

The AZREIA Advantage

Arizona Real Estate Investors Association Newsletter

"AZ Real as it Gets"

NOVEMBER 2021

Contents

Executive Director	2
Financing Professional	3
Title Expert	4
Insurance Resource	5
Asset Protection & Estate Planning Expert	6
Private Banking Systems Expert	8
Legal Expert	9
Lending Expert	10
Property Management Expert	11
Monthly Meetings	12
Calendar of Events	13
Legally Speaking	13
Meetings at a Glance	14



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Investors Association

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What You Know About Success That's Killing Your Happiness

by Shaun McCloskey

We live in an age where there's literally information and training everywhere. From association meetings to podcasts to YouTube to Facebook, you can't turn around without being exposed to the latest and greatest "wow factor" strategy or "new wisdom".

With all that success advice right at our fingertips, why is it that according to Inc. Magazine, more than 85% of people today don't like what they do for a living? How can it be that the majority of Americans wake up every Monday morning dreading going to their place of business?

One clue is in the nature of the message that much of the modern-day success literature promotes:

- "You should be outworking everyone around you"
- "You can manifest anything you want"
- "You have all the power to control everything"
- "Being rich and unhappy is better than being broke and unhappy"
- "The purpose of a business is to be profitable"

I bet you've heard every one of these things, and they certainly have their attraction. But I ask you, does any of it mesh with your experience in the real world? Or have you observed, in yourself and others, that the opposite of each of these things is usually the truth?

I've coached many men and women over the years that have reached what most would consider "The

Pinnacle of Success" only to wake up saying, "Is this it? Please tell me there's more to life than this!"

And invariably, what I found in coaching and getting to know these people is that they all built businesses designed for what today's "wisdom"

measures as success, which is to be profitable. But the word "profit" encompasses many things, and certainly goes far deeper than just financial gain.

Bottom line is, real estate investors don't end up feeling satisfied by creating a business that spits out money every month, no matter how much money that is.

Don't get me wrong, your business should – in fact, must – make money.

However, building a business the right way means embracing much more than just financial gain. I haven't met anyone to date, if they're being completely honest, that has been fulfilled by financial gain alone. When they get to the point where they've achieved 'success' by every measure of today's 'success wisdom', they find that it doesn't come with the happiness they looked forward to. Then they have to start the process of figuring out what WILL make them happy and having to painfully restructure a business that's already a juggernaut.

So, my question to you is, if you don't already have a profitable-but-unfulfilling business, why not build one right from the beginning that is wildly profitable financially and fulfills who you are as a person as well? If you're going to spend the time to build something, you might as well build something you're going to love every day as well, right?

Continued on page 2



Executive Director's Message

Woo Woo Stuff and Catamarans

When I started researching the real estate business, I dove right in. I mean I was pumped! I watched every video, read every article, and went to any event I possibly could. But I started to notice a pattern and it really irritated me. At the beginning of the book or before the seminar started, they always started with the importance of your mindset. I would get so frustrated with all the meditation, law of attraction, mindset stuff. I would think, "Just get on with the show!" When you're new to something you want all the information you can get from the speaker. I wanted to know specifically how to close deals NOW. I just had money on my mind, nothing else. I didn't have any patience for some woo woo stuff about my brain.

Once I closed some deals and started to make some steady money I wasn't as worried about keeping the lights on and food on the table. When this happens, you'll start making new friends that are more successful than you. You'll start to think differently and ask yourself different questions like, "How do I keep the money coming in consistently? How do I double my money?" Then you start to see the importance of self-improvement and become curious to look into it further.

My journey in self-improvement for personal and business started with my mentor John Assaraf. He was one of the participants in the documentary "The Secret". He had a two-day event in San Diego which included one year of coaching. I coughed up \$13,000 and never looked back and guess what the first discussion was before the event started? Yes, you're right, Mindset!

Here's the first message John shared with me, and I would like to pass on to you:

"Our catamaran was heading towards Bora-Bora and the captain was nowhere to be seen.

How is it that the catamaran was steering itself? The answer is the automatic pilot that was set was just maintaining its course and

making thousands of adjustments per second to make sure it ends up at the destination that was programmed.

The exact same thing happens to you and me. Our unconscious programming keeps us on autopilot towards whatever has been conditioned or programmed into our unconscious mind.

If you want to reach a different destination (or result) you must change the programming, or the system will override any of your conscious decisions. If I was to turn the steering wheel left or right, as soon as I would let go the automatic pilot would re-adjust and get it to go in the direction that was programmed by the captain."

Are you satisfied with the current direction your heading? Remember there's always going to be currents, wind, and bad weather that will take you off course. My point is to set your destination, surround yourself with the right people. Continue to learn and apply your new knowledge immediately. By doing that you will give yourself the proper resources and experiences to stay on course to your final destination.

