

The AZREIA Advantage

Arizona Real Estate Investors Association Newsletter

"AZ Real as it Gets"

JUNE 2020

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Creativity is Like Water – It Takes on the Shape of Any Cup

by **Eddie Speed**

Being a successful entrepreneur in real estate investing is all about discovering voids and filling the gaps. The gaps in the market that need filling one year can be completely different than the ones in the year before. Creative financing is what fills those gaps for the challenges facing every deal you make.

At this point in the wake of the COVID19 financial beating, new voids have suddenly appeared that weren't here just three months ago. I'm confident the economy will recover. But will we have a V-shaped recovery that turns back up immediately, or a U-shaped recovery that gradually turns back up, or are we looking at an L-shaped recovery where things stay flat for a long time?

I DON'T HAVE A CRYSTAL BALL – I HAVE A REARVIEW MIRROR

In recent weeks, I've been doing 2 to 5 interviews every day for articles, podcasts, etc. Everybody is asking me to look into my crystal ball and foretell the future. And I wish I could! I tell them I don't have a crystal ball—I have a rearview mirror. It gives me a clear view of the past, which can be just as valuable! The creative techniques I've developed, expanded, and perfected in previous downturns are being put to use to fill gaps in today's market to save the day

for thousands of investors.

I can honestly tell you that I've boosted my net worth more in weak markets than in boom markets. But I haven't done it by taking advantage of people down on their luck, just the opposite. I've done it by HELPING people down on their luck using creative financing to fill the

voids big institutions couldn't fill. When buyers are being left behind, creativity makes deals come together instead of falling apart.

THE SUREST WAY TO FAIL IS TO BE SET IN YOUR WAYS

I think of the real estate business as more like a river than a pond. A pond can quickly turn stagnant, but rivers are always flowing and staying fresh. As the saying goes, you'll never step in the same river twice. That's why we're constantly adjusting the curriculum in our Note School classes.

When I got into this business back in 1980, mortgage interest rates were a staggering 20% and I was calling on mortgage lenders and real estate companies. When I walked in the door it felt like I had walked into a funeral home. They had no ideas, no plans, and no hope. They were set in their ways and saw no way forward because they only knew how to do things one way. But because I had a different mindset and fresh perspective, plus a toolbox of creative

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Executive Director's Message

AZREIA Making It Work for You!

New “Build Your Own” Membership!

There have been a few iterations of AZREIA over the years. Each time, the changes were in response to the market and how to best serve our members and others interested in the advantages of real estate investing.

Over the last couple of months to say things have changed would be a huge understatement. It's not just that things have changed though. Things are always changing. It is how we adapt to change that matters. Most importantly, it is recognizing the opportunities associated with the changing times. This is true not only for AZREIA, but also for your business as a real estate investor.

At AZREIA, we feel everything is changing in the real estate investing world. There will be tremendous opportunity coming into the “new normal”. As investors, we believe you will see unprecedented opportunity in creative financing, notes, wholesaling, land and in income property as well. Depending on government action, you may see another wave of foreclosures and short sales. Be ready. Be adaptable. Be informed. Be educated.

AZREIA is changing to be ready to support you in any way you need to be supported. We are adapting our membership plans to recognize your needs. We are changing the way some meetings will be delivered. We are enhancing the content of meetings. We are doing this to be able to bring to you what you need and support you in a way you want to be supported.

On June 1, 2020, we are changing our membership to a “Build Your Own” type of plan. We believe this new membership will allow you to structure your membership activities to fit your exact needs, while lowering the cost of membership for the vast majority of AZREIA members. Here's how it works:

❑ **AZREIA Member:** Annual dues of only \$60 (Promotional Price) gives you access to all AZREIA benefits (including National REIA benefits) and significantly reduced pricing for all AZREIA meetings, events, education, etc. After joining or renewing your AZREIA membership for \$60, just attend what you'd like or need to *achieve your goals*. The price structure looks like this:

- AZREIA Meetings: \$10
- Phoenix Real Estate Club Meeting: \$10
- Subgroup Meetings: \$5
- Education Classes or Other Events: Posted Member Pricing
- We will continue with Member discounts for early registration and “at meeting” specials.

