

# The AZREIA Advantage

Arizona Real Estate Investors Association Newsletter

"AZ Real as it Gets"

JANUARY 2021

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## Arizona Real Estate Investors Association

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## Why Land Flipping is Set to Take Off in 2021

by Jack Bosch

### What is so great about flipping dirt?

Real estate is a powerful vehicle for cash flow and financial freedom, but any investor will tell you the most challenging part of the business is dealing with houses. Residential properties, inevitably, come with complications that can cost you both time and money.

Luckily, there is another way to invest that offers all the benefits of flipping real estate without the headaches, and it's largely under the radar.

This is where land flipping comes in. Flipping land instead of houses allows you to do everything you can with residential properties, but without the complications of tenants, toilets, and termites.

You can flip land/lots in the same way that you would flip houses, including wholesaling, retailing, assigning, and doing double closings. You can lease land, sell land, or keep land for long-term appreciation, to mention a few. The best part is that land flippers tend to operate with extraordinarily little competition. Over the last few years, the low level of competition in land flipping has many prominent house flippers approaching us to find out how they can take advantage of the boom in land deals – and most want to get in NOW before the market becomes saturated.

### Flipping Land in a Pandemic

Taking the events of 2020 into consideration, one of the most significant advantages of land flipping is that it can be done 100% virtually. This has enormous implications for investors, considering the current restrictions on moving around the country.

If you implement a solid strategy and invest in the right processes, systems, and teams that you need as a Land Flipping business owner, you can do land deals online from anywhere – at any time.

There is no need to go and do site

inspections. You do not need to meet buyers or sellers in person and the entire transaction – from start to finish - happens online. The result is that you can continue to do profitable real estate deals while never leaving your home.

The model is so powerful that we even have a growing amount of Land Flippers doing deals from outside of the country. In fact, some of my international students who are flipping lots in the USA have never had a chance to set foot in the country because of current international Covid related travel restrictions.

Added to this, the pandemic has actually accelerated the demand for land. We are seeing huge growth in the number of buyers attracted to the idea of buying land outside of high-density metropolitan areas where social distancing is a challenge. The result is that there

*continued on page 2*

**Phoenix**  
**Monday, January 11 – Virtual 5:45pm**

- Virtual Land Flipping with Jack Bosch  
- Market Update & Market News  
- Rental Update

**Tucson**  
**Tuesday, January 12 - Virtual 5:45 pm**

- Virtual Land Flipping with Jack Bosch  
- Market Update & Market News  
- Haves & Wants



## Executive Director's Message

### AZREIA's New Investor Member Fast Start Promotion

As you heard time and time again in 2020, a pandemic could not hold down the real estate market in Arizona. The market data we have seen in the past year shows a very positive outlook for investors in 2021, especially those who like to structure deals creatively. Finding deals, communicating online, and diving in head-first to the world of internet-based *everything* was a jump-start to getting just about every investor doing deals more creatively than originally imagined or practiced. Now all that is left is to continue to find unique ways of doing deals and keeping those creative juices flowing!

Because of the boom in Arizona's real estate market, more people are looking to get started with investing as quickly as they can! To help new investors kick off the year, we have created our **New Investor Member Fast Start Promotion** that will last the entire month of January. This promotion includes a \$60 AZREIA Membership, the Entrepreneurial Self-Assessment, the Life Experience Assessment, Launch Pad Planning Session, and ALL FIVE Core Skills Classes for only \$199. That's over \$150 in total savings for 15 hours of education and a year's membership!

Once new investors have their AZREIA membership and complete all the education included, they will be equipped

with an actionable business plan that includes goals they can start working on immediately, a networking plan that will help them build their team of local investors and businesses, a Home Depot Pro Gold account that will give them exclusive discounts, and a sturdy knowledge of marketing, negotiating, raising private money, comping & estimating repairs, and creatively structuring deals. Did we mention creative deal structuring would be important in 2021?

