

THE AZREIA ADVANTAGE

ARIZONA REAL ESTATE INVESTORS ASSOCIATION NEWSLETTER

"AZ Real as it Gets"

JULY 2023

Contents

Asset Protection & Estate Planning Expert . . .	2
Lending Expert.	3
Architecture Professional . .	4
Financing Professional . . .	5
Private Banking Systems Expert.	7
Legal Expert	8
Specialized Property Management Expert . . .	10
Monthly Meetings.	11
Calendar of Events	12
Legally Speaking	12
Meetings at a Glance	13



ARIZONA REAL ESTATE INVESTORS ASSOCIATION

4527 N 16th St #105
Phoenix, AZ 85016

480.990.7092
www.azreia.org

Navigating Arizona's Water Future – Implications for Real Estate Investors

As valued members of the Arizona Real Estate Investors Association (AZREIA), it is our commitment to keep you informed on issues affecting our industry. Today, our beautiful, sun-soaked Arizona is at a crossroads of a critical issue – water.

Governor Katie Hobbs' recent decision to pause new assured water supply certificates in developments that rely on groundwater has sparked conversation across Arizona. While this doesn't signal a complete halt to development – major cities like Phoenix remain unaffected – it does have implications for investors focusing on smaller, rapidly expanding towns.

What does this mean for us as real estate investors? Primarily, it calls for a reassessment of strategies, particularly for developments in smaller towns. It's a clear indicator that water security and real estate growth are interconnected, and we must factor this into our planning.

But it's not all clouds on the horizon. Arizona has invested significantly in water security, with over \$360 million funneled into water infrastructure and an additional \$1.2 billion from federal funds for water conservation. This commitment is likely to sustain a reliable water supply for the next one hundred years, fostering stability for our investments.

Here's where it gets intriguing: this situation opens doors to new possibilities.

A few ideas have stood out. Investing in properties with water-efficient appliances and systems or those with innovative water solutions like onsite water recycling could become attractive opportunities. Likewise, properties in areas with a secure water supply may offer promising returns as demand in these regions may increase.

In addition, sustainable practices like water-efficient farming, wastewater treatment, and water trading are gaining prominence. These could influence real estate trends, with properties implementing such practices potentially commanding a premium due to their enhanced water security.

Here at AZREIA, we understand the importance of these developments and are dedicated to keeping you updated. We are closely monitoring the situation, analyzing its impact, and strategizing for the future. We believe that as we align our investments with water security, we not only ensure profitable returns but also contribute to the long-term sustainability of our state.

Stay tuned for further updates, and, as always, feel free to reach out if you have any questions or need assistance with anything.

Smarter Investing,
Mike Del Prete
AZREIA Executive Director

All Chapters Meeting ONLINE via Zoom

Monday, July 10 – 5:45 pm

- *Market Trends & Outlook with Tina Tamboer*
- *Tucson Market Update with Patrick Allen*
- *South East AZ Market Update with Alisia Espiriti*
- *Haves and Wants*





Unraveling the Real Estate Contract Tango



Michael J. McGirr, Esq.
Attorney at Law

Phocus Law

Phone: (602) 457-2191

Mick@
phocuscompanies.com

phocuslaw.biz

by
*Michel J.
McGirr*

Greetings, Real Estate Aficionados!

We at Phocus Law are thrilled to be here, decoding the cryptic scribbles of real estate contracts. Today, we delve into the dance-off that is negotiating these labyrinthine agreements.

First off, let's get something straight. Real estate contracts are a bit like a good ol' country line dance – steps can be intricate, the music's unpredictable, and someone occasionally steps on your toes. Yet, once you catch the rhythm, you'll be twirling through the clauses like a ballroom champion. So, polish those cowboy boots (or loafers, we're not picky), and let's get ready to take the floor.

The first dance move in our repertoire is known as 'due diligence,' but in layman's terms, we affectionately call it 'Don't just trust; verify.' Our advice? Look at the property as if you're scrutinizing a rare piece of art at an auction, leaving no stone unturned and no water leak unnoticed. You're not only investing in a piece of real estate; you're investing in every wobbly tile, leaky faucet, and spooky attic it

comes with.

Next, let's shimmy over to contingencies – the safety net of our real estate dance. These are the clauses that allow you to moonwalk right out of the deal under certain circumstances without losing your earnest money. No property is perfect, and the right contingencies let you handle its imperfections with grace rather than ending up with a ballet of regret.

