



**Once in a while** something worthwhile sneaks onto the Tribune's Opinion 2 page. Recently Rich Shields, an economist, submitted a great piece on the sub-prime crisis.

He says we need to understand three myths:

1. Housing prices never drop. Over any extended period housing prices will rise with inflation but those of us that lived through the 70's, 80's, and 90's know there are highs and lows in every cycle.
2. Securitization eliminates risk. Wall Street bankers packaged good loans with some incredibly stupid loans ("liar loans", no job, no income, no credit, no money down, NO problem) and sold the resulting CDOs (Shields calls them "sausages"-great analogy). Now nobody knows what those packages (sausages) are worth and their value has dropped to near nothing (see the Paul O'Neill interview).
3. Government regulators know what they are doing. This needs no further comment.

Even though the government is proposing and sometimes passing all sorts of remedies, the fact of the matter is that the market (us) will take care of the problem. The smart money is buying up the CDOs and will probably make a boatload of money, and investors are snapping up the repo homes at less than replacement cost. JP Morgan bought Bear Stearns and there will probably be more of those deals. We live in a great country!

**Broker**

Anne McCawley  
Katherine Dean  
(Licensed Assistant)

**Associate Broker**

Sharon Wilson

**Office Manager**

Mike Mumford

**Bookkeeping & Clerical**

Michele Van Sickle  
Olga Aguirre  
Brittany Smith

Jackie Mance-Casselmann  
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Ginny Casselman  
Jason Casselman  
Kate Erbe  
Kristina Fogliano  
Jodi Brace  
Melissa Guerrero  
Karen Homa

Joe McCawley  
Jane McCawley  
Sarah Johnson  
Mike Noggle  
Travis Reich  
Sandy Shannon

Luana Sainz-Sheldon  
Carolyn Summers  
Kim Tracy  
Jim Wilson

**Owners**

Anne McCawley  
Frank Bennett, Jr.

**NARPM NEWS**

National Association of  
Residential Property Managers

[Narpm.org](http://Narpm.org)

Phoenix Metro Chapter Meetings at  
SEVRAR:

June 26th - 1-4pm  
August 28th - 1-4pm

**Maricopa County  
Assessors Office On:**

Foreclosure  
Status Reporting & the  
new AAR Lease

PROMAS users group  
12-1pm at SEVRAR.

To join our mailing list, please email us at  
[kd@bennett2rentit.com](mailto:kd@bennett2rentit.com).

**Employee News!**

Congratulations to Jason and Jackie Casselman on their recent wedding. They carry on the BPM tradition of "you have to be related to work here!" Jason and Jackie have three sons, Nolan, Ethan and Gavin, two dogs and reside in Tempe, AZ.

**BPM Vacancy News**

APR '08	Central locations: 5.2% "Fringe areas*": 8.7%
JAN '08	Central locations: 4.6% "Fringe areas*": 14.8%
DEC '07	Central locations: 9.5% "Fringe areas*": 14.8%
NOV '07	Central locations: 10.1% "Fringe areas*": 13.7%

\*Fringe areas include Queen Creek, Buckeye, Goodyear, El Mirage, Surprise.





*a new leaf*  
Helping Families...Changing Lives.

Sign up now for the 17th Annual A  
New Leaf Bowl-A-Thon  
June 7th, 2008! 12-3pm

Contact Doreen at 480-464-4648 or visit  
[www.turnanewleaf.org](http://www.turnanewleaf.org) for more information.

A New Leaf maintains & operates 2 domestic  
violence shelters, a homeless family shelter & the Domestic  
Violence STOP program.

## On Sale Now!

The media has finally found time to step back from their breathless gloom-and-doom reporting about the housing crisis and are taking a more reasoned look at prices and reality. A mid-March full page spread in the Arizona Republic had a terrific analysis of where we are.

Even though every area in the Valley is different, these general statements can be made: From '02 to -'07 there was almost no zip code in the Valley with less than 50% appreciation. Most areas showed more than 75% appreciation.

For '06 - '07, the northwest and southeast Valley areas saw drops of more than 20%. Some areas dropped 5-10%, but the core was pretty stable with northeast Mesa actually increasing 5% or so.