We are excited to start this new year with a lot of valuable information and events for new and existing investors alike. We are looking forward to getting back to live meetings, networking, and subgroups. Our January Monthly Meeting is going to be held virtually via Zoom, but we are working on getting our groups back together in-person as safely and as soon as possible. If you ever want to know if a meeting is being held online or in-person, visit the calendar page on our website. We keep this page as up to date as possible with this information.

Cheers to the new year!

Alan Langston,  
Executive Director



### Why Land Flipping is Set to Take Off in 2021

*continued from page one*

are very few business opportunities that are better suited to the "New Normal."

#### Looking to Land In 2021

While 2020 has been a challenging year for many, we are pleased to report that it has been a pivotal year for our Land Flipping community with more deals than ever before.

The reasons for this are as exciting as they are unexpected – nobody could have foreseen the events of 2020, and we feel incredibly blessed to find ourselves in a strong position at

the close of the year. Our students and us continue to enjoy exponential growth and our market looks set to expand more over the next years. Land is sexy again!!

I am looking forward to speaking at the upcoming AZREIA Monthly Meeting this month to share some of the inspirational and exciting achievements that Land flippers have claimed during what has been a tough time for most Americans. Equally, I look forward to sharing how you, an AZREIA member, can take advantage of the Land Flipping opportunities presented in 2021.





# AZREIA Advantage: Title Expert

## Paying Proceeds



by  
Jill  
Bright

**Jill Bright**  
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The best part of being a real estate investor is getting paid. Am I right? There are many rewarding aspects of being a real estate investor but let's face it, the expectation is to get paid. I cannot tell you how often we are asked to pay the sale proceeds to an entity other than the owner of record.

Typically, we get the proceeds authorization form at the tail end of the transaction. This authorization directs where to send the proceeds from the sale. As an example 123, LLC should want us to send their

final proceeds to 123, LLC not to Jon Smith, the managing member of 123, LLC. When we are asked to pay the proceeds to someone other than the owner of record, typically your escrow officer will say, "I'm so sorry but I can only pay the proceeds to the owner of record." Then we typically hear back from the customer, "But I do this all the time with my no name title company." I promise there is a method to our madness when it come to this and we are not just trying to make your life a living hell. It is an IRS reporting nightmare to say the least. Remember we are escrow people not accountants. Distributions from an entity require additional reporting that we are not equipped to deal with.

Additionally, there could be legal issues that arise from making a distribution from an entity. Although you have most likely been asked to supply your entity documents to our company, we are

reviewing them for title insurability. We are not reviewing them to determine if the person instructing us to distribute proceeds to a third party has the authority to do so. We are escrow and title experts; not attorneys.

We have regulators that can audit our escrow files at any moment and regulations we must follow to keep our licenses in good standing so we tend to shy away from these types of requests.

If the buyer has a lender that adds yet another layer of regulation, that typically prevents us from paying the seller's proceeds to anyone other than the owner of record. So please save yourself the headache, and your escrow officer the heartache of saying no to you, and obtain a bank account for the owner of record so proceeds may be easily released at close of escrow. There is nothing better than a hassle free payday!



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



# AZREIA Advantage: Property Management Expert

## The Desert Just Got Hotter...



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by  
**Tony  
Julianelle**

### **Why Phoenix Is Among The Most Desirable Real Estate Investment Markets**

Many newcomers have flocked to Arizona to find work, and one of the factors in their decision is the state's affordable rental units, located in the downtown metro area and across the larger valley. With its 4.2 percent economic growth rate, PricewaterhouseCoopers, PwC, has listed Phoenix as one of the country's top real estate markets.

With economic growth continuing to rise, rental units are occupied faster while the cost of rental properties in a number of Phoenix neighborhoods is lower. These and other factors, make Phoenix lucrative and an appealing location for investors, landlords and property managers

Arizona offers a landlord-friendly environment. The state puts fewer burdensome restrictions on landlords, making compliance less expensive and time-consuming. For example, San Francisco puts landlords at a disadvantage with highly restrictive

zoning regulations, making it challenging to develop new and affordable rental units in certain areas.