❑ **Guests:** If you like to attend any AZREIA function you are welcome as a guest including subgroup meetings. There is a flat \$20 Guest Fee for all meetings and subgroups. Guest pricing for education classes or other events will be determined separately. The “break even point” where joining is more cost effective is about one month's worth of meetings. So, if you are going to attend more than an AZREIA meeting, Phoenix Real Estate Club meeting, and a couple of subgroups, you will save by joining.

❑ **AZREIA PLUS Members:** You are welcome to stay on your current plan. We encourage you to check out the new AZREIA membership as it will most likely provide you a savings.

As we go forward and continue to come out of more physical restrictions, look for continued live and virtual meetings, an enhanced Phoenix Real Estate Club experience and a focus on providing you a customizable experience in your membership.

Smarter investing,
Alan Langston



Finally, Live Meetings & Education Classes

I don't know about you, but I'm really ready to get going again! At AZREIA, we are going to get back to live meetings and education classes whenever possible beginning in June. While our Phoenix, Tucson and Phoenix Real Estate Club meetings will continue to be virtual because of their size, we are able to offer live versions of other activities. So, be sure to check the website to know if the event will be live, virtual or both!

Naturally, we will be abiding by social distancing standards and masking appropriately. To do so means our Main Hall can accommodate between 40 and 50 people depending on the makeup of attendees. It also means we will do our best to accommodate members and guests who would prefer not to attend live by providing the option to participate virtually.

Everything has to be a little flexible right now, but here is how we

believe we will be operating through the summer:

- Phoenix AZREIA meetings will be virtual on the second Monday.
- Tucson AZREIA meetings will be virtual on the second Tuesday.
- Prescott AZREIA meetings will be virtual on the first Tuesday until the meeting location opens.
- Phoenix Real Estate Club will be virtual on the fourth Tuesday.
- Subgroups will be live or virtual or both.
- Education classes will be live in most cases with a virtual option.

For our live sessions we will be masking in the common areas. Masks will be optional, but encouraged while you are at your seat. Please wear your mask to register, on breaks and whenever you leave your seat.

If you do not have a mask, one will be provided to you.





Mac Aroni Loses 25 Acres



by
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A real estate investor we will call by the fictitious name of “Mac Aroni” contacted one of our operations as he was in need of their assistance with the purchase of several acres of vacant land in a remote desert area in Arizona.

Aroni was working directly with the seller. There were no real estate agents involved; the purchase would be for sale by owner or FSBO. The Escrow Officer set up a time for them to come to her office to open an escrow.

Aroni and two other people that we will call by the fictitious names of “Candy Steeler” and “Lynn Meabuck” met with the Escrow Officer. Steeler explained the real seller, fictitiously known as “Joshua Moron,” was unavailable since he was currently in prison. Steeler presented an Arizona quit claim deed fully executed and recorded, wherein Moron deeded the property to her. The Escrow Officer explained it would be necessary for Moron to sign a new deed since the Company generally will not rely on a quit claim deed in the chain of title.

Steeler and Meabuck were ready for the Escrow Officers objection. They presented a fully executed general power of attorney (POA) wherein Joshua Moron appointed Lynn Meabuck as his agent. The Escrow Officer knew the general POA would never be approved by her title department.

Steeler and Meabuck appeared uneasy. Their body language was making the Escrow Officer uncomfortable and suspicious. She made copies of the documents they presented, thanked them for coming in

and let them know she would order a title report and get back to them with a list of requirements.

The next day, she looked over the deed and noticed the notary did not complete the notarial certificate properly. Rather than name the grantor as having appeared in front of him, he entered his own name. Next, she ran a chain of title for the property which revealed the property was owned by a family trust.

The Escrow Officer emailed Aroni, Steeler and Meabuck letting them know she would not be able to rely on the Arizona quit claim deed since the property was owned by The Smith Family Trust and not Moron. She asked them to provide her with a complete copy of the trust agreement and asked whether the original trustees were still alive.

