

The AZREIA Advantage

Arizona Real Estate Investors Association Newsletter

"AZ Real as it Gets"

JULY 2021

Contents

Executive Director	2
Insurance Resource	3
Private Banking Systems Expert	4
Lending Expert	5
Property Management Expert	6
Financing Professional . . .	8
Legal Expert	9
Home Depot	10
Title Expert	11
Asset Protection & Estate Planning Expert . .	12
Monthly Meetings	13
Calendar of Events	14
Legally Speaking	14
Meetings at a Glance	15



Arizona Real Estate
Investors Association

5227 North 7th Street
Phoenix, AZ 85014

480.990.7092
www.azreia.org

Wholesalers: Here's How To Craft Your Conversation With Seller

by Marcus Maloney

Talking to sellers can be a little intimidating the first couple of times you receive a phone call.

I often hear stories of newbies (when starting a mailing campaign) describe the fear they had when speaking to a seller for the first time. I experience the same fear. You begin to have 1000 questions running through your mind such as:

- What questions do I ask?
- How do I initiate the conversation?
- What will the seller say?

These are just a few questions the anxiety of speaking to a seller will create. Preparation will eliminate, or at least minimize, that anxiety and move you into a higher level of confidence. I recently came across a very inspiring quote by Abraham Lincoln and his theory on preparation:

"Give me six hours to chop down a tree and I will spend the first four sharpening the axe."

- Abraham Lincoln

Preparation is essential in being successful in every aspect of your life. I look at things through the lens that everything is created twice, first as a thought and secondly as a creation. Everything that was created was a thought first. Without getting all scientific and metaphysical, hear me out. Before the iPad was created physically, Steve Jobs had to create it in his mind and then create it on paper which materialized into a tangible product. This is how your conversation with sellers must be. Before picking up that phone, see the conversation all the way through and you will have your blueprint for a successful conversation.

How to Talk with Motivated Sellers

Here are some of the elements that I use that will help you visualize your way through a successful Seller conversation:

#1 Introduction: A well-crafted introduction sets the tone of the conversation. This introduction should

be the first few lines of your elevator pitch. The elevator pitch is a 30-second speech that summarizes who you are, what you do and why you'd be a perfect candidate to help them with their housing situation. After the introduction it becomes evident if the caller is a tire-kicker or if they are genuinely looking to sell their home.

#2 Speak with CONFIDENCE:

A seller will notice if you are well informed and that you are familiar with real estate and how to navigate a trans-

action. They will ask you questions as well, but don't let this make you nervous or intimidate you. Sellers are seeking information just as you are, so be confident in answering questions. Yes, you will stumble a bit but make sure you have a script ready of the questions you need to ask and answer. You will not know it all but as long as you know the very basics of how a transaction works you will be able to get through the conversation.

You must remember you are not selling anything; you are having a friendly conversation about how you can help them.

3 Ask Leading Questions: A Leading Question is defined as a question phrased in a manner that tends to suggest the desired answer. This type of questioning is great because it directs the seller to identify their motivation. It's similar to being the captain of the ship. You are helping the seller navigate their way through choppy waters. By asking leading questions you will find out so much more information than if you were to be straight forward. Take your time, what are you rushing for? You're just having a casual conversation with a friend. This is the feeling you

All Chapters Meeting

~ Virtual ~

Monday, July 12 – 5:45pm

- Haves & Wants
- Market Update & Market News
- Rental Update

Continued on page 2



Executive Director's Message

When Tradition Becomes a Gift

"It's a dry heat."

Every year, I find myself saying this at least once to someone who is not used to the Arizona summer. Typically, I'm saying it while on vacation, somewhere other than Arizona because, let's be real, just because it's dry doesn't mean it's not heat.

Just the same, each year we have our monthly meetings combined online in July. Typically, this is because many people are on vacation, much like me, appreciating the dry heat at a distance and enjoying summertime with family and friends.

As we all know, many people were unable to have a summer vacation with family and friends last year. Our July monthly meeting online felt like any other online meeting we had already since everything shut down in March. So, even though this year is just like every other pre-pandemic year at AZREIA, it's also different.

We know our combined Phoenix, Tucson, and Phoenix Real Estate Club Meetings on July 12th will provide you with the same market updates and structured networking as we typically have. We hope you will use this extra time (and the ability to tune in remotely) to spend the valuable time with friends and family you may have missed this past year. We at AZREIA are using the July combo-meeting as a gift the year 2021 has given us, and we want you to take the opportunity with us.

There is much to look forward to with AZREIA. We are planning on coming back strong over the next several months. We are excited and planning all kinds of events, excursions, classes, speakers, and more because that's just what we do. There is no end to the effort we put forth

for our members to provide all we can for our you. This month, we would like to think that one of those things is our combined meeting.

Here is what you can expect at our combined monthly meeting:

I will present the regular market update and news for both the Phoenix and Tucson areas. This will be a comprehensive analysis of the most recent data on current trends, news, and other information we're seeing in the market.

The market news will be a series of current real estate investing news I have taken from a multitude of news sources to provide you with the most important (and sometimes most interesting) stories that are important for you as a real estate investor to be aware of and to help you start thinking creatively about different strategies and ideas.

We will also be having a legal update, as the CDC Moratoriums and other landlord/tenant changes are happening regularly and it's important to stay updated on what you need to do if you own rental property.

There will also be networking! We will do Haves & Wants so everyone can get their July networking done with an even bigger audience that is spread across the state!

We look forward to you joining us July 12th, to you taking the July break to spend time with those you might not have seen in over a year, and to coming back in August with the same excitement we have for all of the great things AZREIA has planned ahead.

Smarter Investing,
Alan Langston



Wholesalers: Here's How To Craft Your Conversation With Seller

Continued from page 1

want the seller to have. It's all psychological, and leading questions will help you understand how they view the property.

For example: "So how much work have you done to the home recently?" By asking a leading question like this, the respondent will inform you of the condition of the home and if they still have pride in ownership. A great follow up question if the home has not been updated is, "What happened?" or "Why haven't you put any work into the house?" This is valuable information you will receive, and you will be able to gauge the owner's level of motivation.

#4 Actively Listen: One of the biggest mistakes an investor makes in a conversation with a seller is focusing on getting all the questions answered that are on their notepad. The best thing to do is ask a question and then Shut Up!