As part of its landlord-friendly philosophy, Arizona passed a January 2017 law prohibiting any city or town from restricting short-term rental services such as Airbnb. This opens the door for Arizona landlords to take advantage of the short-term housing boom. As a prime winter vacation spot, Phoenix has a regular influx of snowbirds, many of whom need rentals ranging from weeks to months, a boon for landlords.

In contrast to short-term rentals, many snowbirds purchase an Arizona property as an investment, renting it out for years prior to retirement, when they plan to use it themselves. In doing so, they're able to own a second home in a warm locale that is largely, if not entirely, paid for by the time they reach retirement age. They benefit from immediate positive cash-flow, pay down debt associated with the property and establish an appreciating asset they can continue to rent full-time or use as their vacation home.

Like every investment class, being a landlord has its ups and downs. Location is everything so choose wisely: a promising location can yield tremendous results while a troubling location can be the source of great stress. Select Phoenix locations offer greater assurance of reliable cash flow from affordable properties, plus investment appreciation over time.

Investors should do their due diligence and search for desirable, reasonably priced locations. Although the air in Phoenix may be dry, the real estate market is saturated with possibility.

### **Is The Investment Worth The Wait?**

Those interested in real estate investment will find that patience is key. Investing and improving rental properties takes both time and resources. The time to invest in the Valley of the Sun is now, as interest rates are low and property values are expected to increase within the next 20 years.

Real estate investors should target rentals with above average yields in order to have ample liquidity to offset their mortgage and maintenance fees, build cash reserves for vacancies and still collect a profitable return.

What differentiates Phoenix from an overvalued market is the longevity of the area. In 20 years, Phoenix will still have tremendous room for appreciation. Cash flow is heating up to the point of profit in the Valley of Sun.

*Tony Julianelle is the CEO of Atlas AZ, a distinctly different real estate company committed to Uplifting Humanity through Real Estate and specializing in: Investment; Property Management; Institutional Acquisition; a full-service Buy/Sell Brokerage; and a Zillow Offers Partner Agent. Learn more at [www.realatlas.com](http://www.realatlas.com).*





# AZREIA Advantage: Lending Expert

## Fannie/Freddie Adopt a Not So New Credit Score Model



**Andrew Augustyniak**  
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by  
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If you work in the mortgage industry, you know what a FICO score is. Fair Isaac Corporation is a benchmark of credit score modeling used by the mortgage industry. In 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act passed which required Fannie Mae and Freddie Mac to solicit third-party credit scoring models that the GSE's can use.

The GSE's issued a joint solicitation in February seeking possible alternatives to the FICO model which for years has been the only credit score the GSE's accepted. The major credit agencies, Equifax, TransUnion, and Experian, have fought for years to gain entry to the GSE market, including taking the matter to court.

The Federal Housing Finance Agency (FHFA) announced on Tuesday that it has validated and reapproved the Classic FICO credit score model for use by Fannie Mae and Freddie Mac for assessing the creditworthiness of mortgage borrowers. The Agency said this would allow the GSEs "to continue supporting the mortgage market while

assessing more modern credit score models that were submitted in response to the 2020 Joint Enterprise Credit Score Solicitation."

FHFA called the approval of the FICO product an incremental step in meeting the requirements of the Act. It said it expects it will take the GSEs an additional year to complete the validation and approval process of the remaining credit score models submitted in response to the solicitation. Other scoring models in contention are Vantage, Experian, and TransUnion.

Let me know if you have any questions or would like any estimates! Stay healthy!



