	2013
Cash Flows From Operating Activities:		
Net loss	$(188,550)	$(859,146)
Net loss from discontinued operations	3,365	-
Adjustments to reconcile net loss to net cash used for operating activities:		
Amortization of debt discount	-	563,253
Depreciation expense	-	12,600
Changes in operating assets and liabilities:		
Advance to property manager	-	(7,090)
Accounts payable, accrued expenses, accrued interest and security deposits	(1,488)	(76,242)
Related party advances	151,874	(263,877)
Net cash used for operating activities - continuing operations	(34,799)	(630,502)
Net cash used for operating activities - discontinued operations	(3,365)	-
Net cash used for operating activities	(38,164)	(630,502)
Cash Flows From Investing Activities:		
Acquisition of residential homes	-	(263,428)
Net cash used for **investing activities**	-	(263,428)
Cash Flows From Financing Activities:		
Proceeds from convertible notes payable	37,789	500,000
Payment of convertible notes payable	-	(152,176)
Net proceeds from common stock issuance	-	10,646,457
Net cash provided by financing activities	37,789	10,994,281
Net (Decrease) Increase In Cash	(375)	10,100,351
Cash at the Beginning of the Period	599	5,763
Cash at the End of the Period	$224	$10,106,114

Supplemental Disclosure of Non-Cash Investing and Financing Activities

Debt discount for allocation of proceeds to warrants and beneficial conversion feaure of debt	$-	$291,920
Conversion of debt to common shares	$-	$902,176
Deferred costs of common stock issuance	$-	$50,000
Supplemental Disclosure:		
Cash paid for interest	$2,790	$-
Cash paid for income taxes	$-	$-

The accompanying notes are an integral part of the condensed consolidated financial statements.

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REVEN HOUSING REIT, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

NOTE 1. ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reven Housing REIT, Inc. and Subsidiary (the "Company") (formerly known as Bureau of Fugitive Recovery, Inc.) was incorporated in the State of Colorado on April 26, 1995. The Company provided bounty hunting services for bail bond businesses through July 2, 2012.

On July 2, 2012 Chad M. Carpenter purchased an aggregate of 5,999,300 shares of the outstanding common stock of the Company from certain of the Company's stockholders in a private transaction. As consideration for the shares, Mr. Carpenter paid a total purchase price of $128,605 in cash from his personal funds. In connection with the transaction, an aggregate of 1,650,000 shares of the Company's outstanding common stock were returned to treasury for cancellation. Immediately upon the closing of the transaction, Mr. Carpenter became the majority shareholder and Chief Executive Officer of the Company and beneficially owned stock representing 71.8 percent of the outstanding voting shares of the Company.

The Company formally changed its name from Bureau of Fugitive Recovery, Inc. to "Reven Housing REIT, Inc." and commenced activities to acquire portfolios of occupied and rented single-family houses throughout the United States in accordance with its new business plan. The Company's business plan involves (i) acquiring portfolios of rented houses from investors; and (ii) receiving income from rental property activity and future profits from sale of rental property at appreciated values.

On September 27, 2013, the Company entered into a stock purchase agreement with King APEX Group II, Ltd. and King APEX Group III, Ltd., which are funds managed by Allied Fortune (HK) Management Limited, a Hong Kong based funds management company, in connection with a proposed private placement of up to 125,000,000 shares of its common stock at a price of $0.20 per share, for aggregate gross proceeds of up to $25 million. An initial closing for 55,000,000 shares at a gross price of $11,000,000 was completed on September 27, 2013. Cash proceeds after offering expenses were $10,646,457, plus an additional non-cash expense of $50,000 for deferred cost for common stock issuance resulting in net proceeds of $10,596,457.

