THE AZREIA ADVANTAGE

ARIZONA REAL ESTATE INVESTORS ASSOCIATION NEWSLETTER
"AZ Real as it Gets"
JUNE 2022

Contents

ARIZONA REAL ESTATE INVESTORS ASSOCIATION

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Don't Be a Schmoozer, Be a Salesman

by Steve Trang

Sales isn't what most people think it is, says Steve Trang. Convincing people to buy or sell something they don't want isn't Sales. It's definitely not the plaid jacket used car salesmen and their uncouth behavior.

Steve is one of the top sales trainers in the real estate world. He is a successful realtor, broker, real estate investor, and owner of Scottsdale Community Bank. Investors who acquire hundreds of real estate properties each year hire Steve to train their sales teams.

What Is Sales?

A salesperson is a problem solver. The client has a situation that they need to be resolved. Sales are finding the solution to what ails them.

The hitch comes in with human nature. People want their problems solved but they don't want other people to know they have a problem. This makes it rather tough to assist them.

Sales is a Process

Everyone knows someone who is just "naturally" good at sales. Usually, this person can talk a great game and schmooze people.

But they're not doing anything that is repeatable, nor can they train anyone else. They'll stumble across something that works sometimes but when it doesn't work, they don't know why.

With that in mind, Steve says you need a Sales PROCESS. The larger the transaction, the more you need to learn about the client's problems and what they need to solve them. A Sales Process handles the following:

- Extracts information
- Proposes a good solution to their problem
- Can be taught to others
- Can be objectively scored, measured, and improved upon

Key Points of a Sales Process

Steve has spent years designing a Sales Process for maximum success. First, you must gather crucial information from the client. However, the client won't give that to you easily, usually because they are wary of salespeople. Additionally, the larger the transaction - the more cautious clients become.

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Phoenix ~ In-Person

Monday, June 13 – 5:45pm

- *Market Analysis & Trends with Tina Tamboer*
- *The Importance of Sales in Real Estate Investing with Steve Trang*
- *Update on Fix & Flips and Rentals*

Tucson ~ In-Person

Tuesday, June 14 – 5:45pm

- *Market Update & Market News*
- *The Importance of Sales in Real Estate*
- *Haves & Wants*

EXECUTIVE DIRECTOR'S MESSAGE

History Always Repeats Itself in The Real Estate Market

When the New York Stock Exchange opened for trading on January 2, 1970, the Dow Jones Industrial Average was at 809 points. Consumer confidence was high, the economy was strong.

But that didn't last long.

Over the next 10 years, the U.S. economy would suffer its most painful episode since the Great Depression.

The 1970s were hit with two economic recessions — a period of high unemployment, high inflation, higher taxes, higher debt levels, and an overall slump in growth. Inflation peaked above 10%, unemployment was around 8%. While 'Underemployment' was nearly 20%, i.e. people who wanted a full-time job but were only able to find part-time work.

As of May 2020, the U.S. Underemployment rate was 22.8%. The traditional financial investments and the stock market produced bleak returns.

Remember — the Dow Jones Industrial Average opened in 1970 at 809 points. At the close of the decade in December 1979, the Dow was worth just 839 points — almost no gain. When adjusted for inflation, stock market investors LOST about 49% during the 1970s. It was a brutal time to be an investor in mainstream assets. However, people who invested in REAL assets did quite well.

You won't be surprised to learn that gold generated great returns. A lot of investors dismiss gold as jewelry. In 1971, gold traded at US$35. By the end of that decade, gold touched US$850. That's a 2,300 percent gain in the 1970s. Meanwhile, for stock investors, the '70s were pretty much a lost decade. Residential real estate, however, was a mixed bag.

In some parts of the US, residential real estate as an asset class performed very well in the 1970s. California real estate, for example, tripled in value during the decade as the state's population exploded. But in other parts of the country, residential real estate was a dull investment as local governments imposed rent control, limiting how much a landlord could charge. Reduced rents meant depressed property prices, so residential real estate was a very uneven asset class. However, the 1970s still ended with double-digit returns.

The point is that real assets generally produce strong returns during the worst economic times. Now, it would be ridiculous to say that 2022 will be exactly like the 1970s. However, I do believe the further back you understand history the further you can see into the future and it would be to your advantage to study similar eras that resemble today.

If you were in the real estate business during the last recession like myself, at some point I'm positive you said something along the lines of, "I wish I had bought more properties." I feel your pain, but in our defense, we just didn't know what we didn't know.

Looking back to 2009, I referred to the recession as a crash. Now, with my continued education and experience, I realized America was on SALE.

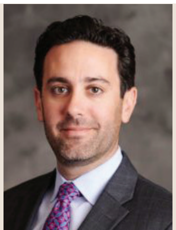
In these unusual times, there is no room for the lack of education and relationship building. It's more important than ever to understand how to solve problems. You can easily do this by filling your investor toolbox with creative ways to purchase and finance real estate.

