The AZREIA Advantage

Arizona Real Estate Investors Association Newsletter
"AZ Real as it Gets"
MAY 2021

Contents

Arizona Real Estate Investors Association

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The AZREIA Show

by Molly Matthews

The AZREIA Show podcast is meant to provide you with information about the AZREIA community that will help you realize what you need to propel your real estate investing business further. The information in these podcasts is meant to help you and highlight who you may need to be in contact with or what information/ education you need to further seek. We will be interviewing members of the AZREIA community who will be a resource to those who may need it.

AZREIA Subgroup leaders will be able to provide information on their success within their specific investing type, how they run their groups, and how AZREIA members can network within that group to advance their investing.

AZREIA Business Associates will explain how their business works for investors, what special offers they have for AZREIA members, and how to utilize their services to best benefit your real estate investing needs.

AZREIA Members will tell you about their experiences, how AZREIA has helped them in the past, and what they do with their investing that has helped make them successful, and how they can also be a resource to others in the community.

Plus, any other investors or businesses we find doing great and unique things in the market that will share their experiences and tactics so our members may learn from them and apply them to their own investing.

It is important to us that our members stay well informed and that they are regularly exposed to new ideas, strategies, and resources that can help them. We want to address misconceptions, answer questions, and highlight individuals. We are excited to kick off our first episode of our Subgroup Leader Series this month! If you want to stay informed about each episode, you can visit azreia.org/show and sign up for updates!

Phoenix
Monday, May 10 – In-Person 5:45pm

- *Greater Phoenix Economic Outlook*
- *Market Update & Market News*
- *Rental Update*

Tucson
Tuesday, May 11 - Virtual 5:45 pm

- *Power Networking*
- *Market Update & Market News*
- *Haves & Wants*

Here is when you can expect our first episodes to drop!

Subgroup Leader Series, Episode 1 – May 7th

Subgroup Leader Series, Episode 2 – May 21st

Subgroup Leader Series, Episode 3 – June 4th

Executive Director's Message

Our Plan for Moving Toward More In-Person Events

I could go on and on with the cliches about how its been a long, trying year, everyone is Zoomed out, etc etc. It's not that those things aren't true, because they are. However, our AZREIA members know that we give it to you straight. We're moving back to in-person meetings.

That doesn't mean we won't still have online options available. We do the polls each month. We hear you, and we understand. COVID is not over, and many new members are remote and attending live meetings aren't an option. We are working to accommodate everyone to the best of our abilities. However, I know you have all heard me say at least once that, while online networking has been going well, there is nothing like networking in person.

For many of our members that have been with us since before the pandemic, this is a sigh of relief. They understand there is a huge difference when attending an in-person AZREIA meeting. The energy, the relationships, the fun, it's a whole new ballgame.

For those members who have joined since we've been strictly online, this may seem exciting but may also seem like a chore to some. It's been nice staying at home being able to tune in while snuggled up on your couch and you don't want that to change. However, we encourage you to come to at least one of our in-person meetings. You will understand that you and your investing will benefit so much more when participating in these events with others. We wouldn't have been around for almost 20 years if it didn't.

In order to get the best of both worlds, we have a plan for AZREIA moving forward. Here is what you can expect:

Once a quarter we will have our large in-person monthly meetings just like before COVID with timely education content, Market Update, Market News and a trade show of our Business Associates. The other eight months of the year, we will have these monthly meetings online. These meetings will still provide the market update and news because we understand this information is crucial to your businesses. We will also be joined by local speakers during these online meetings so that you may expand your repertoire of local resources.

Our Phoenix Real Estate Club networking meetings will still happen each month (except July and December), but they will all be in-person. Again, the in-person networking is crucial, and we are bringing it back. Each of these meetings will have the Haves & Wants, Power Networking, Market Discussion, and potentially a guest speaker.

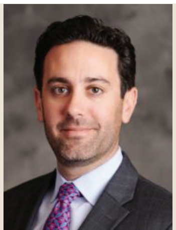
Our Subgroups will continue to have the option to meet each month either online, in-person, or both with a hybrid model. We leave this up to the leaders to decide how their community will best benefit.

We will be implementing a Haves & Wants forum that anyone can participate in at any time. This way those who cannot make the in-person networking meetings can still network with the community and get their needs met.