In connection with the private placement of the Company's common stock pursuant to the stock purchase agreement mentioned above, the Company also entered into a convertible promissory note conversion agreement on September 27, 2013 with certain holders of its outstanding 10% convertible promissory notes. Pursuant to the note conversion agreement, the Company agreed to issue shares of its common stock to those holders of the notes desiring to convert their convertible notes at the conversion price of $0.20 per share for the cancellation of the outstanding principal amounts under those notes. Certain holders elected to receive, and the Company agreed to make, cash payments on the outstanding principal amounts on their notes in lieu of shares of common stock. In addition, the Company agreed to make cash payments on all the accrued interest under the notes. As a result of the above, the Company issued 4,510,880 shares and closed on the conversion of $902,176 of aggregate principal of the Company's outstanding notes. The remaining $152,176 of outstanding principal and all of the accrued interest under the notes have been repaid in full. Additionally in connection with the Company's private placement, the number of Warrants issued and outstanding to the note holders was set at 5,271,760 shares at an exercise price of $0.20 per share. The warrants will expire on September 27, 2018, if not exercised prior to that date.

As a result of the issuance of the 55,000,000 shares on September 27, 2013 to King APEX Group II, Ltd. and King Apex Group III, Ltd., the two funds under common control collectively own approximately 81% of the Company's outstanding voting shares and Mr. Carpenter now owns approximately 12.2% of the Company's outstanding voting shares.

Discontinued Operations

On July 2, 2012, the Company discontinued operations related to the Bureau of Fugitive Recovery, Inc. upon Chad M. Carpenter becoming the majority shareholder of the Company. Accordingly, the former operations are classified as discontinued operations in the accompanying condensed consolidated statements of operations.

Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, all adjustments (which include only normal recurring adjustments except as noted in management's discussion and analysis of financial condition and results of operations) necessary to present fairly the financial position, results of operations and changes in cash flows have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the 2012 Annual Report on Form 10-K, filed March 29, 2013. The results of operations for the quarter and nine months ended September 30, 2013, are not necessarily indicative of the operating results for the full year.

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Principles of Consolidation

The accompanying financial statements consolidate the accounts of the Company and its wholly-owned subsidiary Reven Housing Georgia, LLC. All significant inter-company transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents.

Advances to Property Manager

Advances to property manager represent the amount of security deposits and net rental funds which are held by the property manager on behalf of the Company.

Deferred Stock Issuance Costs

Deferred stock issuance costs represent amounts paid for consulting services in conjunction with the raising of additional capital to be performed within one year. This amount was charged against additional paid in capital as a cost of the stock issuance upon closing of the Company's private placement.

Warrant Issuance and Note Conversion Feature

The Company accounts for the proceeds from the issuance of convertible notes payable with detachable stock purchase warrants and embedded conversion features in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 470-20, *Debt with Conversion and Other Options.* Under FASB ASC 470-20, the proceeds from the issuance of a debt instrument with detachable stock purchase warrants shall be allocated to the two elements based on the relative fair values of the debt instrument without the warrants and of the warrants themselves at the time of issuance. The portion of the proceeds allocated to the warrants is accounted for as additional paid-in capital and the remaining proceeds are allocated to the debt instrument which resulted in a discount to debt which is amortized and charged as interest expense over the term of the note agreement. Additionally, pursuant to FASB ASC 470-20, the intrinsic value of the embedded conversion feature of the convertible notes payable is included in the discount to debt and amortized and charged to interest expense over the life of the note agreement.

Revenue Recognition

Property is leased under rental agreements of varying terms (generally one year) and revenue is recognized over the lease term on a straight-line basis.

Income Taxes

The Company accounts for income taxes pursuant to FASB ASC 740, *Income Taxes*. Under FASB ASC 740, deferred taxes are provided on a liability method, whereby deferred tax assets are recognized for deductible temporary differences and operating loss carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company accounts for uncertain tax positions in accordance with FASB ASC 740, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FASB ASC 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. As of December 31, 2012 and September 30, 2013, the Company does not have a liability for unrecognized tax uncertainties. The Company’s policy is to record interest and penalties on uncertain tax positions as income tax expense. As of December 31, 2012 and September 30, 2013, the Company has no interest or penalties related to uncertain tax positions.

Incentive Compensation Plan

During 2012, the Company established the 2012 Incentive Compensation Plan (“2012 Plan”). The 2012 Plan allows for the grant of options and other awards representing up to 5,002,500 shares of the Company’s common stock. Such awards may be granted to officers, directors, employees, consultants and other persons who provide services to the Company or any related entity. Under the 2012 Plan, options may be granted at an exercise price greater than or equal to the market value at the date of the grant, for owners of 10% or more of the voting shares, at an exercise price of not less than 110% of the market value. Awards are exercisable over a period of time as determined by a committee designated by the Board of Directors, but in no event longer than ten years. No awards have been granted as of September 30, 2013.