After taking on this leadership position at AZREIA, I took a step back to remember where it all started, and it reminded me of this story from John. I want every single one of our members to be as successful as they possibly can, and part of our mission is to support each and every one of you. This month I have asked Shaun McCloskey, an exceptionally helpful mentor and teacher to come to AZREIA to give our members the same "reprogramming" I received many years ago. I hope all of you take advantage of this opportunity to re-evaluate your happiness and definition of success so that you, too, can take control and live your best life, because you've only got the one!

Smarter Investing,
Michael Del Prete



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What You Know About Success That's Killing Your Happiness _____ Continued from page 1

Sounds awesome, right? But the next obvious question is, "HOW? How do I begin to build a business where I wake up each day and jump out of bed - completely excited for what's to come?"

The first step is to forget financial projections, the law of attraction, and "crushing it", and get a meaningful, moving vision. One that doesn't just talk about how much money you'll make, but about how you'll give back to your community. One that doesn't just say what kind of vacations you'll take, but how you'll set up your life to work a tiny fraction of the hours most real estate entrepreneurs do, so

that you'll have time to take them. One that envisions not just how prosperous you'll be, but how impactful you'll be in the world.

Learning what it means to have a vision - especially a business vision - has without a doubt been the most life changing set of business principles I've ever had the privilege of sharing, with others and enacting in my own life, so I hope to see you at the November 8th AZREIA meeting, where I'll walk you through exactly what's changed my life, and that of hundreds of other highly, and TRULY, successful real estate investors.





AZREIA Advantage: Financing Professional

Rural Rut



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by
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Real estate prices are rising everywhere, and yet one category has lagged for a long time and looks to continue to lag: rural real estate. The problems are nothing new. ‘Rural flight’ is becoming more of a concern, replacing the concerns of the past few decades of ‘urban flight’.

“But rural areas are so pretty, and the work from home movement will reverse that trend, right?”

The answer is probably not. The biggest reason is that the infrastructure just isn’t there. Rural locations have been losing population for many years, and you can think of towns like Flagstaff or Sierra Vista, that have just not grown in many years. As far as working from home, not only is there less internet access, but the little available access may not be enough to support video calls and other traffic necessary to support remote work. This problem is widespread enough that it prompted President Biden to add a proposed \$100 billion to his

infrastructure proposal in order to help establish better rural internet access. However, even if the internet infrastructure is put into place, maintenance that occurs in a day or less in populated areas can take 3 or more days in rural areas. Work from home also generally requires occasional face-to-face contact, be it clients or co-workers, and being in a far-removed rural location can make that difficult.

If, instead of embracing the work from home approach, a large industry wanted to move into a rural location, they would encounter other infrastructure difficulties with things as simple as sewage. Many rural solutions that work on a single-family residence, like septic or a leach field, just won’t work for a building with 100 employees. Land values reflect these realities and make it uneconomical to address these deficiencies. Not only do urban areas offer vastly improved infrastructure, but they

also provide a wider array of services. The preference for those services is not just an urban or suburban phenomena. According to the USDA, farmland values grew faster than rural home values, as even farmers preferred to live in areas closer to cities.

On the other hand, urban and suburban values broadly mirror one another over long periods of time, but rural lags. This is because population centers expand outward organically rather than ‘leapfrog’ to new destinations (hence the term ‘sprawl’ rather than something else). This is caused, in part, by the fact that extending existing infrastructure is much cheaper and more feasible than creating it new.

Rural home prices have lagged suburban and urban price increases for many years and given the concerns of infrastructure and distance this trend doesn’t look to change any time soon.



See the change in the foot-print of Las Vegas between 1984 and 2020. Image: Google Landstat.



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An Escrow Officer at our company opened an escrow that was a For Sale By Owner (FSBO), meaning the seller did not use a real estate agent to market and sell the property. In this instance, the buyer also did not use a real estate agent.

The seller entered into a sales contract with a buyer (the “Contract Buyer”) for \$142,000. The Contract Buyer then entered into an assignment of contract to the ultimate buyer (the “Ultimate Buyer”) for an \$18,000 assignment fee. The Ultimate Buyer was an investor who would renovate the house and then re-sell the property.

The seller told the Escrow Officer why she was selling the home: One day, she went home and discovered someone had broken in and ransacked it. She left the house so quickly that she did not take her purse or any identification. She was afraid to go back to the house to retrieve them and so she had no identification.

The seller said she did not want to ever go back and that is why she was selling. The Escrow Officer also noticed that when the seller called, the name on the caller ID was someone else’s — not the seller’s name. This raised a red flag, and the Escrow Officer became suspicious about the transaction.

