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CRMC®

February 10, 2009

Dear Investors:

Thus far in February, there are more people who have turned in keys unable to pay rent (5) and more who are experiencing difficulty paying rent as a result of cutback in hours or job loss (15). Last month it was 3 people who relinquished possession and 9 late payers as a result of job circumstances, this month it is 20 total versus 12 last month. While I could say it is a 40% increase (which is how the media would portray it and would be technically true), if we put it in perspective it is still just 3% of our total portfolio.

There is no question in my mind that there is a ripple effect of national economics here in Colorado. I have said it before and will say it again that we are much better off than most other areas of the country. I communicate and network with hundreds of professional managers across the country through my volunteer work with the National Association of Residential Property Managers (NARPM). Colorado has some things going for it. First, our building boom abated long before Florida, Arizona, and Nevada. Second, we have diverse industries like wind and solar poised for the next wave of commerce. And third, we are the affordable destination that offers a high quality of life, low crime, and family friendly living.

As most of you know, we are in the time of year when we look at and determine rent increases. I have thought carefully about how to handle this, and have weighed economy, your needs, and tenant retention. It is true that we are in a landlord-favorable market where tenants are staying longer which increases demand which increases prices. The economy could hinder this trend by forcing people to double up in their living arrangements or leaving mostly investor purchasers for homes. This would increase supply which decreases prices. Any tenant change costs money, so we also want to select a rent increase amount that will not provide motivation for good tenants to move. It is safe to say that if we do not increase at all we will not be risking losing a tenant over an increase, but that is not in your best interest for two reasons. First, you have costs associated with your investment, and rents have been down for so long that to not increase means YOU are the one definitely losing. Second, I believe that the rental market will bear some increases and I expect that the rental market will continue to improve. If we do not increase rents, we will be behind the increase and diminish your return not just in the short term, but also in the long term because tenants are more acceptable of a series of small increases rather than one large one. For all of these reasons, I believe it is in your best interest to continue to be modest in increases at least through the spring, and we will re-evaluate this as time progresses. We also weigh number of vacancies for each owner at the time we are contemplating increases, tenant history/care, and current market rents for each unit. **If you plan to make a change in your rental (i.e., sell or move back in), please let us know immediately! If you have questions or want to discuss strategies for your investments, please give me a call! I would**

love to talk to you!

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On another note, the City of Ft. Collins recently adopted code changes that require carbon monoxide detectors in each home that has a gas fired appliance or an attached garage. The City also requires a smoke detector in each sleeping room plus one in the hallway outside bedrooms and one on each level of the home. We will be making those changes over the next few weeks. The City's habitability standards are quite extensive, and we will be contacting owners whose investments may not meet the entire code. For instance, all sleeping rooms must have egress windows, window wells must have grates, all windows must have screens, etc. The code is fairly lengthy and we are going through all of it to ensure compliance.

There is a bill in the legislature right now to require carbon monoxide detectors in all rental dwellings, but it is not law yet. I expect this will pass, so if/when it does, we will be adding that to our turnover process.

Lastly, I should alert you to the fact that on February 3, 2009 on MSNBC, a real estate consultant named Barbara Corcoran was interviewed and suggested to viewers that tenants negotiate strongly to get the best terms on their rental agreements. Ms. Corcoran suggested that tenants take advantage of the economic situation and negotiate upgrades, longer term leases at lower prices, extra perks, specials, and amenities like cable service and health club memberships. Further, she suggested that if the tenant did not feel that they were getting their way with professional property managers, to go directly to property owners who would be more willing. I pass this on mostly to ask that if you are contacted by a tenant directly, please tell them that you would like to have them work through RMPM and that you will contact us directly to inform us of their request. Give me a call if you would like to discuss how we would handle such a request. Ms. Corcoran lives in NYC, and that market is much different than the rest of the country (thankfully)!

Thank you for allowing us to be of service. Even with the doom and gloom you see in the media, this cycle shall too, pass. Truth be told, the facts are that tenants fewer tenants are moving, the majority are staying much longer, and the quality of tenants is still quite good. These are positive signs and indicators of demand. Personally, I feel very confident about the rental market would actually encourage you to purchase now if you have the interest and desire. Interest rates will likely increase substantially once the economy gets past crisis and into recovery and we start paying off the bailouts.

Call me to discuss anything in this letter, talk about your personal investing goals, share thoughts on purchasing investment property, or just to say "hello"!

Sincerely,

ROCKY MOUNTAIN PROPERTY MANAGEMENT, INC.

Susan Albern
President