Net Loss Per Share

Net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding. Warrants, stock options, and common stock issuable upon the conversion of the Company's preferred stock (if any), are not included in the computation if the effect would be anti-dilutive and would increase the earnings or decrease loss per share. For the periods ended September 30, 2012 there were no shares that were potentially dilutive. For the periods ended September 30, 2013, potentially dilutive securities excluded from the calculations were 5,271,760 shares issuable upon exercise of outstanding warrants granted in conjunction with the convertible notes.

Financial Instruments

The carrying value of the Company's financial instruments, as reported in the accompanying condensed consolidated balance sheets, approximates fair value.

Security Deposits

Security deposits represent amounts deposited by tenants at the inception of the lease.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of expenses for the periods presented. Accordingly, actual results could differ from those estimates. Significant estimates include assumptions used to value warrants and conversion features associated with convertible notes payable (Note 3). Further, significant estimates include assumptions used to determine the allocation of purchase prices of property acquisitions (Note 1).

Property Acquisitions

The Company accounts for its acquisitions of real estate in accordance with FASB ASC 805, *Accounting for Business Combinations, Goodwill, and Other Intangible Assets,* which requires the purchase price of acquired properties be allocated to the acquired tangible assets and liabilities, consisting of land, building, and identified intangible assets, consisting of the value of above-market and below-market leases, the value of in-place leases, unamortized lease origination costs and security deposits, based in each case on their fair values.

The Company allocates the purchase price to tangible assets of an acquired property (which includes land and building) based on the estimated fair values of those tangible assets, assuming the property was vacant. Fair value for land and building is based on the purchase price for these properties. The Company also considers information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair values of the tangible and intangible assets and liabilities acquired.

The total value allocable to intangible assets acquired, which consists of unamortized lease origination costs and in-place leases (including an above-market or below-market component of an acquired in-place lease), are allocated based on management’s evaluation of the specific characteristics of each tenant’s lease and the Company’s overall relationship with that respective tenant. Characteristics considered by management in allocating these values include the nature and extent of the existing business relationships with the tenant, growth prospects for developing new business with the tenant, the remaining term of the lease and the tenant’s credit quality, among other factors. As of December 31, 2012 and September 30, 2013, management has determined that no value is required to be allocated to intangible assets, as the leases assumed are short-term with values that are insignificant.

Reclassifications

Certain amounts for 2012 have been reclassified to conform to the current year’s presentation.

NOTE 2. RESIDENTIAL HOMES, NET

Reven Housing Georgia, LLC (a wholly owned subsidiary of Reven Housing REIT, Inc.) completed the acquisition of nine residential homes (the “Homes”). The nine Homes are located in various cities in Georgia, consisting of approximately 12,989 rentable square feet and are located on approximately 2.35 acres of land. Five of these Homes were purchased in 2012 and the remaining four Homes were purchased on January 10, 2013. The Homes are leased on short-term leases expiring on various dates over the coming year.

In accordance with ASC 805, the Company allocated the purchase price of the properties as follows:

	Land	Residential Homes	Total Purchase Price
5242 Station Circle, Norcross Georgia	$13,631	$55,559	$69,190
615 Cowan Road Covington, Georgia	14,010	56,348	70,358
110 Bear Run Ct Palmetto, Georgia	12,874	52,530	65,404
7220 Little Fawn Parkway Palmetto, Georgia	12,874	52,530	65,404
4860 Lost Colony Stone Mountain, Georgia	13,631	55,559	69,190
1740 Camden Forrest Trail Riverdale, Georgia	13,252	54,044	67,296
11352 Michelle Way Hampton, Georgia	12,874	52,530	65,404
205 Highgate Trail, Covington, Georgia	13,252	54,044	67,296
924 Lake Terrace Drive, Stone Mountain, Georgia	13,252	54,044	67,296
	$119,650	$487,188	$606,838

Residential homes purchased by the Company are recorded at cost. The Homes are depreciated over the estimated useful lives using the straight-line method for financial reporting purposes. The estimated useful life for the residential homes is estimated to be 27.5 years.