In any conversation if you let someone speak long enough, they will tell you all the information you need to know. People often like to impress others with how much they know, please don't be that person. You want to receive information and not give too much information. Try and be the receiver as much as possible and not the sender.

#5 Closing the Conversation: When closing the conversation, it's great to ask the seller, "Again, how can I help you, or better yet, what do you want me to do?" Reiterate you are trying to solve a problem they may have.

Often you will hear, "Give me a price you think my house is worth." That is great because now you can give them some actionable steps they need to take to start the process, such as asking them what they think it's worth or how much they think the repairs are. They will more than likely have no clue, and this is

your opportunity to give them a price on what you will pay for the property. Make sure to state the "price is based on a desktop valuation without viewing the property." This will help you identify the seller's motivation. During this initial conversation there is one thing you are really looking to find out; is the seller motivated? This is the entire goal of the conversation. If the Seller is not motivated now, then you need to be actively seeking what will spark motivation.

Seller conversations can be steered if you're prepared. This outline will help you gauge seller motivation and save you valuable time on the phone. The more leads you can touch the more opportunities you have to close deals.

Please keep in mind your aim is to assist the seller first. Always have an attitude of service, this will help you when having those tough conversations.





Things You Need to Know When Investing in Condos...



*Clark Sanchez
Insurance Agent*

1555 E. Glendale Ave.
Phoenix, AZ 85020

by
*Clark
Sanchez*

(602) 277-2655
clark@clarksanchez.com

... or Townhomes, or Patio Homes with a Master Insurance Policy

There are many great opportunities for investors when it comes to rental condominiums, but some investors don't realize that condos can be a complicated minefield if you don't understand what you're doing. In this article, I am going to limit my discussion exclusively to the special insurance issues that sometimes arise with condominiums.

There are organizations across the country that mentor and advise residential property investors. One large group out of Texas provides coaching for new investors. The first piece of advice they give is, "Never invest in rental condominiums." This is not a suggestion or a guideline – NO! In order to participate in this group, you must agree not to invest in any rental condominiums. Perhaps this is a bit extreme, but it illustrates that rental condos are sometimes very complicated and involved. By eliminating this category, this group can focus on and limit their coaching to the basic single-family residential house. Here are just a few of the issues:

Water Leaks – Did you know that when water leaks into your condo from another unit, in over 90% of all cases, you must file a claim on your own insurance or pay for all repairs yourself? This includes water coming into your unit through the ceiling from a unit above, or under the wall from an adjacent unit. You might think that

the owner of that other unit where the water originated must take care of your problem, but that is not correct. From thousands of cases that went to court, we know that the other owner is not responsible unless he/she did something that was "legally negligent" to cause the problem. A cracked toilet tank, a broken washing machine hose, a leaking ice-maker line, or a leaking shower pan or bathtub drain are all examples of problems where the owner is **not negligent** and therefore not responsible for your repair costs.

Construction Defects – In a large, multi-story condominium complex in Westbrook Village, most of the units had a balcony area. The builder included a slight tilt or slope on each balcony to control rainwater. The only problem was the balcony floor sloped **toward** the condo unit, not away from it. When it rained, the rainwater came into the unit instead of pouring off the outside edge of the balcony. It is important to know that design flaws and construction errors are not covered by either the owner's individual insurance policy or the condominium association's master policy. In this case, the association brought legal action against the builder and repairs were eventually made at no cost to the condo owners. Note that this process took

several years to complete.

Frozen Pipes – YES! Frozen pipes are a problem in the Phoenix Metro Area about every 2 or 3 years. In an actual case on McCormick Ranch (Scottsdale), there was a sudden cold snap and pipes inside the ceiling of the top floor of a condo complex froze. As the pipes thawed, water poured into the originating unit, as well as adjacent units and multiple units downstairs. The unit owner was a "winter visitor" and not in town at the time. Just turning the water off was a challenge. Important: All insurance companies require that "the heat must be turned on" in order for a frozen pipe claim to be covered by insurance. In this actual case, the insurance company, State Farm, decided that if just one unit in the building had the heat on, they would cover the entire claim. Caution: not every insurance company would be that generous.

CLARK SANCHEZ has been an Arizona insurance agent for over 41 years. Also a Vendor-Affiliate with AZREIA for over 19 years. Clark will answer all of your insurance questions at rental@clarksanchez.com or (602) 803-2179

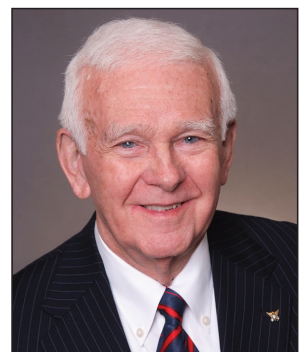


Clark Sanchez, Agent
Investor Insurance Services since 1980

***We Can Insure Your
Arizona Rental Property***

Office Hours

Mon-Fri 8:00 am-5:00 pm
Saturday 9:00 am-1:00 pm



Office: 602.277.2655
Mobile: 602.803.2179
Fax: 602.241.0702

1555 E Glendale Ave.
Phoenix, AZ 85020
clarksanchez.com
clark@clarksanchez.com

A-C

AZREIA Advantage: Private Banking Systems Expert

Recapturing Debt with Infinite Banking



Jason K. Powers
Wealth Strategist
Unbridled Wealth

Call or Text:
(303) 250-1755

by
**Jason K.
Powers**

jpowers@unbridledwealth.com
<https://unbridledwealth.com/>

As it stands, the average household in the United States carries a debt of \$137,000, which is a staggering amount. The median debt in 2000 was only \$51,000, for context.

Here in the American culture, we're taught to finance our cars and our homes. Then, we're told to get a few credit cards - because you need good credit - and it's ok to buy it if you can't afford it - but pay it off as soon as you can... and the cycle goes on.

In the end, we stand alone at the kitchen table looking over the pile of debts to pay, and scratching our heads wondering how we got in this position.