The contract called for an early release of earnest money in the amount of \$3,000. The seller told the Escrow Officer that she closed all her accounts due to the home being broken into and she needed the

Escrow Officer to send the funds to her friend’s account.

The Escrow Officer told the seller she could not do that, so the seller asked to have the funds transferred to her Venmo account. The Escrow Officer told her she could not do that either. The seller said she really needed the money and would cancel the escrow if the Escrow Officer did not get her the cash.

The Escrow Officer told the Contract Buyer about the conversation and warned him to verify the identity of the seller. She told him every time she talked to the seller, there were more red flags. The Contract Buyer ended up transferring the \$3,000 directly into the seller’s Venmo account so he would not lose the deal.

Finally, it was time to have the seller sign the closing documents. However, she would not allow the Escrow Officer to arrange for an approved signing agent to go to her house and reiterated that she still did not have any identification.

The seller said she had no idea who ransacked her house and did not trust anyone, so she did not want to meet with anyone for the signing. The Escrow Officer told her a Company approved notary must conduct the document execution.

The seller absolutely refused and said she would only feel comfortable if a friend, who is a notary, did the signing. The Escrow Officer argued she could not accept her friend’s notarization unless her friend was a notary approved by our Company.

The Escrow Officer told her the friend could be there with her — along with the Company approved notary — but the seller refused that, as well. At that point, the Escrow Officer felt there were too many stories and too many things that did not add up.

The Escrow Officer told the Contract Buyer, who had directed the transaction, that she would not accept anything less than a Company approved notary conducting the signing and would not close unless she could get the Department of Motor Vehicles to verify that the seller’s ID was valid. She warned him this transaction had red flags of fraud and she was ready to resign as the Escrow agent.

A day later, the Contract Buyer reported to the Escrow Officer that he had talked to a representative at a competitor Title Company and they would accept the seller’s friend’s notarization on the closing documents. As a result, they were going to transfer the deal to the other Title Company. The Escrow Officer cancelled the transaction file.

Two weeks later, the Contract Buyer called the Escrow Officer. The competitor closed the deal and never even checked to see if the friend was a valid notary. As it turned out, the notary stamp was fraudulent, and the seller turned out to be an imposter!

By this point, the Ultimate Buyer had removed everything from the house, ripped the kitchen out and started the rehab of the property. The actual property owner went to the house and found the Ultimate Buyer working in the property and asked where all her things were. The Ultimate Buyer informed her he threw it all out.

The actual property owner said her husband’s ashes were in the house and she was going to sue everyone associated with the sale for punitive damages. The competitor Title Company is now in the process of attempting to unwind the sale and reinstall the kitchen. This poor owner, however, will never get her husband’s ashes back.

Moral to the story... Our Escrow Officers are trained to detect and prevent fraud which ultimately protects you!





Unprofessional Work May Disqualify Your Insurance Claim



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There is always the temptation to have maintenance work performed by 'casual labor' or other un-licensed people. Take a few minutes to review the information found on the Arizona Registrar of Contractors website (roc.az.gov) and you may save yourself a lot of headaches down the road.

Most investors know that anyone who performs work costing over \$1,000 must be licensed by the Registrar of Contractors. And most also know that regulations specifically prohibit the concept of hiring several small jobs under \$1,000 to get around the law. But you may not be aware that the standard insurance policy requires that all previous work completed on your property must be equal to or better than the quality of work done by a licensed contractor. The insurance company does not require that you hire a licensed contractor, but the quality of the work itself must be as good or better than a contractor or experienced, skilled trades person.

Stated another way, you cannot build an add-on with shoddy methods and inferior workmanship and materials, and then, after an insurance claim, expect your insurance company to make repairs using top quality trades people and material.

Here's an actual example: An investor bought a single-family house to use as a rental. He

paid a lower price because the roof was old and required immediate replacement. The new owner obtained several bids from licensed roofing companies, but when he was contacted by an un-licensed 'roofer' who offered to do the job for almost half of the other quotes, the temptation was too great, and the owner hired the un-licensed 'roofer.'

The roof lasted 5 years with no problems, but then an August "Monsoon storm" ripped away several large portions of the roof. When the insurance adjuster inspected the damage, she found multiple problems with the quality of workmanship of the 5-year-old roof.

While we may never give it a thought, the fact is that roof shingles represent a complex 'puzzle' of pieces and parts that are inter-connected and rely on one another to form a strong barrier against wind and rain. Professional installation by people who are skilled roofers is a key to a leak-proof roof that lasts for many, many years (even in Arizona).

The insurance claims inspector found that

the rows of shingles were not straight, that the overlap of each 3-tab shingle varied widely across the roof, and that the installer had used fewer than the correct number of staples/nails prescribed by the manufacturer. To make matters worse, the un-licensed roofer had installed the 'underlayment' (read that as "tar paper") with no overlap whatsoever. Yes...the tar paper was installed edge-to-edge with no overlap at all. (No wonder the roof leaked.)