### ANDREW AUGUSTYNIAK *Branch Manager/Loan Officer*

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## The Umbrella Policy



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*Insurance Agent*

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*Clark Sanchez*

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### **NOT IN-EXPENSIVE and NOT THE 'MAGIC ANSWER'**

Too many people think they know what an "Umbrella Policy" is and how it works. Unfortunately many people, including investors, property managers, and real estate agents, do not have a clear and correct understanding.

What is an "Umbrella" policy? It is **NOT** one policy that combines several separate policies for your autos, home, boat, etc. etc.

An "Umbrella" policy is an extra policy that provides additional lawsuit (liability) coverage. It provides an additional layer of liability protection, on top of the coverage that *you must still carry* on your cars, home, rentals, boat, etc. etc. Note that every Umbrella policy specifies the minimum 'underlying coverage' that is required on all of your other insurance policies.

Umbrella policies are not cheap. Their cost is based upon what they cover. People with several cars, houses, rental properties, boats, motorcycles, and operators under age 25, know that each risk factor adds to the total cost. A 'personal' umbrella policy can cost \$500, \$1,000 or more (per year). And almost every insurance company limits their 'personal' umbrella policy to a maximum of 4 rental 'units'. If you 'max out' your 'personal umbrella' with 4 rental units (yes.... one four-plex and you are 'maxed out') then the next step is a "Commercial Umbrella".

Those families now must purchase two different Umbrella policies....one 'Personal' and another 'Commercial.' If that sounds in-expensive, you need your hearing checked !

And for the investor who owns rental properties in an LLC, there is the question of if and how the Umbrella will cover the investment properties that are held in the LLC. For many insurance companies, if the Umbrella is in your personal name, there can be a 'coverage question' for a rental property held in the name of an LLC.

One simple solution is the insurance company that offers a landlord or owner policy for investment rentals, that comes with higher liability limits. Increasing the base policy liability to a higher amount, like \$ 2 million, can be about the same cost as adding a rental to an umbrella with \$2 million limits. With this available option, the 'miracle' of the umbrella begins to fade. And, for property held in an LLC, there is never any question about coverage because the liability and the property are insured on one policy that is in the name of that LLC. Do you need higher limits of protection? Do you carry a \$ 3 million umbrella or more? Higher liability limits on the policy itself, are available.

Property Managers always get the short-end when their owners use Umbrellas ! That's because only the liability from the policy on the property, extends to the property manager. That's because all of the protection that the owner has from his umbrella, is his and his alone. But if the owner carries strong liability limits on the property policy itself, the property manager will be fully covered by the liability amount on the property policy. At least one insurance company makes high liability limits available and also automatically includes all property managers in their rental property policies for single family, duplex and rentals that are condos, townhomes, or patio homes. That company is State Farm. Most other carriers offer a maximum of \$500,000 or sometimes \$ 1 million for liability, and also require that the name of the property manager be specifically added to the policy by endorsement to be covered.

\*\*\*\*\* CLARK SANCHEZ has been an Arizona insurance agent for over 40 years. Also a Vendor-Affiliate with AZREIA for over 18 years. You can contact Clark if you have any insurance related questions at rental@clarksanchez.com or (602) 803-2179



**Clark Sanchez, Agent**

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#### **Office Hours**

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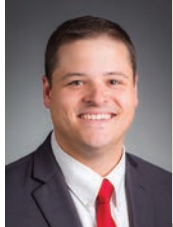
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# AZREIA Advantage: Financing Professional

## Fix-and-Flip Maximum Purchase Price



**David Neilson**  
Boomerang Capital Partners

2152 S. Vineyard #105  
Mesa, AZ 85210

by  
**David  
Neilson**

Office: 480.779.9779  
[www.boomerangcapital.com](http://www.boomerangcapital.com)

Are you just getting started in this extremely fast pace Fix-and-Flip industry and trying to nail down that first deal? Most Fix-and-Flip properties today are purchased through wholesalers that are out pounding the pavement for deals. It is intimidating to show up to a property with 10 other investors and have 1 hour to walk the property, run numbers, and place your bid in a hat. The number that you place in the hat is called your Maximum Purchase Price (MPP).

