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## **HOMELOVERS URGES REAL ESTATE INVESTORS TO AVOID MAJOR PITFALLS DURING CURRENT FORECLOSURE BUYING FRENZY**

*Investors are flocking to purchase sub-\$100,000 "bargains" only to learn too late that they aren't good investment properties*

**Glendale, AZ, July 20, 2009** – HomeLovers, one of Arizona's fastest growing Arizona home rental and property management companies, today announced that second quarter home trends in Metropolitan Phoenix showed a mild upswing. Home prices have started to stabilize and even increase, and banks are becoming more willing to work with buyers. As home inventory begins to shrink and interest rates remain low, the better bargains are getting multiple offers from interested buyers and investors are eagerly snapping up homes - often under the mistaken assumption that every short sale, foreclosed or REO (real estate owned) property is a highly profitable investment opportunity.

Unfortunately, according to HomeLovers, while a home may be a great bargain, it may not be suitable as a rental property. "We are still seeing way too many people apply the right timing and enthusiasm to the wrong property," stated HomeLovers Co-founder David Zundel. "Investors are bringing their new steals to us to manage, only to find out that the home they bought has long-term challenges and attracts the wrong types of tenants or is prone to vacancies."

"Over 80% of the homes brought to us for management are the types of homes that we would never have purchased or sold as investments," added Michael Sargent, HomeLovers' other co-founder. "Even the cheapest foreclosure can be a very expensive investment mistake."

Before jumping into what seems like a great opportunity, HomeLovers urges real estate investors to be cautious in avoiding common pitfalls:

1. **Do your homework before shopping for a home**, so you have a thorough understanding of your long-term plans for the property and the type of tenant you want to attract. It is important to know what your ideal tenant is looking for and the type of property that is most likely to meet their needs. For example, a two-story home in Sun City, Ariz. might lend itself to vacancy issues simply because the senior

demographics of the area are adverse to stairs, where a two-story home in Chandler, Ariz. near a park or school may be in high demand because of its younger demographics.

- 2. Spend time looking at the demographics** of the prospective home's neighborhood. Some neighborhoods are simply prone to attract the wrong types of tenants by nature of their affordability. If you are looking at homes renting for under \$1,000, understand that you are looking at tenants that typically earn double or triple that - or \$24,000 to \$36,000 annually. Renters in this income level may struggle with bills and add an unwanted risk factor to your portfolio. The most common mistake, according to HomeLovers, is that investors are scrambling to buy the sub-\$100,000 homes. While that might be a great price, there are many more issues that impact a property's profitability, and the advice of a reputable portfolio planner is critical.
- 3. Don't wait for the bottom of the market.** By the time sources confirm the market has hit bottom, prices and interest rates are already on the upswing. Many people tend to sit back and watch before taking action, but if you watch too long, opportunities are missed. The time to buy is now, but it should be done carefully. Investors need to purchase with the long-term returns in mind. With the right tools and/or the expert advice of an experienced property manager, it is easy to crunch the inventory of available properties down to a short list of homes that would make a truly great investment. Once you have a short list, you can shop for the best deal without compromising long-term investment ROI. This strategy will put you ahead of the masses that are getting a great "deal" on bad investments.
- 4. Consider homes in the \$1,000 - \$1,500 monthly rental range.** This is the "sweet spot" of the market that attracts financially stable, reliable tenants. With all of the foreclosure activity, many people who are used to owning will not be able to buy for a long time. These people make fabulous tenants, and will make a strong pool of tenants for years to come. Until the foreclosed owners get their credit back and start buying homes, we will enjoy a larger group of mid- to high-end tenants. The nicer properties are getting rented faster than ever, and there is a huge demand for middle to upper income homes to rent. Savvy investors need to consider bargains in this area of this market, instead of chasing the homes under \$100,000.

For investor information on [choosing the right property](#) or [choosing the right tenant](#), please visit HomeLovers' website at [www.HomeLovers.com](http://www.HomeLovers.com). HomeLovers also offers a blog focused on property management and investing at [www.arizona-investment-properties.com](http://www.arizona-investment-properties.com).

### **About HomeLovers**

Established in early 2008, HomeLovers is already one of Arizona's most rapidly growing home rental and property management companies. It was founded on the premise of creating a drastically improved property management agency model, including full disclosure of fees and anticipated costs in a market that is prone to "junk fees," unexpected costs and inexperienced agents that make it difficult to manage profitable real estate investment portfolios.

Because of its focus on the development of proprietary tools that assist investors with avoiding purchasing mistakes, maximizing return on their investments and attracting ideal, long-term tenants, HomeLovers was one of the first property management agencies to offer access to real-time online accounting, documentation and reporting.

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