"We can't solve problems by using the same kind of thinking we used when we created them."
-Albert Einstein

There is an abundance of strategies out there for people to get their debt paid down or under control. Grandma's *envelope system* for household budgeting, for example, might be a great starter strategy for those who can't seem to control their spending habits. *Debt stacking* is a great approach to getting your debt knocked down, but requires some discipline. With this approach, you make a list of all of your debts, in highest to lowest interest rate order. Then, you begin paying them down in that order, with minimum payments, and putting the extra money you were (theoretically) spending on extra payments, towards the first debt. Once that debt

is paid off, you take that payment amount and add it to the second payment amount. Once the second balance is paid off, you take that amount and add it to the third, and so on. Over time, you've stacked your payments on other balances and accelerate getting them paid down.

One of the services we offer at Unbridled Wealth, is help you build a *debt recapturing plan*, utilizing the Infinite Banking Concept (IBC). The Infinite Banking Concept is best done through a properly structured dividend paying whole life insurance policy, which we help you design. Once you understand the mechanics of utilizing a whole life policy to *recapture* your debts, and pay them down that way, you begin to see tremendous cash value growth through the life of the policy, and tremendous freedom in your own personal finances.

Detour. A properly structured dividend paying whole life insurance policy is far different than your 'average' whole life policy off the street. It is not Universal Life, or Variable Universal Life, or an Annuity, or Term Life. It is not an investment product. What it is, is a way for you to build up cash value inside of a policy & have the ability to use it along the way. You have the added benefit of uninter-

rupted compound growth of your money inside the policy. You have the legacy benefit (death benefit). You have the ability to be your *own* bank instead of financing everything you do, with a traditional bank.

How much money would you save in life, if you didn't pay interest to an outside bank?

Now, back to recapturing debt inside of a policy. If a bank was willing to gradually consolidate your outside debts, let you decide the terms of the loan repayment, guarantee your growth of the cash value that you have accumulated (even with an outstanding debt balance), offer to pay a guaranteed sum of money to a beneficiary once you pass away (loans outstanding or not), would you be inclined to use that bank? I should hope so!

This is exactly some of what a private banking system can accomplish through IBC.

Alternatively, you can pay your debts down, pay the interest to the banks, and end up with a zero dollar debt balance. That's a great accomplishment too! But would you, if you could, want all the other benefits along with it?

Reach out to us and let's show you how.



**UNBRIDLED
WEALTH**

No One is Born Financially Savvy.

At Unbridled Wealth, we craft strategies tailored to how much money you make, giving you the peace of mind knowing that your financial future is more **attainable** than you think.

Discover How You Can:

- Avoid Unnecessary Fees & Taxes
- Create a Guaranteed Retirement Plan
- Stop Paying Interest to Banks
- Maintain Access to Your Cash
- Leave Money Behind for Loved Ones



SCHEDULE YOUR FREE CONSULTATION

JASON K. POWERS | WEALTH ADVISOR
E: JPOWERS@UNBRIDLEDWEALTH.COM
P: (303) 250-1755



AZREIA Advantage: Lending Expert

Rent to Own



Andrew Augustyniak
Branch Manager
Loan Officer

Call or Text: 480.735.4095
aa@peoplesmortgage.com
aa.loans.peoplesmortgage.com

by
Andrew Augustyniak

3303 S. Lindsey Rd
Bldg. 2, Suite 104
Gilbert, AZ 85297

A common trend I am seeing is rent to own borrowers now ready to purchase the home they have been in contract on for a couple years. Lucky for them, values have skyrocketed, and they are walking into huge amounts of equity depending on when they started their rent to own contract. Here is an overview of how different loans like conventional, FHA, and VA treat rent to own borrowers.

Fannie Mae - Rent Credit for Option to Purchase

Rent credit for option to purchase is an acceptable source of funds toward the down payment or minimum borrower contribution. Borrowers are not required to make a minimum borrower contribution from their own funds for the rental payments to be credited toward the down payment.

Credit for the down payment is determined by calculating the difference between the market rent and the actual rent paid for the last 12 months. The market rent is determined by the appraiser in the appraisal for the subject property.

Documentation Requirements

The lender must obtain the following documentation:

- A copy of the rental/purchase agreement evidencing a minimum original term of at least 12 months, clearly stating the monthly rental amount and specifying the terms of the lease.
- Copies of the borrower's canceled checks or money order receipts for the last 12 months evidencing the rental payments.
- Market rent as determined by the subject property appraisal.

Freddie Mac

The portion of rental payments paid by the borrower credited towards the Down Payment and/or Closing Costs under a documented rental/purchase agreement. The credit must not exceed the difference between the market rent and actual rent paid. The rental/purchase agreement must have an original term of at least 12 months and the rent must be based on a minimum of 12 months rental payments.

Provide the following:

- A copy of the rental/purchase agreement
- Evidence of rental payments
- Appraiser's determination of the market rent for the subject property

FHA and VA

Where can I find policy governing rent credit?

Rent Credits refer to the amount of the rental payment that exceeds the appraiser's estimate of fair market rent. The Mortgagee may use the cumulative amount of rental payments that exceeds the appraiser's estimate of fair market rent towards the Borrower's Minimum Required Investment (MRI). The Mortgagee must obtain:

- the rent with option to purchase agreement,
- the appraiser's estimate of market rent, and
- evidence of receipt of payments.

A reduced rent is an inducement to purchase when the sales contract includes terms permitting the borrower to live in the property rent-free or has an agreement to occupy the property at a rental amount greater than 10 percent below the Appraiser's estimate of fair market rent. When such an inducement exists, the amount of the inducement is the difference between the rent charged and the Appraiser's estimate of fair market rent prorated over the period between execution of the sales contract and execution of the property sale.

Rent below fair market is not considered an inducement to purchase when:

- a builder fails to deliver a property at an agreed-upon time, and permits the Borrower to occupy an existing or other unit for less than market rent until construction is complete, or
- for Borrowers who meet the Identity-of-Interest exception for Family Members.

Always feel free to contact me directly with any questions!



ANDREW AUGUSTYNIK Branch Manager/Loan Officer

Call or Text: [480.735.4095](tel:480.735.4095)

aa@peoplesmortgage.com

aa.loans.peoplesmortgage.com

3303 S Lindsay Rd, Bldg 2, Suite 104, Gilbert, AZ 85297




PeoplesMortgage.com

IT'S ALL ABOUT THE PEOPLE.