In the best of times and even in the worst of times, AZREIA is committed to standing by our members to continue to help each and every one of you find the success you're looking for. We will help you fill your investor toolbox so you're prepared for anything. This could be helping you connect with other investors that can partner with you, provide properties for you, or mentor you. It could be through continuous education, whether our market update or new skills taught by a national speaker, that can keep you updated to make the wisest decisions with your investing. Perhaps it's through significant discounts with our various business partners that can help you save money when you need to. Our government affairs efforts and membership discounts are just a few more ways we are here for our members when they need us most. It is our mission to support you, we will be here for you when you need us and when you don't.

See you at the next meeting,

Michael Del Prete,
Executive Director

Arizona Supreme Court Enters Ruling Which May Affect Restrictions on Short Term Rentals



by Mark Zinman

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Our AZREIA newsletter readers will recall that in 2016, Governor Ducey signed into law a prohibition for cities and towns from putting restrictions on short-term rentals. What was noticeably absent from that law was any restrictions on homeowner's associations (HOAs) and their own restrictions. Numerous HOAs have amended their CC&Rs to prohibit short-term rentals. HOAs have a lot of power, but everyone was unclear what is the limit of that power. Are HOAs able to ban short-term rentals? Can they impose other restrictions? What requirements must be met to impose restrictions on short-term rentals in an HOA?

It is clear that if the original CC&Rs banned short-term rentals then an HOA can enforce that rule against any homeowner. The general logic is that the homeowner was on notice of the CC&Rs restriction when they bought the property and therefore they are bound. However, most HOAs were developed before short-term rentals became commonplace and therefore numerous HOAs do not have such a restriction in their CC&Rs. Instead, the HOAs amended the CC&Rs by majority vote and created a new restriction on homeowners. It has been unsettled whether this was valid or not.

In April 2022, the Supreme Court address a related issue and answered a lot of questions that homeowners and investors had about HOAs. In the case of *Kalway v. Calabria Ranch HOA*, a homeowner got into a legal dispute about numerous changes to the CC&Rs that the HOA had passed without her consent and the consent of every member of the HOA. The Supreme Court framed the issue as follows: "In this case, we are asked to decide the extent to which a homeowners' association ("HOA") may rely on a general-amendment power provision in its covenants, conditions, and restrictions ("CC&Rs") to place restrictions on landowners' use of their land." If everyone in the HOA agrees to the changes then they are enforceable. However, if changes are made just by a majority (which is common) then what is the effect if the changes are substantial?

The Arizona Supreme Court said that the changes may not be enforceable if they were not provided for in the original CC&Rs. This doesn't mean that each and every restriction has to be in the original CC&Rs as that is impossible, but there must be clear power or direction in the CC&Rs as to the issue being amended. The Supreme Court wrote, "We hold that an HOA cannot create new affirmative obligations where the original declaration did not provide notice to the homeowners that they might be subject to such obligations." Furthermore, "The notice requirement relies on a homeowner's reasonable expectations based on the declaration in effect at the time of purchase." Finally, "(t)he restriction itself does not have to necessarily give notice of the particular details of a future amendment; that would rarely happen. Instead, it must give notice that a restrictive or affirmative covenant exists and that the covenant can be amended to refine it, correct an error, fill in a gap, or change it in a particular way. But future amendments cannot be "entirely new and different in character," untethered to an original covenant.

This ruling may give a stronger basis for homeowners to challenge amendments to the CC&R that prohibit short-term rentals. If there was absolutely nothing in the CC&Rs that could be interpreted to give such power, it's possible that any amendment is not enforceable. This would require a legal analysis as to the original CC&R language and what was in place when the owner purchased the property. We suspect this issue will be litigated by numerous HOAs and owners/investors throughout the state.

For Sale by Owner (FSBO)

by Jill Bright

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Here is a real-life scenario:

One of our Escrow Officers with more than 20 years of experience in the escrow industry has developed a great reputation that has brought on many referrals. On one occasion, a real estate agent she knew referred one of his family members to her. He had found a lot for sale on one of the hottest real estate websites. This site allowed owners to list their homes for sale without the benefit of a real estate agent.

The sales price was $150,000 for a vacant lot so the buyer felt he had found a hidden gem. Escrow was opened and the Escrow Officer reached out to the seller who was only available by email because he was currently working overseas.

The Escrow Officer sent her opening packages to the buyer and seller to complete and sign electronically but then she took one more step. She reviewed the property tax website which included a mailing address for the seller. Followed by sending an introductory letter to the seller via overnight delivery at the address listed on the property tax website.

Since the buyer had cash on hand - the transaction moved quickly. The Escrow Officer then received a response to her letter which stated:

Hello,

Mr. & Mrs. Smith are long-time clients and friends of mine. I am assisting them in communicating with you. The Smiths are in receipt of your letter regarding their property. This is a fraudulent transaction. The Smiths have never listed this property for sale. I have copied Mr. Smith in this email. Please advise what the Smiths should do to protect their property and stop this fraudulent transaction.

