

The Birch Quarterly

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

ITEMS IN THIS ISSUE

- Insurance
- Website
- Investm^ent Analy^si^s
- Service Announcements
- Housing Profile
- Employment Growth
- Average Sales Price
- Total Transactions/
Days on Market

Insurance

We are very fortunate to have a guest columnist from Scott Insurance offer some important information regarding insurance this month. We hope you find this information very helpful.

Making sure you have proper insurance in place for rental homes is vital to protect your assets. Your rental unit is not only a source of income; it also may represent a significant portion of your assets. Below is a quick overview of the coverages that you may be purchasing or probably need, along with a discussion on additional risk you face not only as property owner but in the use of contractors to perform maintenance and repairs on your properties.

Coverages and terms can vary

by insurance company. For specifics on any of the topics below, please contact your insurance agent or company for clarification.

PROPERTY COVERAGE

For a rental home, the most common policy is known as a "Dwelling Fire" policy to provide coverage for the home itself. Most of these policies are issued on a "Special Form" basis, providing "all-risk" coverage for your property. This basically means that most types of claims are covered, unless specifically excluded. The typical exclusions are for less common events, including war, nuclear damage, floods and earthquake. The last two can generally be either added back or covered separately. You are able to declare a value not only for the home itself, but other structures such as garages (detached from the home). Some policies will also offer coverage for lost rental income – replacing the loss of rental income resulting from a covered loss. This can be very important if a home is damaged and cannot be rented for several months.

Condominium units held for rental are typically not covered by these "Dwelling" policies. Due to the unique characteristics of a condominium, they are often covered on a "Condo Owners" policy with special endorsements to reflect that the owner (the insured) is not the occupant of the condo.

Most policies also include a

"vacancy provision" that limits/reduces coverage when a home has been vacant for more than 30 days.

LIABILITY COVERAGE

You may also be liable for injury and other damage that takes place at your rental property. Liability coverage can be obtained that will pay damages on your behalf, and also the cost to defend claims against you. This coverage is generally available either as an endorsement to your Homeowners policy, or is available separately. In all cases, you should consider purchasing an Umbrella policy that provides an additional layer of protection.

HIRING CONTRACTORS

Careful selection of contractors that will perform work at your rental properties can also be vital to managing your risk. Criteria such as cost, workmanship and reputation all are important when selecting contractors. However, making sure they have proper insurance coverage is vital. Proper coverage can make the difference should a contractor cause damage at your rental, or injury to someone while working there. In some cases you can even be held liable for injuries to the contractor if they do not have proper coverage.

Standard requirements include \$1 million General Liability coverage and Workers Compensation. This can be documented

by requesting a Certificate of Insurance from anyone working at your rental home. The Certificate should list your name and address at the bottom.

SUMMARY

Proper attention to detail when reviewing your coverage is important for protection of your investment. Uncovered losses can result in financial ruin, and the cost of an insurance policy is modest in comparison. Make sure you review coverage needs with your agent regularly and notify your agent immediately of any changes.

Website

In the August edition of *Units* magazine an advertisement for our software provider, Rentmanager, featured our website. The full page add was promoting several new features that we have developed along with our software partner to serve our clients. The advertisement can be found on our website in the news section.

Analy^si^s

An investment analysis tool has been added to our website. This tool is located in the bottom border of our site and allows our clients a very simple method for performing an analysis of any type of income producing property. We hope you enjoy this valuable tool.



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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

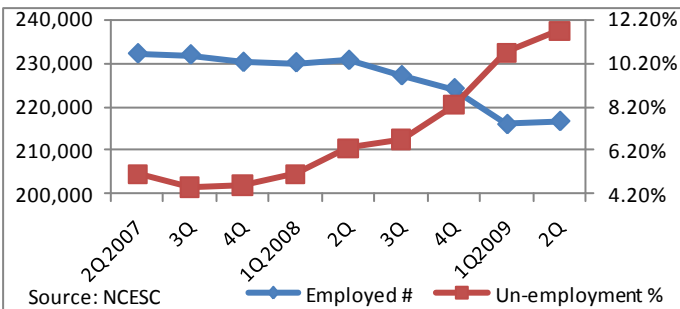
SERVICE ANNOUNCEMENTS

- **Carbon Monoxide Detector Law:** We have sent notifications to all of our clients regarding a new law that is to take effect on January 1, 2010 that calls for the installation of carbon monoxide detectors in Rental units in certain situations. Additional information can be found on our website regarding the requirements of the new law and how we are going to accomplish compliance.
- **Website Log-In:** Letters containing your user name and password were sent out on March 17, 2009. The owner web access should prove to be a very useful resource for information on your property. Should you have any questions or concerns, please contact us for assistance. Our clients have the ability to produce their own reports in real time. This is typically the fastest method to have questions regarding your account answered.
- **Online Rental Application:** The last piece of our website, the online application, is now complete and will be live very soon. We have spent many hours developing a process to assist and speed our prospective residents application process, thus filling vacancies faster and increasing our client's return on investment.

TRIAD REAL ESTATE MARKET INDICATORS

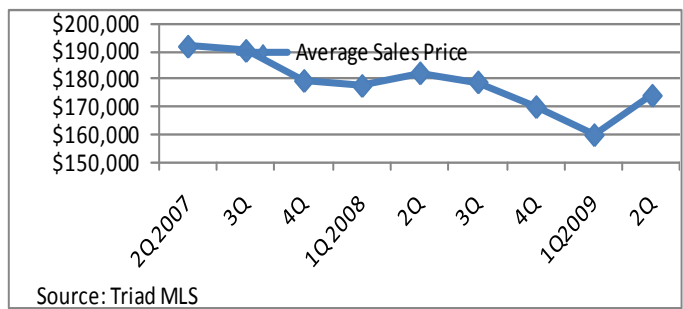
ECONOMIC INDICATORS

EMPLOYMENT STATISTICS

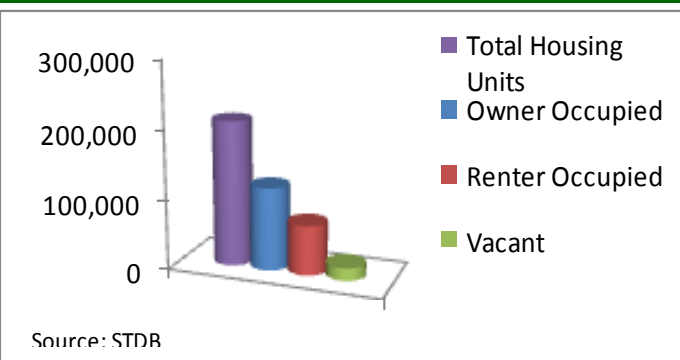


RESIDENTIAL SALES

AVERAGE SALES PRICE



HOUSING PROFILE



TRANSACTIONS / DOM