TOP 1% MORTGAGE

President's Pick

THE AUGUSTYNIKTEAM



Three Things Homebuyers Need to Know About Arizona's Market in 2021



by
**Nick
Mertens**

Nick Mertens
VP, Property Management Sales
Atlas Real Estate

335 E. Palm Lane
Phoenix, AZ 85004

Office: 719.337.5317
info@realatlas.com

As an agent primarily focused on helping people build wealth through real estate investing, I am always educating my clients and myself on the state of the market and its impacts to the homebuying process. The high rates of appreciation in Phoenix are great for sellers, but also have an impact on the appraisal process. This means that buyers need to be prepared for a very different process, as sellers have different expectations than even a few years ago.

In 2021 about 60% of my appraisals have come in below value, and this is not unique. Listing agents know this and it is causing a couple of ripple effects down the line.

1. Sellers are requiring full appraisal contingency waivers or large appraisal gap clauses in order to consider an offer that uses financing. If the appraisal comes back below purchase price, buyers must come up with the extra cash to cover the gap between purchase price and appraised value. In many cases this is tens of thousands of extra dollars on top of their

down payment. Many buyers simply don't have this kind of extra cash laying around, so while they might be able to afford the payments for a home at a certain price, the risk of a low appraisal prices them out.

2. Sellers are more likely to accept cash offers. Because of the time associated with closing a loan and the difficulty getting appraisals at the purchase price, sellers are increasingly looking for cash offers. Cash offers don't typically have appraisal contingencies so if two offers are of equal value, one being cash and the other being financed, there is no reason to take the financed offer. Cash offers most often come from investors which further prices out traditional home buyers and reduces the already scant amounts of available inventory.
3. Lastly, buyers need to be prepared for the incredible speed at which they need to make major financial decisions. In a hot market like Phoenix, we are hard pressed to find a median-priced, detached, single family home that survives past the first weekend. This means that traditional buyers who attend an open house or showing on a Friday, Saturday, or Sunday have a couple days max to decide if they want to make an offer and at what price. Additionally, listing agents are prohibited from disclosing exact terms

of other offers they have received or expect to receive, so buyers are essentially shooting in the dark when it comes to making an offer. When a buyer asks me "what do you think we should offer?", I tell them that if you really want this house you need to make your best and final offer up front because that's what everyone else is doing. In 2021 the asking price is more like the starting bid at an auction and only cash-heavy, decisive buyers are winning.

In summary, we haven't seen a home buying market like this in years and its my job as an agent to educate clients and set proper expectations. Trying to buy a home in this market is incredibly stressful and can be heartbreaking. I've had buyers throw in the towel because they are tired of making offers week in and week out only to lose again and again. We have a saying at Atlas – "bad news fast and first". If you are a buyer in a hot market with little inventory in 2021 you should know going into your search that you are likely to lose out on several offers, settle for less home than you thought you could buy a year ago, and pay well over asking price. The good news is that you are in a position to buy a home. So don't give up. Make sure you are working with an experienced agent and set your expectations accordingly. You'll be less disappointed when you lose on an offer, and ecstatic when you win.



Arcana
INSURANCE SERVICES, LP.



**UNIQUE COVERAGE ON PROPERTY & LIABILITY INSURANCE
DESIGNED INTELLIGENTLY.**

Call us or visit our website
for more information on the following:

- INVESTMENT PROPERTY INSURANCE PROGRAM
- TENANT DISCRIMINATION PROGRAM
- LANDLORD SUPPLEMENTAL PROTECTION (LSP)
- TENANT RENTERS PROGRAM

TEL: (877) 744-3660
WWW.NREIA.ARCANAINSURANCEHUB.COM

Meet My Property Manager...



**“Everything I need to manage my property
from anywhere... right on my phone!”**



AZREIA OFFER
95 Cent Membership
www.RentPerfect.com

90%
**Fix & Flip
Financing**

Do you qualify?

Contact us to find out.

MERCHANTS FUNDING AZ, LLC
License #BK-0918174 NMLS #388757

Mark Steinbeck, VP
480-889-7569
NMLS #180782

Bo Seamands
903-721-5807
NMLS #1191246



The information in this ad is for real estate professionals only. Adequate disclosures for home buyers are not provided. Rates and terms are subject to change without notice and are subject to underwriting and qualification.

**Hard Money
Specialists**

“When the banks say no or move too slow”™

**Single Family 1-4-unit,
Commercial Property, Apartments,
Spec Construction and Lot Loans**

**Fix & Hold
Fix & Lease
Fix & Wrap**

**No Point Programs Available
Up to 90% Cost/Max 69% of Value
12 Months to 5 Year Term**

Appraisal fee (up to \$350.00) refunded at COE to AZREIA members!



**11024 N. 28th Drive #170
Phoenix, AZ 85029
602-375-8951 Office
602-375-0760 Fax
Jack@HiltonCorp.com
NMLS 143636
AZ MB 0928800
UT MB 5491797**



Over Budget Blues



David Neilson
Boomerang Capital Partners

2152 S. Vineyard #105
Mesa, AZ 85210

by
**David
Neilson**

Office: 480.779.9779
www.boomerangcapital.com

Boomerang Capital finances over 1,000 projects a year and sees thousands more among its network of past borrowers, wholesalers, contractors, realtors, and even other lenders (we call them frenemies). And one thing we know for sure is that no one likes an over budget project. It is helpful to think quite simply about those unwelcome budget busters as coming from two categories: those that you can't control, and those you can.

Uncontrollable surprises come from a few places. One with the biggest impact that we see most frequently is being too aggressive with timing and/or uninformed with prices. A project is dependent on people and resources, which can be difficult to get all lined up perfectly. Be it permits or subcontractors, inspections or toilets, almost anything can hold your whole project up. Gantt charts can help organize and look at dependencies and find some open space in the schedule, as well as help deal with the inevitable curve balls. And on that point, make sure you are updating your timeline and budget as you go so you can see where you are and make needed corrections in a timely manner. Note that the longer the project timeline, the greater the chances for issues. One of our borrowers always renovated homes in one market and recently did his first on in another

market. What he didn't realize and account for is how much longer the permit process would take which led to additional direct and indirect costs. By his calculation, the extra 2-3 months killed the profitability of the deal.

A related group of issues comes from your budget. An unrealistic budget won't work, so make sure you have up-to-date estimates. Lumber is an obvious recent example, but labor costs have also been quite volatile lately. A good way to keep in touch with these types of issues is to know what is going on. There are some great formal ways to get information, such as industry publications (like the one you're reading!) and associated meetings and presentations. But don't overlook the informal sources too: there can be a lot learned over beers with buds.