Aroni, Steeler and Meabuck emailed her an amendment to the trust naming Joshua Moron, “...as full member and trustee and granted all rights and privileges associated with that position...with the rights to deal with real estate matters, including but not limited to buying, selling, leasing and financing...Any changes made in real property are to be done under the laws and ordinances of the governing state and county.”

How convenient. The amendment was signed by someone unknown to the Escrow Officer and clearly not one of the original trustees.

Aroni, Steeler and Meabuck also provided an unsigned document, which was the entitled certificate of trust — but it did not provide any useful or reliable information. Steeler and Meabuck said the original trustees of the family trust were deceased. The Escrow Officer was never going to rely on the amendment to the trust and felt there was more to the story.

The Escrow Officer turned to the internet and entered a search for Joshua Moron.

According to Aroni, Moron was supposedly the property owner. She found a match! The information said he was serving time for embezzling \$25,000 from his employer and allegedly connected to a \$1.5 million fraud scheme perpetrated in California.

The Escrow Officer also checked the property taxes. They were all paid current. She noticed the tax bills were mailed to James Smith, who had a local address. She ran a quick title search for that address and found an attorney prepared and recorded a deed from James Smith to The Smith Family Trust in 2018.

The Escrow Officer contacted the attorney, who put her in contact with James Smith. He had no clue who Moron, Aroni, Steeler and Meabuck were. James was in escrow at a sister company to sell the same property to a major builder.

Moron, Aroni, Steeler and Meabuck picked the wrong person to try to steal from. James is a retired law enforcement officer. He filed a report and the case is being investigated. Moron had not learned anything and seemed to be continuing to perpetrate his schemes from prison with his cohorts.

The Escrow Officer not only protected us from a potential claim and total failure of title, she found the real property owner and was able to warn him. She observed and followed all the warning signs. The property was free and clear. She asked questions and knew better than to rely on a quit claim deed. She carefully read all the documents presented to her. Uncovered the incorrect notarial certificate on the deed.

Make sure you are doing your due diligence. Work with an Escrow Officer who is investor friendly and can help you navigate through potential sticky situations!

Article provided by contributing author:
FNTG Corporate Escrow Administrator
National Escrow Administration

AZREIA Advantage: Self-Directed IRA Expert



Working on Your Retirement Puzzle While at Home



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by
J.P. Dabdah

by Daniel Ortega, Head of Retail Sales

The effect of COVID-19 has forced Americans to accept that aspiring for work-life balance is a thing of the past. Our life plans will dynamically evolve and our retirement planning must adapt along with them. There is no going back to normal. Millions of Americans have experienced entire industries wiped out due to social distancing and lockdown mandates, while others are adapting to being teachers, parents, spouses and employees at the same time. Many families are finding creative ways to stay connected with loved ones, such as, working on puzzles and playing board games during the stay-at-home orders. Which leads me to ask, how are you spending your days? While working on a 300 piece family photo puzzle could be a wonderful way to spend quality time with your loved ones, so is finding additional time to re-work your family's retirement puzzle. For many of us, it feels like Covid-19 has swooped in and destroyed the completed retirement puzzle we had previously assembled and threw all the pieces back on the table in complete disarray. Let's use this time to put our retirement puzzle pieces back together!

During The Great Recession of 2008 many Americans lost their jobs. Coincidentally, however, there was a rise in the number of real estate agents in the country during that time. You can attribute that to many out of work Americans seeing an opportunity to use their involuntary free time to be a part of the next growth sector, which was the resurrection of the housing market and a robust real estate workforce we recently experienced. Even though we're all trying to navigate through these difficult times, there are real estate investment opportunities to benefit from, so it's critical to use your free time wisely. I encourage you to use this time to further your education on real estate

focused Self-Directed IRAs and evaluate which real estate strategies can be maximized using this powerful tool to protect your nest egg against market disturbances and help you gain clarity once again on your financial picture.

