

GTF, INC. Investor Report

One Call - One Solution from Get There First Realty

THE KEY WORD IS COMPLIANCE

The goal of any business that “administers agreements” is to get all parties to do what they have agreed to. In 29 years in business, I have never seen this level of epidemic problems your tenants are having complying with rent. The greatest investment to make on all rentals is 25 cents a day to purchase eviction protection. Every month over 150 tenants you trusted don’t pay, and with coverage you don’t have any cause for financial hardship by having to pay the \$267 or more in court costs to motivate their payment. For one simple \$90/year investment, you have the eviction protection fund pay all costs and this, more than anything else, gets rent paid. Our monthly court cost bill is over \$5,000 and having the fund pay for this makes better sense than paying it yourself. We have very few owners who do not subscribe to eviction program, and this year we are filing more court evictions to than ever before to motivate rent payment. 90% of the time this action gets rent paid, so if you are not protected, get the coverage on all your properties today. Statistically, evictions are up almost 50%, and most courts are over booked with lines into the parking lot. It’s an epidemic so hedge your bet this year.

The cities around and including Dallas are getting on the inspection bandwagon, and many now require “rental registration.” If you get a notice simply send us an e-mail or fax, and we will help you through this process. These new revenue sources are just one more hardship and expense for the real estate investor. GTF can assist in passing inspections, and are well liked by inspectors. We will help you pass this process with flying colors.

Activity Statistics Dallas/Ft. Worth Market	
Previously owned homes sold in D/FW	Jul 2009 -7%
	Aug 2009 -15%
	Sep 2009 -8%
YTD Home Sales	-17%
YTD Average price trend	-5%
Days to sell Home To sell a Condo Lease a Home	80 days average 102 days average 48 Days or more
Unsold New Homes for sale	Down 34% in the 3rd quarter!
Home Foreclosures For Sale	5% of ALL DFW homes are 90 days behind. Total +34%
Rental occupancy	89.8% very low Rents are down 4%

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STOCKS ARE ALWAYS EXCITING FOR THE 4TH Q

The third quarter surged with the Dow up 15%, largest in 11 years. So far for 2009, the Dow is up 10.7%. The S & P 500 is up 17% this year and the NASDAQ up 34.6%. The good news is there’s only been one losing 4th quarter in the past 10 years so we should end strong. The bad news is the losing 4th quarter was in 2008 when the S & P dropped 22.6%! Nationwide home prices still remain down 30% from their 2006 peaks so investors have been more likely to invest back in stocks and bonds than real estate. Tax free bonds have become much more expensive to buy this quarter as investors also look for safety.

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INDUSTRY TRENDS

One out of four homes sold in North Texas this year was a lender selling a foreclosure. The inventory of pre-existing homes for sale is at a record low; the market for sales and leases are just very quiet. New home starts are likely to fall 70% this year in North Texas and this is a positive sign since most tenants leave rentals to purchase new homes. The commercial real estate slump continues with overall vacancy at 22.7%, and one area near downtown Dallas at over 30% vacant. Many popular retailers have closed, and for the first time that I can remember there are many vacant stores in Northpark Mall. Corporate relocations are often the stimulus needed to help a market. Unfortunately a recent Coldwell Banker study lists Dallas the MOST expensive area of Texas for a corporate middle management transferee to relocate to. State unemployment is at 8%, the highest level since 1987, but that's still better than the 9.7% nationwide. Dallas is 8.2% and Ft. Worth is 8.3%.



In May, the US Senate passed Senate Bill 896 called the Tenant Foreclosure Protection Act. It protects tenants in homes that are foreclosed and purchased by requiring an investor to honor any existing bona fide lease. I'm traveling the country speaking out against this legislation since often there is no lease available to prove what the tenant hands you is in fact "bona fide." I call it the "white out bill," and whoever wrote and voted for it in the US Senate has obviously never been lied to by a tenant. Be very careful buying foreclosures that have existing tenants, and if you do, be sure to have validation of the "bona fide" lease before closing.

A recent report released by the Brookings Institute ranked D/FW as the 4th best performing real estate market in the country and third in home price performance. I'm always amazed at how statistics can be manipulated to look better than they really may be. Recently the Texas House rejected a bill to require mandatory home sale price disclosure. In other words, if a seller and buyer agree not to make public the actual sale price of a home, it goes unreported. Just think how this artificially inflates prices as many sellers feel they give away the property and are encouraged to not disclose so as not to hurt their neighbor's values. How can you have accurate reporting if every seller, buyer, and agent play g-d with the value being reported? Very few states do not require mandatory sales price disclosure, but Texas is proud of privacy rights for citizens.

Through the first nine months of 2009 almost 45,000 homes have been posted for foreclosure, up 20% from a year ago. If you are getting foreclosed, please tell us so we can ensure your rent is paid to you BEFORE the first Tuesday of the last month of ownership so you have legal right to the rent that month. Tenants will often pay early in exchange for their deposit, and we would rather settle the account while you're still the owner of the property.

Statistically, Dallas citywide is 63% non-white and 31% of residents 5 and older speak Spanish at home. Overall crime is down 10%, and property crime is also down 11%. 21% of all households with children live in poverty which tells me GTF is in a great position with a bilingual office that has expertise in section 8 and other government housing programs.

GET THERE FIRST UPDATES

Next week I will be in Orlando for my 20th annual convention of The National Association of Residential Property Managers. These past several years I have served as the National Ethics and Professional standards chair, and I will be giving the keynote speech about the recent trends in our industry. Ari Lund, at ext. 4 will be joining me as he, too, has taken an officers position in our local chapter and will receive professional designations very soon. GTF remains committed to innovation, expertise and education, and the annual trade show is always full of new ideas to help manage your rental properties. I know this has been a very difficult year for many of you, and our total commitment to increase revenue and reduce expenses has never been stronger. With declining rental rates all we can do is try as hard as possible to help you lose the least amount of money. It seems every week some national magazine or book writer is doing a story about investing and they are always most impressed with what we specialize in. As I reach out to other managers in our industry, we continue to purchase local web site addresses to remain the most likely place a potential renter or owner will find our services. This year we merged web site optimization with 4 companies so collectively we can spend more money driving prospects to our web site pages and into your rentals. I wish you and your families all the very best this 4th quarter of 2009.

Mark H. Kreditor, MPM Broker