The dance continues with 'price negotiation,' the part where you might feel like you're doing the salsa with a kangaroo – exciting, intense, and a little bit bouncy. Remember, the listing price isn't the be-all and end-all; it's merely the first step. Your mission, should you choose to accept it, is to negotiate until the final net number makes both you and the seller want to break into a triumphant jig.

The last dance in this contract ballet is the 'closing period.' It's akin to the cool-down stretch after an energetic routine. However, don't let the calm tempo fool you; it's as crucial as the other steps. Delayed

closing can be like an off-beat cha-cha; it messes up the rhythm. So, have your finance and insurance all lined up to make the finale smooth.

Above all, remember to enjoy the dance. Negotiating a real estate contract might seem like performing a Riverdance on a tightrope at first, but with enough practice, understanding, and a pinch of humor, you'll soon be moving with the grace of a prima ballerina.

There you have it, folks! Real estate contracts are less of a daunting duel and more of a charming cha-cha. As they say, it takes two to tango. In this case, it's you and your savvy understanding of negotiation. And remember, when in doubt, Phocus Law is always here to be your trusty contract dance partner. If we can be of service, please don't hesitate to reach out. I can be reached by email at Mick@PhocusCompanies.com or by phone at 602-457-2191.



FULL-SERVICE BUSINESS LAW FIRM

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



FULL-SERVICE ESTATE PLANNING PRACTICE

- Wills
- Revocable Living Trusts
- Irrevocable & Dynasty Trusts

phocuslaw.biz
(602) 457-2191

michele@phocuscompanies.com



Understanding DSCR Loans



Andrew Augustyniak
Area Sales Manager

M: 480.735.4095

D: 480.691.3791

Andrew@
Neighborhoodloans.com

by
Andrew
Augustyniak

25 S. Arizona Pl., Ste 510
Chandler, AZ 85225

We are halfway into 2023, and the market hasn't crashed! Shocker! If there is one thing we know about Arizona – it's that people keep on moving here! The shock of interest rates has settled, and people have realized there are opportunities to be had. When interest rates drop again and value goes up, it will be nice to be on the side of owning as much as you can.

This month, I wanted to chat about DSCR loans as a refresher. Investors are always on the lookout for financing options that align with their investment strategies and goals. One such loan product that has gained popularity among seasoned investors is the Debt Service Coverage Ratio (DSCR) loan. Designed specifically for investment properties, DSCR loans offer a range of advantages that make them an appealing choice for those seeking to grow their real estate portfolios. In this article, we will explore the key features of DSCR loans, why they are considered good loans, and how they provide ease and flexibility to investors.

DSCR loans focus on the property's income-generating potential rather than the borrower's personal income. Traditional residential mortgage loans rely heavily on the borrower's creditworthiness and

personal income, which can often hinder investors who rely on rental income to repay the loan. DSCR loans, on the other hand, assess the property's ability to generate sufficient cash flow to cover the mortgage payment.

Advantages of DSCR Loans for Real Estate Investors:

- 1. Flexibility in Qualification.** DSCR loans allow investors to access financing without solely relying on personal income and credit. The loan's underwriting process emphasizes the property's income potential, ensuring investors can secure loans even with limited personal financial resources.
- 2. Higher Loan Amounts.** DSCR loans don't go off standard conventional loan limits and are available on multifamily housing.
- 3. Diverse Property Eligibility.** DSCR loans cater to various property types. This versatility allows investors to explore a wide range of real estate opportunities and maximize their investment potential.
- 4. Competitive Interest Rates.** Despite their unique features, DSCR loans often offer competitive interest rates for a loan that is based on limited documentation.

The Simplicity and Accessibility of DSCR Loans:

Obtaining a DSCR loan is relatively straightforward, especially when working with experienced mortgage lenders well-versed in investment financing. Here are a few steps involved in securing a DSCR loan:

1. Financial

Documentation.

Investors will need to provide the necessary financial documents, such as property income statements and lease agreements to demonstrate the property's income potential.

2. Property Evaluation.

Lenders will assess the property's market value, rental income, and projected expenses to determine the loan amount and interest rate.

3. Loan Application and

Approval. Investors submit a loan application, and the lender evaluates the provided information to determine the borrower's eligibility and the loan terms.

4. Loan Structuring.

Based on the property's income, expenses, and overall financial profile, lenders structure the loan to ensure optimal cash flow and investor satisfaction.

