

GTF, INC. *Investor Report*

One Call - One Solution from Get There First Realty

IS IT GETTING WORSE?

I am known as a “conservative pessimist” so I’m going to try to just give the facts and let you form your own opinions on trends. The jobless conditions in North Texas have been feeding this recession, and the numbers are increasing every month. Our tenants can’t pay rent if they can’t find work. Coupled with this are very low mortgage rates, and believe it or not record setting new construction-home sales are being reported. So if our tenants want to own a home, they can. GTF does not sell homes to tenants, and we publish regular newsletters specifically for tenants pointing out the benefits of leasing in a declining real estate market.

Nationwide employment figures are also declining, and on a local level here in North Texas, we are very concerned about the future of American Airlines. The 16% decline in February existing home sales really set this market off. We continue to see many FHA foreclosures come into the market, and the best thing Spring can do for us all is to reduce the already swelling inventory of properties for sale. There are 31% MORE homes on the market today than a year ago. A recent statistic showed there were 6.7% or 4.8 million homes bought without a down payment in the US. GTF often collects 2 month’s security deposit for a down payment to rent your homes. As you can see, it is often cheaper to

buy but we remind your residents it’s certainly not more convenient. My goal is to get every one of you to invest in more rentals when the market is down so much. Then pay off your debts, and retire with GTF mailing you “mailbox money” rent checks every month. A recent survey of workers 45 years of age and older showed that 24% of them were postponing retirement because of bad investments made. If only they had invested in rental properties.

Activity Statistics Dallas/Ft. Worth Market	
Previously owned homes sold in D/FW	Jan 2003 -6%
	Feb 2003 -16%
	Mar 2003 -3%
YTD sales trend	Down 6%
Median price trend	FLAT
Average days selling a home	73 days
Office Space D/FW	28% empty
Home Foreclosure posting	Up 78% in D/FW 7,000 in 1st Q 03
Rental occupancy	Fallen to 89% in D/FW-lowest in years

**Spring
2003**



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STOCKS STILL DROP

For the first quarter 2003, the Dow was down 4.2% and the S & P was off 3.6%. The NASDAQ was flat, yet that is the first time it hasn’t been down in three years. The markets were very volatile this first quarter with wide market swings. Between the economy, war with Iraq, and concern for terrorism, nobody seems to be able to feel comfortable with any trends. Rent homes and municipal bonds seem to be the only things you can get an after tax preferred return on these days so buy more of both. For many years I have been reading Richard Russell’s “Dow Theory Letters.” Russell loves to buy gold and predicts a Dow of 2000!





Get There First Updates

We have fully implemented our virtual tour camera system into our web marketing for all higher priced vacant homes. It seems to work well and most months we're leasing between 40-50 properties for our clients with vacancies. The biggest challenge still is with condominium by-laws that do not allow signage outside. 80% of all real estate prospecting comes from signage so these condominium rules must change or it will remain difficult to market these communities. Fight your condo board immediately.

In the next few months you will receive your 2003 appraised value property tax statements from the city and county. Since these values are often based on previous market conditions, YOU MUST PETITION FOR A DECREASE! I have been doing this for years, and it doesn't cost anything to try to get the values reduced and this year it should be attainable. After using several firms, my recommendation is to hire a licensed property tax consultant who is familiar with the appraisal review board process. We have had the most success with JOHN HIRSCHY & ASSOCIATES at 972-304-0909 or JGHirschy@aol.com. If you tell him you're a GTF client, he may go out of his way to expedite your petition process. It costs you nothing if he doesn't get you a tax savings, so you have nothing to lose. He's very good and a nice guy.

Rick Moore (rick@gtfrealty.com) continues to expand his role at GTF as operations director and has helped many of you through more complicated maintenance and management issues. He has added two associates into our service department: Casie and Kerry. Kerry operated his own contracting company, and like Rick knows home remodeling inside and out.

Though these are challenging times, we are committed to keeping tenants in your rentals for the longest possible term. Often when leases expire we consciously allow them to automatically renew month to month if current market conditions would not support an increase in the monthly rent. Our #1 goal is to keep the ease of renting exceeding the risk of ownership. We cannot do anything about the ease of purchasing but often we find the most creative ways of selling your rental to the tenant. It's always the best place for us to start if you want to sell. Lately I have been reducing my personal inventory of rentals by selling to tenants with no money down.

Though I often have to finance 100%, it is at a 10% mortgage rate, and we can use the deposit to cover some of the closing costs. This is especially creative with properties that may have a high level of deferred maintenance and no mortgage. The key is to own them free and clear.

Every month I travel to Austin, TX. To write contracts for The Association of Realtors. Our newest forms will be ready next year, and the new lease is even better than the last one. One of the most exciting features will be tenant deductibles for repairs allowing us to reduce the nickel and dime repairs we get aggravated about. The only repairs owners will have to pay 100% of will be stoppages not due to tenant neglect, heat and air repairs, and water penetrations. To all others we will apply a \$50 deductible hoping to empower your residents to make the minor repairs.

INDUSTRY TRENDS

If this is where I can render an opinion, then there is "no light yet at the end of this recession tunnel." Yesterday, the PMI Group (Private Mortgage Insurance Inc.) listed Austin as #1 and D/FW as #2 as cities with the highest risk of price drops this year in home prices. D/FW moved up to the #2 spot from fifth place in the last report and this quarter was the first time in years that housing prices were flat. It is certainly anticipated that prices will start to drop as the competitive Spring season forces motivated sellers to take less and get out. In my neighborhood of Preston Hollow we see new homes that are sold and then foreclosed on. When they come back on the market they are as much as 35% less than where they were originally priced. Perhaps they were just over-priced from the start.

Internally we have beaten the mold scare of 2002 by incorporating a new mold addendum into our contracts. Though this doesn't stop concern, it certainly makes mold treatment and prevention the job of the tenant, not the owner. Our web page (www.gtfrealty.com) also provides your residents with a handy mold guide and article to calm their concerns. Besides we don't call it mold anymore...it's just "dis-colorization."

We will continue to meet the challenges facing us. Thank you for your continued business.

Mark H. Kreditor, MPM
Broker