First, the Escrow Officer called the seller to confirm the letter was accurate. The seller was relieved because the property had an actual value of more than $1,000,000 and thanked her for contacting him.

Next, the Escrow Officer called the buyer who was shocked and said the deal felt too good to be true. He asked the Escrow Officer to put him in touch with the seller's real estate agent to see if they could work something out. In the end, the Title Company resigned from the transaction, returned the earnest money to the buyer, and canceled the file.

The Escrow Officer did not skip a beat. She opened the order but immediately performed her due diligence. Absentee property owners are under attack. Our industry, product, and title insurance are more valuable than ever before. Title insurance is an insurance policy but it works differently than other types of insurance because the coverage provided is based on items that can be found in public records.

Title companies eliminate risks by a thorough examination of the items of record affecting the property. Title clearance is performed by providing prospective buyers and lenders with information concerning which items may or may not affect the property.

The title report helps determine what must be addressed before the transaction can close. Overall, dollar-for-dollar, title insurance is the best investment a property owner can make to protect their interest.

Article provided by contributing author Diana Hoffman
Corporate Escrow Administrator
FNTG National Escrow Administration

"Buy Term Insurance and Invest the Difference" – Is this True, Misleading, or False?

by Olivia McGraw

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Common financial advice from prominent figures says "buy term life insurance and invest the difference." As a life insurance broker, I cringe for several reasons every time I hear this statement. In my opinion, this statement is misleading at best.

Let's start with why this *appears* to be true. Traditional permanent life insurance is expensive. It is commonly seen as something only accessible and necessary for the wealthy. The wealthy often only view it as only an expense and consider their personal assets as enough inheritance to pass along to the next generation. So why "waste" money on something not needed? Term insurance is inexpensive for a defined period of time and will cover outstanding debts should the worst happen while the insured is young. However, 98% of term insurance never pays out. This is great news! It means that 98% of those insured live beyond the term of coverage. This is also why it is inexpensive. Don't get me wrong - there is a place for term insurance. I personally have a term policy, however, I plan to convert it into a permanent policy in the near future. That's because I know something the financial gurus don't know which is how to properly structure a permanent policy.

The above adage is misleading because it does not understand how to properly structure a policy. A properly designed permanent policy will allow cash flows early, contain significant tax advantages, and give the policy owner the ability to use the money in more than one place. For instance, my husband and I already own one of these. While we are covering our family if the worst happens, we also have access to the premiums. After only having our policy for a year we used the cash value in our policy to buy our car. Then without even fully paying back our policy loan, we've taken out another loan to purchase an investment property. The best part is that while we are paying off an amortized policy loan, the *entire cash value* in our policy grows at compounding interest as if we never took out the money. *This* is what the gurus do not understand.

Advising the masses to simply buy term insurance and invest the difference is a catchy phrase but ill-advised if you understand how and are able to make money in more than one place. Why pay a pure expense of term insurance when you could make money in a policy *and* other investments? This is why many call a properly structured permanent insurance policy the "And Asset."

Many of our clients are taking advantage of one of the best-kept financial secrets. They are using their money both inside their policy that has guaranteed returns and also outside which exponentially increases their profits. Savvy investors take the time to understand how and why this works. The question then quickly changes from "how little does it take to get started" into "how much can I get into the system ASAP?!"

Schedule a free consultation today to start your journey into exponential financial growth.

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LEGALLY SPEAKING

Q: An applicant has a pending criminal charge for statutory rape and is going to trial next month. He says that I have to rent to him and cannot consider the pending charges because he is "innocent till proven guilty." Is that true? What happens if he is convicted and I have a registered sex offender on my property?

A: In my opinion, if there is a pending criminal case for such an egregious crime that, if convicted, would be grounds for a denial then the pending charge would be grounds for a "conditional denial" until the criminal case is dismissed. If that is what you follow, you would need to have a written policy to that effect. Under the 2016 HUD memo on criminal standards, an arrest is not proof of anything and a person is innocent until proven guilty. Therefore, if someone was arrested 4 years ago, you must ignore that. The memo doesn't address a pending case - but my opinion is that if there is a pending criminal case for such a heinous crime, you can conditionally deny it until that case is dismissed.

– *Mark B. Zinman, Attorney*
Zona Law Group, P.C.

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.

Don't Be a Schmoozer, Be a Salesman

Continued from page1

Steve's Sales Process has been developed over many years and works in all situations because it puts the client's needs first. The salesperson isn't trying to convince the client to act, rather the Sales Process uncovers what the client needs so you can craft a solution. To further explain, see the breakdown below.

