

GTF, INC. Investor Report

One Call - One Solution from Get There First Realty

2009-Getting Much Better!

During the last quarter of 2009, home leasing increased and things seemed to get better. The Federal \$8,000 home buyer tax credit was extended through April, 2010, but buyers realize that even with the incentive, it may be better to renew their leases. Our market has stabilized and seems to be best poised to increase slightly in 2010. North Texas has weathered this housing crisis better than most areas (we're down 11% versus 23% for the US,) and despite the usual over building and rent pressures, we are "holding our own." That is good.

Our area continues to be a wonderful place to live, and the recent opening of a new Windspear Opera House and Wylie Arts theatre has really been very exciting. Downtown Dallas has the largest dedicated arts district in the country and the largest display of world renowned contemporary architects in the world! It keeps getting better to live in North Texas. Between July 1, 2008 and July 1, 2009 Texas had the biggest population gain in the country. Texas hopes to add 100,000 jobs this new year.

The apartment market is very competitive with the usual over building and the challenges most older rentals have versus newer product. Overall 73% of leases provided a "rent special" which amounted to 9.2% of the lease value.

Appfolio Has Arrived!!

After 29 years of searching for the best and most innovative property management software, GTF has invested in the leader in this field. Appfolio is the industry leader with over 1100 users nationwide, and Get There First is the largest North Texas user. This new platform will deliver rent faster through free ACH deposits and electronic statements delivered instantly along with property work orders. More features to come.

Activity Statistics Dallas/Ft. Worth Market

Previously owned homes sold in DFW, sales were down 11% for 2009 avg. price down 5%	Oct 2009	+11%
	Nov 2009	+31%
	Dec 2009	-1%
Avg # days to sell Condo days to sell	Homes=84 Condos=124	
Apartment Rents 2009	Dropped by 2.6% Be thankful to have your tenant in this market	
New Apartment Construction Texas	18,029-the highest in the country!	
Apartment Vacancy D/FW	11% vacant, highest in 20 years!	
New home Starts For 2009	13,499 lowest since 1991 but +10% 4th Q	
Foreclosures: 61,000 in 2010!	2009 overall	+23%
	Denton	+23%
	Tarrant	+32%
	Dallas	+27%
	Collin	+39%

Winter
2010



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Equity Markets 2009-Big Gains

The average stock fund has gained 22% this decade or 1.11%/year, despite a 32% gain in 2009! \$1 invested in the S & P 500 on Dec. 31, 1999 was worth 90 cents 10 years later. In 2009 alone the S & P 500 rose 23%, the Dow rose 18.8% and the NASDAQ rose 43.9%. As a decade, the last 10 years was the worst on record for equity investors but we ended so strong. The 1950's was by far the best investment decade with a growth of 19.21% for the S & P 500. The music wasn't so bad either, and "My Fair Lady" was the hit show. This past decade one of the biggest hit shows was called "Rent"- if that says anything about these past 10 years. I hope 2010 is a positive year for our stocks and bonds and that interest rates rise.

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The Landlord's Edge

One of the best ways to save money in 2010 is to petition your property tax values when you get your statement from the City. I do it on all my properties every year, and sometimes it works. For years I have recommended John Hirschy at 972-304-0909 who only charges if he gets your values lowered. Income investing seems to be the natural trend when values do not rise, and we have posted to our web site (www.gtfrealty.com) properties we own that have had long term tenants that are for sale. GTF clients get a 5% discount on any property purchased on our web site if bought directly through us. Please drive by these homes and see the deals being offered. Possible financing available if you need it.

Many North Texas cities require rental registration and inspection. It is likely that in the first quarter of 2010 the City of Dallas will start requiring inspection and registration for all rental property owners. GTF has worked closely with the City in order to have a respected understanding of this process, and we are confident we can become the "pride of the city inspection process." It's important that the inspectors know who we are, the unique designations we have earned, and believe our continued desire to pass the first time and have the best maintained rentals. This new process is a necessary evil so I am most interested in being every inspector's new best friend to minimize the cost of a failed inspection on your bottom line. Rick Moore ext. 7, GTF's service director for the past 15 years will be able to help you with any questions you may have on the new city program if you get information in the mail.

There is no greater challenge than getting rent paid. North Texans continue to maintain the country's worst credit scores, and this past year the time delays awaiting court hearing increased significantly. On an annual basis, over 20% of all tenants do not fulfill their agreements so the time it takes to get to court is critical to motivating compliance. Almost every owner in our portfolio subscribes to the eviction protection program (less than 25 cents/day), and I am the poster child investor for this program. I encourage any of you who do not have it to get it, and every month use it as soon as your tenant has breached the lease. In this environment believe nobody and hedge your bet by filing evictions as early as possible each month. Most evictions cure themselves and with just the tenant knowing you're serious about getting paid, often gets the rent paid. We are open at midnight of the 1st, 2nd and 3rd each month, and our video surveillance tracks every car that pulls up to pay.

Delinquent balances on credit cards reached record levels in December, 09 just as new consumer protection laws take effect this new year. GTF now allows owners and tenants to pay with credit cards, and it is a growing convenience many use to get rent paid or make readies started. Nationwide bankruptcy filings increased by 32% but in Texas they only rose 25%. The key to this economy will always remain jobs, and Texas employment has been challenged this past year like never before. Overall homeownership rates have dropped significantly in this country these past few years, and currently about 32.7% of American's rent. Ironically, 54% of all Hispanics rent so I'm glad I studied 9 years of Spanish and have a bi-lingual staff member in most departments. This was a challenging year for many, and charitable giving in this country fell by 5.7%, the worst plunge in 50 years.

FINAL THOUGHTS

I hope the job market will remain on an upswing as this will contribute to a solid North Texas real estate stabilization more than anything. Our core systems have been literally overhauled with our new Appfolio software system, and I'm confident we will learn every month new ways to service you and your residents better. My love of making lease deals will have my focus as sustainable occupancy still remains our #1 challenge. Our two daughters are both studying abroad this semester, one in Sydney and the other in Jerusalem so I am 100% focused on your portfolio 24/7. Ari Lund ext. 4, GTF's financial guru is being awarded an RMP designation from our national association this year as he continues to learn and develop in our industry. Many new laws came into effect in Texas this year and we have updated all your forms to be in compliance. If you haven't yet given me your ACH information to electronically fund your rent, please call (ext 3) or e mail (mark@gtfrealty.com) me the information so we can pay you faster and faster every month at no extra cost to you. I am excited for this new decade, our 4th one in this industry, and I truly believe we try harder each year to do more things right. Mistakes will happen and I'm always sincerely sorry for them, but you should always know we try every day to do what's right, to do what's ethical and to always do what's legal with the business of handling your rental property investment. Here's to 2010!

A handwritten signature in purple ink that reads "Mark H Kreditor". The signature is written in a cursive, flowing style.

**Mark H. Kreditor, MPM
Broker**