NOTE 3. CONVERTIBLE NOTES PAYABLE

The Company issued convertible promissory notes (the “Notes”) to certain accredited investors, shareholders, and officers in the aggregate principal amount of $1,054,352. Of this total, $500,000 was issued on January 3, 2013 in order to fund the four additional residential homes purchased in January 2013 and to pay operating expenses. The maturity date for the Notes was the earlier of December 31, 2013, or upon the Company raising $5 million or more of equity capital. The Notes bore interest at a rate of 10 percent per annum payable in full on the maturity date and were unsecured. Upon the Company successfully raising additional capital, the Notes may be exchanged by the holders for such securities of the Company at the same price and on the same terms and conditions being offered to the other investors in such financing, and the principal and accrued interest under the Notes will be applied towards the purchase price of such security. The Notes could be prepaid in whole or in part at the Company's option without penalty.

Of the total Notes, $652,176 were issued to an officer, $350,000 were issued to accredited investors, and $52,176 to shareholders.

As mentioned above, on September 27, 2013, in connection with the Company's sale of common stock through a private placement, convertible notes with a principal balance of $902,176 were exchanged for 4,510,880 shares of common stock at a conversion price of $0.20 per share and retired. Also in connection with the private placement, notes with a principal balance of $152,176 were paid in full along with accrued interest on all the convertible notes with cash payments.

Warrant Issuance and Note Conversion Feature

In connection with the issuance of the above Notes, the Company also issued to the investors 5-year detachable warrants exercisable for shares of the Company's common stock (the "Warrants"). The exercise price of the Warrants is estimated to be the same as the price per share of the equity securities sold to investors in the qualified equity financing and each Warrant provides for 100% warrant coverage on the principal amount of the related Note.

The fair value of the Warrants and debt beneficial conversion feature were determined using the Monte-Carlo simulation valuation model that uses assumptions for expected volatility, expected dividends, and the risk-free interest rate. Expected volatilities are based on weighted averages of the selected peer group of thirteen companies as the Company has no trading history and are estimated over the expected term of the Warrants. The risk-free rate is based on the U.S. Treasury yield curve at the date of issuance for the period of the expected term. Accordingly, the fair value of the proceeds attributable to Warrants of $309,892 and the debt beneficial conversion feature of $309,891 totaling $619,783, have been recorded as an increase in additional paid-in capital and as a corresponding discount to the convertible notes payable. Upon the issuance of the additional $500,000 of convertible notes payable on January 3, 2013 mentioned above, $291,920 of this increase in additional paid-in capital and corresponding debt discount was recorded. The discount is amortized over the term of the convertible notes payable using the interest method. In connection with the Company's private placement of common stock and the corresponding conversion and retirement of the Notes, all remaining discount was recognized as an expense as of September 27, 2013. Amortization of the discount amounted to $281,625 and $563,253 and is included as a separate expense on the condensed consolidated statement of operations for three and nine months ended September 30, 2013, respectively.

Additionally in connection with the Company's private placement, the number of Warrants issued and outstanding to the Note holders was set at 5,271,760 shares at an exercise price of $0.20 per share. The warrants will expire on September 27, 2018, if not exercised prior to that date.

NOTE 4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At December 31, 2012 and September 30, 2013 accounts payable and accrued expenses consisted of the following:

	2012	2013
Accounts payable	$-	$12,150
Accrued property taxes	-	2,308
Accrued legal fees	119,978	37,448
	$119,978	$51,906

NOTE 5. INCOME TAXES

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and expected carry-forwards are available to reduce taxable income. The Company records a valuation allowance when, in the opinion of management, it is more likely than not, the Company will not realize some or all deferred tax assets. As the achievement of required future taxable income is uncertain, the Company recorded a valuation allowance equal to the deferred tax asset. At December 31, 2012, the Company had federal net operating loss carry-forwards of approximately $538,000. The federal tax loss carry-forwards will begin to expire in 2026 and 2019, respectively, unless previously utilized.

NOTE 6. RELATED PARTY TRANSACTIONS

At December 31, 2012, the Company had convertible notes payable outstanding to Chad M. Carpenter of $252,176. At September 27, 2013, the Company had convertible notes payable outstanding to Chad M. Carpenter and Reven Capital, LLC, an entity wholly owned by Mr. Carpenter, in the amount of $652,176, that were converted to common shares as described more fully in Note 3.