Another unpleasant surprise can arise once you get going and have a chance for a more thorough examination of major systems such as foundation, sewer, roof and HVAC. We always recommend a sewer inspection and roof inspection where possible. If you can identify those in advance, you can work out a price reduction and then include the work in your budget. Many of our borrowers find issues in the sewer line and are able to negotiate \$5-10k price reductions to accommodate, and roof concessions are frequently two to three times that.

Controllable budget busters are another type and mainly come from outside 'help'. Once you have a project budgeted and ready to go, it's frequently unhelpful to ask for opinions. Most of those 'helpful' suggestions are going to involve an

'upgrade' of one sort or another. These can come from a well-intended but inexperienced friend walking the property with you or a self-interested contractor. You might hear things like: "This is a nice kitchen, but you really should do new cabinets." or "You should open up this space." You may also be tempted as you wander around a project and think, "A bit more landscaping might really make this place pop." Remind yourself frequently: if it's not in the plan, it's not in the plan.

A recent borrower of ours had a new girlfriend that was a realtor. At the end of one of his projects she took it upon herself to blue tape the project. When she was done the property was covered in blue tape. She decided a refinished bathtub needed replacement, more can lights were needed along with more landscaping plants. The outcome was budget overruns because of unnecessary replacements and re-work, ruined subcontractor relationships, and an ex-girlfriend.

Your budget comes under scrutiny here as well. The more specific a budget is, the easier it is to measure progress and variance. You can go overboard with too much detail (like how many screws you plan to use), but broad categories like "I'll spend \$40,000 on the kitchen" will not provide enough detail when it comes time to make decisions and order materials.

A well-researched budget with sufficient detail and completeness, including timing, that you then stick to will reduce a lot of headaches and heartaches.





Virtual Court Becomes Law



Mark B. Zinman,
Attorney

Zona Law Group P.C.
7701 E. Indian School Rd.
Suite J
Scottsdale, AZ 85251
Phone: (480) 949-1400
Fax: (480)-946-1211
www.zona.law

by
**Mark
Zinman**

We learned through the pandemic that allowing residents to appear in court via telephone or video conference significantly increased their participation. Some courts were doing evictions telephonically while others were handling such cases virtually, such as on Zoom or Microsoft Teams. This version of “virtual court” was permissible under a Supreme Court order allowing proceedings to occur virtually during the pandemic. Prior to the pandemic, most courts prohibited appearances telephonically, and we are unaware of any court in the entire state that held eviction hearings via video conference.

On Friday, April 16, 2021, Governor Ducey signed a bill (making it law - ARS 22-206) that makes such “virtual” appearances permanent. The law reads:

NOTWITHSTANDING ANY OTHER LAW, IN A SPECIAL DETAINER OR FORCIBLE DETAINER PROCEEDING BEFORE THE COURT, ANY PARTY, INCLUDING AN ATTORNEY OR WITNESS UPON WRITTEN NOTICE TO THE COURT, SHALL BE PERMITTED TO PARTICIPATE AT THE INITIAL APPEARANCE REMOTELY BY USING A TELEPHONE OR VIDEO

CONFERENCE CONNECTION. IF THE COURT CONTINUES A CONTESTED MATTER TO A LATER DATE, AT THE DISCRETION OF THE COURT, THE COURT MAY REQUIRE ALL PARTIES, ATTORNEYS AND WITNESSES TO PARTICIPATE IN PERSON.

This means that for *initial* hearings in eviction actions, the courts are to allow attorneys, parties, and their witnesses to appear virtually. If a trial is necessary, the court can require parties to appear in person so that the judge is better suited to see the witnesses and gauge the credibility of their testimony.

This bill was very hotly contested. Many tenant advocates took the position that this was a detriment to residents. They alleged that such telephonic appearances were not fair and deprived residents of their rights. On the other hand, the bill sponsors argued that the law now makes it easier for residents to appear and those

residents, that worry about such virtual appearances, are still able to appear in person. In other words, they can get the benefit of both systems – they can appear in person if they want, or if they want, they can call in. The benefit of virtual appearances is that a resident can still make it to a court hearing even if they have to work or if the court is far from their residence. Virtual appearances allow greater access to the courts. Also, this makes it easier for witnesses, such as neighbors and police, to appear and give testimony where they otherwise would not have been able to attend court. It is our belief, whenever a judge can get more testimony and more evidence, it is more likely the appropriate outcome will be reached – that goes for both sides of litigation.

Some courts have already started developing and testing new software for use of video conferences. We will keep AZREIA members updated on how such technology is rolled out.



We Represent Property Managers, Owners and Investors in All Real Estate Matters.

LANDLORD / TENANT LAW

REAL ESTATE TRANSACTIONS

DISPUTES OVER OWNERSHIP

Quick Communication
Aggressive Litigation
Intuitive Technology

 **ZONA LAW GROUP**

(480) 949-1400
WWW.ZONA.LAW



Pro™ *The Home Depot is Passionate About Making Pro Customers Successful*

by Brian Aguirre

As we continue through 2021, there is an anticipated increase in business across major industries including real estate, construction, and property management, especially as housing demand and turnover increases across the country. With this, it is more important than ever for industry professionals to continue seeking long-term savings across all projects and remain nimble and connected throughout the anticipated rise in business.

Understanding this current environment and its impact on industry professionals, The Home Depot is continuing to evolve the Pro Xtra loyalty program to include new benefits, rewards, and discounts to support property owners, managers, and contractors in the current environment and through the year to come.




The Home Depot is passionate about making Pro customers successful, and the Pro Xtra loyalty program is one of the many capabilities to help program members reach their goals in this year. Members can earn Perks, like Pro Xtra Dollars and Tool Rental Perks, just for shopping at The Home Depot, redeemable through The Home Depot's mobile app. Plus, Pros can receive surprise Bonus Perks for just being a Pro Xtra member and through member appreciation events, like Perk Week.

In addition to expanded rewards, members can easily track purchases and see savings in real-time by using their Pro Xtra Virtual ID in the app at in-store checkout. Members can access their Virtual ID from the account page in the app, then scan the barcode at checkout to track spending and earn more toward Perks.

