



Your **Property Management** Family
SINCE 1972

Is Rental Property Part of your Retirement Plan?

Many of you have probably read in “Frank’s Forum” about how owning rental properties is supporting their travel “habit” and paying the bills in their retirement. Frank, Jr and I recently came across an article about this very topic and we’d like to share some of the philosophies mentioned with you.

There were 10 helpful hints:

1. Do your research. This may seem like basic advice, but talk to your investment counselor/financial planner, area Realtors and, most importantly, property managers. Ahem.
2. Start as early as you can. Real estate is a “get rich slow” program in many cases. When you are already in retirement down payments can be higher, risk may be higher and appreciation time shorter.
3. Location, location, location. Where have you heard this before?
4. Buy below market. This is a challenge in many markets!
5. Understand the pros and cons of using a management company. I liked a couple of the quotes, “I get the advantage of rental income without the hassles.” And “I found that I made more money, because management companies, who can get you contractors and maintenance workers, are better managers. They take the time to choose the right tenants. They don’t feel sorry for the tenants.”
6. Financing is better than paying cash, especially if you start early. If you finance, you may be able to buy two or more houses than if you pay cash for one. Use the rent money for the payment, insurance, etc. Do not take the money for yourselves.
7. Single family homes are the most stable rentals. There are a couple of different thoughts on this, but in this article they like this model because, if you decide to sell it might be easier than trying to sell a multi-family property.
8. Remember that real estate is not a liquid asset. If you suddenly need cash, you might not be able to sell the property quickly enough to get it. You also need to factor in vacancy, and short and long term maintenance.
9. Be organized and pay attention to details. This is another benefit of a professional property manager. Detailed monthly statements and record keeping are a cornerstone of a good management company.
10. Rentals can be profitable. As with anything else, real estate has its ups and downs. We have always felt that the risks are worth the rewards.

Anne McCawley__

Frank Bennett, Jr.__

www.bennett2rentit.com
info@bennett2rentit.com

Designated Broker

Anne McCawley,
RMP®,MPM®

Broker’s Assistant

Susan Reeves, AB

Associate Broker

Sharon Wilson, AB

Office Manager

Mike Mumford,
AB,RMP®,MPM®,CRPM®

Property Managers

Jodi Brace

Lance Brace,AB

Kate Erbe

Kristina Fogliano

Laurie Frame

Melissa Guerrero, AB

Sarah Johnson

Jane McCawley

Megan McCawley

Terry Mendoza

Mike Noggle

Luana Patterson

Travis Reich,AB

Sandy Shannon

Kim Tracy

Jim Wilson

AB=Associate Broker

Bookkeeping & Clerical

Eileen Atkiss

Margie Cooley

Sarah McCawley

Irene Ruiz

Michele Winkles

General Factotum

Frank Bennett, Sr.

Owners

Anne McCawley

Frank Bennett, Jr.

FRANK'S FORUM

Bankers

Seemingly, the one significant point of agreement between the political parties is the need for banking reform. Both platforms call for a return to some version of Glass-Steagall. For those of us who did not get our education at a fine public school such as Mesa High School, the banking act was passed as a reaction to the Great Depression and made it illegal for banks to use depositor money to gamble (invest) in stocks and other assets of the sort.

The act was effectively repealed over several years in the 70's and 80's and allowed banks to sell securities and to invest in them, effectively making them both the Buyer and the Seller. Michael Milliken and others went to jail for this kind of activity, and many say that it led to the Recession we are still paying for.

I would say that repeal is a great idea but I'm not holding my breath. We exclaim over the power of the NRA lobby, but the bankers hold the real power. As one of my dear friends used to say, money talks and BS walks. Call your congressman—this is not a partisan issue.

BE CAREFUL WHAT YOU ASK FOR!!!

In our previous newsletter I expressed a fervent hope that the primary season would end. Well, the primaries are over and I see little reason for either

side to rejoice. The only thing the sides have in common is distrust from the electorate. What a revolting development.

The Ghostbusters movie sequel is out now and all I can hear is the ad slogan from the original: "who you gonna trust?"

Thanks to the vast amount of information available on the Internet and the much less embargoed news media much of the secret discussions and agreements (both past and present) between governments and major institutions is open to the public. All this openness is good, I think, except that it has led to the distrust of the institutions that have so heavily influenced our lives for so long.

It seems like we cannot rely on information from our government, our churches and big business. Everything seems to be "spun" to preserve the institution. I cannot read an article using statistics to prove a point, even when I agree. The numbers are so easily manipulated that they become meaningless.

What to do? As usual, I have no idea. Involvement in the process helps, I think, until we are so involved that we sacrifice belief and principal for the "better good".

I trust our Mayor and city council because I know most of them and know that they serve the community. Above that level the political process seems to grind the good out with the need to get re-elected. Maybe term limits are the answer, although they haven't done much good in Arizona.

Most of us will keep plugging

along, hoping that the system is strong enough to keep the crazies from doing us any real and lasting harm. It has worked for a good stretch so far.

