

GTF, INC. Investor Report

One Call - One Solution from Get There First Realty

THE BORN AGAIN RENTER ARRIVED

More has been written and discussed this quarter about the economy than ever before in history. There is a very positive trend away from home ownership in our market, and this has made it easier to fill your rentals. Tenants are not leaving as quickly to buy homes so renewing leases has been strong for us too. Overall this has been a great quarter to be a rental property owner, especially when compared to just about every other place you could be losing money. I believe this demand will cease whenever financing is available again for prospective home buyers to purchase more homes. Now is the time to be locking in long term renewals because markets will change, and things will get soft again. Along with the trend toward leasing we also find the quality of the applicant is way down so our evictions are way up. I encourage you to offer zero tolerance on delinquency and to always allow us to file evictions to motivate payment. Many people are just "hanging out waiting to be set out" and this is a very scary fact in this marketplace. 2008 foreclosures were up 17%, and we will likely break that record again this year. Apartment vacancy rates are expected to grow past 10% this year, and 20,000 new apartments are in the pipeline (go figure). Despite this, home rentals remain strong!

The Case Shiller home price indexed Dallas home values to be down 4.9% when compared to a year ago. This puts us at the bottom of the chart with the least value lost when compared to 20 other top cities. Phoenix came in 1st with a decline of 35% They conclude Dallas to be down 10% in value over the past 2 years so we can consider ourselves lucky. I look at it differently in that there was never as much real asset value here in the first place. Everywhere you look there is land to build.

Activity Statistics Dallas/Ft. Worth Market	
Previously owned homes sold in D/ FW	Jan 2009 -27%
	Feb 2009 -28%
	Mar 2009 -20%
YTD sales trend	-25%
Median price trend	-8%
Average days -sell	86 days
Average to lease	54 days
1st Quarter Pending Leases Trend	UP 25%! This is very positive
New Home Sales	-40% 1st Quarter
New Home Starts	-20% in D/FW
Nationwide Stat	-47%!
2009 foreclosure prediction N Tex.	52,000! Homes posted

Spring
2009



Volume 20, No.2

1st Quarter Stocks Down

Stocks posted their 6th quarterly loss in a row as the S & P 500 lost 11.7% this past quarter. When announced, 1st quarter 2009 earnings are expected to drop 35.6% so the worst may not be over yet. The Dow fell 13.3% this past quarter and the NASDAQ was down 3.1%. The financial sector alone was down 29.5% this first quarter. Dividend cuts from some of America's most famous brands made matters even worse for income investors. To quote a friend in the financial business, "most people with 401K's ended the quarter with 201K's." Interest on bank cd's are at very low points, and American net worth is down 23%.



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Get There First Updates

Sometime in April you will receive your 2009 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 that clients use are John Hirschy at 972-304-0909 or Alan Hodges at 214-948-3200.

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 while using our service. TWG insurance now offers our clients a significant discount on most property and casualty insurance as long as GTF is the management company on file. Their number is 1-866-428-5353 ext 9266. Very responsive company, and I have moved all my rental property insurance over to them.

There were over 3,000 new bills presented to the latest Texas legislative session in Austin. I serve on one of several committees that fights hard for landlord rights and the defeat of bills that hurt landlord rights. One victory we expect is in late fee due dates, and starting next year, we should be able to start charging late fees at midnight of the 2nd instead of midnight of the 3rd. This one change should greatly improve the delivery speed of your monthly checks since most tenants wait until the last minute to pay. Along with rather sophisticated video surveillance in front of our drop slot that can pick up license plate numbers, we are physically staffed in the office at midnight on the first and third and starting next year, we'll be here on the second as well. Lease compliance is what we do best and there is no greater expense you have than late rent. It is even more costly than a vacancy.

Jobs fuel the Texas economy and we have lost 155,000 jobs so far this year. Unemployment hit 7% in North Texas while overall Texas unemployment was at 6.75%, and the nation stood at 8.5%. Jobs create renters, and this creates occupancy. Ironically, in 1933 the unemployment rate was 25% so comparisons of these challenging times to the depression are over stated. Michigan unemployment is 12.6%.

My grandmother always said, "it could be worse."

In 2008, 43% of families had no college savings. Like so many long term savings plans, discipline is needed from the day a child is born if parents expect to be able to afford college. 51% of the tenants accessing our web site have no college education, fascinating. The same can be said about paying off investment debt; diligent added payments can greatly reduce the time your loan is paid off if we prioritize what we owe, instead of always focusing on the leverage. About 450,000 Texans, or 16% owe more on their homes than their worth. In Nevada 48% of the homes aren't worth what the borrowers owe. Florida and Arizona stand at 29%. Debt is much of the cause of this recession, and my hope is the next generation of borrowers are educated about the dangers of leverage.

INDUSTRY TRENDS

US commercial property in distress tops \$49 billion with \$17 billion in Manhattan and only \$2.5 billion in Dallas. That puts us in reasonably good shape but it's sad to read about beautiful developments being turned back to the lender. Many area retailers are in trouble and the amount of empty retail space is simply depressing. It is hard to believe that over 4,000,000 properties will be posted for foreclosure this year in America. Locally the number exceeds 50,000 so please pay off your mortgages as soon as you can.

This is the first time that I have been positive on home rentals, while the market is negative about apartment rentals. This opposite trend is very positive because it may mean the market is shifting towards home rentals versus apartment rentals. Many foreclosed families are losing homes so they tend to want to rent homes, and still others leaving apartments to buy homes are renting homes. Demand is definitely apparent in this market for rental homes in perfect make ready condition and priced at or below market. At least there are tenants that call again!

2009 will be a better year for property investors when compared to alternative investments you own. Our goal is to help you lose the least amount of money and hope for future cash flow.

Mark H. Kreditor, MPM
Broker