

## Message from the President...

As 2010 quickly approaches, I want to highlight a number of changes we are making at Del Val Property Management.

The **first change** is our name. We will be changing our name to **Del Val Realty & Property Management** in January. The new name is going to reflect a larger emphasis on providing BOTH traditional property management services but also realty services of buying and selling residential and investment properties.

We will emphasize our ability to encourage tenants to purchase their rental homes. This creates a simple and cost-effective way for Owners to sell their properties. We will also work with Investors looking for investment properties with **good cash-on-cash returns**. Our property management insight will assist with locating properties that offer good returns for Investors.

We have found MOST traditional realtors do not have much insight into the rental market and do not possess the ability to know what will rent and what will not. It is this extra

skill set that will give **Del Val** an advantage over other realtors.

The **second change** will be a larger emphasis on providing more maintenance services to investors including complete renovations. Numerous times we have seen real estate investors have their homes renovated by less than honorable contractors. They get much less than promised or are dramatically overcharged.

Our maintenance company, **Del Val Maintenance**, will be happy to provide a quote for rehab services and the Investor/Owner can compare our services and fees against other contractors.

Our **third change** relates to a continued and strong commitment by me and my staff to provide even better and more prompt attention to Owner questions and requests.

As with many young companies, we are always busy dealing with the “emergency of the day” and sometimes fail to address our Owners questions and requests as promptly as we should. Be assured, we are always looking for more ways to get information to you faster so we are meeting your needs as Owners.

I want to personally wish everyone a wonderful Holiday Season and Happy New Year.

*Mike Lautensack*

President  
**Del Val Property Management LLC**

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## The Pros and Cons of Renting to Section 8 Tenants?



You may be a brand new investor or a seasoned investor looking for new ways of increasing your income. Some

of the real estate guru's have made big money selling real estate investing courses touting the benefits of government programs, specifically **Section 8 housing**, and how you can make money hand over fist. Others take a more cautionary approach, essentially arguing just the opposite.

### With two opposing views, who's right, who's wrong, and what's the difference?

There are a couple of Pros to Section 8 investing. But as you will quickly see the list of Pros is much shorter than the list of Cons.

**First**, if you rent to Section 8 tenants, you know you're going to get your rent money. As a general rule, it's going to come in like clock work. You'll have your money each and every month, conveniently deposited into the bank account of your choice.

**Second**, if you advertise the fact that you accept Section 8 tenants, you will have no shortage of prospective tenants lining up with a housing voucher ready to move in on a moment's notice. When tenants are hard to

come by, say in a strong housing market, it's an excellent way of guaranteeing a steady flow of renters willing to be your tenants.

Unfortunately, this is where the list of positives ends.

Section 8 tenants can present a host of challenges and problems to you from a variety of angles.

**First**, as a property owner, you may be lured by the easy money that renting to Section 8 tenants can generate, but if you think the Paperwork Reduction Act applies to Section 8, you have a lot to learn.

Whenever you deal with any government bureaucracy, there are massive paperwork considerations. If every "I" isn't dotted and every "T" crossed on every form the government throws your way, you're in jeopardy of not being paid, having your payment delayed or – even worse – being declared a slumlord.

We have also seen when all the paperwork and other delays can take anywhere from 3 to 5 months to complete. During this period your property sits empty with no income.

**Second**, Section 8 requires property inspections. In order to participate in Section 8 you first have to qualify as a property owner, which means an inspection. If the inspector finds deficiencies of any kind, they have to be corrected on the government's timetable. Once you've met the timetable, you have to repeat the inspection process. When you've waded through all the red tape necessary to accept tenants, you really get

into the heart of the problem of the Section 8 program – dealing with tenants.

**Third**, there are Section 8 tenants who are attentive to your rules, but there are plenty of bad apples. If you have a troublesome renter – one that can't/won't pay their rent on time or is a constant troublemaker, your inclination is to give them their walking papers (i.e., eviction). But if the individual you're trying to evict is a Section 8 renter, you have to follow due process rules that are stricter than any state laws anywhere.

Once you've begun eviction proceedings, Section 8 tenants are entitled to free or very low cost legal assistance. Once an attorney enters the picture, this turns into an expensive, time consuming process. You need to ask yourself at what point does a guaranteed rent payment become not worth the hassle, the expense and the headache?

**Fourth**, we generally see that Section 8 pays about 70% to 80% per month of what you might get for “normal tenant”. So you need to make decision as to whether this discount is offset by the consistent payment source.

**Fifth**, Section 8 renters aren't famous for taking care of your property. So unless you're willing to entertain the thought of having to make extensive repairs with little hope of recovering damages it is probably in your best interest to not involve yourself in the program to begin with.

As you can see the Cons of Section 8 investing outweigh the Pros. Our experience is the program has many problems and we rarely recommend Section 8 investing.

## City of Philadelphia Update

### Commercial Solid Waster & Recycling Program Plan



Some of our Owners have received a letter from the City of Philadelphia regarding implementation of a mandatory recycling plan for commercial properties and contacted us with questions. We spoke to Robin C. Geller, Commercial Recycling Specialist for the City. She explained that this program only includes the properties that qualify as follows:

- They must be commercial properties (restaurants, retail stores, etc.);
- There must be 7 or more units in one building; and
- A residential building would qualify IF there is a commercial property attached or within it.

If your property would qualify to participate in this mandatory program email us so that Terri can contact Robin to have the address taken off the City's list.

**Why Do You Think 10% of Real Estate Investors Make 90% of the Money?**

**Click Here to Find Out Why!**

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## Del Val Property Management LLC

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Join us on Face Book at

<http://www.facebook.com/group.php?gid=273112110257&ref=mf>

### Our Staff...

**Mike Lautensack** – General Questions  
610-240-9885

<mailto:mlautensack@delvalproperty.com>

**Chip Robinson** – Rent / Buy or Sell Questions  
215-520-2888

**Jen Narvell** – Accounting/Bookkeeping  
302-545-2284

**Tom Ianelli** – Maintenance Issues  
215-834-4389

**Terri Ulaner** – Administrative Assistant  
610-703-1737

## 5118 Haverford Ave. Philadelphia, PA 19139

- 4 Bedrooms, 1 and Half Bathrooms, Finished Basement, Freshly Rehabbed
- \$129,000

## 2223 Ardmore Ave, Drexel Hill, PA 19026

- 3 Bedrooms, 1 Bathroom, Garage
- 144,900

## 3123 Weymouth St., Philadelphia, PA 19134

- 3 Bedrooms, 1 Bathroom
- \$35,000

## 4 Properties For Sale

- \* All Single Family homes in W. Phila
- \* Newly rehabbed to high quality and tenant occupied
- \* Professionally managed with leases through 2010
- \* Monthly rents = \$2,885
- \* Asking \$265,000
- \* Proof of Funds or Pre-qualified only please

**Do you want your property listed here?  
Call Chip at 215-520-2888**

## Do You Want \$100 OFF Your Next Month's Management Fee?

We are like most business and that we rely on our existing clients to recommend us to other people as our primary way for growing our business. So I am asking everyone **recommend us to 3 other people** and if one of them becomes a client we give you a \$100 discount in your upcoming management fees.