

<p>SiRuDo Realty, LLC 3025 Bull Street Suite 229 Savannah, GA 31405 912-232 8686 www.sirudorealty.com</p>	 The logo for SiRuDo Realty, LLC features the company name in a stylized, red, 3D font. The letters 'S', 'R', and 'D' are larger and more prominent, with 'i', 'u', and 'o' nestled between them. The text is set against a circular background with a blue outline. Below the circular logo, the full name 'SiRuDo Realty, LLC' is written in a blue, sans-serif font, underlined.	<p>Quarterly Newsletter December 2013</p>
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Welcome

Dear Clients,

Another year has gone by and we are ready to close the books on 2013 to step into the New Year.

That means that SiRuDo Realty is capable of assisting you with your upcoming tax filings.

Besides the standard 1099 reporting, we can also provide you with a detailed breakdown of your gross income and categorized expenses by month and the total aggregated balances for each.

Read more details about this special year-end report in this newsletter.

We have also included our thoughts and projections about County and City tax rates for 2014 and the expected changes for late next year or early 2015, both of which are expected to have a direct impact on all homeowners/landlords.

We wish all of you Happy Holidays and want to take this opportunity to thank all of you for being a client of SiRuDo Realty.

Best regards,

Nick Doms

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Year-End Tax reporting

It is standard practice for SiRuDo Realty to provide all of our clients with a 1099 report during the month of January.

The original is mailed directly to the IRS and a copy is mailed to our clients for inclusion in the standard tax filings.

To facilitate your tax filings, we can prepare detailed 1099 reports that separate your expenses and capital improvements into individual categories to simplify your tax preparation and time spent on recalculating the different tax deductions or itemized lists.

The following two reports can be made available:

- Consolidated Operating Statement (12-month summary) per building
- Consolidated Operating Statement (12-month summary) per owner

Each report will list the following breakdown with a year-end total:

- Total income
- Total expenses (per expense category, i.e. electric, plumbing, carpentry, etc.)
- Total capital improvements (per category as above)
- Total insurance (if paid through SiRuDo Realty)
- Total taxes-County and City (if paid through SiRuDo Realty)

The above reports are only available upon special request since they are not part of the standard monthly reporting cycle and special set up is required.

Please contact me at ndoms@sirudorealty.com prior to December 20th if you wish to receive any of the above special reports, allowing me sufficient time to set your specific parameters before year-end.

The cost of each report (per building or per owner) is \$50.00 and will be included in your December statement.

Requests received after December 20th will be processed but cannot be guaranteed given the time constraints associated with the set up.

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The Future of County and City Taxes

Most of you have noticed by now that County taxes for 2013 were raised despite the assurances that property taxes would remain unchanged in return for approval of SPLOST on November 5th.

Alas, that is just how things work out sometimes.

Here is a breakdown of why County taxes were raised and which portion contributed to an overall increase of 10% despite unchanged property valuations:

- County property taxes: raised by 7%
- Board of Education: raised by 8.5%
- CAT (transportation): raised by 11.7%

The City reduced the millage rate to 12.48, down from 12.50, as a result of a 15% higher tax digest in 2012.

Despite a slow rise in property valuations, the City struggles with a budget deficit of \$6 million in 2014 due to the redistribution of LOST funds based on the 2010 census and the change in demographics.

The City Manager carefully called 2014 a “transition” year whereby the shortfall will be compensated for with funds from the City’s sales tax stabilization fund (about \$4.4 million) and budget costs in personnel.

That begs the question what will happen to property tax adjustments at the end of 2014 and going into 2015.

The simple and most probable answer is a higher millage rate combined with higher property valuations.

Either way and independent of which one will become the main contributor to higher property tax collection, landlords should brace themselves for much higher City tax bills come November 2014.

So far, the City has announced a rise in water and sewer cost of \$1.50 and a rise of \$1.50 in sanitation cost per billing cycle.

A similar annual rise is expected for the next five years to pay for the planned \$17 million landfill expansion.

If the City solely relies on property tax collections to make up for the expected annual shortfall, then such would mean an average increase of 10% to 15% in millage rates, independent of possible higher valuations.

Such a drastic increase will be hard to digest, lest the cost is partially offset by an increase in monthly rent, which is exactly what most Landlords are considering when leases come up for renewal.

At the same time, County taxes are expected to rise again in 2015 with the first adjustments expected to take effect prior to the final 2015 bill.

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Most of the increases will be due to the Board of Education and CAT, and not necessarily to the County valuations or millage rates. Nevertheless, another increase of 10% is expected.

We have scheduled several meetings with City officials as well as Council members to discuss the pending tax increases and to express our concern about the financial impact on homeowners and landlords, specifically how the expected costs may or may not impact the rental market inadvertently.

We will keep all of you informed about our meetings and decisions made as we continue to monitor this very closely.

In the meantime, be prepared and don't hesitate to contact me at ndoms@sirudorealty.com should you have any questions or concerns of if you wish to talk about this topic in more detail.

Disclaimer:

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