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A Property Manager At BPM

A Property Manager's Perspective

Did you know?

Did you know that you may have potential water leaks under kitchen and bathroom sinks, behind toilets, behind clothes washers, refrigerators and water heaters? These leaks usually occur when you least expect it. They usually wait until you are not home or they may start as a drip, drip, drip and are noticed when you move some articles under the sink. Damage may have already occurred; warped and wet cabinet flooring and wall board, mold, damaged toiletries or kitchen cleaning supplies.

I have seen extensive damage and costs incurred due to water heater leaks, burst water lines between the wall and refrigerator and burst water lines between the wall faucet and washer. A recent water leak at the refrigerator water line cost approximately \$4000 for water extraction and repairs. Another water leak occurred at the toilet feed-through from the wall water supply line. This cost the owner approximately \$1400 just for water extraction and carpet drying. It could have been considerably more costly if the tenant had not been home.

Please note that homes provide ample media to grow mold within 48 hours if not addressed within that time. Many insurance companies will compensate for water extraction and related repairs, but will not cover mold remediation. A mold designation on an insurance claim may negatively impact your ability to insure and/or sell your home in the future.

You may be able to reduce or eliminate these leaks by replacing all plastic, synthetic rubber and polybutelene connection lines with metal braided water lines. The male and female connections should also be metal and not plastic or any other not metal substances, unless it is pex. This material is very durable and will not crack. Also, all control valves should be metal. Over time, these water valves and the main valves immediately next to the home may become immobile due to calcium buildup or dry seals. A good preventative maintenance tip would be to periodically open and close all water valves. You don't want to find a stuck valve when water is flowing uncontrollably and your only alternative is to call a plumber. How long might his response time be???

...by Mike Noggle



Advertising



As most of us know, almost all of our advertising is on the internet. We are on over 100 websites.

Our monthly report on advertising was just delivered—there were 807,000 “views” of our rentals. 185,000 of those “clicked” to get more details. All this exposure for a cost of only \$125 per month. An individual private owner would have to pay more than \$600 per month per property to get this exposure.

At any given time we have 200 plus vacancies (about 8% of inventory at our last look). We are getting over 800 “looks” per vacancy per month. Is it any wonder that newspaper's classified sections are dying? (It would cost about \$1000 per month to be in the Arizona Republic for a month!)

Bookkeeping & Clerical

Olga Aguirre
Margie Cooley
DJ Jozwiakowski
Sarah McCawley
Rosey Reich
Michele Winkles

Owners

Anne McCawley
Frank Bennett, Jr.

Frank's Forum

Time Flies

I just went back and re-read our newsletter from 2009. Frankly, I don't see much change. Unemployment is still high and we're still arguing about healthcare reform (although something may have happened by the time this goes in the mail).

We've invested a ton of money saving financial institutions and a couple of car companies (A note: I say "we" instead of "the government" because it's our money; I use invested rather than "spent" because we're getting a lot of the money back). The Congress has revealed itself yet again as a corrupt institution. (Mark Twain said America has no native criminal class other than Congress).

I do not believe that we can spend our way out of the recession. We can't print enough money to make that happen. We got way, way up within all the investment categories and got corrected way, way down. As investors and entrepreneurs look around and see opportunity the markets will recover. It is already happening.

Politicians will crow and run to get out ahead of the already – moving parade so they can claim to lead, but the fact is that the freedom, strength and resilience of our country is what will return us to prosperity.

One last thing. Speaking of prosperity, I am sitting in my clean warm house, listening to the music channel on my wide-screen TV. Clean drinking water arrives with the turn of a faucet; our streets are safe. I know there are people hurting in our great country, but even those folks are better off than 98% of the rest of the world.

We ain't perfect, but we're the best in the world. God Bless America. Please.



It's Time

Warren Buffet is recognized as one of the wisest and most successful investors of our time. His track record is long and consistent. I try to read his annual letter to investors (shareholders in Berkshire-Hathaway) every year because his insights (and humor) are so worthwhile and useful.

This year Buffet talks about investing into a scared market. As is the case with so many wise investors, he knows that fear creates low prices and opportunity.

I believe the housing market in the Valley gives us a great opportunity for future rewards. Properties are selling for far less than replacement cost which makes for as much of a sure thing as we can get these days.

Lenders helped create a bubble of high prices and have driven prices too low by dumping properties into a saturated market. I think it is time to buy!

Even though you all know that prejudice and nepotism are our company policies, I still believe that Frank Jr. does a great job of representing investor-Buyers. When Barbara and I decided to get back in a buying mode, I hired Frank Jr. and think we did pretty well.

Underwater, Walking Away

Vigorous debate has been taking place over these issues. Bankers, neighbors and society in general says we committed to an obligation when we signed the Note to buy the house. These arguments usually cite moral and ethical principals.

Many investment and real estate professionals are taking the other side, suggesting that owners treat "underwater" homes like any other investment gone sour, cutting losses by walking away. In Arizona and California this frequently can be done without deficiency penalties. (DISCLAIMER: DO

NOT RELY ON THIS NEWSLETTER FOR LEGAL OR FINANCIAL ADVICE OR DECISIONS. GET PROFESSIONAL HELP).

An AZcentral.com poll asked how people felt about the issue:

- 42% said it was the logical thing to do; it makes economic sense.
- 30% oppose the strategy (walking away)
- 28% had mixed opinions

I've always been "my word is my bond guy", but on this one I come down on the side of "strategic foreclosures". Bankers Builders, Realtors, Wall Streeters and Sellers all acted together to create a tsunami of price increases. Recovery (if we define recovery as a return to the highest prices) is likely to be in the distant future.