3 Important Things You Can Do During Your Time At Home

- 1. Request a current statement from all your financial institutions and update your contact information**
By requesting your statements, you have the most updated picture of your financial landscape. Also, you're able to confirm that each financial institution has the most accurate contact information to get in contact with you and prevent fraud.
- 2. Review your retirement accounts & evaluate new investment opportunities**
If you've been recently laid off and had a 401K with your previous employer, you are eligible to roll those funds into a Vantage Self-Directed IRA. Regaining control of this money allows you to re-direct the money into opportunities you want while maintaining them in a tax-favored vehicle. Now, more than ever, income producing real estate strategies should be top of mind as opportunistic investment options.
- 3. Revisit your financial goals & plans.**
Your financial plan is ever-evolving until you finally retire. Therefore, making adjustments for the current market conditions serves you well when it comes to proactive investment decisions. You may have to adjust your goals, adjust your risk level of investing, and ultimately explore a multitude of diversification options within the alternative investment marketplace.

Rest assured that we are available to support you the best way we can, whether through educational resources, discussing various real estate options available to you within a Self-Directed IRA or simply just to listen. We are committed to helping you invest by design, not default, whatever that may look like.

Remember, a goal without a plan is just a wish. We will get through this together.

For more information about Real Estate Self-Directed IRAs, please visit www.VantageIRAs.com/AZREIA



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AZREIA Advantage: Lending Expert

Thoughts on the Market and Simple Tips



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As we continue to go through this crazy time, we are seeing refinances still hold strong and purchases begin to pick up again. I have been asked by many people what I think of the market and where it is going. The reality is before this all happened, the market was an extreme sellers' market with homes selling in minutes after going live. After this occurred and certain industries began to be affected, it took out a portion of the competition. From there, we continue to have multiple offers within hours, but the competition has just been slightly less from before.

Many who can, are taking advantage of these low rates and putting themselves in a healthier financial position in life. Investors are increasing their cash flow positions on their rentals or even picking up more rental properties. Once more people get back to work, the competition will grow, and I pre-

dict even more people will begin to move to warm climate states like Arizona.

With everything going on, I wanted to stay simple in today's article and just have a refresher on terms in my traditional mortgage world. Perhaps the most aggravating aspect of the mortgage process for a borrower is the mortgage specific lingo. As with any industry, the insiders have created their own abbreviations and slang. In order to help you navigate the mortgage process with less stress and greater understanding, we have put together a list of common terms that you may hear throughout the process.

- **VOE** - This is an abbreviation for Verification of Employment. Mortgage companies are required to collect a verification of employment that breaks down how the borrower is paid, as well as if their employment is expected to continue.
- **LTV** - This is an abbreviation for Loan-to-Value. LTV is a ratio that is calculated by dividing the loan amount by the lesser of the appraised value or purchase price. Each loan type has minimum LTV requirements.
- **DTI** - This is an abbreviation for

Debt-to-Income. DTI is a ratio that takes your minimum monthly debt obligations plus your projected mortgage payment, divided by your monthly income. This ratio is one of the most important in regards to mortgage qualifying, as it helps determine how much a borrower qualifies for.

- **LE** - This is an abbreviation for the Loan Estimate. This government mandated form is included in the initial disclosure package and is designed to show the borrower an estimate of the monthly mortgage payment and closing costs.
- **CD** - This is an abbreviation for the Closing Disclosure. This government mandated form is received by the borrower after underwriting. It shows the closing figures for the borrower. It is required to be received three days before closing.

Knowing what these terms whether you are an investors or random individual may not seem too important, but it never hurts to acquire more knowledge in this real estate world.

Stay Healthy!



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AZREIA Advantage: The Real Estate Investment Specialists

Covid 19 – The Value of Time



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by
**Marco
Leone**

This is May of 2020 and WOW...pretty crazy times right? Here we are, right in the middle of this crazy GLOBAL pandemic called "Covid 19." It hasn't been easy for any of us, so I sincerely hope that you're staying healthy physical, mentally, and emotionally.

Boy! This pandemic really turned our lives upside-down right? Seems like it happened overnight, and I think I can safely say, it probably changed our lives forever. We were forced to learn new phrases like "social distancing." Businesses in every industry, shut down across the country overnight. Massive layoffs & unemployment. Holy cow! Where does it end?

