

Dave Poletti & Associates Presents

The Seattle Landlord Report

A Monthly Publication to Keep Our Clients Informed

Are you “prepared” to be a Landlord?

February 2010



When you are contemplating whether or not to lease your property, there are many things to consider. Once you decide to be a landlord, you have some very important and new responsibilities to your tenants, the property, and your neighbors that you may not have thought of.

There are many reasons property owners become landlords. Some are not by choice. Maybe you cannot sell your property in a slow sales market. Maybe your job transfers you out of town for a while. Maybe you have inherited a home or condo and cannot go through the emotional stress of selling a family property. Whatever the case may be, once you decide to lease your property, you have created a small business for yourself.

You have new obligations to the property, your new tenant and even your neighbor's that you may not have considered. Weather you manage this property yourself or hire a property manager to help you with the leasing and management process. A good property management company can help you through this task in many ways: Screening and

selecting qualified tenants, accounting of the rents and deposits, maintaining the property and helping with emergency situations just to start.

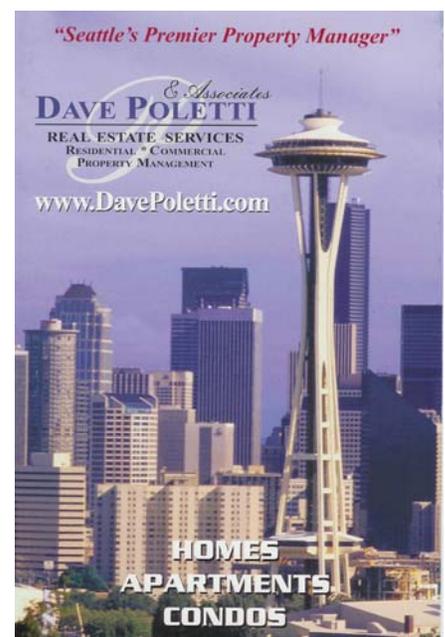
Once your new tenant has moved into your rental, you need to be prepared (emotionally and financially) for potential adversity. What if your tenant loses their job? What if there is a break-up or divorce? What if your roof starts leaking or sewer-line collapses? What if your furnace needs to be replaced? Can you stay calm and act professionally towards the situation? An experienced and prepared property manager will help you through these difficult times.

Granted, these items are rare, but they can happen at any moment. One thing we discuss with new owners is being prepared for the worst case scenario. Setting aside adequate funds or having a line of credit to draw upon if necessary for a major and unexpected repair. A sewer-line break can cost anywhere from \$5,000.00 to \$30,000.00 depending on the property. If the line does break, you have a legal responsibility to your tenant to repair it in a timely manner.

As a licensed Property Management Company, we help our owners every day maintain their properties. We have the resources to know which plumbers, roofers, contractors to call, especially in an emergency situation. Our goal is to make the best out of a bad situation for our owners. Keeping cost down and ensuring the repair is done right and quickly to preserve a good relationship with our tenants.



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NWMLS - HOME AND CONDO SALES REPORT

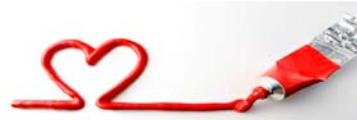
For an overview on the home and Condo sales report, please take a look at the enclosed report on page 3. The numbers give reason for hope ahead.

RENTAL MARKET **JUMPS** IN JANUARY

January rentals started out quite nicely from the very beginning. It was almost like someone turned on a switch and inquired about renting a new property. It seemed as though the phones were ringing non-stop on many days. This is very encouraging news as November and December were relatively slow months. Lets hope this continues well into Spring.

OWNER REQUESTED MAINTENANCE AND REPAIRS

Owners are encouraged to use our “**Maintenance request Form**” as well as our Residents located right on our Website. If you have a specific request for repairs on your property, please let us know by filling out the form and sending it anytime. We will schedule it right away.



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The whole point of this article is not to scare you away of becoming a landlord. Sometimes it is absolutely necessary. It is rather to point out that becoming a Landlord has certain inherent responsibilities that most people do not think of or about. For almost all Landlords, the severe cases listed above never occur and that is great. We just want to give you an educated perspective when deciding to become a Landlord so you can make a calculated and educated decision for yourself if becoming a Landlord is right for you.