Overall, investor DSCR loans offer an attractive financing solution for real estate investors looking to grow their portfolios. With a focus on the property's income potential and cash flow, these loans provide flexibility, higher loan amounts, improved cash flow, and competitive interest rates. By simplifying the loan process and considering investment properties' unique dynamics, DSCR loans empower investors to capitalize on lucrative real estate opportunities, expand their investment horizons, and achieve long-term success.

If you have any questions specific to a scenario you have, don't hesitate to run it by us!



Obstacles or Opportunities – Developing Hillside Properties



Nicholas Tsontakis
Dwell Boldly

Phone: (602) 370-3502

nicholas@
dwellboldly.com

8767 E. Via de Ventura, Ste 195
Scottsdale, AZ 85258

www.dwellboldly.com

by
Nicholas
Tsontakis

From rock outcroppings to washes, steep slopes, and odd shapes – some of Arizona's finest view properties come with a challenging set of design obstacles. The appeal of these properties, views aside, is that they often come at a discount to the buyer due to their limited buildability. Your ability to decipher what building challenges are insurmountable and what challenges can be overcome will determine your potential for success. An experienced architect and civil engineer pairing can help you understand the natural obstacles and city ordinances that impact building on a beautiful but wild site.

Natural elements like rock outcroppings or washes through a property represent limitations for many but represent opportunities for architects. Beauty occurs on these sites where nature meets order. While some may try to avoid a rock outcropping and build far from it, an architect might wrap a main stairwell with large windows around it so a homeowner may view it as they make their multiple daily trips up and down, to and from their office and master suite. A mass of rocks can also be the main talking piece in a great room if planned correctly. The quality of a home design on these sites relies mostly on the way in which the architect has handled or highlighted certain natural features of the land. Similarly, a large wash through a site might signal a red flag for many, and there are times when it might be too difficult to navigate stormwater requirements, but it might also represent an opportunity to create a lasting moment for

a homeowner. A general rule for stormwater management is that the water must flow in and out where it entered and exited naturally prior to development. While it may not be worth the expense of temporarily rerouting a wash or building on top of one, a cantilevered balcony floating above one, especially after a monsoon, can offer an experience not many can boast of having seen in their lives. Natural elements on sites that sometimes seem insurmountable can often become moments or experiences in the beauty that make a quality home which can translate to a higher sale price. Prior to dismissing a property due to its seemingly overly difficult development, consult with an architect and civil engineer during your due diligence period to deepen your understanding of the site.

The natural beauty of a site is often protected by the City, Town, or County they are located in. For example, most jurisdictions in Maricopa County have an added hillside section as part of their zoning ordinance that restricts development on sloping properties more than flat properties. Hillside regulations aim to preserve the natural beauty of these lots. For instance, most cities calculate height requirements for hillside homes from the natural slope of the land, so a home that is built perpendicular to the slope of the hill has no choice but to step down at a similar rate as the natural slope of the ground. Similarly, driveways have maximum slope requirements that force pavement to meander up the hill, thus encouraging a drive that moves with the natural grade. Further still, there are typically requirements for maximum heights of retaining walls that encourage terracing down the hill rather than putting up 20-foot-tall walls to hold up a flat portion of land. This protects from unsightly expanses of walls for those looking up the hill. These regulations, benevolent as they are, mean additional reviews with the City or Town. These can

be cumbersome and can sometimes add up to 3 or 4 months to the review process, depending on the familiarity of a civil engineer and architect with the process and the workload of the plan reviewers. That three- or four-month period can easily become a one-year standoff between you and the city if hiring inexperienced designers. Just like experienced architects can help elevate the natural beauty of a site, their familiarity with the regulatory process can also help expedite approvals with the City/Town/County.

When you come across a deal on a plot of land, while it might seem too good to be true, it may also mean that the right team has not run the proper analysis to determine whether some of the natural features on site are obstacles or opportunities. Developing these lots is difficult but may come with a high reward when handled correctly.

Considering developing a hillside property? Here are some links to some hillside regulations of Zoning Ordinances for some jurisdictions in Maricopa County:

Cave Creek: <https://www.cavecreekaz.gov/DocumentCenter/View/4438/CHAPTER-7---HILLSIDE---Amended-09202021>

Fountain Hills: <https://fountainhills.town.codes/SO/5.04>

Paradise Valley: <https://www.paradisevalleyaz.gov/DocumentCenter/View/130/Article-22---Hillside-Development-Regulations?bidid=>

Phoenix: <https://phoenix.municipal.codes/ZO/710>

Scottsdale: <https://www.scottsdaleaz.gov/Asset3887.aspx#:~:text=No%20grading%2C%20filling%2C%20clearing%20or,IN%20SECTION%20%22B%22%20BELOW.>





Share the Love: Value-Add

by Rob Jafek, Principal of
Boomerang Capital Partners, LLC

We are big fans of Fix and Flippers for a lot of reasons and have observed that they frequently do not get the love that they deserve. This is all the more puzzling and frustrating because people doing the same type of thing to a commercial building are deeply appreciated – they are “revitalizing,” “restoring,” or “rejuvenating” the building and business district or commercial area. The respect and admiration for working on these types of projects and the positive change, growth, and improvement they bring – should also be shared with those doing residential projects.