There are unique benefits for all types of Pros, including real estate owners, facility operators, managers and more. Discounts are customizable to benefit individual projects and ongoing initiatives. For example, The Home Depot debuted an enhanced Paint Rewards program for members at the start of 2021. Pro Xtra members now receive savings on paint, stains, and primers with new lower spend thresholds for discounts, including 20 percent off when you spend \$6,500, 15 percent off when you spend \$3,500, and 10 percent off when you spend \$1000. With this change, every dollar spent on paint-supply products counts towards Pro Xtra members earning Perks and additional Discounts.

Pro Xtra Preferred | Overview of Features

Access: Go to [HomeDepot.com](https://www.homedepot.com), click "My Account" and use your Pro Xtra email address to Sign in. Click "Forgot your password" to reset your password if you cannot access.

 <p>Set Up</p> <ul style="list-style-type: none"> ❑ Add users to your account <ul style="list-style-type: none"> Link: Add Users If there are multiple people who shop for your business or manage purchasing, they can be added as Admins or Purchasers to set up their own profile on the account 	<ul style="list-style-type: none"> ❑ Manage your payment methods <ul style="list-style-type: none"> Link: Payment Methods Add and view credit cards to track in-store and online purchasing Authorize cards to make phone sales easier or sign up for Text2Confirm 	<ul style="list-style-type: none"> ❑ Create product lists <ul style="list-style-type: none"> Link: Product Lists Add products into lists in order to organize and simplify your purchasing Lists can be shared with others via email or printed
 <p>Shop</p> <ul style="list-style-type: none"> ❑ Quick add items to cart / list <ul style="list-style-type: none"> Link: Quick Add Easily add items into a list or your shopping cart by typing in the SKU number and quantity or by uploading the excel template provided ❑ Schedule subscriptions <ul style="list-style-type: none"> Link: Subscriptions Schedule recurring orders for items you are buying regularly Take advantage of a 5% discount and free delivery for all your subscriptions 	<ul style="list-style-type: none"> ❑ Create a quote <ul style="list-style-type: none"> Link: Quotes After you've added items into your shopping cart, you can save that cart as a quote to lock in the price for 7 days Quotes can be printed with or without prices or discounts to share with clients ❑ Buy It Again <ul style="list-style-type: none"> Link: Buy It Again Shop directly from previously purchased items (online and in-store) 	<ul style="list-style-type: none"> ❑ Enhanced Shopping Cart <ul style="list-style-type: none"> Link: Shopping Cart Easily add to, edit, organize and purchase your items Forgot something? Type in the SKU number to quick add to cart Add a PO/Job Name to keep purchases organized Select fulfillment type by item for convenient delivery or pick-up at the store Save cart as a quote or list to purchase later
 <p>Manage</p> <ul style="list-style-type: none"> ❑ Track purchases <ul style="list-style-type: none"> Link: Purchase History View and filter through all in-store and online purchases made with a registered payment method Export purchase summary or purchase details into Excel 	<ul style="list-style-type: none"> ❑ Export to QuickBooks <ul style="list-style-type: none"> Link: QuickBooks Export purchase summary or purchase details directly into QuickBooks to make bookkeeping simple Purchases sync with both QuickBooks Online and QuickBooks Desktop 	<ul style="list-style-type: none"> ❑ Business tools <ul style="list-style-type: none"> Link: Business Tools View purchasing trends like your Top Jobs, most purchased items, map of spend by store, and spend by department

In today's business environment, saving time and money has never been more critical. In addition to Pro Xtra's Perks and Paint Rewards, The Home Depot offers rebate benefits for National REIA. Through this benefit, AZREIA members have received millions of dollars in savings through the rebate program. AZREIA members receive a 2 percent biannual rebate, 20 percent off interior and exterior paints and primers, volume pricing, access to an exclusive appliance and cabinet program much more.

If you're not already a Pro Xtra members, it's free to join. Sign up today and get \$20 off your next purchase of \$200 or more. Visit [homedepot.com/proxtra](https://www.homedepot.com/proxtra) for more information.





Stopping Fraud!



by
Jill
Bright

Jill Bright
AVP/Sr. Sales Executive

Chicago Title
Maricopa County

Phone (602) 525-0790

BrightJ@ctt.com

www.ChicagoTitleArizona.com

- Cash purchase
- Payment is made by official or cashier's check
- No earnest money deposited
- Quick close
- Foreign buyer, purchasing the property sight unseen
- Only communication with the buyer has been by email

The buyer had been instructed to wire his closing funds but sent an Official Check instead. To top it all off, the remitter was a third-party company, not the buyer. Our Escrow team notified the real estate agents the deal would not be able to close by the scheduled date. The agents put an addendum to the purchase agreement together to extend the closing date.

Our Escrow team worked to verify the validity of the check. They contacted a Citibank® representative who said the company was unable to verify the check without the account holder on the line.

Our Escrow team knew they needed a quick answer, so they did more digging and found a Citibank client support phone number. They called the automated system where the caller can enter a Citibank check number and the amount of a cashier's check or official check to verify whether their system recognizes it or not. The system did not recognize this check.

Next, our Escrow team searched the internet for a website of the company that remitted the funds. Their search was a dead end. They could not find the company online — which was enough evidence for them to instruct resign from the transaction.

Our Escrow team made the right call. No one involved in the transaction needed to keep working towards a closing. Instead, this enabled the property to be put back on the market and sold to a legitimate buyer. Turns out the Citibank automated check verification was correct: the check was later confirmed as fraudulent.



Escrow and title companies are still under attack, fraud is being perpetrated from all angles of the transaction. As a result, our operations are taking their time and extra care to thoroughly review checks; our operations need to ensure funds are unconditionally collected before closing and disbursing.

We received an "Official Check" drawn on an institutional bank. Our Branch Manager & Administrator were on high alert. The transaction consisted of many red flags the Company had seen before.

Ask Chicago Title About...

Chicago Title's Investor Division handles Assignments, Agreements for Sale, Double Closings, Wraps, Subject To & Seller Carryback Transactions. In addition to these special types of transactions, we also close "normal" residential/commercial files every day.

We also have the tools you need to be successful!

- 24/7 Online Sales Comps/Transaction History
- Buyer/Seller Net Sheet Software
- Target Market Area Mailing Lists
- Lead Programs for Probate, Divorce, Tax Default
- Elusive Ownership Database to find "Off Market" Property Owners
- Weekly Notice of Default & Auction List
- Custom Marketing w/Professional Design/Print Partner

Don't forget to ask us
about our Special Investor
Rates on Title Insurance!