Virtually all insurance companies have a clause requiring that pre-existing construction be of good quality. In the roof example above, the insurance company paid zero for the roof repairs because the quality that was there *before* the claim, was un-acceptable.

CLARK SANCHEZ has been an Arizona insurance agent for over 41 years. Also a Vendor-Affiliate with AZREIA for over 19 years. You can contact Clark if you have any insurance related questions at rental@clarksanchez.com or (602) 803-2179

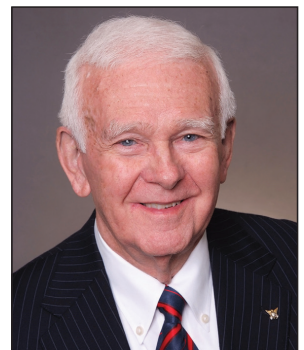


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Part 1: Important Terms Common To All Contracts

by Michele Leonelli, Esq. of Phocus Law

No matter what type of business you run, contracts are essential. If you're reading this and thinking to yourself, "they aren't essential to my business", or, "I hardly use any contracts at all", then YOU ESPECIALLY need to read on.

When used properly, contracts help to accomplish several vital objectives:

- Set expectations between the parties
- Allow businesses to take advantage of opportunities
- Protect against risk and exposure

So, it's worth spending the time to implement them and understand how they work. But, for most business owners this can be overwhelming, and rightfully so because you're not a lawyer. So be proactive and find a lawyer you trust to help you with this: an ounce of prevention = a pound of cure.

It's important to remember that contracts can vary quite substantially from one to another. Nonetheless, many of them share several common features and require that the parties pay attention to a number of common provisions. In this first installment on contracts, we will cover some of the most common fundamental provisions and considerations. Keep in mind that, although

these provisions may be common among contracts, how each provision is written can (and often should) vary greatly between contracts.

- a. Correctly Defining the Parties to the Agreement: (i) Make sure the correct parties are listed in the contract so that, if there's a breach, you have the right to enforce the contract against the correct entity or individual; (ii) Make sure the correct parties have the privileges outlined in the contract so those parties can receive the benefit of their bargain, respectively.
- b. Effective Date: This is when the agreement takes effect, but it does not have to be the date the agreement is signed. Keep in mind that you can also backdate an agreement so that it, by the agreement of the parties, it is effective on some date prior to the date it was actually signed. This is useful to keep in mind if you want to document an existing or *de facto* relationship between the parties that existed prior to the date of signature.
- c. Term of the Agreement: Establishing when the agreement ends is important because it sets in writing the expectation of how long the parties will be involved with one another. You have wide latitude for setting the term. For instance, you can: (i) set a fixed term; (ii) set a fixed term that renews either automatically or upon the written consent of the parties; or (iii) leave the contract in effect in perpetuity until either or both of the parties decide to terminate it.
- d. Dispute Resolution: In the 'dispute resolution' clause of the contract, you get to set the rules for how to resolve a dispute. Just like with a prenuptial agreement, this gives the parties the chance to take advantage of a calm moment to determine how to handle a potentially heated future conflict.

Some common options here include:

- (i) Resolving the dispute amicably without any legal proceedings; (ii) Using mediation, which means bringing in a third-party to resolve the dispute amicably between the parties; (iii) Arbitrating the dispute, which is more like a classic litigation except that it's almost always cheaper and faster because you're not subject to the lengthy court procedures; or (iv) A classic litigation in court. Keep in mind that you're free to use any combination of these, and most contracts often do layer these in so that, for instance, first the parties must try to resolve the dispute amicably, but if that's not possible within a certain agreed upon timespan, they then agree to go to arbitration.
- e. Choice of Law & Venue: These terms are very intricately involved with dispute resolution because in a choice of law and venue clause, the parties prospectively determine which body of law will apply to the dispute, and where, physically, the dispute must be adjudicated. Choice of Law: Usually the party with the most leverage gets the ability to select its home state's law as the applicable law. If both parties are from the same state, then this is not often contentious. If this decision proves too contentious, a neutral state can be selected. A common neutral state is Delaware, chosen for its robust body of corporate law and expert courts of chancery. Venue: Much like with choice of law, the party with the most leverage often gets to set the venue for a dispute. Venue is important because: (i) It can give the in-state party a logistical and financial advantage because they don't need to travel to attend the proceedings or hire an out-of-state attorney with whom they're not familiar; and

Continued on page 7

(ii) The courts in a particular state often have an interest in protecting the rights of their citizens (a sort of “home turf advantage”). Note that the choice of the substantive law that applies in a dispute and the venue for that dispute do not need to be the same: an Arizona court could use Delaware law to resolve a dispute. The risk with this dislocation is that the Arizona court may not be as adept at interpreting and applying Delaware law as the Delaware courts.