Overall, this is still over 65 meetings a year you have access to with your membership plus 24/7 online access to Haves & Wants. It is our hope that this new format will help provide a better AZREIA experience for everyone. We are always trying to be flexible with our business to provide the best we can for our members. We are also still being mindful of the safety of our members and will provide our in-person meetings with necessary safety measures as long as needed during the remainder of the pandemic.

Smarter investing,
Alan Langston
Executive Director

CFPB Requirements for Eviction



by Mark Zinman

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The Consumer Financial Protection Bureau has announced that, effective May 3, 2021, as part of the CDC eviction moratorium, a "debt collector" must serve a certain disclosure to residents with the non-payment notice. It is unclear whether this applies to property managers. However, the CFPB is abundantly clear that this information must be served with the termination of tenancy notice, and not just with the eviction lawsuit. The sample language of two alternatives is written at the bottom of this article.

Important questions:

WHO DOES THIS APPLY TO?

The order says that it only applies to "debt collectors." It says that this "generally" does not include owners and landlords dealing with amounts owed to them. It does not specifically address property managers. The order says it applies to attorneys. Without going into a full analysis of the FDCPA, a debt collector does not include the original creditor to whom the money is owed. If an individual owner serves a notice for amounts he/she is owed, they are not a debt collector and this rule does not apply(unless they use differing names which make it appear a third party is collecting the amounts). It becomes more grey when managers are involved, and it may depend if the amounts were previously owed to the management company (tenant advocates may argue that a manager works for a management company that is different from the owner and thus the FDCPA would apply). There is little downside, but significant risk if you fail to include the language and it is later determined that you are a debt collector.

WHICH SAMPLE DISCLOSURE LANGUAGE (SEE BELOW) SHOULD BE USED?

The sample language below, has two versions people can use: (1) language that only refers to the federal moratorium, and (2) more broad language that refers to the federal moratorium, as well as any state, local or tribal moratorium. While there currently is no additional moratorium in Arizona, it may still be advisable to use the more broad language, but such discussion should be had with counsel.

WHICH NOTICES SHOULD INCLUDE THIS NEW DISCLOSURE LANGUAGE?

It says debt collectors must have this language in non-payment notices, and if a notice that is not for non-payment is being served, the language is not necessarily required. Regardless, it would be wise to include such language in all notices to avoid problems. For example, since the Arizona Supreme Court says that non-renewals may be covered by the CDC, such non-renewal notices should include the proposed language. Partial payment agreements must have this new language. Noncompliance notices or immediates do not have to have the language per the CFPB, but again, it cannot hurt to include such language to be safe especially when amounts are being sought. For example, while noncompliances are not demands for payment, they could be treated as such, if the manager is asking for payment of items such as deposits, damage to the property or pest control. Its easier to require all notices to have the CFPB language so a manager does not inadvertently use the wrong notice. Further, the CFPB stated that if an eviction is filed for both the noncompliance and non-payment, then the court filings must have the disclosure language. Since eviction judgments in Arizona usually include an amount of rent, all eviction actions must have such language.

We will be updating all of our forms for May 3, 2021. We suggest managers change their forms as well. Owners and managers should be very careful as to how they proceed with notices and evictions and consult with an attorney when setting forth new policies on these matters. There are significant financial penalties for violating the FDCPA including but not limited to class action lawsuits.

Here is the sample language:

(#1)

Because of the global COVID-19 pandemic, you may be eligible for temporary protection from eviction under Federal law.

Learn the steps you should take now:

- Visit www.cfpb.gov/eviction
- Or call a housing counselor at 800-569-4287

OR

(#2)

Because of the global COVID-19 pandemic, you may be eligible for temporary protection from eviction under the laws of your State, territory, locality, or tribal area, or under Federal law.

Learn the steps you should take now:

- Visit www.cfpb.gov/eviction
- Or call a housing counselor at 800-569-4287

Property Prices are Up – But So are Construction Costs

by Clark Sanchez

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Home insurance is designed to put the investor-owner back where he or she was before a storm or a fire turns a great rental property into a pile of ashes and debris. Remember, the correct insurance amount must be enough to rebuild the home in case of a severe or total loss. We are talking about construction costs here. . . not 'sales price' or 'market value.' These days, in Arizona, BOTH construction cost and 'selling price' or 'market value' are moving upwards rapidly.