At December 31, 2012 and September 27, 2013, the Company had convertible notes payable outstanding to certain other shareholders of the Company in the amount of $52,176. These notes were paid off or converted as described more fully in Note 3.

At December 31, 2012 and September 30, 2013, the Company owed Reven Capital, LLC $266,877 and $3,000, respectively, for advances made for operating expenses. The advances are due on demand, unsecured and are non-interest bearing. The Company sub-leases office space on a month-to-month basis from Reven Capital, LLC. Reven Capital, LLC is wholly-owned by Chad M. Carpenter. Amounts paid to Reven Capital, LLC during the nine months ended September 30, 2013 amounted to $412,315. These payments were for the reimbursement of Company expenses paid and previously advanced by Reven Capital, LLC.

For the year ended December 31, 2012, the Company paid $50,000 for consulting services to a company in which a Board of Director member of the Company is the Senior Managing Principal which was included in deferred stock issuance costs on the accompanying condensed consolidated balance sheet as of December 31, 2012 and was charged against additional paid in capital upon the closing of the private placement on September 27, 2013.

NOTE 7. COMMITMENTS

Property Management Agreement

The Company has entered into a property management agreement with HomeSpot Property Management in which the Company will pay six percent of gross rental receipts.

NOTE 8. SUBSEQUENT EVENTS

Stock Purchase

On October 29, 2013, the Company sold an additional 11,500,000 shares of its common stock for $0.20 per share under the terms of its stock purchase agreement entered into on September 27, 2013 with King APEX Group II, Ltd. and King APEX Group III, Ltd., which are funds managed by Allied Fortune (HK) Management Limited, a Hong Kong based funds management company. Net proceeds after offering expenses were $2,236,750.

Single Family Home Portfolio Purchase

On October 4, 2013, a wholly owned subsidiary of the Company entered into a purchase and sale agreement for the purchase of a portfolio of 170 single family homes located in the Houston, Texas metropolitan area. The properties collectively encompass an aggregate of 242,964 rentable square feet. Total purchase price is $13,400,000 not including closing costs. On October 31, 2013, the Company closed and completed the purchase of 150 of the homes at a contract price of $11,691,832. Closing costs totaled approximately $120,000.

The below shows the pro forma effect to the Company's balance sheet of the additional common stock sale and the purchase of the homes if the subsequent events had occurred as of September 30, 2013.

Reven Housing REIT, Inc Unaudited Pro Forma Condensed Balance Sheets	September 30, 2013 (Unaudited)	Pro Forma Adjustments		September 30, 2013 Pro Forma Adjustments
ASSETS				
Cash	$10,106,114	$(11,812,000)	(1)	$530,864
		2,236,750	(2)	
Advance to property manager	10,465	-		10,465
Residential homes, net of accumulated depreciation of $1,400 in 2012 and $14,000 in 2013	592,838	11,812,000	(1)	12,404,838
Total Assets	$10,709,417	$2,236,750		$12,946,167
LIABILITIES AND STOCKHOLDERS' EQUITY				
Accounts payable and accrued expenses	$51,906	$-		$51,906
Accrued interest and security deposits	6,600	-		6,600
Related party advance	3,000	-		3,000
Total Liabilities	61,506	-		61,506
Commitments and contingencies				
Stockholders' Equity				
Common stock	67,861	11,500	(2)	79,361
Additional paid-in capital	12,080,555	2,225,250	(2)	14,305,805
Accumulated deficit	(1,500,505)	-		(1,500,505)

Total Stockholders' Equity	10,647,911	2,236,750	12,884,661
Total Liabilities and Stockholders' Equity	$10,709,417	$2,236,750	$12,946,167

ASSUMPTIONS:
(1) Purchase of 150 homes valued at approximately $11,812,000 for cash
(2) Sale of 11,500,000 shares of common stock, at $0.20 per share, for proceeds of $2,236,750