There are eight main steps to a proper Sales Process:

1. Establish the Rules – sets expectations
2. Extract Pain Points – find the real reason the client needs help
3. Transition – restate the Rules and Pain Points to get an agreement
4. Extract Price – what price the client wants
5. Extract Timeline – how long to solve their problem
6. Extract Decision Makers – who really makes the final decision
7. Close the Appointment – recap all of the above, and expose any hidden objections
8. Prevent Seller Remorse – prop up the client so they feel confident in their decision

Notice that price was not mentioned above. That's because too many people focus on price and not solving problems. Frequently, the winning offer is not the best price but one which solves the client's actual, hidden, and real problem. If the key point for the client is price, you will discover that by going through your Sales Process.

My Name Is…

by Michel J. McGirr

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One such occurrence that I see is people are gradually (or sometimes all at once) modifying the name of their business entity. As an example, I'll use the name of my business *Phocus Law*. Hypothetically, imagine I initially set up my entity as *Phocus Legal Group, LLC*, then over time dropped the last part to just calling myself *Phocus Legal*. Next, to further simplify things, perhaps I trimmed it down to just *Phocus Law*. Each of those changes seems harmless and it's hard to imagine anyone being confused as to who they were doing business with.

Unfortunately, while it seems like the changes to my business name were small and insignificant, such changes could result in substantial liability for me personally if I were to fail to properly record and document those changes. Simply put, if you enter into a contract with another party and you are not using the name of your business entity but rather using some adaptation of that name, then if that contract was to go south - there is a significant risk that the other party could sue you *individually* for damages. The reason for that risk is if the party with whom you are contracting had good substantiated reasons to believe that they were contracting with a sole proprietor rather than with an LLC, they may be able to avoid the protection your LLC or corporation would have otherwise provided for you and your personal assets.

With all that in mind, the question becomes what level of adaptation your business name can experience before there becomes a significant risk to your personal assets. Is dropping the *LLC* from the end of your business name in advertising materials risky? No, it is not. While I would certainly still include the *LLC* or *Inc.* in actual contracts, if I market *Mick's Auto Garage, LLC* as *Mick's Auto Garage,* then any curious person could go onto the Corporation Commission page and verify without any guesswork that the business is an LLC. However, if the business name was *Mick's Heavy-Duty Automotive Repair, LLC* and I marketed as *Mick's HD Auto Garage*, I would be opening myself up to the risk that someone searching for my business to verify the entity type would not be able to find it and would assume that they were actually contracting with Mick McGirr who happened to be doing business as *Mick's HD Auto Garage*.

To bring this all into focus:

1. If you are just dropping the entity type from the end of your name (*LLC* etc.) - you are not increasing your risk;
2. If you are abbreviating or significantly shortening words in your entity name (*Automotive* to *Auto* or *Heavy Duty* to *HD*) then you are beginning to put yourself at a bit more risk. If your contracts make very clear the actual name of the business with language like *Mick's Heavy-Duty Automotive Repair, LLC d/b/a Mick's HD Auto Repair*, then you should be just fine;
3. Finally, if you are actually changing words in your entity name (i.e. *Mick's HD Auto Repair Services, LLC* to *Mick's HD Auto Garage*) then you run a *significant* risk that your personal assets may become exposed to liability should things go wrong in your business.

So, what is the solution? Well, if you are utilizing business name changes similar to those found above in item (2) and your business does not use many written contracts where you could clearly document the actual name of your business or if you are using name changes at all similar to those above in item (3) then you should simply register the modified name with the Secretary of State as a Trade Name.

To do so, you'll complete a form on the Secretary of State website that has you identify the Trade Name and who wishes to own it. Then, a few weeks later after the Secretary of State verifies that the Trade Name is not already in use, you'll pay a fee of a whopping $10 to complete your registration. The whole process of registering the Trade Name takes less than 20 minutes for someone who has never done so before. Once you have registered the Trade Name, that adapted name will be linked to your actual entity, making it so that you can carry on business under your Trade Name exclusively without running any risk that those with whom you contract will be able to hold you personally accountable based on their confusion regarding your entity.

If nothing else, take away from this article that one question that you should always ask yourself when entering into a contract with another party is "does the other party know who the entity is that they are contracting with?" If there is a chance that they do not, you should take the steps mentioned above to protect yourself.

If you have questions on how to protect your personal assets from liability that is incurred as a result of your business dealings, please don't hesitate to reach out to me. I can be reached by email at Mick@PhocusCompanies.com or by phone at 602-457-2191.

The Self-Employment Problem with a New Solution

by Andrew Augustyniak

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If you are self-employed and have attempted to obtain financing, you know the amount of headache involved. Some have no issues but some have many issues. I am commonly met with frustration whenever I have a self-employed borrower come to me who is not able to get qualified for a "traditional" loan. The borrower will complain that they make way more money than I am giving them credit for in the pre-approval. Well, the reason for this is because on traditional conventional loan products we must go off the income that is claimed to the IRS. Which is usually much less than the gross income earned by a self-employed individual.