f. Integration Clause: The integration clause does one CRITICAL thing in every contract – it says that what’s written in the contract is the sum total of the agreement between the parties with regards to that topic (the governance of an LLC, the lease of a piece of property, etc.). This means that neither party can produce some other document or interaction (like a conversation, text, or email) as proof

that what’s written in the contract, is somehow NOT what they agreed to. This keeps everyone playing by the same rules, and it makes it especially important to spend the time getting the contract just right before execution.

g. Assignment of Rights: This provision typically prevents the parties to the contract from assigning their rights or obligations in the contract to someone else. As a party to an agreement, this is a great clause because it guarantees that the entity you think you’re signing the contract with, will be the entity that has to honor it. Nonetheless, you’ll also want to consider building into this provision an exception (or “carve-out”) in the event that either party sells all or substantially all of its assets. That way, if you want to bring on investors or sell your business, you don’t need approval to transfer your active contracts from the other parties with whom you’ve

contracted over the years. Having to go get this approval could be a big deterrent for a potential acquirer or investor.

In this first part of our series on Key Contracts & Contract Terms For Any Business, we’ve highlighted and explained some of the key contractual terms common to most, if not all, contracts a business will encounter. In our next installment, we’ll dive into a few specific types of contracts in order to explain some of the provisions that are key to each, individually, and some common potholes to avoid.

If you need assistance drafting, reviewing, or negotiating a contract or if you wish to consult with an attorney to take proactive steps to avoid potential contractual pitfalls, please feel free to reach out to Phocus Law by phone at (602)457-2191 or by email at michele@phocuscompanies.com. 

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How can you get the most out of the money that flows through your personal economy? How can you get the most out of the cash you save up for real estate investments? I'll answer these questions, but first let's look at a real life example.

My family saved up about 100k over my first 18 years to pay for my college education (a huge privilege and opportunity). But then, over four years, that 100k was transferred from our household economy to the University of Arizona. I got a degree out of it! But that hard earned money no longer grew for us because we separated ourselves from it... we paid cash.

Had that money been stored in the cash value of a permanent insurance policy and taken out as a policy loan, rather than a withdrawal, that 100k would have grown to about 500k over my next 40 years (assuming no additional funds were added). I would have paid off the policy loan at a schedule I set. But the key is the full 100k originally saved continues growing uninterrupted at 4-5% while I earned the degree that propelled me into my career. And the interest I pay on the policy loan is outpaced by the interest the cash value earns, resulting in positive arbitrage.

This is why banks operate the way that they do. They are willing to pay you 0.1% interest for the control of your capital and the ability to loan it out at 3% and profit from the difference.

Enter the principle of *opportunity cost*. Warren Buffet harps on this idea that **losses affect your money more than gains. When you lose a dollar, you don't just lose that dollar, but you lose the opportunity of what that dollar could have earned you over your lifetime.** This same idea applies to the money that comes in and out of your hands with real estate investment. As you invest your dollars into profitable deals, you'll earn a rate of return. That return will look different whether it's a fix n flip or a buy and hold or commercial, etc. The main thing is you're putting your dollars into a profitable endeavor. So why not redirect the flow of your money through a personal banking system (permanent life insurance) so that while your dollars are out working for you in real estate, they never stop working themselves in the cash value of your policy.

Your dollar can have multiple jobs at the same time! This is a huge paradigm shift. But it's the same reason you use things like credit cards. By redirecting the flow of your money through a credit card, you pick up the benefits of delayed payment for 30 days, points or cash back, and becoming a credible borrower...

The benefits you pick up by redirecting the flow of your money through cash value life insurance are: 3-6% long term guaranteed gains, tax-advantaged growth (unlike banks & traditional qualified plans), creditor protection, a permanent death benefit, long term care protection, access and control (unlike qualified plans) and of course... recovered opportunity cost, the ability for your dollars to continue earning while being deployed to investments that also earn.

The impact of spending and investing efficiently *throughout* your life will have far greater impact than socking away a little bit more in a retirement account each year. You can go against the trend of the masses and develop a system that will give you control of your capital and the ability to use your skills, creativity and awareness of opportunities to act and get to the center of investments. The best investments are the ones you create or get invited to. And there is no better vehicle than a personal banking system *to invest from*.

If you'd like to see the calculations behind these examples or explore more, schedule a free clarity call by emailing me at jcarlson@unbridledwealth.com



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Investors are always on the lookout for a good deal, but even with a keen eye, sometimes a deal really is too good to be true. There are a few things that investors should be aware of, to make sure that they don't run into issues, even when they are able to sign the contracts and close the deal.