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This information contained in this report contains forward-looking statements that relate to expectations, beliefs, projections, future plans and strategies, anticipated events and similar expressions. Forward-looking statements may be identified by use of words such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimat "potential" or similar words or phrases which are predictions of or indicate future events or trends. Statements such as those concerning potential acquisition activity, investment objectives, strategies, opportunities, other plans and objectives for future operations or economic performance are based on the Company's current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties, including the Company's ability to successfully (i) acquire real estate investment properties in the future, (ii) to execute future agreements or understandings concerning the Company's acquisition of real estate investment properties and (iii) raise the capital required to acquire any such properties. Any of these statements could prove to be inaccurate and actual events or investments and results of operations could differ materially from those expressed or implied. To the extent that the Company's assumptions differ from actual results, the Company's ability to meet such forward-looking statements, including its ability to invest in a diversified portfolio of quality real estate investments, may be significantly and negatively impacted. You are cautioned not to place undue reliance on any forward-looking statements and the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, future events or other changes.

In 2012, the Company significantly changed its business operations upon a change of control event. On July 2, 2012, Chad M. Carpenter purchased an aggregate of 5,999,300 shares of the outstanding common stock of the Company from certain of the Company's stockholders in a private transaction. As consideration for the shares, Mr. Carpenter paid a total purchase price of $128,605 in cash from his personal funds. In connection with the transaction, an aggregate of 1,650,000 shares of the Company's outstanding common stock were returned to treasury for cancellation. Immediately upon the closing of the transaction, Mr. Carpenter became the majority shareholder and Chief Executive Officer of the Company and beneficially owned stock representing 71.8 percent of the outstanding voting shares of the Company.

As a result of the above change in control and management, the Company then commenced pursuing a new business. The Company is now engaged in the acquisition of portfolios of occupied and rented single-family houses throughout the United States in accordance with its new business plan. The Company's business plan involves (i) acquiring portfolios of rented houses from investors; and (ii) receiving income from rental property activity and future profits from sale of rental property at appreciated values.

In November 2012, the Company made its first acquisition of 5 rental homes. Four additional homes were purchased under the same contract in January 2013.

On September 27, 2013, the Company entered into a stock purchase agreement with King APEX Group II, Ltd. and King APEX Group III, Ltd., which are funds managed by Allied Fortune (HK) Management Limited, a Hong Kong based funds management company, in connection with a proposed private placement of up to 125,000,000 shares of its common stock at a price of $0.20 per share, for aggregate gross proceeds of up to $25 million. An initial closing for 55,000,000 shares at a gross price of $11,000,000 was completed on September 27, 2013. Net proceeds after offering expenses were $10,596,457. As a result of the issuance of the 55,000,000 shares, King APEX Group II, Ltd. and King Apex Group III, Ltd., the two funds under common control collectively own approximately 81% of the Company's outstanding voting shares and Mr. Carpenter now owns approximately 12.2% of the Company's outstanding voting shares.

On October 4, 2013, a wholly owned subsidiary of the Company entered into a purchase and sale agreement for the purchase of a portfolio of 170 single family homes located in the Houston, Texas metropolitan area. The properties collectively encompass an aggregate of 242,964 rentable square feet. Total purchase price is $13,400,000 not including closing costs.

On October 29, 2013, the Company sold an additional 11,500,000 shares of its common stock for $0.20 per share under the terms of the same stock purchase agreement mentioned above with King APEX Group II, Ltd. and King APEX Group III, Ltd. Net proceeds after offering expenses were $2,236,750.

On October 31, 2013, the Company closed and completed the purchase of 150 of the homes at a contract price of $11,691,832. Closing costs totaled approximately $120,000.The Company intends to purchase the remaining 20 homes in January 2014 for approximately $1,708,000, not including closing costs.

The Company is currently in the process of pursuing potential transactions to purchase portfolios of rented houses in its target markets across the United States and is seeking additional equity and debt capital in order to fund these acquisitions. There can be no assurance that such capital will be available on favorable terms, or at all, or that any additional capital that the Company is able to obtain will be sufficient to meet its needs.

The Company intends to take all necessary steps to qualify as a REIT under the Code. However, no assurance can be given that the Company will qualify or remain qualified as a REIT.