There are two ways for you to calculate your MPP. The first is a much more detailed approach and requires you to estimate all your costs from the beginning to end of a project.

**MPP Calculation = After Repair Value – Rehab Budget- Closing Costs - Holding Costs - Selling Costs - Financing Costs – Profit**

The second method is a much shorter

calculation that estimates holding, selling, and financing costs. This shorter calculation was once defined as the 70% Rule. In the past, you would not have purchased a deal unless you were buying it at 70% ARV. Not 70% OF ARV -- but instead 70% ARV which accounts for your rehab budget and closing costs. Today the 70% rule is a myth. In the Denver Market we have looked at thousands of loans and found that most flips are purchased between 85% - 88% ARV. So today's rule is the 85% Rule.

**MPP 85% Rule Calculation= (After Repair Value x 85%) – Rehab Budget – Closing Costs**

First you must calculate the ARV (After Repair Value). This is where you run your own comps and determine your final sales price. Having a good realtor or appraiser as a friend can be very beneficial here.

Second, you need to calculate the rehab budget. I recommend coming up with a line item budget that separates costs by each room -- or even better by individual

trades. You can verify your rehab budget total number with this quick calculation. Multiply the livable square footage of the property by a factor depending on what year it was built (see chart bottom left).

The closing costs are included in both the short calculation as well as the detailed approach because they are the more easily known numbers. You can speak with the title company and find out the costs for the escrow fee, the owners policy fee, the lenders policy fee, and any other title fees. And you can reach out to your lender and find out if they have an origination fee, doc prep fee, underwriting fee, credit report fee, etc...

Holding costs include Taxes, Insurance, Utilities, and Loan Interest. It takes a moment to find and calculate each of these monthly expenses. Once calculated you should divide them to figure out your daily holding cost. Write that down in big numbers somewhere to help motivate you through the finish line of the project.

The final cost to calculate is the selling costs. Don't forget to include the cost of having the property staged. I always recommend calculating a 6% realtor commission even if you have a friend who will offer you 1% to sell the property.

If you need help working up these numbers, please send me an email and ask for my Excel worksheet.

[david@boomerangcapital.com](mailto:david@boomerangcapital.com)



Year Built	Rehab/sqft
------------	------------

< 1959	\$40
1960 - 1979	\$35
1980 - 1999	\$30
> 2000	\$25



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## Rental Tax & Registration



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by  
*Mark  
Zinman*

For a lot of investors that come to AZREIA before they start buying homes, they know that they need to have a good lease and basic procedures set up for handling their rentals. Therefore, the initial question we get is as follows: what's a landlord issue that is often overlooked, and can get me in trouble, when starting my rental portfolio? It should be no surprise that the answer involves the government: rental tax owed and registering the property as a rental.

Landlords must pay tax on most revenue that they receive from a resident, that is not returned. For example, a landlord

must pay rental tax on rent, notice fees and late fees, as those come in as profits. However, they are not required to pay tax on the security deposit, because the deposit is returned to the resident at the end of the lease.

Once an investor realizes they owe this money, the question becomes, how does the state know that the money is owed? Under Arizona law, for any property that is used as a rental, the owner of that property has to register the home as a rental with the county assessor. This ensures that the county tracks the home as a business, not just as a primary residence for the owner, and taxes it accordingly. It is generally difficult for the county to know whether a home is being used as a rental, so the law allows residents to terminate their lease if the property is not registered. A resident can serve a 10-day notice and terminate the lease, if the rental registration is not timely updated. This is not an issue that a resident would care about, but this

is a clever way for the government to make residents an extra tool in getting landlords to register their property.