CHICAGO TITLE AGENCY

Jill Bright | AVP/Sr Sales Executive | Cell: (602) 525-0790 and BrightJ@ctt.com



The Estate Planning Question I Always Get...



Samuel C. Richardson
Attorney at Law

Phocus Law

Phone: (602) 457-2191

Sam@
phocuscompanies.com
phocuslaw.biz

by
**Samuel C.
Richardson**

"How Do I Avoid Probate?"

As an estate planning lawyer, I have the benefit of talking with hundreds of people about their hopes for the future, especially their children's futures. In all of those conversations, I have never had a single person say, "Boy, I really hope my hard-earned assets get tied up in a court proceeding for months or years after I die." But, this is exactly what will happen with most people's assets they pass because most folks will not take the proper steps to avoid a common legal proceeding known as "probate."

The probate process is a legal proceeding by which the court tries to determine whether

someone who has died has a will, what assets they have, and to whom those assets should be distributed. In Arizona, probate comes in two flavors, informal and formal. An informal probate is for smaller estates (generally less than \$75,000) and estates unlikely to have any disputes among the heirs. The costs for these types of probate proceedings are relatively low, and the state requires very little oversight of the estate representatives in the administration of the estate. Most of these cases get resolved with only a couple of court filings and less than \$1,000 in expenses.

Not many of you reading this, though, will qualify for this kind of probate proceeding because your wise investments and ambition mean that your estates will likely exceed the cap, *or* there are creditors or disputes that disrupt the simple administration, thus requiring additional court oversight. If your estate falls into the formal probate category, the process not only costs more, but it also takes more time to resolve.

An informal probate averages between six and eight months, whereas a formal probate can easily double that time. The costs for a formal probate can reach beyond \$5,000 or

even \$10,000 for a \$500,000 estate and can go *much* higher if your estate is contested or worth millions. If there exists a relatively inexpensive and simple way to avoid this process, you would think that most people would take advantage of it in order to save their family members the time and expense of going through the probate process.

Trusts are a fantastic way to avoid the probate process. Unlike a will that only takes effect after you die, a trust becomes an active legal arrangement as soon as it is signed. As a result, the court doesn't need to verify a trust like it does a will. The entire probate process is already built into the trust document. While there is generally a higher initial cost to set up a trust than there is to draft a will, a trust more than makes up for it in the probate costs avoided and time saved having your estate neatly buttoned up. There are other benefits to a trust, as well, including greater asset control, creditor avoidance, and potential tax advantages. But for probate avoidance, the trust is king.

If you have questions about setting up a trust or want to review an existing trust or estate plan, please contact Phocus Law.



FULL-SERVICE BUSINESS LAW FIRM

- Entity Formation
- Real Estate Financing, Development, Acquisition & Leasing
- Contract Drafting, Review & Negotiation
- Fundraising & Investments
- Company/Asset Acquisition & Sale
- Employment
- Company Sales & Founder Exits
- Commercial Litigation



FULL-SERVICE ESTATE PLANNING PRACTICE

- Wills
- Revocable Living Trusts
- Irrevocable & Dynasty Trusts

phocuslaw.biz

(602) 457-2191

michele@phocuscompanies.com

Monthly Meetings

AZREIA Phoenix Meeting

Monday, July 12

Zoom 5:45 pm

AZREIA Tucson Meeting

Monday, July 12

Zoom 5:45 pm

Phoenix Real Estate Club

Monday, July 12

Zoom 5:45 pm

Each year our July meetings are virtual. Even though we've just gotten back to in-person meetings, we will still be having this meeting online. It's still hot and people have still left the state to get out of the heat. That doesn't mean real estate investing stops, it doesn't. And that means there is information we need to convey and a market we need to discuss. Read on to see what great content you will be receiving, how to participate in the networking activities and how to register for the meeting.

Phoenix – Current Market Trends & Activity

Alan Langston will provide the absolute latest information on market data, legal updates, and the rental market essential to your real estate investing business.

Networking – Haves & Wants!

This is a staple of AZREIA Tucson and the Phoenix Real Estate Club meetings and we will provide it virtually this month. Imagine being able to share with hundreds of other investors just like you what your wants are and what you have for them. Face it, we all have wants and needs as investors. If we don't then we aren't very active. Maybe you are looking for a specific type of property; maybe you need partners or training or a referral for a good plumber. Whatever it is, you get to ask for it. Also, maybe you have something other investors need. Maybe you have a property to wholesale or money to lend or appliances to sell. If another investor could use it, you get to tell them about what you have.

Market Update & Market News with Alan Langston

The complete Market Update and Market News will be delivered just as it is every month. It is the main feature of this month's meeting and will comprise the majority of the meeting time. You will see all the trends and current events information. We will be adding additional charts with national data and some different categories, too. If you normally attend the Tucson meeting, you will be exposed to very different content including Market News. You will hear Alan Langston's analysis of what it all means to you as a real estate investor. It will be the exactly the same as if you are in-person. This is must know information for the serious real estate investor and we are making sure you get it in a timely fashion.

Tucson Monthly Meeting

Please participate in the July 12th online meeting. It includes Tucson Haves & Wants and many of the Market Update and Market News charts and analysis applicable to AZREIA Tucson members.

Phoenix Real Estate Club

Please participate in the July 12th online meeting. It includes Haves & Wants and the Market Update.



AZ.R.E.I.A., Inc. (the "Association") does not: (1) render legal, tax, economic, or investment advice, (2) investigate its members, or (3) represent or warrant the quality of goods or services provided by its members, the honesty, integrity, reliability, motives and/or resources of its members or their officers, directors, managers, employees, agents, and/or contractors. Consult your legal counsel, accountant, and other advisors as to risks and legal, tax, economic, investment and other matters concerning real estate and other investments. Members will comply with the Code of Ethics of the Association.



AZREIA Calendar of Events

Check www.azreia.org for the current schedule.