The big drops were in areas where speculation was strongest and mostly where builders controlled the market and ran up prices as demand grew more feverish. Some builders are now reporting price reductions of more than 40%, but that's like a sale at the jewelry store mark-down a \$100 ring from \$150 to \$120.

Will the market (whatever that is) drop further? Maybe. Is it a good time to buy? Always, if you watch the basics. Good luck.

## Letter to a Landlord:



Will you please send someone to mend our cracked sidewalk? Yesterday my wife tripped on it

and is now pregnant.

See the article on maintenance. It is very important.

## Maintenance

One of our avid owner-readers emailed a request for info on repairs and maintenance planning.

I should say that Barbara has always believed that maintenance is the secret to a good life. Whether the subject is relationships or toilets, good maintenance is the key.

First, repairs. We believe that nothing is as expensive as a deferred repair. Leaky faucets, broken ovens and faulty thermostats should be repaired the minute they are reported. Delay is costly both in further damage and in tenant relations. Our philosophy is that we expect tenants to pay on time and we want to respond to repairs in the same manner.

Long term maintenance is a tougher issue. Shouldn't be, but it is. The tax code allows us to deduct depreciation costs as we operate the property. That deduction is IRS recognition that properties deteriorate over time. Very few of us actually use that money for the purpose intended.

My recommendation? Establish a set aside account for these items. A house probably needs to be painted every 7 years or so at a cost of, say, \$2000. So set aside \$25/month for that purpose. Roofing, carpeting, and appliances can also be treated in this manner.

Talk to your property manager (thanks to Bob Gellman for the topic).



## Giving Back

In almost every newsletter we talk about community service.

All of us (owners and managers alike) have been so blessed with the gifts that come to us from living in this great country (somebody recently called it "winning life's lottery").

Anne is on the A New Leaf board (past president); Frank Jr. is on the YMCA Board; Kate is a Den Mother; Barbara and I have been involved with A New Leaf more than 35 years and give time and treasure to many more non-profit in the community. Our managers contribute to charities and churches and we support their causes, too.

In these tough economic times it is even more important that we pitch in and help. Government isn't going to solve these problems, we are. Local United Ways, especially, can use our help. Give where and what you want, but give-you can make a difference.

## On the Road Again!

I would be remiss in my duties if I didn't add my annual note about Hawaii. As this reaches you Barbara and I will be in Kona (2 weeks), then Maui (4 weeks).

We're still scuba diving (25 years now, and we're always the oldest people on the boat) and enjoying the island life-style. It is paradise for us.

Lucky? You bet!

If you want to be just as lucky, buy and hold residential rental property in the Valley for the long term and hire a good management company to watch it for you while your tenants pay for all those nice vacations.



## Fiesta Chorus

We need a new home!

We are a chorus of about 45 women in need of a rehearsal space. We rehearse weekly on Monday nights from 7-10pm. We have our own risers, so we need an acoustic room and (hopefully) a place to store the risers. We are a non-profit group and can provide documentation of that and excellent rental references. If you know of an available space, please call Anne at 480-363-4826 (c).

## 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.  
Call Liz at 480-962-4911  
for more information.

[www.harmonize.com/fiesta](http://www.harmonize.com/fiesta)



# Frank's Forum



## The Graduate

Yet another family milestone—Megan McCawley (Anne & Joe's oldest) will graduate Mountain View High School this month. I know it is a cliché, but Barbara and I remember the tears of joy the day she was born, and will shed more at graduation.

Good luck to Megan. She plans to be a teacher (but she's getting her Real Estate License this summer just to be safe!).

The only scary part of this is that we are getting closer to being great-grandparents. Megan, we are in no hurry and hope you are not either. Love, Nana and Pop.

## Where are we....?

I recently started my day in Mesa, drove to Queen Creek (more about that later) to look at property, then to downtown Phoenix to pay property taxes. Folks who are hard-core commuters (think LA or NY) would laugh at the 100 mile trip but it gave me two things to think about.

First, the immense area that we service. Almost 8000 (80x100) square miles. And expanding. Daniel Anderson just took a property in Eloy (look it up) and Sharon Wilson is getting closer to Verrado and the White Tanks all the time!