For the past year, our minds have been on serious life issues like the Coronavirus, and many of us have temporarily forgotten about the massive fires that destroyed so many homes in California, Oregon, and Washington state. With every home that must be re-built, there comes a little bit more pressure on construction costs and materials.

Large numbers of trades people from Arizona have gone to the Coast where wages are higher and overtime is plentiful. This is like the Alaska pipeline construction over 30 years ago, or North Dakota fracking 10 years ago. But a big difference is that with home construction, building materials have been hit hard, prices are up and availability is down.

Lumber for home construction that cost a builder $5,000 only six months ago, is now costing $15,000 or more. This is a function of both unexpected demand as well as increased trade tariffs with Canada on lumber. Piping, electrical wiring, and roofing materials are all impacted. Plus, shortages on appliances are forecast to last into at least 2022. Home builders are confirming their orders for dishwashers, ovens, cook-tops, and garbage disposals 12 months before they expect to need those items. The entire appliance category has felt the pinch from pandemic related supply problems and strong demand that was not anticipated. In the dishwasher field for example, demand for high-end brands like Bosch and Kitchen-Aid have resulted in delivery delays of 4 to 6 months or more. And when a builder or contractor learns he can't get that high-end brand, but they must have a dishwasher, they order a Maytag, Whirlpool, GE, or LG. The result is pressure on the entire industry and shortages of almost all makes and models.

"How does all of that impact me?" you ask. The answer is that there is a good chance that the insurance policy you have for your rental property may not include enough dollars in today's market to do the job if something bad happens. This is a good place for a reminder that the insurance policy does not guarantee to re-build or replace your rental property *without limits*. There is always a maximum pay-out. So even on a policy that says 'Replacement Cost', there is a maximum number of dollars that the insurance company will spend.

Solution: Now is the time to call your rental property insurance agent and ask to have your "Buildings" amount re-calculated based upon today's costs. Yes, it can raise your insurance cost, but if you increase your deductible at the same time, that can 'soften the blow.'

* * * * * * * *

CLARK SANCHEZ is a 40+ year Arizona insurance agent specializing in rental houses.

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AZREIA Advantage: Asset Protection & Estate Planning Expert

Critical Considerations For Proper Entity Formation

by Michele Leonelli

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So you're starting a business. You've got that great idea, or you've found that perfect piece of property, and you want to make sure that you do everything perfectly out of the gate. First of all, pat yourself on the back for taking the right approach – a stitch in time truly does save nine. Now, to the all-important first questions: 1) **Do I need to bother forming an entity – can't I just proceed under my own name?** 2) **If I do need to form one, which entity should I pick for my new venture?**

The short answer to each question is:
1) Almost certainly yes; and 2) It depends (read on).

Why form an entity at all? Well, simply put, because conducting your business under your own name (also known as "sole proprietorship") puts you at serious risk of personal liability, and it might preclude you from certain tax benefits available to business-owners. Going into business as a sole proprietor means that any debts or liabilities you incur, including a judgment against your venture in a litigation, would be collectible against your personal assets. On the tax side, using a business entity opens up the range of tax credits and deductions available to you that would otherwise not be available if you operated as a sole proprietor.

So, what type of entity should you form? This depends on what you're trying to accomplish. We see a number of folks who, when going into business with other people (as is often the case with most businesses), default to a general partnership. These are relatively easy to form, and do not need to be registered with any government authority. But, that's where the advantages end. The chief problem with general partnerships is that each partner is personally liable for the debts & liabilities of the partnership. This means the partners are exposed to potentially huge personal losses from risks such as a market reversal, dodgy business dealings by the other partners, or simply poor business decisions.

This leaves limited liability companies (LLCs) and corporations (typically C-Corporations). Of these, LLCs are the most common for small-to-medium sized businesses for a few reasons. First, they're easier to set up as they are less regulated than corporations. Second, they're cheaper to set up and administer because there are fewer required governing documents and government approvals. Thirdly, LLCs, in most instances, are only taxed once – as pass-through income to their respective members. Corporate dollars, on the other hand, are, in most instances, taxed twice: once at the corporate level, and then again upon being remitted as distributions or dividends to shareholders.