Certainly, part of the discrepancy has to do with some word choices. In residential, we refer to this process as ‘fix and flip,’ while in commercial, the process is called ‘value add.’ People involved in the process in residential are called ‘fix and flippers,’ but there is no corresponding term in commercial, with ‘investor’ or possibly ‘redeveloper’ coming about the closest to a direct corollary. And while we are referred to as ‘hard money lenders’ in residential, if you finance a commercial project, you are referred to as a ‘bridge lender.’ Can you see the positive vs. not-so-positive spin on those labels?

We see the larger value that our real estate investors add to the communities in which they work. It’s too bad they can’t get the love they deserve. We’re looking for a flip of labels, a rehab of imaging, or a renovation of perception for our talented and

hard-working property renovators. We are in favor of all terms used in commercial projects being used in residential, as their revitalization projects add to the neighborhood and communities around them.

Commercial & Residential Do the Same Things

Sharing terms makes sense, as residential and commercial projects have more commonalities than differences. Here are just a few of those value-add commonalities:

Positive Impact on Neighborhoods:

In both cases, run-down properties are turned into useful properties. While much is made of aesthetics, frequently, the majority of the expenses are actually addressing core systems plagued by deferred maintenance. The net effect of the renovations is enhanced property values and attracting new residents or businesses to the area.

Quick Turnaround: These projects are frequently quick to get done. Other people (the prior owner or the owner/user of the finished product) could possibly have done these projects on their own. However, to do a complete job, the process is very disruptive. The best way to do that is usually all-at-once, meaning the building (residential or commercial) needs to be uninhabited for a while. So quick is good.

Value for All: The interesting thing is that everyone wins in these property improvement transactions. For example, sellers get a price that reflects some potential, but they don’t have to

put in the labor. The end buyers get a product that has had everything evaluated and updated at a price cheaper and faster than they could do it themselves (in both cases, costs are wholesale). The neighborhood is uplifted by an updated and renovated building or home. While ultimately, the investors are paid for their work.

They’re Both Going Green

Commercial real estate investors also get some extra appreciation in their industry for something that rarely comes up in the residential property business – eco-friendly developments and builds. In commercial projects, there is enthusiasm for ‘carbon-neutral architecture’ and building ‘green.’ In recent years, there has been a growing demand for environmentally friendly and sustainable housing options, leading many home builders and home flippers to incorporate eco-friendly practices and technologies into their construction processes. These eco-friendly residential-build processes include things such as using sustainable materials, building with energy-efficient designs, or even getting green certification for the homes. Those fix-and-flippers that go the extra mile to add an eco-friendly value to their homes deserve to have the appreciation their commercial counterparts do.

Share the Terms; Share the Love

We love and appreciate fix-and-flippers. Strike that: we love investors. They add value to the entire community and deserve way more appreciation than they currently get.





Rentals



Apartments



Fix and Flip



Auto



Flood

If you rent it out, flip it, live in it, or drive it, we insure it!



Join the hundreds of Real Estate Investors that trust us to take care of their insurance needs. Like you, we invest in real estate and understand your business. As a broker, we have the tools to make sure you get the best rate from quality companies at a great rate!



Gee Gee

Excellent Service! I highly recommend Gila Insurance Group as they are the best at what they do. I've entrusted my insurance needs for my properties with Gila Insurance and have not had a worry since. Great customer service, friendly and professional.



Bridget Pruss

As a new investor, Derek took the time to ensure I understood the process and provided me with key learnings/ considerations that I didn't have to ask. I value this since "I don't know what I don't know." I consider Derek/Gila to be my go-forward partner.