Second, several years ago (not all that many) this trip would have eaten up a whole day. Much of the journey would have been on dirt roads. Instead, I started at a civilized hour in the morning and got to the office in time for lunch.

We hear terrible things about the Queen Creek commute, and at rush hour it is no picnic. It ain't bad now and things are getting better. The same is true for the northwest Valley where the freeway access is much better. The major problem, as I see it, in the Queen creek area is the Pinal/Maricopa County interface. I don't think these people talk to each other.

## Nothing's Wrong with QC

Right or wrong, we've been down in Queen Creek buying foreclosures. The prices and potential returns seem just too good to pass up. Could we be wrong? Of course, but life would lose a lot of excitement (and profit) if there were a lot of sure things.

For us, these are the facts. Houses are selling for about half of their real replacement cost (hard cost to build, plus land). Rents are lower than in the more central areas, but the cap rates are competitive because the prices are low.

What can hurt us? Fuel costs, slow (er) road/freeway construction, catastrophic collapse in the economy, long-term deep recession (I won't add plague or nuclear war).

Buy carefully (call Frank Jr.), if you buy. And don't buy at all if a few tough months will cause real personal hardship or sleepless nights.

## Vendors?

Many of you already have heard about the Crimshield program. One of our vendors (AAA Landlord Services, who does our tenant qualifying checks) now offers this service.

Briefly, Crimshield does a thorough background check on all the employees of our ven-

dors, (the program is voluntary for vendors; we do not require it) and issues a photo ID card. The ID card gives tenants and homeowners a great sense of security.

This has not been a major issue for us to date but there have been reports of vendor-related crime (think about the pest-control guys in your house every month).

## Stimulus Package

In our last newsletter we made fun of the economic stimulus package the President and Congress passed. Now the first checks are arriving and where are people putting the money? Into savings and paying off credit card debt (probably buying a few gallons of gas, too).

Impact on the economy? Near zip, zero.

Now the democratic candidate and the republican nominee want to eliminate (part of) the tax on gasoline for the summer, an action projected by one study to save us 28 bucks a month. The other democrat calls the proposal "pandering". There is a synonym for that word that my broker won't let me use here, but I think it is a more accurate description— and you know what that makes us!

## From an Interview With Paul O'Neill

(former Treasury Secretary)

"Bear Stearns was not destroyed. It was purchased by JPMorgan, which will keep it alive. They're going to keep the book alive, but the institution of Bear Stearns has been destroyed. They've gone from \$158 to \$2 of equity. It's wallpaper. It's not even good wallpaper. It's butcher paper.

It's not so hard to understand how the subprime mortgage crisis has triggered a financial crisis of global proportions. If you have 10 bottles of water, and one bottle had poison in it, and you didn't know which one, you probably wouldn't drink out of any of the 10 bottles; that's



## Frank Bennett Realty

**Frank Bennett Jr.**  
Residential Sales  
Investment Property

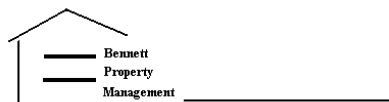
**Office** (480) 969-1818 **Direct** (480) 344-2818  
**Toll Free** (888)-845-9529 **Mobile** (480) 688-1818

**info@frankbennettrealty.com**

101 E. 1st Ave. #105  
Mesa, AZ 85210

**Bennett Property Management, Inc.**  
101 E. 1st Ave. #105  
Mesa, AZ 85210

Phone: 480-969-1818  
Fax: 480-464-0851  
E-mail: [bennett101@qwest.net](mailto:bennett101@qwest.net)



## *Featured Homes*



**E Lobo Ave Mesa AZ 85208**  
Type: **Single family**  
Monthly Rent: **\$ 1095**  
Bedrooms: **3**  
Bathrooms: **2.5**



**E Cantebria Drive Gilbert AZ 85296**  
Type: **Single family**  
Monthly Rent: **\$ 1195**  
Bedrooms: **3**  
Bathrooms: **2.5**



**E. Reksom Rd Florence AZ 85232**  
Type: **Single family**  
Monthly Rent: **\$ 1295**  
Bedrooms: **3**  
Bathrooms: **2**