

The Birch Quarterly

B I R C H M A N A G E M E N T , I N C .

CONTENTS

- Tax Revaluation
- Insurance
- Service Announcements
- Employment Growth
- Residential Statistics
- Multi-Family Statistics
- Commercial Statistics

Tax Revaluation

The Guilford County Tax Department will be revaluing all 208,000 parcels of property located within Guilford County in 2012. This revaluation for property tax purposes is required under North Carolina General Statutes every 8 years.

In a recent meeting with Tax Director, Ben Chavis, he stated that they anticipate very little change in residential tax values as the last valuation was done in 2004. Commercial properties could see the largest change in value in the new valuations to be mailed in March 2012.

Should any property owner wish to appeal the new value, the appeals process can start after the notice of value is received. To file an appeal one must supply sufficient information supporting their argument. For more information on the tax revaluation, please contact the Guilford County Tax Department.

Insurance

We are pleased to welcome Bret Grieves, from Scott Insurance, as guest a columnist in this edition of *The Birch Quarterly*. We hope his professional insight is helpful to you.

Overlooking proper insurance to protect your residential investment property can be devastating. There are two important aspects to the coverage, 1) coverage on the property itself (fires, wind damage, etc.). This should also include coverage for replacement of the rental income while repairs are underway. And, 2) liability coverage in the event a tenant or guest is injured by a condition on your property. While the "maximum" loss for the property is somewhat known the cost to rebuild; a liability loss is essentially unlimited. These losses can vary from very little to millions.

Residential investment properties are insured in two ways. Which way is often dependent on how many residential properties you own, how they are owned (in an individual's name or a company name), or even what is offered by your chosen insurance agent.

Many are insured on "personal" insurance policies ("Dwelling" or "Fire" policies). Most of the time, these provide coverage on the property for most common causes

(fire, lightning, wind), and sometimes for the lost rental income. The liability protection can sometimes be added to this policy, but more often is endorsed on your personal Homeowners policy. Note that neither an investment property nor a property owned by an entity (LLC, Corporation, etc.) can be insured on a Homeowners policy.

Another way to cover your properties is on a "Commercial Package" policy. This can include very similar coverage as the "Dwelling" policy, and the liability coverage is also included instead of using your own Homeowners policy. Properties owned by an "entity" are typically insured this way, along with individuals with more than 4 properties in their portfolio. Again, there are always exceptions to this.

Regardless of the method of coverage, it is vital to purchase the proper limits. This coverage is generally inexpensive for well maintained properties with good loss records. The structure itself should have a limit adequate to rebuild a similar structure – always insure for the "worst case" total loss. Policies may have a "coinsurance" provision that reduces claim payment if your property is not adequately insured. For liability coverage (injury to guests, etc.) a \$1 million limit is the

minimum recommended. You should consider getting higher limits with an Umbrella policy. These are available through Personal or Commercial policies.

Other Special Considerations:

- The Named Insured on the policy needs to be the same person or entity that legally owns the property(ies).
- Replacement Cost coverage is preferred, but may not be available on very old properties. For potential savings, let your agent know if you are certain that you will not rebuild if property is destroyed.
- Make sure your agent is aware of any outbuildings, including garages.
- Flood or Earthquake may not be included on your coverage. These are available either by a separate policy (Flood) or adding the coverage to your existing policy (Earthquake).
- Check your policy for a "wind" deductible (even if your properties are not in a coastal area) and make sure you understand it. Often these higher deductibles apply to non-hurricane winds such as tornados and thunderstorms.

Always notify your agent of any changes or additions, this will help avoid the risk of not having the proper coverage in place.



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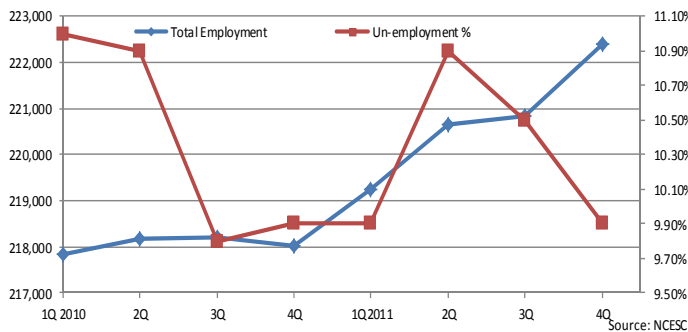
Our mission is to offer personalized and professional service to both our clients and customers by building strong relationships, utilizing the latest technology, implementing effective marketing strategies, following consistent systems all with honesty and integrity throughout every facet of our business.

SERVICE ANNOUNCEMENTS

- **Chart of Accounts:** We have almost completed a review of our operating chart of accounts and subsequent modifications to them. By continuing to review and adjust components of our operation, we are able to provide our clients the most fully encompassing service for their investment properties. The update to the chart of accounts should be completed by the end of February. Should you have any specific needs, please let us know.
- **Owner Web Login:** Our industry leading owner web login on our website is our client's link to their information. The information available on the website is the same data we see in the office. Here are some of the information that is available by logging into your secure account on our website:
 - Account Balance
 - Open Payables
 - Open Receivables (has my tenant paid)
 - Open Service Issues
 - Posted Invoices- retrieve and store copies of all invoices posted to your account.
- **Office Closing:** Our next scheduled office closing will be Friday April 6, 2012. Our regular office hours are Monday to Thursday 8:30am-5:00pm and Friday's from 8:30am-4:00pm. Please note that we have a weekly team meeting every Thursday until approximately 10:00am.

TRIAD REAL ESTATE MARKET INDICATORS

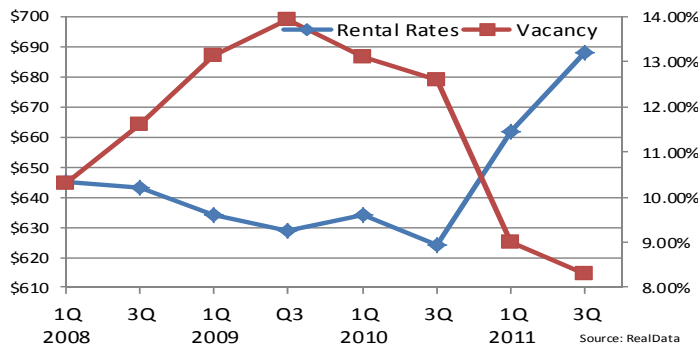
GUILFORD COUNTY EMPLOYMENT STATISTICS



RESIDENTIAL SALES PRICE & TOTAL SALES



MULTI-FAMILY RENTAL RATES & VACANCY



COMMERCIAL LEASE RATES & VACANCY - OFFICE