All things considered, we recommend LLCs for their simplicity and flexibility. But, each situation should be carefully examined on its own merits in order to determine the best course of action. Other important questions still must be addressed, such as: where to set up the entity, and how to take advantage of multiple entities in best structuring your investments. **Are you facing a similar situation, or have you faced one in the past? Reach out to us at Phocus Law. We'd love to help!**

The Resurrection of the Assignment Contract

by Jill Bright

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We are seeing a big jump in assignment contracts. If you can get your hands on property right now, this is one way to make a deal in this hot market. I want to remind you of some items that your title company will need from you for a smooth transaction while working with an assignment contract.

If you are assigning the contract to another person or company, once that assignment has been finalized you are no longer a party to the escrow. If you want to continue to be kept in the loop or receive any documentation above and beyond your 1099-MIS forms, then the title company will need written permission from the parties to the contract.

If you are assigning your contract to another person or company, the title company will need to know how to handle any earnest money you currently have in the escrow account. You should have this direction in your assignment or nomination forms.

A few examples would be:

1. Your buyer has reimbursed you outside of escrow and you intend to assign your initial deposit to the buyer. The instruction should be clearly indicated in your assignment. The title company will need to have a third-party deposit form signed for their file so be prepared to sign this upon their request.
2. You expect to receive your initial deposit back at close. Your title company will need to see this direction in your assignment and will disclose the refund on the closing statement.

Remember your assignment contract is not only your contract between the assignor and assignee, but it is your instructions to your escrow company. Please be sure the instructions are clear and complete. Communication is key to making sure the closing is smooth and all parties remain happy.

Article provided by:
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Chicago Title Arizona


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Compounding Interest and the Application for the Infinite Banking System

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by Olivia McGraw

Einstein reportedly said that "compounding interest is the Eighth Wonder of the World. He who understands it, earns it. He who doesn't, pays it." Whether this quote actually came from him is irrelevant when we look at the truth behind the statement. First let's review how compound interest works, then the negative and positive applications.

If someone offered you $1,000,000 up front or $0.01 that doubled every day for a month, which would you take? If you don't understand power of compounding, the million dollars seems like the logical choice. However, $0.01 that doubles every day equals $5,368,709.12 on day 30. If only we all learned how compounding applies to real life before finishing high school.

Americans undeniably have a debt problem, and I'm not talking about the good kind. Chronically charging life on credit cards and procrastinating payment plans means that 50% of Americans pay 15-29%+ interest… daily, and 96 million people cannot pay more than the minimum requirement (CNBC May 2020). Yes, credit card interest actually compounds daily, the APR is not an accurate portrayal of what's owed. Any balance not immediately paid off to play the points game actually works against our finances each day we don't pay. If this is your situation, don't despair, but also don't delay. We need to talk. Yesterday.

For other Americans, we apply compound interest in our favor through retirement plans. If you're familiar with the Rule of 72 and start investing in your twenties (72 divided by interest rate equals how long it takes for your money to double), you could have millions saved for retirement. However, many of us are not those people who started investing early. Especially if you finished college during the great recession.

There is a third application; compounding interests, plus a dividend, activated inside a properly structured whole life policy. This is the magic of what we call *infinite banking*. The magic also means that you are able to use your money *while* it grows, unlike retirement plans that have a penalty associated with touching the money before you're of age. If you are in the disciplined minority who repay what you use with interest, you'll have the opportunity to both compound and grow your money inside a policy, as well as use it for investment real estate, or a start-up company, etc. Why repay yourself with interest? Because compounding. The gross cash value of your policy compounds while you use or invest the net elsewhere. It feels like magic but really, it's just math.

Tapping into the power of compounding interest doesn't require Einstein's rocket science. However, it does require action. Of course, those who begin in their twenties will be well ahead of those who start in their fifties, but that doesn't mean you shouldn't begin somewhere. We believe there is a strategy for everyone and it's our job to apply compounding interest in your favor. Whether you're struggling with bad debt, or want to turbo-charge your finances, let 2021 be a year of activating the math that works like magic. Book an appointment with us today!

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Rumors of Goodbye to Credit Reporting Agencies?

by Andrew Augustyniak

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With a new administration at the helm, there has been talk of revamping the current three-company approach for credit reporting agencies in order to bridge potential disparate treatment and help eliminate racial bias. There have also been rumblings within the Biden Administration of doing away with the three-bureau approach altogether.