Is there a difference between the owner-occupant and the investor, as far as walking away goes? Not for me. Both usually are relatively small investors without much real financial strength; both got caught up in the speculation frenzy. Both are hurting their families' futures by trying to hold on against an irresistible market.

One last thing. I listen to talk radio (it's a terrible disease but I can't quit) and heard someone make this statement: IT'S REAL ESTATE. NOT FRIEND ESTATE. NOT MORAL ESTATE. IT'S REAL.

Get good advice, assess the consequences, and walk away if you need to.

Note: Many writers on this subject quote a paper by University of Arizona professor Brent T. White, go to www.ssrn.com for his paper.

Blood in the Streets

The Maricopa County Assessor has sent out the valuations for 2011. WOW! The numbers reflect the crash of the past 3 to 4 years. Older properties and condos/townhouses have been hit particularly hard.

My own holdings are down 20 to 30% with some down more than 50 (per cent). We are very happy that we don't have to sell right now.

I'm still bullish on property in the Valley of the Sun. We just had visitors from Cincinnati and Philadelphia who say they love our weather and life-style, and will return to live here. That will not change, so I've let people know I'll be happy to buy anything at the 2011 valuation (well almost anything).



More "Walk Away"

So that property you mortgaged for \$250,000 a few delirious years ago is now worth \$200,000? (we'll ignore the 2011 assessor valuations).

Hold on? Walk away? Short sale? This decision has been faced by thousands in the Valley and all over the country, and I'm not sure there is a right answer.

If we think property will appreciate 5% per year for the next several years, and my own bets are in that direction, then the house will be worth \$250,000+ and the loan will be down in the \$180,000s. Maybe it is worth hanging on. Cash losses and tax write-offs enter into this also, but that's between you and your accountant.

Short sales, as I've said many times, are somewhere in Dante's 5th Circle (I really don't remember the Inferno all that well, but bear with me here). The only parties that I hear good stories from about short sales are the facilitators.

Please call if you need free advice, referrals or just a shoulder to cry on. We'll try to be there for you.

Tax Appeals

Seems just a short time ago that we were getting calls for advice on appealing high valuations (from the Assessor). That ain't happenin' now!

We will report that one intrepid soul called in to ask if she should appeal an evaluation for being too low. I've been doing this for almost 40 years and this was a first.

Profound Thoughts

A feast is made for laughter, and wine maketh merry: but money answereth all things. — ECCLESIASTES 10:19. Probably written by a Property Manager!

Quote from an Asset Manager (Forbes Magazine): "People ask why I'm a long-term investor. I'm not against making money in the short term. I just don't know how to do it." Another fan of our newsletter.

From Larry the Cable Guy:

A day without sunshine is like night.

On the other hand, you have different fingers.

42.7 percent of all statistics are made up on the spot.

99 percent of lawyers give the rest a bad name.

Remember, half the people you know are below average.

A clear conscience is usually the sign of a bad memory.

If you think nobody cares, try missing a couple of payments.

Scorpions

It looks like we may have a bumper crop of scorpions this year so our fearless Broker, Anne, asked for a piece on everyone's favorite bug.

Simply put, Bennett Property Management calls exterminators when multiple scorpion sightings

are reported. It is a health and safety issue and we want to err on the safe side. Several of our family members have been stung and it is nothing to laugh about; we take it seriously.

Please do not yell at your Property Manager when they call the exterminator. We are all trying to give tenants a safe place to live.

Freon

I was also asked to write about some forthcoming changes in air conditioners, specifically regarding repair/replace decisions.

Basically, one kind of Freon is being (has been) replaced by another which is more environmentally friendly. This is the tail end of a years-long process.

The issue now is for older units, is that it may make more sense to replace rather than repair because replacement (because of the Freon change) is inevitable. If you are holding for later sale (intentionally or not) replacement may make more sense.

The most important principle I can pass on about A/C repair is to find a company (individual) that you trust and follow his advice. We are happy to help with that process.

Gracias!

We've recently received a couple of very nice emails and want to pass them on.

First, a tenant (yes, a tenant!) wrote to say thanks for our flexibility and understanding in these tough economic times: He also specifically gave praise to Jodi Brace for going "above and beyond the call of duty". We have a set of policies and procedures that emphasizes fair and tough rules. Neither owners nor managers wait to evict anyone. At any given time we probably are working with 10%-15% of our Tenants who are struggling to pay rent. Good job, Jodi!

Second, we got a nice thank you from an Owner for a referral to attorney Greg Lake (via his attorney brother, Sean). The question



GET READY TO BOWL!

Annual Bowl-a-Thon

Saturday, June 5 from noon to 3 pm
Brunswick Mesa Lanes,
1754 W. Southern Ave.
Mesa

Come bowl with us or sponsor a team! This will be a fun-filled afternoon of bowling, pizza, auctions, door prizes, awards, face painting, balloons and much more. The cost is \$50 for individuals or \$300 for a team of 6. You can be a \$1,000 Strike Sponsor or a \$500 Spare Sponsor.

regarded an "upside-down house" and Greg's answers were very helpful-direct and to the point.

Thanks for the nice comments. We've been in business and in our community almost 40 years and it is nice to share our experience

Fiesta Chorus

Sing with us!

OPEN REHEARSALS
are held Monday nights
7:00 pm-10:00 pm

Please join Fiesta Chorus of Sweet Adeline's International, the world's largest women's singing organization.

For more information
Call Debie at
602-301-4151

NARPM NEWS

National Association of
Residential Property Managers

Narpm.org

Monthly Meeting

April 22
Business Profitability
Internet Marketing
Ideas

May 20
Free General CE
Hours
Trust Accounting
Steve Urie

1pm-4pm

Phoenix Metro Chapter
Meetings at SEVRAR:
1363 S. Vineyard
Mesa, AZ

To join our mailing list,
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