I know it's hard to imagine...but the reality is... we WILL survive this. Soon we'll be back to our normal lives, or at least what we remember to be normal. We'll look back, and hopefully we can all say that we've learned some valuable lessons as individuals...as a country...and as a planet.

Although this pandemic probably affected each one of us a little differently...the one common denominator is how it affected our TIME. Yes time. The one thing we can't get back and the one thing we can't get more of. Time with our friends and family. Time at work. Time spent doing the things we love to do. So, let me ask you...how are you spending your time these days? Are you making the most of it? Or are you letting it just slip away...waiting for things to get better?

How about your real estate investing business? Are you still actively pursuing deals and submitting offers? Or have you hit the pause button? You know, I hear a lot of people saying, "I think I'm gonna' hold off for now because nobody is doing anything." Really? Is that you? Boy I hope not. I think right now, while most of your competition is just sitting on the sidelines with a "wait and see" attitude...it's the PERFECT time to be LASER-FOCUSED, and moving forward.

You see... although we've all had to adjust to what's going on right now...there's always an upside to every negative situation. Right now...

we should all be singing that great Rolling Stones classic... "Time is on My Side." Ha ha. I know you're laughing...but the reality is, most of us have more time right now than we know what to do with. So how SHOULD you be spending your time?

Well...I have a few ideas...so let me share. (1) Continue to stay safe and work from home whenever possible. (2) Use your time wisely. (3) Explore new ideas. Now the last 3 on my list are my favorites. (4) Leverage technology as much as possible. (5) Research new tools, software and systems to help you grow your business and be more productive. And (6) Get a jump start! Put those new tools and systems into action right NOW, so that you're off and running as soon as we're out of this mess.

You see...when this pandemic is over, and the economy is chugging away again (and it will), you don't want to be the one still "researching" and "learning." It'll be too late for that. Why? Because your competition will have already launched! Does that make sense?

See...here at SmartMap Systems, we're a real estate technology company, so we fully understand the value of time. That's exactly why we developed our powerful SmartMap technology

for the savvy investor. We know that a savvy investor values their time as much as we do. A savvy investor also understands their time is much better spent MAKING OFFERS, rather than spending HOURS trying to generate accurate and reliable ARV comps or rental comps for those "so called" deals.

Simply put...our system is the fastest and easiest way to generate ARV comps or rental comps for any on or off-market residential property. Why? Because our system does ALL THE WORK FOR YOU. This saves you VALUABLE TIME! Seriously. Just enter the property address or MLS # and BAM! Instant ARV or rental comps!

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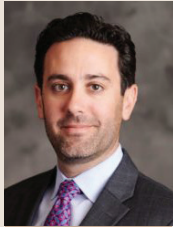
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Post Trustee's Sale Evictions



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by
**Mark
Zinman**

For investors buying properties at trustee's sale, it is critically important that they gain possession of the property at the earliest time possible and for the least expense. We have streamlined our handling of such cases, enabling landlords to file their evictions and process them quickly through the justice court system. Due to a lawsuit filed by another law firm, this is no longer the case.

Effective immediately, evictions in post-trustee's sales cases can no longer be filed in justice court and must be filed in superior court.

To understand the significance of this ruling, it is important to understand the differences between the courts. Justice courts were created as a court of the people. The justice courts regularly handle high volume cases, including collections under \$10,000 and almost all landlord-tenant cases. Therefore, the judges are well suited to hear post-trustee's sale evictions.

The process is faster and generally the court fees and attorneys' fees are lower. Superior Court is a more formal court and requires litigants to follow more stringent disclosure rules. Additionally, Superior Court handles less cases and schedules them out farther. This leads to a slower court process, with evictions often taking weeks or months, not usually less than one month. This is in stark contrast to what investors are used to.

Unfortunately, post-trustee's sale evictions changed with the Court of Appeals ruling in *Secure Ventures v. Honorable Gerlach*. In that case, another firm that practices in this area, challenged a court ruling and asked the Court of Appeals to determine whether such evictions could be filed in justice court. There are two different statutes which control evictions (aka forcible detainers) and where they can be filed. It was unclear whether evictions under both statutes could be filed in justice court. The Court of Appeals said that the two statutes give

the courts different powers and that post-trustee's sale evictions must be brought in Superior Court.