JULY MEETINGS	JULY SUBGROUPS	
	Join like-minded investors, share ideas, network, and learn in small group settings.	
AZREIA – Phoenix – Online <i>Monday, July 12</i> AZREIA – Tucson –Online <i>Monday, July 12</i> Phoenix Real Estate Club – Online <i>Monday, July 12</i>	<ul style="list-style-type: none">• Tucson New Investors – Online & In-Person <i>Monday, July 5</i>	<ul style="list-style-type: none">• Beginning Investors – In-Person <i>Thursday, July 15</i>
UPDATED INFORMATION & REGISTRATION ONLINE AT WWW.AZREIA.ORG		



LEGALLY SPEAKING



Q: My neighbor wants to sell their home, but doesn't want to use a realtor. I have a lot of friends who are investors that would be interested. Can I help them find a buyer and get a finder's fee?

A: While the term "finder's fee" sounds innocent, it is more likely that you are engaging in the business of real estate. This is prohibited by Arizona law unless you have a real estate license. If you are engaging in the practice of helping someone sell real property, it is likely activity

regulated by the Department of Real Estate unless you fit within an exception. There are certain exceptions to the licensing requirement, such as when you are dealing with your own property. (See A.R.S. § 32-2121(a) for other exceptions.) However, when you are talking about helping another person sell their property for a fee and you are not a party to the contract, you are likely engaged in the unlicensed real estate.

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.



AZREIA Monthly Meetings at a Glance

July 12th All Chapters Meeting

- **Current Market Trends and Activity**

Alan Langston will provide the absolute latest information on market data, legal updates, and the rental market essential to your real estate investing business.

- **Phoenix & Tucson Main Meetings – Online**

Everyone will need to register to receive the link to join the meeting! It includes Haves & Wants and many of the Market Update and Market News charts and analysis are applicable to all AZREIA area members.

- **Market Update and Market News with Alan Langston**

The complete Market Update and Market News will be delivered just as it is every month. It is the main feature of this month's meeting and will comprise the majority of the meeting time. You will see all the trends and current events information.

- **Networking – Haves & Wants**

This is a staple of AZREIA Tucson and the Phoenix Real Estate Club and we will provide it virtually this month. This is your opportunity to share with hundreds of other investors just like you what your wants are and what you have for them.

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



Heather Johnson
Heather@RentPerfect.com



Clark Sanchez (Agent)
clark.sanchez.bzw0@statefarm.com



Mark Zinman
mark@wzplegal.com



Mark Steinbeck
msteinbeck@merchantsfundingllc.com



Jack Hilton
jack@hiltoncorp.com



Jill Bright
brightj@ctt.com



Andrew Augustyniak
Andrew.augustyniak@primelending.com



Mary Saer
msaer@azgat.com



Self-Directed IRA's
Daniel Ortega
Dortega@VantagelRAs.com



David Nielson
david@boomerangcapital.com



ATLAS^{AZ}
Alyssa Bieling
alyssa.bieling@realatlas.com



Michael J. "Mick" McGirr
mick@phocuscompanies.com

YOUR LOGO HERE

Consider becoming a Business Associate with AZREIA today!
[Click here for more information](#)

AZREIA has many Business Associates to provide your needed products and services in areas such as:

| Accounting & Taxes | Community Services | Flooring | Insurance | Janitors | Legal | Market Data | Movers |
| Notes | Property Managers | Self-Directed IRA | Tenant Screening | Title & Escrow | Virtual Assistants | Wholesalers |

Visit our [Business Associate Page](#) for complete list of providers!

Membership in AZREIA has never been more valuable or more affordable!

[CLICK HERE TO JOIN OR RENEW WITH AZREIA TODAY!](#)

[Learn More About AZREIA Membership Benefits HERE!](#)

AZREIA Membership Build-Your-Own Membership	PLUS Membership Most Convenient for Highly Active Members	AZREIA Guest
\$60 / YEAR Limited Time Promotional Offer Price. Originally \$100	\$239 / YEAR \$309 PLUS Family Option: Add one family member to your membership	\$0
<p><u>Monthly Events</u></p> <ul style="list-style-type: none"> ✓ AZREIA Chapter Meeting (\$10/Meeting) ✓ Phoenix Real Estate Clubs (\$10/Meeting) ✓ Subgroup Meetings (\$5/Meeting) <p><u>The Home Depot Discounts</u></p> <ul style="list-style-type: none"> ✓ The Home Depot Rebate ✓ The Home Depot Paint Discount ✓ The Home Depot Cabinet Discount ✓ The Home Depot Appliance Discount <p><u>Education & Seminars</u></p> <ul style="list-style-type: none"> ✓ Significant Member Only Discounts ✓ \$30 Launch Pad <p>Additional Features</p> <ul style="list-style-type: none"> ✓ Discounts from AZREIA Business Associates ✓ Access to Market Updates & News Charts ✓ AZREIA Newsletter & Blog 	<p><u>Monthly Events</u></p> <ul style="list-style-type: none"> ✓ AZREIA Chapter Meetings FREE ✓ Phoenix Real Estate Club FREE ✓ Subgroup Meetings FREE <p><u>The Home Depot Discounts</u></p> <ul style="list-style-type: none"> ✓ The Home Depot Rebate ✓ The Home Depot Paint Discount ✓ The Home Depot Cabinet Discount ✓ The Home Depot Appliance Discount <p><u>Education & Seminars</u></p> <ul style="list-style-type: none"> ✓ Significant Member Only Discounts ✓ \$30 Launch Pad <p>Additional Features</p> <ul style="list-style-type: none"> ✓ Discounts from AZREIA Business Associates ✓ Access to Market Updates & News Charts ✓ AZREIA Newsletter & Blog 	<p><u>Monthly Events</u></p> <ul style="list-style-type: none"> ✓ AZREIA Chapter Meeting (\$20/Meeting) ✓ Phoenix Real Estate Clubs (\$20/Meeting) ✓ Subgroup Meetings (\$20/Meeting) <p><u>The Home Depot Discounts</u></p> <ul style="list-style-type: none"> X The Home Depot Rebate X The Home Depot Paint Discount X The Home Depot Cabinet Discount X The Home Depot Appliance Discount <p><u>Education & Seminars</u></p> <ul style="list-style-type: none"> ✓ Guest Pricing ✓ \$100 Launch Pad <p>Additional Features</p> <ul style="list-style-type: none"> X Discounts from AZREIA Business Associates X Access to Market Updates & News Charts ✓ AZREIA Newsletter & Blog