First, and probably most importantly, always use a title company and don't rely on quit claim deeds to transfer title. This is really two parts of one rule. You should always rely on a title company to check that the person you are buying from has the power to transfer the property free and clear of any other liens. This is especially a problem when a trust is on title – make sure you are dealing with the trustee, not just the beneficiary of the trust. We regularly see investors get stuck in litigation when, for example, a husband and wife are getting a divorce and one of the spouses signs away title. While it may appear that they were authorized to sell the property, it


may take a long and expensive lawsuit to find out if that is true.

Also, a quit claim deed gives you no more interest in a property, than the person signing the deed. In other words, if the person doesn't have any interest in the property, that quit claim deed is meaningless. We know many investors that pass around quit claim deeds with little recognition that the last person holding a quit claim deed, may not be holding anything at all.

Second, if the floorplans do not match county records, check for permits. We have seen too many times where a property was sold as having four bedrooms, but it turns out that the "4th bedroom" is merely an unapproved, converted carport. While you may have claims against the seller, your problems with the city and their permitting department may just be starting. Cities can send demand letters that the structures be permitted or removed and can fine owners that do not

comply. Even though you didn't build the structure, and weren't aware that it wasn't permitted, is not a defense to a claim from the city code enforcement division.

Third, check your wiring instructions. With homes selling fast, scams are never far to follow. Buyers have been caught wiring money to incorrect banks because they received a fraudulent wiring instruction. If you are being pressured to send money to secure a property, be careful. As they say in contracting – "measure twice, cut once." When it comes to wiring money, it should be "confirm twice, pay once."

Fourth, if a person wants to sell or buy a property using an alternative transfer method, such as selling an LLC instead of a property or using a land trust, be very careful. This doesn't mean that such vehicles can't be used to transfer title, but it is uncommon in Arizona and thus serves as a red flag. Sometimes, when a deal is too good to be true, it really is. 

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by
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Unique Properties and Properties with Solar

The weather is starting to cool off and interestingly enough, I have been getting numerous inquiries about unique properties. Most unique properties are going to be fine to obtain lending on and this month I wanted to cover two popular types of unique properties.

Mixed Use Properties

Fannie Mae purchases or securitizes mortgage that are secured by properties that have a business use in addition to their residential use, such as proper-

ty with space set aside for a day care facility, a beauty or barber shop, or even a doctor's office. The following special eligibility criteria must be met with these types of properties:

- The property must be on a one-unit dwelling that the borrower occupies as a principal residence
- The borrower must be both the owner and the operator of the business
- The property must be primarily residential in nature
- The dwelling may not be modified in a manner that has an adverse impact on its marketability as a residential property

Properties with Solar Panels

The ownership and debt financing structures commonly found with solar panels are key to determining whether the panels are third-party owned, personal property of the homeowner, or a fixture

to the real estate. Common ownership or financing structures include:

- Borrower-owner panels
- Leasing agreements
- Separately financed solar panels
- Power Purchase agreements

Fannie Mae will purchase or securitize a mortgage loan on a property with solar panels. If the borrower is, or will be, the owner of the solar panels (meaning the panels were a cash purchase, were included in the home purchase price, were otherwise financed, and repaid in full, or are secured by the existing first mortgage), our standard requirements apply (for example, appraisal, insurance, and title).

Properties with solar panels and other energy efficient items financed with a PACE loan are not eligible for delivery to Fannie Mae if the PACE loan is not paid in full prior to or at closing.



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AZREIA Advantage: Property Management Expert

Is Real Estate too Risky?



by
**Michael
Bennett**

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Investment Specialist
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The argument is as old as time. Why would I invest in “risky” real estate when there are so many opportunities that are “safer”? We have all read articles on why real estate is a better way to invest your money and how it can yield better returns; however, is that still true? Has accessibility to the internet altered the way we interact with real estate and stocks alike?

When comparing security between the stock market and real estate, it is important to define security, which means, quite literally, the state of being free of danger or threat. “Being free” is something that every real estate investor I’ve known has aspired to, and it is usually why they got started on the real estate journey in the first place.

The ability of real estate to generate passive income each month – cashflow that’s often

greater than a real estate investor’s previous salary – is just one reason investors are drawn to it. Sure, you can earn dividends from the stock market, but it is rare that they come close to the steady volume of cash that an investment property can generate.

Money in the door equals freedom NOW. Furthermore, the real estate market is not dependent on whether a CEO tweets an inappropriate comment or gets arrested for insider trading, like stocks are. Time and time again, there have been cases of CEOs misbehaving and stocks tumbling because of their actions. Consequently, one of these investment strategies speaks loudly about danger and threat, while the other does not.