Want to hear the solution to all these roadblocks for self-employed borrowers? The 1099-only loan and the 12-month bank statement loan are the answer!

Foremost, the 1099-only loan product is exactly how it sounds. For our self-employed individuals, the 1099-only product will go strictly off the gross income showing off the 1099s earned by the borrower as opposed to the net. The 12-month bank statement loan will go off the average monthly revenue over 12 months of bank statements for the self-employed borrower. For both these products, we will go off the most recent year of income, but a borrower must be in business for at least 2 years. Both products allow for down to a 660-credit score and apply to primary, 2nd, and investment homes. Below are the down payment requirements for each:

1. Primary = 10% minimum down payment
2. 2nd Home = 10% minimum down payment
3. Investment Home = 15% minimum down payment

In addition, you can also utilize these programs for rate terms and cash-out refinances. In the past, these programs weren't as prevalent due to the large difference in interest rates compared to conventional interest rates. Now, as conventional interest rates continue to rise to a level where these programs aren't much different in rate, we are beginning to see these types of niche programs become more popular. We all know inflation is a running ramp and real estate is one of the best places to park your money. With these types of loan programs available, there is really no reason someone who is self-employed won't be able to purchase a home using financing anymore.

For any specific questions regarding refinancing and investor-specific loan programs, always feel free to contact me directly with any questions!

Enter the Real Estate Game Through Land Investing

by
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by Daniel Ortega
Director of Business Development
Vantage Self-Directed IRA's

At Vantage, we've spent the better part of 18 years educating Americans about the favorable benefits of a Self-Directed IRA. Real Estate has been one of the most sought-after asset classes in the private market space, but what investors aren't too familiar with is their ability to invest their IRA savings directly into investment properties outside of the U.S. Yes, that's right, you can not only diversify your IRA into profitable domestic real estate deals with a Vantage Self-Directed IRA, but you can also grow your retirement through expanding into the global real estate market.

Last month I had the pleasure of speaking with a prominent international real estate investor who has served investors from Australia, Argentina, and Spain and now supports investors interested in buying rental properties in Costa Rica. Here are some highlights from our discussion.

Daniel: How hard is it to buy investment property outside of the United States, particularly, in Costa Rica?

International Investor: Not as difficult as most people would think. In Costa Rica, the majority if not all the purchase contracts are offered in English, which eliminates the language barrier, which is one of the most common concerns investors initially have. You can have funds wired to Costa Rica without heavy U.S. regulations and funds are available usually within 72 hours. If you're looking for a beachfront investment property, you can find great properties under $350K. If you don't mind being a mile away from the beach, you can find deals for under $250K! For IRA investors, being able to find beachfront vacation rentals at that price point makes it very attractive. You aren't going to find that type of offer in the U.S.

Daniel: What are the pros and cons of purchasing real estate internationally?

International Investor: Well, the cons are obvious, unless you plan on flying to Costa Rica to check on your rental property frequently, you will need to hire a credible property manager, which can cut into your net profit, but property management services in Costa Rica are very affordable. Another downside would be that if you purchase this property within your Self-Directed IRA, you will be unable to personally use the property which can be a bummer. We have to remind our IRA investors that IRS rules don't allow them to use their vacation rentals at all. IRA-owned rentals must be for investment purposes only, regardless of the country you are purchasing in. However, a pro is that if you use your Self-Directed IRA to purchase an investment property, most properties here rent from $100-$235 per night and can generate about $60K-$90K in tax-deferred revenue, net of the minimal local taxes in Costa Rica.

Daniel: If you had any advice for anyone interested in exploring international real estate, what would it be?

International Investor: I can only speak for how I support my investors and I would always encourage them to take a visit to Costa Rica and experience all it has to offer. Visit some properties, both in the day and night, be a tourist yourself, and see how you can make the investment most profitable. Most people are initially apprehensive about exploring investing in Costa Rica because it is a third-world country, but the reality is that it certainly offers a much higher experience. It's a country rich in development and tourism which could be an investment that is very profitable for the RIGHT investor. As with any investment, you have to do your homework, but doing your homework in a beautiful destination like Costa Rica is extremely enjoyable.

At Vantage, we have supported many of our clients who have had an interest in expanding their IRA investments internationally. We will continue to be an advocate of investing your IRA by design, not default, and directing your retirement money into assets you believe will help you accomplish your financial goals.

To learn more, we encourage you to contact our office to not only inquire about how you can invest your IRA beyond the stock market but also beyond the U.S. real estate market.

Happy Investing!