Many consumers know that managing their credit and obtaining the highest scores possible can help achieve favorable terms in lending which can ultimately lead to their own personal financial freedom. On the flip side of that, miss a payment either intentionally or by incorrect reporting by a creditor and consumers can be impacted with score drops that affect lending terms or preclude them from obtaining credit at a time when it may be needed most. For some consumers, the lack of education surrounding these scoring metrics can produce a snowball effect both for them and on what they pass down to their children.

Credit reporting has been used by the financial industry for years as a means of protection more than it has been used as a tool to build generational wealth and financial empowerment. While lending guidelines have had more consumer-friendly regulations put into place, the industry as a whole still relies on a monopolized reporting system from the three bureaus that may deem one borrower more credit worthy than another without a lot of information on how that gets determined.

There are other scoring models available that are overlooked. Most are lost in translation, are not clear on how scores are arrived at or how activity can affect those scores. A reset of sorts to the current credit scoring models the financial industry uses will likely be met with some resistance, but the end goal here is to have a scoring system that works for consumers as well as financial companies. There are certainly arguments on all sides around potential changes, but one thing that seems to be consistently at the forefront is implementing a system that is fair, accurate and serves the needs of all consumers from all demographic and socioeconomic backgrounds.

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

Source : https://www.housingwire.com/articles/hello-2021-goodbye-credit-reporting-agencies

Inventory is Low, Prices are High…

by Michael Bennett

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Should I wait for a downturn to buy?

Throughout Maricopa County the inventory shortage is prompting bidding wars and rising housing prices. The value of houses in Arizona has grown by 130% over the last 8 years. These rates continued to increase during the first year of COVID, posting nearly a 16% increase, and are projected to continue growing in double digits.

With the market being so challenging for home buyers and investors, the question we hear repeatedly is, "Should I wait for a downturn to buy?"

The short answer, no. If you can buy right now, you should. Let me explain.

1. Money is cheap.

While prices are high, the silver lining remains that interest rates are at historic lows. This allows investors and first-time home buyers to utilize the full power of leverage as they add to their portfolios.

2. The Inventory Shortage is a Long-term Challenge.

According to the National Association of Realtors, in September of 2020 America hit an all-time low of a shocking 2.7 months' worth of inventory. The following month we hit an even more concerning low of 2.5 months. To create a well-balanced market on a microeconomic level, 6 months of inventory is needed.

Housing cannot be built fast enough to fill the gap we are currently facing. This means that those high prices and low interest rates will likely not be changing anytime soon. The longer you wait, the more you will likely have to pay.

Low inventory also means reduced vacancy rates for investors and that there are more highly qualified renters in the market.

3. Real Estate Remains the Safest and Most Lucrative Investment Strategy

By holding onto cash, you are effectively losing 2% per year to inflation. So, we look to other options, stocks, bonds, crypto currency, precious metals and real estate. Of the available options real estate stands out as one of the safest and most profitable strategies.

The safest investment is said to be a US Treasury. But the yield is so low, that the return on bonds barely keeps up with inflation.

And while stocks are enticing, investors in the long-term expect about 7-8% on average and that is only on the invested capital. For beginning investors there is no ability to use leverage or debt reduction over time.

Real estate in a long-term buy and hold setting provides cash flow, debt reduction and appreciation.

4. Phoenix is a 20-year Market

Maricopa County's population is the fastest growing in the U.S. At one of its peaks, the county added thousands of people daily, culminating in the addition of over 122,000 people between mid-2017 to mid-2018. The population growth, paired with the great economy, landlord friendly incentives, weather and lifestyle continue to provide favorable long-term conditions for investors.

In short, we are not concerned about a looming downturn, particularly when you view real estate through a long-term lens. When it comes to owning property, sooner is always better.

AZREIA Advantage: Financing Professional

The Role of Rehabbers is Just Getting Started…

by David Neilson

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… The Trend is Your Friend

While there are a number of useful inputs to the value of a certain property, an interesting phenomena of use to rehabbers is the nature of buyers and sellers. One useful input comes from the field of economics in the form of what is called a population pyramid, this one from the Census Bureau. Generally, it is more like a triangle with a lot of young people representing the base, and then fewer people surviving into later years. It's also pretty common to have males and females separated out, as it is in this case. But we don't have a regular triangle, in fact we have 2 lumps: the top one is the baby boomers, just starting their retirement years. As they age a bit more, they are likely sellers of the homes they are living in, as they downsize for whatever reason. The other lump is the millennials. Yes, they are buying houses and Realtor.com points out that more than 50% of the mortgage originations now come from millennials, while Boomers are now less than 15% . This gap between buyers and sellers is also reflected in the average age of US housing stock, which now sits at older than 34 years . So, we have buyers and sellers, what is the role of the rehabber? As we consider specifics of a property, it becomes very obvious.

