



TRS NEWS

A Monthly Newsletter Service for our Clients

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**Houston's Only
Certified Residential
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Specializing in Investment
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Since 1990.**

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Mistakes Investors Should Avoid

The economy has certainly been volatile for the last few years. The stock market took a major nosedive, foreclosures have been rampant, and unemployment has risen to all time highs in many areas. However, in every market, there are opportunities and for some, now is a good time to buy investment property due to the decline in housing prices. Unfortunately, it can be easy to forget to watch for investment pitfalls even though it is a buyer's market. If you are thinking of purchasing more rental property, avoid making the following mistakes.

Purchasing a property without educated research is a major misstep. Consult the professionals - a knowledgeable real estate agent, your property manager, a reliable mortgage banker, and any other party that can give you realistic values. However, you need to do your own research so you can ask intelligent questions and to know when you are receiving bad information. Consulting a real estate agent who does not know the rental market is a disaster waiting to happen. It is easy to project a positive return on paper when using inflated figures. Ask us, your property management company, to investigate rents and expenses before you purchase the property.

Continuing to wait for the market to bottom can mean missed opportunities. You can make intelligent investments in any market. Unless you have a crystal ball, there is rarely a way to know when the market is going to rebound. Even when market prices start moving up, you can still purchase a good investment - you just need to research any potential investment.

Not planning on holding a rental property as a long-term investment is not realistic. It is possible to buy a property and flip it in a short amount of time, but it often takes holding the property at least ten years or longer to realize the full benefits. One reason to think long-term is the yearly tax benefits you have while owning the property. Remember, that unless you reinvest profits from a short-term rental, there may be heavy tax consequences.

Investing with the wrong financing can easily turn an investment into a nightmare. Beware of balloon payments or illegal financing. Consult a mortgage professional who has experience with investment financing and can counsel you on the different programs available.

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Our Services

- Leasing
- Make Readies
- Rent Collection
- Evictions
- Electronic Statements
- Online Payments
- Property Acquisitions
- Sales
- And More

Announcements

Check Your Insurance: Events can happen - flood, extreme heat, hurricanes, fire, and more! It is important to check your insurance to obtain the best coverage possible and ensure that it is current. Review now with your insurance agent before a disaster/emergency occurs.

If An Emergency Occurs: Our first priority during any emergency is to handle the situation, taking any necessary measures for the safety of your property and your tenants. Then, we will contact you as soon as we are able.

Our Associations



Expecting minimal or no maintenance while owning an investment property is a sure path to a poor experience. Consider how much maintenance goes into your own residence and you will realize that rental property goes through the same wear. You may have the best tenant on the planet but unless you maintain the property, your investment will suffer. Remember this is normally a long-term project and many items such as roofs, fences, paint, and carpet have their own projected life. When planning an investment budget, consider how you will cover maintenance and necessary replacements.

Working without good insurance, reserves, or a financing plan for possible vacancies, maintenance, emergencies, or disasters is like walking a high wire without a net. There are landlord policies available that will assist with vandalism or an emergency/disaster. Talk with an insurance agent who knows what landlord policies will help you in times of distress. In addition, savings for unknown factors, such as a long vacancy or major repair, and contacting financial institutions in advance about emergency funding are important measures to take.

Not treating investment property as a business is the biggest mistake of all. It is a business and using a realistic approach rather than an emotional one is a must. Like all businesses, there are ups and downs - accepting this does make a difference.

As your property management company, we are here to help you with any questions you may have on potential rental property. The real estate market has proven itself time and time again. In any housing market, there are opportunities for investors.

Messages from TERRA Residential

Houston Real Estate Market Many of you have been inquiring about the Houston real estate market. We're doing fine. We were never hit as hard as other areas of the country in the recent downturn. Many of our properties haven't lost any significant value at all and the rents have stayed steady. Houston historically has run counter to the rest of the country, when times are good on the coasts, not so good here, when it's bad on the coasts, it's good here.

Now that the market is expected to start improving this year, many are worried that since we did not lose value when everyone else did that we would now. That is not expected. Our rental market has been very strong. We have a lower vacancy rate than normal without lowering the rents. Most new leases are higher than the previous tenant's rent. Although there are still a number of foreclosures on the market (mostly ARM mortgages that adjusted), the sales market is picking up slightly.

For those of you wondering -- we are still not recommending our clients to sell unless they really need to. There is still too much inventory on the market, making days on the market for sales long (higher holding expenses), or forcing discounts to move the home quicker.

The flip side of that is that it is a great time to buy. There are lots of available homes, the builders are making deals to move more homes and the 2-5 year old market is very good for buyers. The hardest part is finding the mortgage. So if you want to expand your investment portfolio, the time is now. Just contact Jamie Dominy in our office by any of the means on the left and we'll find you a good buy.

Online Portal and Paperless Statements

Most of our clients have set up their online account and are now receiving their statements and other electronic documents through our secure online OWNER PORTAL through our website at terraresidential.com.

For those of you already signed up, let us know how it's going. If there is anything we can do to make it better, please let us know. For the rest of you, please sign up. You'll have more timely information, and you can download your statement much sooner than receiving it in the mail. And it's green. Just send us an email and we'll help you get set up.

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