This Time Isn't Like Last Time, or Is It?

by David Neilson

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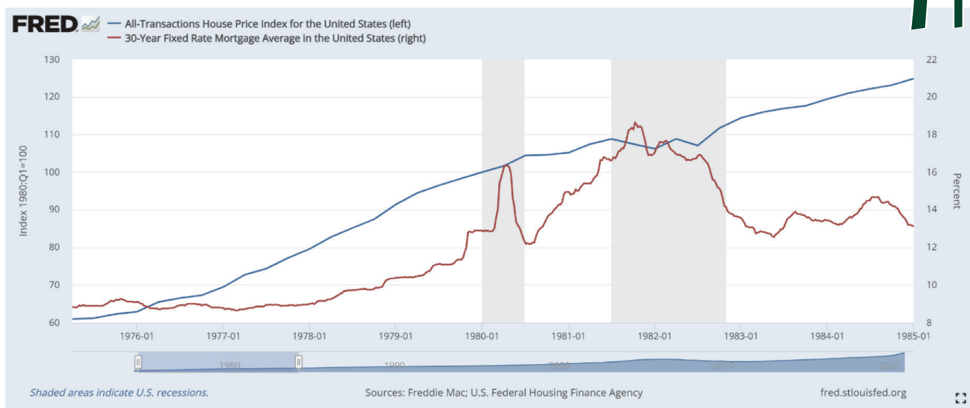
Since we are getting a lot of questions on the impact of rates, I thought we would share a few observations and thoughts. First, the short answer: We don't think it will have much of an impact on our corner of the world.

Yes, we get that this opinion does not match much of what the media is reporting. So, what are we looking at? The biggest factor is the Millennials who are just at the beginning of their home-buying years. You may not recall but this isn't the first time a large demographic bubble will work its way through the system. For instance, the same thing happened with the Baby Boomers in the 70s and we can look at what happened to them to get insight into the current condition. Harvard researchers concluded in "The Baby Boom, The Baby Bust, and the Housing Market" that the huge demographic demand overrode all other factors, including interest rates. This is all the more stunning considering mortgage rates rose during that period from 10% to 18%. Here is a chart of home prices vs interest rates (blue line is home prices, red is rates, and the shaded zones are recessions).



We expect this scenario to play out in much the same manner today. As Millennials begin their home-buying years, they are in good financial condition overall. Certainly, not all Millennials are in good shape but overall they have saved up quite a bit and are in better financial condition than even some Boomers.[1] And just like home buyers before them they will give up other areas of spending to pay for a house and unlike the Boomers, they have fewer 'committed' expenses (i.e. children) than Boomers before them.[2] And note that the Boomer 'push' started with a rapid rise in prices but that slowed over time and we expect the same to happen this time.

Much of the 'world-is-ending' analysis looks at mortgage applications which mix includes refi and therefore does little to help when considering just home *purchases*. For example, there is an article from the NY Post titled "The Fed's new moves could turn the housing market from boom to bust" that postulates "Little wonder then that we are already seeing a major slowdown in mortgage applications — a poor omen for future house price prospects." The data they use though is a mixed bag. Total mortgages include both refinances which are very volatile and of course are slowing as rates go up. While new purchases don't seem to be slowing down and are not very sensitive to rates. Above is an example of the estimates from Freddie Mac - which break out the two.

2022 Q2

Economic and Housing Market Outlook

Draft revised 04/04/2022

	2021				2022				2023							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2020	2021	2022	2023
30-year PMMS (%) a.	2.9	3.0	2.9	3.1	3.8	4.8	4.8	5.0	5.0	5.0	5.0	5.1	3.1	3.0	4.6	5.0
Total home sales (M) b.	7.2	6.7	6.8	7.0	7.0	6.6	6.6	6.5	6.5	6.6	6.7	6.7	6.5	6.9	6.7	6.6
House price growth (%) c.	4.3	5.4	3.2	3.7	3.7	2.2	2.1	2.1	2.0	1.0	1.0	1.0	11.3	17.8	10.4	5.0
Total originations ($B) d.	$1,305	$1,230	$1,195	$1,026	$840	$771	$779	$665	$588	$753	$772	$645	$4,441	$4,756	$3,055	$2,757
Purchase originations ($B) d.	$375	$515	$550	$471	$425	$571	$600	$500	$429	$613	$645	$535	$1,587	$1,911	$2,096	$2,222
Refinance originations ($B) d.	$930	$715	$645	$555	$416	$200	$179	$165	$159	$140	$126	$110	$2,853	$2,845	$960	$535

The highlighted portion is the new

1 https://cnn.it/38CY0v2

2 https://pewrsr.ch/3Na5B39

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AZREIA ADVANTAGE: MONTHLY MEETINGS

AZREIA Phoenix Meeting	AZREIA Tucson Meeting	Phoenix Real Estate Club
Monday, June 13	Tuesday, June 14	Tuesday, June 28
In-Person 5:45 pm	In-Person 5:45 pm	In-Person 6 pm
Venue 8600	Tucson Association of Realtors	AZREIA Office
8600 E Anderson Dr	2445 N Tucson Blvd	4527 N 16th St #105

We are excited about our monthly meetings every month, and we hope you are too! Tina Tamboer from the Cromford Report is joining us to show us what's changing in the market, what we should be paying attention to, and the inside scoop of Greater Phoenix's residential real estate market! Plus, we will be joined by Steve Trang from the Real Estate Disruptors! Steve is a sales genius, and he's here to teach you how to close more deals and boost your real estate investing success! Timely, market-driven information and education make these meetings a must-see. Don't miss it!