There is also an argument to be made about how the internet and social media combined affect investment choices and outcomes. With the ease of access to the internet, there is an increasing number of people who want to invest based on what they see and read online. For instance, finance influencers on YouTube are talking about how they are making six figures in less than seven days, and while their stories may sound extremely enticing, their strategies are extremely risky and unpredictable.

Another way that the internet has shifted investment strategies is by allowing investors

the opportunity to invest unsupported. This is driving up the number of investors but forcing them to rely on blogs and other social media to pick their stocks. The real estate market has likewise been affected by accessibility to forms of investing on the internet, ranging from selling a house completely online to joining a syndication.

When considering the uncertainty of stock market leaders’ sometimes-unpredictable behaviors, YouTube celebrities coercing viewers to try new untested investments, and the potential for low returns relative to risk, stock-related investments lack the security I seek in investments. When a small group of people have tremendous power over countless investors’ money, it is concerning. In sum, these are the reasons why I’ve chosen to opt out of the stock market and instead invest in real estate, something that is tangible and not as easily manipulated, with great success, I might add!

By Guest Author Rebekah Scott,
Real Estate Advisor, Atlas Real Estate



Monthly Meetings

AZREIA Phoenix 19th Anniversary Meeting

Monday, November 8

In-Person 5:45 pm

Venue 8600

8600 E. Anderson Dr.

AZREIA Tucson Meeting

Tuesday, November 9

In-Person 5:45 pm

Tucson Association of Realtors

2445 N. Tucson Blvd.

Phoenix Real Estate Club

Tuesday, November 23

In-Person 6:00 pm

Grid.Works

5227 N. 7th St.

We are happy to continue to offer our monthly meetings and education in-person this month while celebrating 19 years of AZREIA meetings! It's November, which means 2021 is wrapping up and we have to focus on what we are going to be doing in the new year. Are you where you thought you would be a year ago? Maybe it's time you looked at your business plan, and yourself, with a new point of view so you can supercharge both your life and business for better success in the new year! Join us this month as we are joined by Shaun McCloskey to learn more about how to take control and manage your life for success! Timely, market-driven information and education makes these meetings must see. Plus, we will be giving away over \$2000 in prizes! Don't miss it!

Phoenix – Current Market Trends & Activity

Updates on Market Data Analysis and the Rental Market from AZREIA Founder Alan Langston provide the absolute latest information essential to your real estate investing business.

Phoenix & Tucson Main Meetings – The 4 Steps to Building an Insanely Profitable Real Estate Business (that You'll Also Fall in Love With) with Shaun McCloskey

*So much of what we learn about real estate is strategic: HOW do I [find deals, get money, manage tenants, do renovations]. And that's all important, but if you want to build a profitable, sustainable, and FUN real estate career, it's JUST as important to step back and ask bigger questions, like:

- “Am I sure that I'm focusing my time and efforts on the right things?”
- “Is the strategy I'm pursuing the right fit for me, in the long run?”
- “Am I building a business that supports my bigger vision for my life, or one that's going to consume all of my time and energy?”
- “Am I loving what I'm doing, or do I do it for the money?”*

Here's a big secret that goes against the grain of what you may believe about real estate success: it's not about who you are, or where you came from, or how hard you hustle. It's about doing what most people don't: thoughtfully, intentionally designing a

business that fits your vision, your lifestyle, your passions, and your personality.

Shaun McCloskey has been helping some of the highest-level real estate investors and gurus in the country do exactly that for over a decade, and now he's making a very rare association appearance to help US have a more prosperous AND joyful future. You'll leave this meeting knowing:

- Why goal setting alone doesn't work. Not for ANYONE.
- Why making business plans based on financial considerations alone is the certain death of your business
- Why working more hours in your business probably makes you LESS productive
- How to create a strategic game plan for your business that will ACTUALLY get you from where you are now to where you want to be in just 6-12 months

On November 8th and 9th, Shaun will share the tools you need to envision and build not just the business, but the LIFE that creates the meaning, impact, fulfillment, and prosperity you've always dreamed of.

Market Update & Market News with Alan Langston

The latest Fix & Flip and rental data along with further analysis of our Seller's market. Plus, current events and news important to your investing.

Tucson Monthly Meeting

We will be joining in-person for all the great networking sessions including Haves & Wants and a Market Update for the Tucson area, PLUS a presentation from “The Coach's Coach” Shaun McCloskey!

See Phoenix Main Meeting

Phoenix Real Estate Club

This is some of the best real estate networking anywhere! Meet face-to-face with other investors to find what your real estate investing business needs! Haves & Wants, structured networking activities, market discussion, and Member Deals. It all still happens!





AZREIA Calendar of Events

Check www.azreia.org for the current schedule.