This means that post-trustee's sale evictions will immediately become slower and more expensive. The attorneys' fees alone will be much higher, to account for the extra procedural matters we must address. Additionally, as there are less cases filed in Superior Court, we will have to make special court runs for the attorneys' to go to the hearings in these matters, as opposed to already being in court for standard landlord-tenant matters.

It is important to note that this ruling does not affect all evictions, just ones wherein there is a transfer of title and the former owner retains possession against the will of the new owner. Landlord-tenant matters are not affected by this ruling at all and can continue to be processed in justice court.



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Monthly Meetings

AZREIA Phoenix Meeting

Monday, June 8
Zoom

AZREIA Tucson Meeting

Tuesday, June 9
Zoom

AZREIA Prescott Meeting

Tuesday, June 2
Zoom

Phoenix Real Estate Club

Tuesday, June 23
Zoom

Understanding current opportunity is vital in a fast-moving market. Yes, there is opportunity right now and much of it resides around creative financing. This is likely to continue for some time, so we are continuing our focus in this critical area during our Phoenix and Tucson meetings. We will also provide you with the latest market trends and news making sure you are well informed. Timely, market-driven information and education makes this meeting must see. Don't miss it!

Phoenix – Current Market Trends and Activity

Experts representing Market Analysis, Legal and the Rental Market provide the absolute latest information essential to your real estate investing business.

Phoenix and Tucson Main Meetings – How to Become a Deal Architect, Find Killer Deals and Money During and After a Pandemic

Understanding the world of creative finance and real estate notes can show you some simple adjustments to your business to really THRIVE during and after a pandemic! Our special trainer, Brian Lauchner of NoteSchool knows how to help your seller (who is hurting right now, your lender (who is hurting right now) and even your buyers (who are hurting right now)!

Why attend:

- Covid-19 changed the landscape of investing...a lot of investors are either quitting or doubling down on strategies that worked in the past...in 90 minutes you will see
- Creative financing is the major factor for success during these times.
- Learn how to beat your competition on price and make MORE money than your typical deal!

Who should attend:

- These strategies apply to all real estate investors- brand new, active, passive, and even the “ninjas” who do 150+ deals a year!

What you will learn:

- How to Become a Deal Architect, Find Killer Deals, & Money During and After a Pandemic
- How to work smarter and THRIVE during and after a Pandemic!
- How to double your profits without having to Spend an Extra Dollar on Marketing
- Passive Investing- Be the Bank- no tenants, no toilets, no turn over!
- How to wholesale a note for an “assignment fee” and that it's much easier to “flip” a note than a house.

Market Update & Market News with Alan Langston

The Market News provides insight to many of the happenings and their impact on real estate investing. Multiple sources providing the latest news on market data and current news stories directly affecting you. While the Market Update looks back into the previous month, we will be able to begin to see the overall impact of our changing market. We will focus on April data and what the trends tell us about the future.

Prescott Main Meeting – Property Management

Local issues affecting rental property owners.

Phoenix Real Estate Club – Even in a virtual environment, this is some of the best real estate networking anywhere!

Haves & Wants continue. Structured networking activities in breakout rooms. Market Discussion. Member Deals. It all still happens!

techniques learned from my father-in-law, it turned out to be a bonanza for me.

Creative financing also helped me thrive in 1986 after the huge savings & loan banking debacle that started in Texas and the Southwest, that caused the most loans to default since the Great Depression (and led to the formation of the Resolution Trust Corporation to liquidate the mountains of defaulted loans). It helped me thrive in the 1998 financial crisis when 8 of the top 10 financial institutions went belly up. It helped me thrive during the terrible downturn after 9/11 in 2001. It helped me thrive in 2008 when the Lehman Brothers subprime lending fiasco collapsed after loaning money to anybody who could fog a mirror, and financial powerhouses fell like dominoes.