Market Trends & Outlook *with Tina Tamboer*

What does the Cromford Report have to say about the current market? We are joined by Tina Tamboer from the Cromford Report to give us detailed market insight as to what we saw in the first half of 2022 and what we can expect from Q3. Tina is one of the top market analysts in the state and will give you the information you can't get anywhere else!

Phoenix Main Meeting – *The Importance of Sales in Real Estate Investing with Steve Trang*

"You probably don't want this anyway." Sales. Most people immediately picture the used car salesman in a bad plaid jacket making outrageous claims and trying to force people to buy something they don't want.

That's not sales at all. A nationally recognized sales training expert, Steve has a completely different philosophy on sales and it's very different from what the general public thinks. He strongly believes that sales are about solving people's problems. The salesperson's job is not to convince you to buy from them, rather it's to extract from you the vital information about your problem, and then craft the best solution they can to solve it.

What Steve discovered is most people who are "good at sales" just wing it. They don't have a process for finding and solving their prospect's problem. Thus, they really aren't selling anything; they're just talking until the prospect decides on their own to buy.

He developed a sales process that puts the client first and upholds Steve's core values: Having a growth mindset for yourself, being service-oriented (putting others first), always having integrity, being committed, and acting with urgency. Steve will be showing all of us how to practice this sales strategy so you can start closing more deals and making more money!

Tucson Monthly Meeting

We will be joining in person for all the great networking sessions - including Haves & Wants and a Market Update for the Tucson area along with a presentation on The Importance of Sales in Real Estate Investing!

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 ADVANTAGE: CALENDAR OF EVENTS

Check www.azreia.org for the current schedule.

JUNE MEETINGS

AZREIA – Phoenix – In-Person	**AZREIA – Tucson – In-Person**	**Phoenix Real Estate Club – In-Person**
Monday, June 13	*Tuesday, June 14*	*Tuesday, June 28*

JUNE SUBGROUPS – Join like-minded investors, share ideas, network, and learn in small group settings.

- **Income Property Owners (Buy & Hold) – In-Person**
  Thursday, June 2
- **Tucson New Investors – In-Person & Online**
  Monday, June 6
- **AZREIA Prescott – In-Person**
  Monday, June 6
- **Beginning Investors –In-Person**
  Thursday, June 9
- **Raising Capital & Options –In-Person & Online**
  Tuesday, June 14
- **Notes – In-Person**
  Thursday, June 16
- **Fix & Flip – In-Person**
  Wednesday, June 29

Fix & Flip Bus Tour and Training

*Saturday, June 11, 2022 | 8:00 am – 5:00 pm | **Available In-Person***

Join for a full day of fix and flip education where you learn inside AND outside the classroom! You can expect to visit a few flips in progress and be taken through the properties to learn about the do's and the don'ts, the why's and why nots! Then, we will head back to the classroom for lunch and a half-day of training in topics such as evaluating comps, preparing budgets for properties, how to find out exactly how much supplies will cost, and how to navigate your projects with shortages in supplies and labor. Don't miss it!

Membership Discovery Session

*Friday, June 24, 2022 | 12:00 pm – 1:00 pm | **Available Online***

New to AZREIA? These discovery calls are for you, our members, to ask us anything about your membership. From accessing your exclusive national benefits, to finding the right Business Associate to help you, to any questions about upcoming classes or events. Need help learning how to network? Do you have questions on what to bring to the meetings? Ask us! Whatever you need to ask AZREIA, we will be here to help you because we want you to be able to get the most out of your membership with us!

UPDATED INFORMATION & REGISTRATION ONLINE AT WWW.AZREIA.ORG

This Time Isn't Like Last Time, or Is It?

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purchases which you can see the expectation is for a slight increase during 2022, while the refi volumes below the highlight are expected to be cut in half. These two types of 'mortgages' can only be conflated to the detriment of usefulness.

Now, certainly, we aren't so Pollyannaish as to think there is *no* impact because there absolutely is. But it really is focused on the low end of the spectrum. Check out the latest Existing-Home Sales from the NAR (right). What I discussed is also in the table. Yes, overall sales were lower, and this drop followed a decline of 7.2% in February, so

% Change in Sales from 1 Year Ago (U.S.)	
$0-100K	-21.2%
$100K-250K	-27.8%
$250K-500K	-0.7%
$500K-750K	22.0%
$750K-1M	29.5%
$1M+	24.6%

it's real. But the slowdown is not across the board and is very much concentrated in the low end which is getting crushed but the rest of the market is holding up quite well. Days on market confirm that the low end was never all that great anyway (24 Days).

