

The Arizona Republic

September 22, 2008

Volume 1

Arizona is now in a Recession

The Phoenix and Tucson metropolitan areas, as well as the state of Arizona, are in a recession, economists at Moody's Economy.com have declared.

The company first concluded several weeks ago that Arizona was in a recession and, in a separate report released Thursday, said that metro Phoenix is



Arizona called 'ground zero' in immigration fight

Arizona is "ground zero" for the Border Patrol in its quest to gain effective control of illegal immigration into the United States....

Officials estimate 90,000 have left Arizona in the past 12 months....

84,000 jobs lost in Aug.; jobless rate hits 6.1%

The U.S. lost more than forecast in August and the unemployment rate climbed to a five-year high, heightening the risk that the economic slowdown will worsen.

Payrolls fell by 84,000 in August, and revisions added another 58,000 to job losses for the prior two months, the Labor Department said today in Washington. The jobless rate jumped to 6.1 percent, matching the level of September 2003, from 5.7 percent the prior

PARAWEST MANAGEMENT
Apartment Investment Specialists
Property & Asset Management, Acquisition/Disposition Consulting

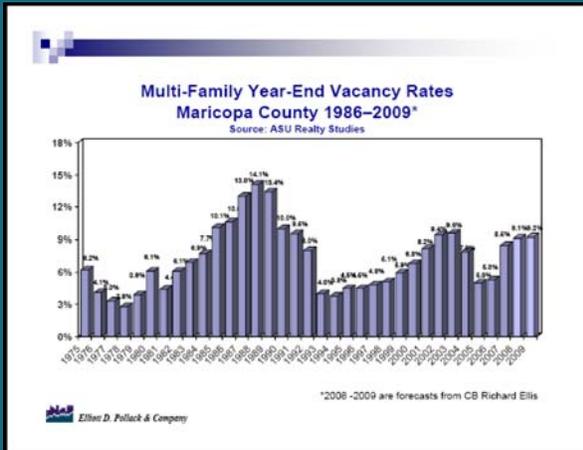
www.parawestmanagement.com

Apartment Owners Are you Experiencing ...

- Lower Occupancy Rates
- Increased Turnover and Moveouts
- Increased Delinquencies
- Lower or Negative Cash Flow
- Difficulties in this Changing Market

PARAWEST Can Help!
We've been through downturns in this market before, and we know how to adapt and succeed!

Is it really that bad? Is it going to get better?



Arizona Forecast
 2008 - 2009

Indicator	2006	2007	2008	2009
Population	4.2%	3.5%	2.0%	2.0%
Employment	5.4%	1.3%	-2.0%	0.0%
Personal Income	8.4%	6.5%	4.0%	5.0%
Retail Sales	7.9%	0.1%	-1.5%	2.5%

Source: Elliot D. Pollack & Company, AZ Blue Chip, Department of Commerce, Research Administration

Elliot D. Pollack & Company

- Multi-Family vacancy rate highest it's been in the past 5 years
- Some Maricopa sub-markets are experiencing average vacancy rates of up to 15%
- Arizona job growth falls from 2 in 2006 to 48th in 2008.
- Worst employment growth in 20 years
- Could get worse before it gets better
- Increased business expenses and decreases in demand are forcing labor cuts in sectors across the board.
- Population growth down due to a decrease in construction and job growth
- Negative job growth due to a reduction in workforce throughout consumer driven industries
- Personal income is down due to a increase in gas prices which affects their spending across the board
- Retail sales down due to a reduction of disposable income in the average household





ParaWest Management was formed in March, 2003 by Michael Salkeld and Delane LaRue-Salkeld to provide exceptional service to Owners of Apartment Communities.

Please visit our Website at www.parawestmanagement.com

IT IS GOING TO GET BETTER AND HERE'S HOW.

Through Focused Hands on Management!

Our partners, Michael, Delane and Michele personally oversee all property operations.

Through 50+ Years of Collective Apartment Management Experience!

Michael and Delane have been managing apartment investment properties in Arizona and other markets for more than two decades. They have navigated some of the worst markets of the past and have been successful. With their proven, hands on methods they can help navigate your investment property through this bad market as well.

By Eliminating the Supervisory and Departmental Layers that Large Management Companies suffer from!

Having run regional operations for some of the largest management companies in the country, Michael and Delane understand what it takes to maximize property performance, and are unconstrained by unnecessary corporate "structure", which restricts property performance. Michael and Delane can get it done in real time, eliminating costly lag time of filtering through the chain of command. With PARAWEST on the front line, you can't lose.

By Working Together as a Team!

Having Recruited and Retained On-Site Management, Leasing and Maintenance Staff that are among the best, the brightest and the most experienced in the business.



Michael Salkeld

Since 1979, Michael has accumulated progressive experience in apartment investments in the Southwest U.S. including investment/property management of more than 40,000 units, transactions totaling more than \$100,000,000, and development of more than 1,000 apartment units.

Delane LaRue-Salkeld, CPM®

Delane LaRue has professionally managed multi-family properties for over 20 years throughout the Southwest, including Arizona, New Mexico and California. Delane's experience encompasses Property Turn-around's, Value Added Strategies, Rent-ups, and Renovations. In addition, Delane has extensive experience in managing HUD and Section 42 properties, meeting all compliance and audit requirements.

Michele Zemaitis

Michele is a tactical leader who has been building and motivating operational teams that achieve high moral and exceptional performance for her entire career. Michele has been involved in apartment markets across America including Arizona, California, Colorado, Texas, Missouri, Kansas, Indiana, and Ohio. Michele's experience covers every aspect of fee management including but not limited to acquisition, renovations, tenant retention, large portfolio management and budget preparation.

Our Strategies to address the recent downturn have resulted in our Phoenix Apartment Properties currently running at 94% Leased!

For a No-Cost, No-Obligation Consultation contact:

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