It is important to note that Arizona is one of the few states that charges tax on rental income. Thus, it has often been argued that this is a regressive tax – it taxes lower income earners. Remember, although the landlord has to pay the tax, they are allowed to pass-through tax to their residents. To do so, there must be a provision in the lease specifying that the resident is liable for the tax, and specifically state that a landlord can change the tax rate on a 30-days' notice, if the taxing authority changes the tax rate. It has been proposed in the past that the tax should be removed for that reason, but cities and towns strongly objected and fought such proposals, because they rely on that extra income to support government services including police. Thus, it doesn't appear that this extra tax will go away any time soon.



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# Monthly Meetings

## AZREIA Phoenix Meeting

Monday, January 11

Zoom 5:45 pm

## AZREIA Tucson Meeting

Tuesday, January 12

Zoom 5:45 pm

## Phoenix Real Estate Club

Tuesday, January 26

Zoom 5:45 pm

We are continuing our Phoenix, Tucson, and Phoenix Real Estate Club meetings online this month. We will be joined by Jack Bosch to educate us on virtual land and lot flipping, seller financing, and virtualizing your business. Timely, market-driven information and education makes this meeting must see. Don't miss it!

### Phoenix – Current Market Trends & Activity

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

### Phoenix & Tucson Main Meetings: Virtual Land Flipping – Cash and Cash Flow with Land and Lots from Home with Jack Bosch

In this session you will learn that with land and lots you can do almost all the same thing you do with houses, just with barely any hassles! We like to say it's deals without hassles. No tenants, termites, or toilets! How easy does that sound? So, what can you do with land? You can flip land and lots just like you flip houses. That includes wholesaling, retailing, assigning, double closing, leasing the land, selling the land and keeping the land for long term appreciation. But the BEST part is that you can do ALL of this, with very little competition cash flow.

Jack will touch on:

- How to buy real estate for 5-25% of market value
- How to get real estate for \$1000 without ever dealing with Tenants, Toilets or Termites

- How you can do everything you can do with houses just without houses (including the same or better profits)
- Why lots and land is better than houses (and more profitable with much less work)
- How to make lots and land cash flow (massively)
- How to never have to get a mortgage, loan or talk to a bank and still make the same or more than rehabbers or house flippers make.
- What kind of properties we focus on
- The five steps to cash and cash flow with lots and land and without the hassles of houses
- How you can flip lots and land from anywhere in the world

### Market Update & Market News with Alan Langston

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

### 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!



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](http://www.azreia.org) for the current schedule.

JANUARY MEETINGS		
<b>AZREIA – Phoenix – Virtual</b> <i>Monday, January 11</i>	<b>AZREIA – Tucson – Virtual</b> <i>Tuesday, January 12</i>	<b>Phoenix Real Estate Club – Virtual</b> <i>Tuesday, January 26</i>
<b>JANUARY SUBGROUPS</b> – Join like-minded investors, share ideas, network, and learn in small group settings.		
<ul style="list-style-type: none"> <li><b>Tucson New Investors – Online &amp; In-Person</b> <i>Monday, January 4</i></li> <li><b>Burley – Online</b> <i>Tuesday, January 12</i></li> </ul>	<ul style="list-style-type: none"> <li><b>Residential Assisted Living - Online</b> <i>Wednesday, January 13</i></li> <li><b>Beginning Investors – Online</b> <i>Thursday, January 21</i></li> </ul>	<ul style="list-style-type: none"> <li><b>Notes – Online</b> <i>Thursday, January 21</i></li> <li><b>Fix &amp; Flip - Online</b> <i>Wednesday, November 25</i></li> </ul>
<p><b>How to Generate Thousands a Month in CASH FLOW from Land. Impossible? See for Yourself.</b>  <i>Wednesday, January 13, 2021   6:00 pm – 8:00 pm   Available Online</i></p> <p>Learn the ability to get massive cash flow from land and lot flipping, without even using any money. With simple but very effective seller financing strategies where you get more as a down payment than you pay for the property, you can create notes that beat anything in the market you have ever seen (some notes have over 150% annual returns).</p>		
<p><b>Virtual Land Flipping – Live Where You Want (Worldwide) and Do Deals Where You Want</b>  <i>Friday, January 15, 2021   6:00 pm – 8:00 pm   Available Online</i></p> <p>Drill down into the details on how to virtualize your business to a degree that you could literally live in Italy, Greece, South America or Canada, and do as many deals as you like from anywhere. Or travel around the US in an RV and do deals from there. Without ever having to see the properties, talk to sellers, talk to buyers, buy properties, use cash... it's the perfect virtual business.</p>		
<p><b>How to Get Massive Cash &amp; Cash Flow in Real Estate Without Houses or Hassles from Your Home</b>  <i>Saturday, January 16, 2021   9:00 am – 1:00 pm   Available Online</i></p> <p>Jack Bosch will spend all day training us on virtual land flipping. This will include how to buy real estate for 5-25% of market value, get real estate for \$1000 without ever dealing with tenants, toilets or termites, make lots and land cash flow, never have to get a mortgage, loan or talk to a bank and still make the same or more than rehabbers or house flippers make, plus learn what kind of properties we focus on, the 5 steps to cash and cash flow with lots and land and without the hassles of houses, why lots and land is better than houses (and more profitable with much less work), and how you can flip lots and land from anywhere in the world!</p>		
<b>UPDATED INFORMATION &amp; REGISTRATION ONLINE AT <a href="http://WWW.AZREIA.ORG">WWW.AZREIA.ORG</a></b>		