And of course, we don't speculate on individual homes - we just lend into it. We lent during the Great Financial Recession and things went just fine for our borrowers and investors. In fact, many are still with us while mortgage rates were in the 8s around then.

So now there's the long answer: We don't think it will have much of an impact on our world.

AZREIA MONTHLY MEETINGS AT A GLANCE

June 13th Phoenix Meeting

- **Current Market Trends and Activity -** Updates on Market Data Analysis and the Rental Market provide the absolute latest information essential to your real estate investing business.
- **Market Trends and Outlook with Tina Tamboer -** What does the Cromford Report have to say about the current market? We are joined by Tina Tamboer from the Cromford Report to give us detailed market insight as to what we saw in the first half of 2022 and what we can expect from Q3. Tina is one of the top market analysts in the state and will give you the information you can't get anywhere else!
- **Phoenix Main Meeting: The Importance of Sales in Real Estate Investing with Steve Trang -** What Steve discovered is most people who are "good at sales" just wing it. They don't have a process for finding and solving their prospect's problem. Thus, they really aren't selling anything; they're just talking until the prospect decides on their own to buy. He developed a sales process that puts the client first and upholds his core values: Having a growth mindset for yourself, being service-oriented (putting others first), always having integrity, being committed, and acting with urgency. Steve will be showing all of us how to practice this sales strategy so you can start closing more deals and making more money!

June 14th Tucson Meeting

- **Tucson Market Update -** The latest sales volume, pricing, supply, and demand numbers for both the Phoenix and Tucson markets.
- **Tucson Main Meeting: The Importance of Sales in Real Estate Investing -** Sales is one of the most important parts of real estate investing! Join us as Mike Del Prete recaps what Steve Trang covered in Phoenix as well as adds his own spin to the sales conversation! You have to make sure you know how to close deals the right way, starting with knowing how to sell yourself to others to build your network, then selling your ideas and business ideas to find funding, and then knowing how to sell the property to a buyer for maximum profits! Come, listen, and learn to Mike show you the best way to advance your sales skills so you can start closing more deals.
- **Haves & Wants, Power Networking, and Deal Sharing -** Come prepared to listen, learn and share.

June 28th 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!

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

CLICK HERE TO JOIN OR RENEW WITH AZREIA TODAY!

Learn More About AZREIA Membership Benefits HERE!

AZREIA Membership Build-Your-Own Membership	**PLUS Membership** Most Convenient for Highly Active Members	**AZREIA Guest**
$60 / YEAR Limited Time Promotional Offer Price. Originally $100	**$239 / YEAR** $309 PLUS Family Option: Add one family member to your membership	**$0**
Monthly Events	**Monthly Events**	**Monthly Events**
✓ AZREIA Chapter Meeting ($10/Meeting)	✓ AZREIA Chapter Meetings FREE	✓ AZREIA Chapter Meeting ($20/Meeting)
✓ Phoenix Real Estate Clubs ($10/Meeting)	✓ Phoenix Real Estate Club FREE	✓ Phoenix Real Estate Clubs ($20/Meeting)
✓ Subgroup Meetings ($5/Meeting)	✓ Subgroup Meetings FREE	✓ Subgroup Meetings ($20/Meeting)
The Home Depot Discounts	**The Home Depot Discounts**	**The Home Depot Discounts**
✓ The Home Depot Rebate	✓ The Home Depot Rebate	X The Home Depot Rebate
✓ The Home Depot Paint Discount	✓ The Home Depot Paint Discount	X The Home Depot Paint Discount
✓ The Home Depot Cabinet Discount	✓ The Home Depot Cabinet Discount	X The Home Depot Cabinet Discount
✓ The Home Depot Appliance Discount	✓ The Home Depot Appliance Discount	X The Home Depot Appliance Discount
Education & Seminars	**Education & Seminars**	**Education & Seminars**
✓ Significant Member Only Discounts	✓ Significant Member Only Discounts	✓ Guest Pricing
✓ $30 Launch Pad	✓ $30 Launch Pad	✓ $100 Launch Pad
Additional Features	**Additional Features**	**Additional Features**
✓ Discounts from AZREIA Business Associates	✓ Discounts from AZREIA Business Associates	X Discounts from AZREIA Business Associates
✓ Access to Market Updates & News Charts	✓ Access to Market Updates & News Charts	X Access to Market Updates & News Charts
✓ AZREIA Newsletter & Blog	✓ AZREIA Newsletter & Blog	✓ AZREIA Newsletter & Blog

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

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WANT TO SEE YOUR LOGO HERE? Contact memberservices@azreia.org for more details

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| Accounting & Taxes | Community Services | Flooring | Insurance | Janitors | Legal | Market Data | Movers |

| Notes | Property Managers | Self-Directed IRA | Tenant Screening | Title & Escrow | Virtual Assistants | Wholesalers |

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