NOVEMBER MEETINGS		
AZREIA – Phoenix – In-Person <i>Monday, November 8</i>	AZREIA – Tucson – In-Person <i>Tuesday, November 9</i>	Phoenix Real Estate Club – In-Person <i>Tuesday, November 23</i>
NOVEMBER SUBGROUPS – Join like-minded investors, share ideas, network, and learn in small group settings.		
<ul style="list-style-type: none"> Tucson New Investors – In-Person & Online <i>Tuesday, November 1</i> AZREIA Prescott – In-Person <i>Tuesday, November 2</i> Income Property Owners (Buy & Hold) – In-Person <i>Thursday, November 4</i> 	<ul style="list-style-type: none"> Raising Capital & Options –In-Person & Online <i>Tuesday, November 9</i> Shared Living –In-Person <i>Wednesday, November 10</i> 	<ul style="list-style-type: none"> Beginning Investors –In-Person <i>Thursday, November 11</i> Notes – In-Person <i>Thursday, November 18</i> Fix & Flip – In-Person <i>Wednesday, December 1</i>
<p align="center">Business Vision Workshop with Shaun McCloskey <i>December 2-4, 2021 9:00 am – 5:00 pm each day Available In-Person</i></p> <p>At the Business Vision Workshop, you'll discover how much power you actually have in designing your destiny. You CAN love your life and your business! For better or worse - all of your decisions have brought you to this point in your life. But your past does not have to define your future! This event will stretch you beyond your comfort zone. We will challenge many of the things you may have believed up until this point. While I'm not suggesting you need to believe everything we believe in to be successful, I will ask you to question and define what you believe - for yourself, your business, and your life - rather than continuing to blindly walk through life doing things that society, or your parents, or someone else, told you to do so.</p>		
UPDATED INFORMATION & REGISTRATION ONLINE AT WWW.AZREIA.ORG		

LEGALLY SPEAKING



Q: I purchased a property at a trustee's sale to fix up and sell. Can I go in the property, change the locks and begin to remodel the property?

A: Unless the property is vacant, you can never change the locks on a home. If it appears that someone is in possession of the property, you must learn of their alleged basis for remaining in possession. If they are the former owner, they no longer have a valid basis to remain in the

property and should be given a demand for possession. If the former owner fails to vacate, you can then file an eviction to remove them. Alternatively, if the occupant is a tenant of the former owner, they may have certain rights under federal law. Specifically, a bona fide tenant may be able to remain in the property through the end of their lease or at a minimum 90 days.

Mark B. Zinman, Attorney

*Information contained in this article is for informational purposes only and should not be considered legal advice.
You should always contact an attorney for legal advice and not rely on information published here.*



November 8th Phoenix 19th Anniversary Meeting

- **Current Market Trends and Activity** Alan Langston will provide updates on Market Data Analysis and the Rental Market for the absolute latest information essential to your real estate investing business.
- **Phoenix Main Meeting: The 4 Steps to Building an Insanely Profitable Real Estate Business with Shaun McCloskey** Shaun McCloskey has been helping some of the highest-level real estate investors and gurus in the country for over a decade, and now he's making a very rare association appearance to help US have a more prosperous AND joyful future. You'll leave this meeting knowing why goal setting alone doesn't work for anyone, why making business plans based on financial considerations alone is the certain death of your business, why working more hours in your business probably makes you LESS productive and how to create a strategic game plan for your business that will get you from where you are now to where you want to be in just 6-12 months.
- **Market Update & Market News with Alan Langston** The latest Fix & Flip and rental data along with further analysis of our Seller's Market. Plus, current events and news important to your investing.
- **19th Anniversary Celebration:** Join for an opportunity to win over \$2000 in prizes from AZREIA's Business Associates to celebrate 19 years of serving Arizona's real estate investment community! We love our members!

November 9th Tucson Meeting

- **Tucson Market Update:** The latest sales volume, pricing, supply and demand numbers for both the Phoenix and Tucson markets.
- **Tucson Main Meeting: The 4 Steps to Building an Insanely Profitable Real Estate Business with Shaun McCloskey** Shaun McCloskey has been helping some of the highest-level real estate investors and gurus in the country for over a decade, and now he's making a very rare association appearance to help US have a more prosperous AND joyful future. You'll leave this meeting knowing why goal setting alone doesn't work for anyone, why making business plans based on financial considerations alone is the certain death of your business, why working more hours in your business probably makes you LESS productive and how to create a strategic game plan for your business that will get you from where you are now to where you want to be in just 6-12 months.
- **Haves & Wants, Power Networking and Deal Sharing:** Come prepared to listen, learn and share.

November 23rd Phoenix Real Estate Club

- This is some of the best real estate networking anywhere! Meet face-to-face with other investors to find what your real estate investing business needs! Haves & Wants, structured networking activities, market discussion, and Member Deals. It all still happens!

Don't Forget to Use AZREIA's Premier Business Associates!



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