## LEGALLY SPEAKING



**Q:** I am buying a portfolio of homes from another investor. When should I notify the residents and what do I have to say?

**A:** When you buy one property (or multiple) you step into the shoes of the former landlord and you take on their rights and obligations. As soon as the escrow closes, you should send a letter to the residents notifying them of the sale, providing the new legal name of their landlord, contact information and, of course, how they can pay rent. The

letter is a type of lease modification where you are documenting the changes as to landlord information. Therefore, it's important that you include this in your initial communication. This should be hand-delivered or sent via certified mail to your resident. You don't legally have to include any specifics about the lease, such as the rent or deposit (because those don't change just because you bought the home), but some landlords chose to do so, particularly when the resident is month-to-month.

*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

### January 11th Phoenix Meeting

- **Current Market Trends and Activity** Experts representing Market Data Analysis, Legal, and the Rental Market provide the absolute latest information essential to your real estate investing business.
- **Phoenix Main Meeting: Virtual Land Flipping – Cash and Cash Flow with Land and Lots from Home with Jack Bosch** Join to learn - With land and lots you can do almost all the same thing you do with houses, with barely any hassles! We like to say it's deals without hassles. No tenants, termites, or toilets! You can flip land and lots just like you flip houses. That includes wholesaling, retailing, assigning, double closing, leasing the land, selling the land and keeping the land for long term appreciation. But the BEST part is that you can do ALL of this, with very little competition and CASH FLOW!!!
- **Market Update & Market News with Alan Langston** The latest Fix & Flip and rental data along with further analysis of our Seller's Market. Plus, current events and news important to your investing.

### January 12th Tucson Meeting

- **Tucson Main Meeting: Virtual Land Flipping – Cash and Cash Flow with Land and Lots from Home with Jack Bosch** Join to learn - With land and lots you can do almost all the same thing you do with houses, with barely any hassles! We like to say it's deals without hassles. No tenants, termites, or toilets! You can flip land and lots just like you flip houses. That includes wholesaling, retailing, assigning, double closing, leasing the land, selling the land and keeping the land for long term appreciation. But the BEST part is that you can do ALL of this, with very little competition and CASH FLOW!!!
- **Tucson Market Update:** The latest sales volume, pricing, supply and demand numbers.
- **Haves & Wants, Power Networking and Deal Sharing:** Come prepared to listen, learn and share.

### January 26th 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!