I'm confident that creative financing is the answer to not just survive in 2020, but to THRIVE! Lots of real estate investors are finally seeing the beauty of creative financing. If creative financing was a lady, investors who would have rated her a 2 in January will be giving her an 8 in June!

LOOK FOR THE OPPORTUNITY HIDDEN INSIDE EVERY PROBLEM

Right now, the reason you see an empty shelf at the grocery store where the toilet paper used to be is because of a supply chain problem. Well, that's not the only place where the supply chain has been disrupted. It's also happening in the downstream flow of lending money.

The money flow starts when a warehouse facility lender supplies the money for banks and mortgage companies to lend. In turn, these banks and mortgage companies then loan that money to real estate wholesalers and rehabbers, as well as individual retail home buyers.

These loans must meet the guidelines and requirements of Fannie Mae, Freddie Mac, FHA, or other federally backed financial conduits who will eventually purchase these loans from the loan originator. But if those loans have some kind of a "glitch" (and there's a huge range of potential glitches), then the loan originator has to buy them back in an "agency buyback." At that point, the loan gets branded as a "Scratch and Dent" loan. (Right now, we are seeing 10X the normal number of Scratch and Dent loans.)

What happens to all these Scratch and Dent loans? The loan originator has to find somebody else to sell them to, and many potential downstream buyers have moved the goalposts by changing their criteria, or simply evaporated altogether. These

agency buybacks cause the money to flow back upstream instead of downstream, so it causes a logjam that stops the money from flowing to close deals. (They are trying to sell those Scratch and Dent loans to me at 95¢ on the dollar, and when it gets down around 60¢ I'll get serious about buying them.)

As warehouse lenders see the logjam downstream, they have become extremely limited in extending credit to banks and mortgage companies until they can clear out their inventory.

With banks and mortgage companies in turmoil, the neck of the funnel has narrowed so it's harder for loans to squeeze through. The requirements to qualify for a mortgage have tightened up dramatically in recent weeks. Lenders are requiring bigger down payments, and a credit score for the retail buyer of 700 instead of 620. (We're seeing way more buyers in the "penalty box" today than just 90 days ago.)

There is another problem. About a third to half of hard money lenders, who are private investors that normally lend to real estate wholesalers, have stopped lending money period. The ones still lending have significantly decreased their loan-to-value ratio. The end result is deals aren't making it to the closing table and thousands of potential homebuyers are ultimately getting left behind.

BUT, all these problems have opened up a HUGE door for entrepreneurs who can structure deals with creative financing to fill the voids!

Let me give you one example. If a wholesaler can only borrow 70% from the private hard money lender, creative financing enables you to have the property seller finance the remaining portion of the deal with a "Piggy Back" second. Instead of using your cash for a big down payment, you can borrow 70% in a Hard Money first mortgage from your hard money lender with the remaining 30% coming from the seller who carries the financing instead of getting all their cash up front.

The seller gets paid out over time (so you are buying their equity with tomorrow's dollars instead of today's dollars), and the deal closes instead of falling apart. To help bridge the gap, "Piggy Back Seconds" are making a powerful comeback (I used them in a huge way back in the 1980's).

Even though there's a lot of uncertainty in today's market, I'm confident that investors who understand creative financing will come out smelling like a rose on the other side.

How do I know? Because I have trained 40 years for this party!

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.

JUNE MEETINGS	MOST SUBGROUPS IN JUNE ARE VIRTUAL	
<ul style="list-style-type: none"> • AZREIA – Prescott - Virtual <i>Tuesday, June 2</i> • AZREIA – Phoenix - Virtual <i>Monday, June 8</i> • AZREIA – Tucson - Virtual <i>Monday, June 9</i> • Phoenix Real Estate Club <i>Tuesday, June 23</i> 	Subgroups are an important benefit of AZREIA PLUS membership. Join like-minded investors, share ideas, network, and learn.	
	<ul style="list-style-type: none"> • Income Property Owners - Virtual <i>Thursday, June 4</i> • Burley - Virtual <i>Tuesday, June 9</i> • Beginners - Virtual <i>Thursday, June 18</i> • Notes - Virtual <i>Thursday, June 18</i> 	<ul style="list-style-type: none"> • Fix & Flip - Live <i>Wednesday, June 24</i> • Tucson New Investors - Virtual <i>Monday, June 1</i> • Tucson Wholesaling - Virtual <i>Tuesday, June 16</i>
<p>Pre-register online to get the links to virtual meeting. Space is limited for live meetings; pre-registration is mandatory. Due to the current guidelines, no walk-ins will be allowed.</p>		
<p>UPDATED INFORMATION & REGISTRATION ONLINE AT WWW.AZREIA.ORG</p>		

