

GTF, INC. *Investor Report*

One Call - One Solution from Get There First Realty

SUPPLY & DEMAND RULE MARKETS

The most basic economic principle of real estate is supply and demand. As we watch the daily newspapers in our country predict the future, real estate is still mostly controlled by who wants what. The demand for home ownership in North Texas continues to weaken and this has made the renting of your properties the best we've seen in many years. As the government becomes more creative with a solution to this glut of homes we may see less demand as renters become owners again. Locally, we remain the #1 market for new jobs. New jobs create increased demand for housing and though this has slowed, more transactions are going to rentals and that's good. The February 11th edition of Business Week's coverage of the housing meltdown finally began to find solutions in more people "staying as renters." This is music to the landlord's ears and though this may hurt the economy, it will improve cash flow for all of you if we have occupancy. It is only from demand for rentals that values can come back. During the last 5 years US values have increased 40% while Dallas area homes are up only 16%. Simple math says your money may be better in the bank. As I've said before "they're not moving the coastal oceans" so buying distressed rentals where land is scarce may be very smart.

Of the big Texas markets, statistically Dallas is the weakest for home sales. But at the same time it is rated #1 in the country for not likely having price decreases the next two years. So home values appear to be eternally flat except in the highest demand/low land supply areas of the inner cities. Miami was down 15.1% and San Diego down 13.4%, two beautiful investment areas with ocean views. After dropping 70.7% in 2006, consumer bankruptcies skyrocketed up 35% in 2007. Sign of things to come?

Activity Statistics Dallas/Ft. Worth Market		
Previously owned homes sold in D/ FW	Jan 2008	-16%
	Feb 2008	-10%
	Mar 2008	-25%
YTD sales trend		-18%
Median price trend		-1%
Average days -sell		88 days
Average to lease		53 days
1st Quarter Pending Leases Trend		UP 11%! This is very positive
New home Sales		-17%
New Home Starts		-35%
# on market		Over 10,000!
2008 foreclosure prediction N Tex.		50,000! Homes posted

**Spring
2008**



Volume 19, No.2

1st Quarter Stocks Down

This was the worst quarterly performance in 5.5 years with the Dow dropping 7.6% and the NASDAQ down 14.1%. The Fed's continued reduction of interest rates has not slowed the downward market trend. Delinquent consumer loans are at their highest rate since 1992. \$208 billion has been written down so far due to the current debt crisis. Consumer confidence is at a 5 year low. US home prices are down nearly 9%, the sharpest drop in 4 decades. The Fed will continue to make adjustments to spur growth and help those most in need. If the US economy were a car, all of its warning lights would be flashing red.



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Get There First Updates

Sometime in April you will receive your 2008 tax statements with your estimated property valuation. Don't even look at it, just fight to have it lowered. You can do this every year and you only pay the consultant if they are successful at saving you money. Most charge 33-50% of the first years savings. Two local companies clients use are John Hirschy at 972-304-0909 or Alan Hodges at 214-948-3200.

Clients are always asking for courses to learn about the laws in Texas we must follow as property managers. On May 22nd in Dallas I am presenting an 8 hour class at our local Realtor association on our new lease contracts. If licensed, it provides 8 hours of continuing education and if you're not licensed it will be a useful day to understand the landlord/tenant requirements. The cost is \$40, more info. call 214-540-2751.

Finally, insurance discounts are now available for all your property insurance needs. Because of GTF's unique professional certifications, insurance companies perceive us as a lowered risk for investors that use our service. TWG Insurance now offers our clients a significant discount on most property and casualty insurance. Their number is 1-866-428-5353 ext 9015. Very responsive company, this year I have moved all my rental property insurance over to them.

Local governments in many communities across North Texas have implemented mandatory rental property inspections and increased exterior code compliance. If you receive a violation please fax it to our office at 214-522-9985 and we will address it immediately. It is our desire to be the very "best friend" of the local inspectors and go out of our way to comply on your behalf. Other ordinances to limit or prevent rentals to illegal aliens have met challenges but continue to be in the works. The more government intervention you experience the higher your costs will go. None of this is good for the landlord.

Some say home prices in Dallas are 30% undervalued and if you agree and want to buy more rentals we have posted some leased rentals at www.dfwlandlord.com/investments. Motivated seller will discount the prices 10% for all cash closings within 15 days. Check them out and call me at ext 3 with any questions. Get There First..

I'm often asked about free rent and concessions. In our market the average concession is 7.2% so anytime you get a full price offer consider yourself lucky. 2/3 of all apartment communities offer "specials." The least likely properties to get lowered offers are homes that are 100% made ready. Though D/FW apartment occupancy dropped by 1200 units in the first quarter of 2008, aside from a slow March, the market has been much better. Rentals rates are stable and even rising in some markets a few points. What fuels overbuilding are great statistics; D/FW was the #1 market for growth in 2006-2007 adding 162,000 residents. With building cutbacks let's hope for continued absorption followed by market demand and higher rents. Things could be worse so let's be thankful for growth.

INDUSTRY TRENDS

In the US, 52% blame "mortgage lenders and brokers" for the housing trouble facing our country while only 16% blame the home buyers. I put personal responsibility of contract obligations as the cardinal rule of managing your rentals and the more people want to blame lenders the less renters will trust their landlords and the agreements they sign. This growing trend of passing the blame when people make bad decisions with commitment is not good for our industry or our economy.

The new laws in Texas governing landlord/tenant agreements have slowed the ability for GTF to pay our owners. With the mandatory 3 day grace law your tenants now have until midnight of the third to pay without penalty. We apologize if your checks are now coming a few days later than last year, blame the politicians.

I can't remember a more enjoyable quarter in business than this last one. Finally the message that renting is an acceptable housing alternative for all has increased the demand for rent homes. For a long time everyone was buying a house and most are now regretting it and returning to rentals. It is my hope that demand remains strong for rentals and this is followed up by stronger rental rates and longer occupancies.

A handwritten signature in purple ink that reads 'Mark H Kreditor'. The signature is written in a cursive style and is located in the bottom right area of the page.

Mark H. Kreditor, MPM
Broker