Choices

We are lucky enough to spend several weeks each year in San Diego. What a beautiful spot! This year our good friends Steve and Anne are letting us stay on their boat in Coronado for a couple of weeks—free rent!

Obviously, we come mostly to get out of the heat in Mesa, but the area offers so much to do and see that we are busy almost every day. So why haven't we bought a place here? The answer is the same as at our other favorite spot, Maui. Money.

We believe we are better served by buying in the Valley and using the rental income to pay for our stays in paradise, so long as we still want to make Mesa our full-time residence. The grandkids motivate us to return home to be near them. Our snowbird Canadian friends come down for 6 months at a time; many of them buy in the Valley and that seems to make sense.

At any rate it is nice to have a choice.

Bank Fraud

So somebody finally went to jail!

The chief operating officer of United Commercial Bank in San Francisco is inside for 8

years. Two of his cohorts will soon be sentenced. Hurray.

I've been screaming about this for several years. Turns out something called the Special Inspector General for the Troubled Asset Relief Program has been hard at work. To date the agency has recovered \$10 Billion and has charged 357 people with a crime, including 80 bankers. 58 of the bankers have been convicted and 35 have gone to prison. (per NY Times 7/28/2016).

Critics are saying that prominent Wall Street executives have not been caught up in the prosecutions. Too bad, but some are better than none and we can only hope that the investigations are not over yet.

NARPM NEWS

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susan@bennett2rentit.com

Bragging

We've been very proud of our low vacancy rates for the past several quarters. All of us as owners have enjoyed higher rents.

The Arizona Republic just published some interesting figures. Four thousand condos are coming on line in the Central Valley. Eight thousand apartments are under construction on in-fill sites in Phoenix. It would not surprise me that at least that many more are coming in the rest of The Valley.

This will of course increase supply, but most of that supply will be pretty high-priced. As usual I have no real idea about what to do with this information.

We will continue to hang on to what we have-I've bought 2 more properties this year, even though I'm getting to an age where I shouldn't be buying green bananas.

Thought of the Day

Things may come to those who wait, but only the things left by those who hustle.

Blind Offers

Barbara and I own a few houses. We have been inundated over the past couple of years with postcards and letters from people saying they want to buy one or another of them.

We don't like to sell anything, but I did call one of these guys a few weeks ago. First impressions are important-mine was that this guy is as dumb as a stick. He was totally unprepared to talk to me and asked to call me back later.

Two or three days later he called. His intelligence level

had not changed. He asked what I thought the property was worth. I replied that I was waiting for his offer.

His response was to tell me that their business model is to buy and flip property, making a profit. Therefore, their offers were typically low. I said I understood and was still waiting for an offer.

He said "well, the offer will be low." I said, okay, but what is that low offer? He hung up.

Oh, well. Contact a licensed Real Estate Broker like Frank Bennett Jr. and he will tell you the real market value of your property.

Estate Building

I just had an appointment with a physical therapist. As she was searching out (with great success) most of the sore places in my irreplaceable gluteus maximus she asked me if I thought that she and her husband should be buying small residential rentals.

Between bouts of groaning, I told her that kind of investing (in my not-so-humble opinion) is the only avenue available for folks like us to build an estate.

Elsewhere in this newsletter I mention that Barbara and I have bought 2 more small properties this year. We buy as opportunities come to us. Many of our purchases have not been "smokin deals," but the long term market has taken very good care of us so far.

Commercial message: Buy Real Estate. Call Frank, Jr. and hop aboard the train.

CHANGES I
Two of my grandsons and I



"A New Leaf" Annual Holiday Essential Needs Gift Donation Drive

We are asking for New items only

We encourage family, friends, neighbors and social groups to host an Essential Needs Donation Drive to benefit *A New Leaf's* homeless and domestic violence shelters and programs.

Call Doreen at 480-464-4648

Drop Off Locations:

Development Office

845 E. University Dr., Mesa (All East Valley donations)
9:00 am to 4:00 pm, Mon.—Fri. (closed weekends)

just rode the light rail to Tempe for lunch and messing around. Well, technically their father was with us but we don't count him. The boys love the ride, and Frank and I really enjoy a chance to watch the sights as we ride the railroad.

The folks that sold the idea of light rail to Phoenix, Glendale, Tempe and Mesa made strong claims about the economic benefit of the project, not to mention the value of keeping cars off the road. I'd say they have delivered on their promises. The light rail has cleaned up blighted areas and promoted construction of 1000's of apartments and condos whose occupants can't or don't want to fight the traffic to work or school. Forgetting the wear and tear on nerves, the cost seems much lower than driving. I ride it every chance I get.

CHANGES II
Mesa will have a major bond issue on the November ballot. Significant money is

proposed for public safety issues—police and fire, and the first steps toward a strong downtown presence for Arizona State will be taken. Mesa is a very fiscally conservative city and we almost never vote against the bonding proposed by the City Council.

This should be no exception. Please VOTE YES ON QUESTION 1 in November.

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