Feb 4, 2010

Northwest MLS members report 28 percent increase in pending sales from year ago

KIRKLAND, Wash. (Feb. 4, 2010) – “More certainty” and “more stability” in the market contributed to a boost in activity during January, according to officials from Northwest Multiple Listing Service. Brokers reported an increase of nearly 27 percent in pending sales (purchase offers made and accepted, but not yet closed) from December and a 28 percent jump from twelve months ago.

Two other indicators of activity fell -- inventory and sales prices. There were 3,915 fewer active listings of single family homes and condominiums in the MLS system compared to a year ago, a drop of about 10.3 percent. Sales prices area-wide for January’s closed sales declined about 4.8 percent from year-ago figures. (The NWMLS service area covers 21 counties.)

“We anticipated there would be improved sales in the first-time buyer market and are encouraged to see activity gaining ground in the higher price ranges as well,” observed NWMLS director Joe Spencer, the president and COO of John L. Scott Real Estate. He cites historically low interest rates, great affordability, and the home buyer tax credits as factors for “helping push us into a more stable market,” and noted he expects to see this momentum continue in the coming months.

NWMLS members added 11,206 new listings to inventory during January, including 9,269 single family homes and 1,937 condominiums. With those additions, the selection at month end totaled 34,256 listings, down more than 10 percent from a year ago. The inventory of single family homes shrunk 11.5 percent, while the condo selection declined by 3.7 percent.

Members tallied 5,579 pending sales during January, improving on the year-ago total by 1,226 transactions (up 28.2 percent). For the four-county Puget Sound region (King, Kitsap, Pierce and Snohomish), the number of pending sales jumped nearly 35 percent, led by King County’s increase of 47.4 percent.

Currently, there is about a 6.1 months’ supply (ratio of houses for sale to houses sold). Economists consider a supply of 3-to-6 months to be a balanced market.

“The market has definitely picked up, with more interest and action by buyers,” reports Dick Beeson, broker/owner of Windermere Commencement Associates in Tacoma and a member of the NWMLS board of directors. “Sellers are expecting better results this year than last year, but not necessarily higher prices,” he remarked.

The median sales price for last month’s closed sales of single family homes and condominiums combined was \$259,903, down 4.8 percent from the year-ago price of \$273,000. Compared to December, prices fell about 1.9 percent area-wide, with eight counties showing increases in sales prices. In King County, last month’s median price of \$350,000 for single family home sales was unchanged from December.

Single family homes (excluding condos) sold for a median price of \$262,500, which compares to the year-ago selling price of \$276,000, a drop of 4.9 percent.

Short sales and tax credits may be skewing some of the data, according to industry insiders.

“The short sale inventory continues to climb yet many banks are starting to get their act together and actually making it easier for agents and buyers to get faster answers to their proposed contracts,” Beeson said. “Shorter closing times are good for everyone,” he stated, while expressing ongoing concern with the role of Appraisal Management Companies. (Beeson and the National Association of Realtors® suggest Appraisal Management Companies pose potential conflicts of interest if they’re lender-owned, and say assigning appraisers to prepare reports in areas where they lack geographic know-how can yield unreliable results.) “Sales are sometimes lost because of appraisals that don’t reflect the market,” Beeson explained.

Lawrence Yun, chief economist for the National Association of Realtors, believes the tax credit is skewing market data. Commenting on NAR’s report of December activity, which showed a 10.9 percent jump in pending sales from December 2008 and 1.0 percent increase from November, Yun said “There are easily understood swings in contract activity as buyers respond to a tax credit that was expiring and was then extended and expanded.” Noting December was the fifth highest monthly tally in two years, Yun stated “These swings are masking the underlying trend, which is a broad improvement over year-ago levels.”

Beeson said the fast-approaching tax credit deadline is expected to boost activity in the next few months. “This year will be better than last because of more certainty in the market,” he remarked.

Buyers who have a contract in place to purchase a primary residence by April 30, 2010, have until June 30 to finalize the transaction to qualify for a tax credit of up to \$8,000 for first-time buyers and \$6,500 for repeat buyers.

Northwest Multiple Listing Service, owned by its member brokers, is the largest full-service MLS in the Northwest. Its membership includes more than 24,000 brokers and agents. The organization, based in Kirkland, currently serves 21 counties in western and central Washington. Ferry and Clallam counties are now included in the monthly statistical reports.

Single Fam. Homes + Condos	LISTINGS		PENDING SALES		CLOSED SALES	
	New Listings	Total Active	# Pending Sales	# Closings	Avg. Price	Median Price
King	4312	10679	2211	1222	\$420,536	\$350,000
Snohomish	1924	4901	949	495	\$296,314	\$267,995