**Visit us online and
let us start shopping
for you.**



**Derek Kartchner | President | 877-784-6787 | derek@gilainsurance.com
www.GilaInsurance.com**



Homeowners



Umbrella



Business



Mobile Homes



Vacant Land



Learn to Think Like a Banker



Olivia McGraw

Wealth Strategist
Unbridled Wealth

Call or Text:
(303) 596-6780

by
**Olivia
McGraw**

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

Would you like to learn the best-kept secret in finance? Did you know you can both save for retirement and use that same money for your current real estate investments without the clunky hassle of a self-directed IRA? Why have you never heard of this? Because what is popular and familiar isn't always what the wealthy are doing with their finances. They invest time and brain power to understand one of the most powerful financial tools available – the *Infinite Banking Concept*.

Not only am I an educator in IBC, but I'm also a practitioner. In the last five years, my husband and I learned how to think like bankers. Bankers know that the way the bank makes money is if it is moving - not sitting in the vault behind the counter. Bankers know that to make money, they must take dollars on deposit and loan them out with interest to borrowers. Borrowers willingly accept the terms of the loan in hopes of making money from the money borrowed. But rather than make an external bank wealthy from the interest, we treat ourselves with the same respect we would any other financial institution... and pay our loans back with interest. This changes when we retire. At that point, we can take out "loans" from our policy - without paying taxes on our retirement income because no one pays taxes on loans. Then, our loan will simply be reimbursed when one of us "graduates" because

that's how life insurance works.

Five years ago, we started our "bank" by launching a *properly designed, dividend-paying, permanent life insurance policy*. Each of those italicized words is essential in making the entire concept function. A year later, we took out our first loan to purchase a car. Since this is a simple life necessity, we decided to be responsible for a car payment and make monthly payments with interest back into our "bank." Before this loan was fully repaid, we took a second loan as a down payment on our first real estate investment. Our property is cash-flowing beautifully, paying not only for itself but also repaying our second policy loan. Then a year later, we took out our third policy loan. The money is not simply pooling and earning .02% interest in a savings account. Instead, it is moving and making compounding interest, dividends (profits), and serving a purpose inside our policy. But because this is the only vehicle on the planet that earns compounding interest on the gross amount accumulated in the policy, we are also borrowing out the net

and making money outside the policy through purchases & investments.

Is your brain spinning? Excellent. We should talk. What is simple is not always easy, but there is always a beautiful moment when I meet with clients, and the light bulb goes off. They understand the freedom, opportunities, security, and fun they can have when they learn how to apply the principles of banking to their own system appropriately.

This summer is the perfect season to invest in your own education. A consultation will only cost your time. But if you wait another year before we talk, that time could cost you compounding interest that you could have earned if you started today.

We look forward to hearing from you!

Olivia McGraw – omcgraw@unbridledwealth.com

Jason K. Powers – jpowers@unbridledwealth.com

Jack Carlson – jcarlson@unbridledwealth.com



**UNBRIDLED
WEALTH**

No One is Born Financially Savvy.

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

Discover How You Can:

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

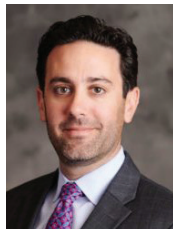


SCHEDULE YOUR FREE CONSULTATION

OLIVIA MCGRAW | WEALTH ADVISOR
E: OMCGRAW@UNBRIDLEDWEALTH.COM
P: (303) 596-6780



When Domestic Violence Allows a Tenant to Terminate Their Lease Early Under AZ Law



*Mark B. Zinman,
Attorney*

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

by
**Mark
Zinman**

In the past few months, our office has seen a significant spike in the number of residents seeking to terminate their lease under the domestic violence statute. We have no idea why this is happening, but it's important for an owner to know their obligations and rights when presented with such a request. Improperly responding to a request from a resident who is a victim of domestic violence can lead to liability not only under the Arizona Residential Landlord and Tenant Act but it also likely constitutes a violation of fair housing laws.

Under the Arizona Residential Landlord and Tenant Act, A.R.S. § 33-1318, a victim of domestic violence can terminate their lease early and without penalty. This sounds simple, but once you get into the details, it gets more complicated.

Please note: the law also allows victims of sexual assault in the unit to get out of their lease, but that is less common. This article will focus only on the domestic violence aspect.

Here are the most important things to know based on

questions we have received over the years:

- To prove the resident is a victim of DV, they need only provide either of the following: (1) a police report "that states that the tenant notified the law enforcement agency that the tenant was a victim of domestic violence" OR (2) a copy of an Order of Protection (not injunction against harassment), and if you want, you can request proof it's out for service.
- The incident has to have occurred within the last 30 days unless the landlord waives this requirement.
- The tenant can get out of their lease without penalty; they are just liable for up to the next 30 days in rent.
- Alternatively, instead of terminating the lease, the victim can choose to stay in the unit and have the landlord change the locks.
- If the aggressor is also on the lease, you should likely evict them, and you don't have to give them access to get their stuff unless they have a police escort.
- If the victim terminates the lease, it's as if they fulfilled their lease, and you can't charge them for lease break fees or related charges. They are liable for rent and damages, and then you have to return the balance,

if any, of the deposit.