Liquidity and Capital Resources

During the nine months ended September 30, 2013, the Company completed the sale of 55,000,000 shares of its common stock in a private placement. This provided net cash after expenses of $10,646,457. The proceeds were utilized to retire $152,176 of the Company's convertible notes. The remainder of the Company's convertible notes were converted to common shares. In January of 2013, the Company acquired four rental homes at a cost of $263,428. These were funded by the issuance of $500,000 of convertible notes payable. Reven Capital, LLC, an entity wholly owned by Chad Carpenter, funded $400,000 of the convertible notes. These notes were subsequently converted to equity upon the Company completing its private placement of securities in September 2013.

During the nine months ended September 30, 2013, the Company collected gross rental income from its home acquisitions of $55,817 and had rental expenses of $25,718 resulting in net proceeds of $30,099. However the Company incurred legal, accounting, and administration expenses that significantly exceeded these net proceeds. After repaying advances to affiliates, the Company used $630,502 of cash for operations for the nine months ended September 30, 2013.

As of September 30, 2013, the cash balance was $10,106,114 due primarily to the sale of common shares in September 2013. In October 2013, the Company sold an additional 11,500,000 shares of common stock at $.20 for net proceeds of approximately $2,236,750, after offering expenses. These funds were utilized together with the cash available at September 30, 2013 to purchase 150 single family rental homes for a purchase price, including closing costs, of approximately $11,812,000 on October 31, 2013. Since these properties are currently rented, it is anticipated that these homes will provide future cash for operations.

For the nine months ended September 30, 2012, the Company had no revenues and limited operations from its discontinued operations. For the nine months ended September 30, 2012 the company raised $37,789 from convertible notes payable. The Company incurred $185,185 of legal, accounting, general administrative and interest expenses that were funded from the convertible notes payable and related party advances.

Results of Operations

For the three months ended September 30, 2013, the Company had total rental income of $14,193. Rental expenses were $11,978, legal and accounting expenses totaled $21,536, and general and administrative expenses were $17,060. Interest expense and amortization of discount on notes payable was $306,706, with $25,081 representing accrued interest on the convertible notes payable, and $281,625 was amortization of discount on the convertible notes payable. The entire balance of convertible notes payable were either converted to common stock or paid in full on September 27, 2013. Therefore the Company is currently not expected to have any further charges for the amortization of note discount in 2013. Depreciation expense totaled $4,200. As a result, the Company had a net loss of $347,287 for the three months ended September 30, 2013.

For the three months ended September 30, 2012, the Company had no revenue and incurred $114,875 of legal and accounting expense, $68,708 of general and administrative expense, and $1,302 of interest expense, for a net loss of $184,885.

For the nine months ended September 30, 2013, the Company had total rental income of $55,817. Rental expenses were $25,718, legal and accounting expenses totaled $114,411, and general and administrative expenses were $121,599. Interest expense and amortization of discount on notes payable was $640,635, with $77,382 representing interest on the convertible notes payable, and $563,253 was amortization of discount on the convertible notes payable. Due to the conversion and retirement of the convertible notes payable, the Company is not expecting any further charges due to the amortization of debt discount for the remainder of 2013. Depreciation expense totaled $12,600. As a result, the Company had a net loss of $859,146 for the nine months ended September 30, 2013.

For the nine months ended September 30, 2012, the Company had no revenue and incurred $114,875 of legal and accounting expense, $68,708 of general and administrative expense, and $1,602 of interest expense. The Company lost $3,365 from its discontinued operations. This resulted in a net loss of $188,550 for the nine months ended September 30, 2012.

Off Balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a “smaller reporting company” defined in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this item.

Item 4. Controls and Procedures.

During the three months ended September 30, 2013, there were no changes in our internal controls over financial reporting (as defined in Rule 13a- 15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of September 30, 2013. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded such controls and procedures to be effective as of September 30, 2013 to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are currently not a party to any pending legal proceeding. From time to time, we may receive claims of and become subject to routine litigation that is incidental to the business.

Item 1A. Risk Factors.

As a "smaller reporting company" defined in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

Exhibit No.	Description	Incorporated by reference herein
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32.1 ‡	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
101.INS	XBRL Instance Document	
101.SCH	XBRL Taxonomy Extension Schema Document	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	

* Filed herewith.

‡ Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 13, 2013	REVEN HOUSING REIT, INC.
	/s/ Chad M. Carpenter Chad M. Carpenter, President, Chief Executive Officer and Chief Financial Officer