First off: this means that the houses are out of date in terms of style. Some of this will go away in the form of furniture that is removed before closing. But permanent elements such as iron railings, chalk walls, dark cabinets, ceiling fans in every room, textured ceilings, pine, tile counters, dark rooms, etc. were once in style but are no more. As a rehabber, you will end up with much of this in your dumpster at the end of demo day.

But these homes are also out of date in the ways the home is used. Outdated and worn-out items like water heaters and HVAC, roofs, plumbing and security, can make the home significantly less comfortable and also add to the cost of ownership.

What doesn't change about the homes is their locations. While new builds are being built in outlying areas, older homes remain nearer to work, shopping and developed entertainment centers. And many buyers are finding the commutes just too long to buy in an outlying area and the difference between a new build and a rehabbed home getting smaller and smaller, buying a 'new' older home in a closer area just marks sense.

Younger demographics like millennials provide an essential need for rehabbers to update and upgrade homes that are old and outdated yet located in desirable areas.

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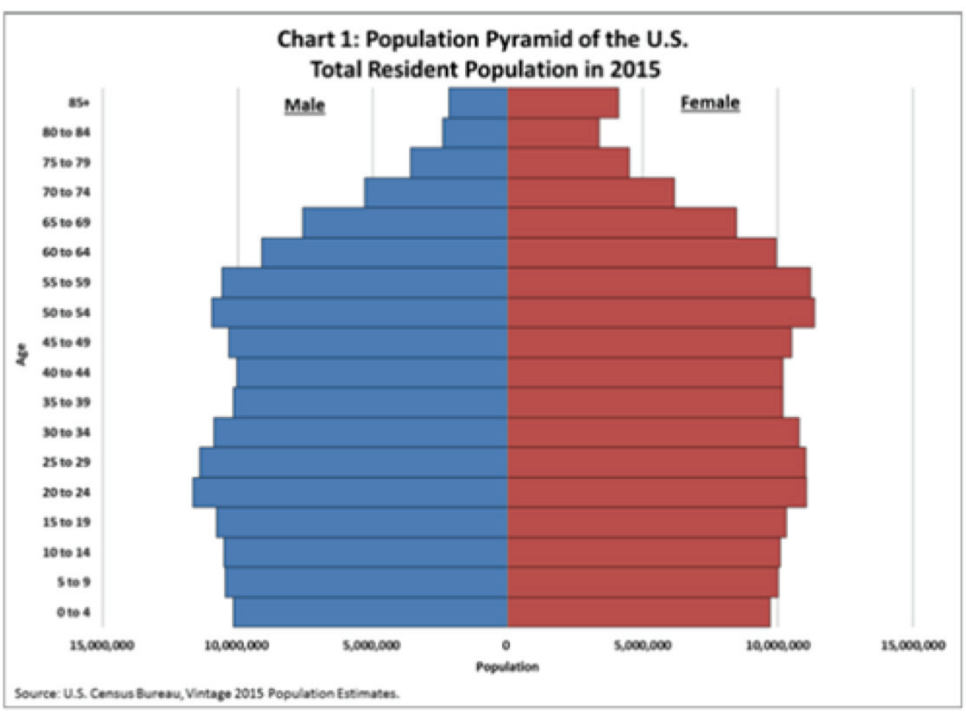
1) https://www.realtor.com/research/q1-2020-generational-propensity-report/

2) http://eyeonhousing.org/2017/01/the-aging-housing-stock-3/



https://www.census.gov/newsroom/blogs/random-samplings/2016/06/americas-age-profile-told-through-population-pyramids.html

Monthly Meetings

AZREIA Phoenix Meeting	AZREIA Tucson Meeting	Phoenix Real Estate Club
Monday, May 10	Tuesday, May 11	Tuesday, May 25
In-Person 5:45 pm	Zoom 5:45 pm	In-Person 5:45 pm
Doubletree Mesa/Phoenix		Grid.Works
1011 W. Holmes Ave.		5227 N. 7th St.