LEGALLY SPEAKING



Q: I read your article last month about Governor Ducey's Executive Order. I have a tenant who I haven't heard from and who hasn't paid the rent. Is it worth doing anything?

A: Assuming you are not governed by the C.A.R.E.S. Act (see other article in newsletter), then you should proceed with the eviction all the way through. Under Governor Ducey's executive order, you can pursue an eviction and a resident may

get a temporary delay if they are negatively impacted by COVID-19. However, this is an affirmative defense that the resident has to bring forth to the constable, after judgment, when the writ is to be executed. If you have not heard from your resident, don't simply stop all actions – you should proceed until you know they are protected by the executive order. Additionally, if you think they haven't actually been affected by COVID-19, you may be able to get the court to compel the writ. Always proceed with your rights.

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.

Bobbie Waymire



It is with deep sadness and respect that we let you know Bobbie Waymire, long time AZREIA member, Income Property Owner subgroup leader, mentor and personal friend has passed away. Every month at the IPO subgroup, Bobbie shared her love of real estate and her love of group gatherings. She wanted folks to enjoy talking real estate and develop relationships in a comfortable environment. She encouraged that by preparing an amazing buffet for her IPO subgroup. She was almost an encyclopedia of experience and knowledge. Bobbie remembered the group's individual needs too. She didn't hesitate to redirect us when necessary, kept her eyes open for good properties when needed, encouraged us when we stumbled. As a mainstay on AZREIA Rental Panels she shared her knowledge and experience in a direct and humorous manner. She educated, shared, listened and mentored. Why? Because Bobbie truly cared.

Bobbie and her husband Charles started investing in real estate decades ago. Over that time, they'd seen it all, and they shared their expertise without reservation. It was very important to Bobbie that meetings were substantive, so she introduced experts and great vendors to the group. She knew well how to screen and train tenants to behave and was an absolute stickler for having a process and procedure in her rental business. Interestingly, one of her key objectives was training AZREIA members to train their tenants to toe the line. She was loved and respected for that. She was an avid member of the John Burly program and had many friends in that circle.

Bobbie was so very full of life. She was quick witted and always wore a smile. She loved to travel, tell stories, and help others. She enjoyed good music and dancing, fine wine, and was a bonafide "foodie." Bobbie loved animals, rescuing countless dogs, paid for treatment and expensive surgeries, then found them great homes. She and Charles were regular volunteers at the food bank.

Giving back was important to her. Making a difference was important to her. And make a difference she did! She will be missed by AZREIA, her subgroups and many others. She will be missed very much professionally and personally by many AZREIA members, family, and friends. As suggested by one longtime AZREIA member, IPO subgroup member and close friend of Bobbie's - In her honor, may we be our best and in turn, give back the way she did.

Bobbie, thank you for all you did for AZREIA and our members. We celebrate your life. Well lived!

Maureen Laupp & Alan Langston



AZREIA Monthly Meetings at a Glance

Phoenix – Current Market Trends and Activity

Experts representing Market Analysis, Legal and the Rental Market provide the absolute latest information essential to your real estate investing business.

Phoenix and Tucson Main Meetings – How to Become a Deal Architect, Find Killer Deals, & Money During and After a Pandemic

Understanding the world of creative finance and real estate notes can show you some simple adjustments to your business to really THRIVE during and after a pandemic! Our special trainer, Brian Lauchner of NoteSchool knows how to help your seller (who is hurting right now, your lender (who is hurting right now) and even your buyers (who are hurting right now)!

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