We are going to be both In-Person and Online this month for our meetings! Join us In-Person for the Phoenix Monthly Meeting on Monday and online for the Tucson Monthly Meeting Tuesday night Online via Zoom. The Phoenix Real Estate Club will continue to be In-Person this month as well. We are joined this month by Kristen Stephenson from the Greater Phoenix Economic Council for an update on the Phoenix economy as a whole. 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 Main Meeting
Greater Phoenix Economic Outlook

Kristen Stephenson, Senior VP of Research and Analytics, Greater Phoenix Economic Council, will present a look into the future of Greater Phoenix. As investors, continued growth and prosperity is vital to our business. Come and understand where Greater Phoenix is going; how the area will continue to attract new and relocating businesses coming out of COVID; and the projections for population, jobs and education.

Ms. Stephenson leads the competitor market analysis, community partnership and research innovation programs, while supporting the efforts of the business development and marketing teams. Prior to rejoining GPEC, Kristen worked for the City of Glendale in the Office of Economic Development, focusing on business attraction and expansion, including projects such as IKEA, Progressive Leasing, Bechtel and Alaska USA Federal Credit Union. She also provided support to strategic projects and research for the city.

Kristen has a Bachelor's degree in Economics from Arizona State University and a Master's degree in Community and Economic Development from the Pennsylvania State University. She is an International Economic Development Council (IEDC) Certified Economic Developer and chairs the Fall Forum Committee for the Arizona Association for Economic Development.

Market Update & Market News with Alan Langston

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

Tucson Monthly Meeting

We will be joining online for all the great networking sessions including Haves & Wants and a Market Update for the Tucson area.

Phoenix Real Estate Club

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

AZREIA Calendar of Events

Check www.azreia.org for the current schedule.

MAY MEETINGS		
AZREIA – Phoenix – In-Person *Monday, May 10*	**AZREIA – Tucson – Virtual** *Tuesday, May 11*	**Phoenix Real Estate Club – In-Person** *Tuesday, May 25*
MAY SUBGROUPS – Join like-minded investors, share ideas, network, and learn in small group settings.		
• **Tucson New Investors – Online & In-Person** *Monday, May 3* • **AZREIA Prescott – Online** *Tuesday, May 4* • **Income Property Owners – Online & In-Person** *Thursday, May 6*	• **Raising Capital/Options – In-Person** *Wednesday, May 12* • **Residential Assisted Living – Online** *Wednesday, May 12* • **Notes – Online** *Thursday, May 20*	• **Beginning Investors – Online & In-Person** *Thursday, May 20* • **Fix & Flip – Online** *Wednesday, May 26*
UPDATED INFORMATION & REGISTRATION ONLINE AT WWW.AZREIA.ORG		

LEGALLY SPEAKING

Q: I am buying a house and the seller wants to stay in the property. What is the best way to structure the transaction such that I don't have problems in the future if they fail to move?

A: This is not a one-answer-fits-all scenario and how you proceed depends upon what you are concerned about. People often enter into sales contracts with a lease back option for a short time period. That is good so you can get rental payments for the occupancy, but depending on the way its worded, you may get rolled into the CDC eviction moratorium if they fail to pay rent or fail to vacate at the end of the lease. On the other hand, you could simply write into the contract a date after the purchase date, when they have to deliver possession. Usually, possession is delivered at COE, but you could put another date if it is shortly after closing. You could then build in the rent to the purchase price. Under such a scenario, if they fail to vacate, they wouldn't be treated as having a lease, and the moratoriums would likely not apply. Under this option, though, you don't have a lease setting forth rights and obligations of the parties, beyond what is in the purchase contract. In any such negotiations, contact an attorney.

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

May 10th 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: *Greater Phoenix Economic Outlook*** Kristen Stephenson, Senior VP of Research and Analytics, Greater Phoenix Economic Council, will present a look into the future of Greater Phoenix. As investors, continued growth and prosperity is vital to our business. Come and understand where Greater Phoenix is going; how the area will continue to attract new and relocating businesses coming out of COVID; and the projections for population, jobs and education.
- **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.

May 11th Tucson Meeting

- **Tucson Market Update** The latest sales volume, pricing, supply and demand numbers for both the Phoenix and Tucson markets.
- **Haves & Wants, Power Networking and Deal Sharing:** Come prepared to listen, learn and share.

May 25th Phoenix Real Estate Club

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