Under the law, "If there are multiple tenants who are parties to a rental agreement that has been terminated under this section, the tenancy for those tenants also terminates." This means they have to leave, and you have to account for the deposit. If they want to stay, you still need to close out the old lease, account for the deposit with the victim and get the others to sign a new lease with a new deposit.

It's important to note that the victim and aggressor do not have to have lived together for the statute to apply. Even if your victim lives alone, they can be released from the lease if they otherwise qualify. "Domestic violence" is based upon the parties' relationship - if they previously have had a romantic or sexual relationship or if they have a child in common. Therefore, a tenant can be a victim of DV and be released, even if they live alone. The whole purpose is to allow them to move to protect themselves.

The foregoing is a lot of information; this just shows the complexity of the statute. Therefore, it's important that you carefully review and follow the statute when these issues arise. Given that you are dealing with victims of domestic violence, it's important that you don't violate their rights and victimize them a second time.



UNIQUE COVERAGE, INTELLIGENTLY DESIGNED.



Call us or visit our website for more information on our property and liability programs

- Investment Property Insurance
- Tenant Discrimination Program
- Landlord Supplemental Protection
- Tenant Renters Program



TEL: (877) 744-3660



WWW.NREIA.ARCANAINSURANCEHUB.COM



Hard Money Specialists

"When the banks say no or move too slow"™

Single Family 1-4-unit,
Commercial Property, Apartments,
Spec Construction and Lot Loans
Fix & Hold
Fix & Lease
Fix & Wrap

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

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



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



WARNING: It's a rookie move if your Agent doesn't personally invest in real estate. This action alone can be a costly mistake.

For the last 10 years investors locally and across the country have trusted me to buy and sell their investment properties.

Here's WHY they chose me over the other 100,000 licensed agents in the state of Arizona besides the fact that ***I answer my phone.***

- I personally flip and hold properties
- Access to off market properties, pocket listings & strategic MLS searches
- I can do the math! Repair Analysis and Calculations
- Fluent in investor lingo: ROI, ARV, NOI, 1031, Cap rate
- Market knowledge including micro markets
- Push through tough negotiations
- Access to tradesmen, supplies and labor

REACH OUT TO ME TODAY, I'D LOVE TO CHAT!

**Dominique
Martinez**

(602) 501-0689
dom@whhouses.com

DPR REALTY LLC
DEDICATED. PROFESSIONAL. RELIABLE.



90%

Fix & Flip Financing

Do you qualify?

Contact us to find out.

MERCHANTS FUNDING AZ, LLC

License #BK-0918174 NMLS #388757

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

Bo Seamands
903-721-5807
NMLS #1191246



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

AZREIA ADVANTAGE: SPECIALIZED PROPERTY MANAGEMENT EXPERT



PadSplit 101: Increase Earnings While Creating Affordable Housing Options



Ellis Tran
PadSplit

Office: (408) 714-9193
ellis@PadSplit.com
PadSplit.com

by
Ellis Tran

A PadSplit home is a unique rental housing solution offering flexible weekly rooms. PadSplit rentals provide affordable units by dividing a single-family home into multiple furnished bedrooms that can be rented out in desirable neighborhoods.

Our idea is to use existing houses in communities close to entertainment districts, schools, hospitals, and other areas needing affordable rooms to rent. We provide a much-needed service in these areas by offering furnished rooms with all utilities paid.

PadSplit homes provide affordable weekly rentals:

For example, PadSplit converts under-utilized space in single-family homes into additional bedrooms. This increases the overall earning potential of the home while lowering the per-room cost for Members. They are an excellent option for rental property owners who want to improve their rental income and provide affordable rental options for their community.

Our rentals provide furnished bedrooms with a locking door, while common areas such as the kitchen, living room, and bathrooms are shared. The additional bedrooms converted

from under-utilized space provide affordable member rooms while earning hosts additional profits.

PadSplit homes improve rental property ROI:

Rental property owners earn higher profits on their single-family rentals than traditional single-family rentals, with many property owners increasing their NOI by more than twice. PadSplit also simplifies the process by providing simplified screening, rent collection, reduced vacancy rates, and resident management.

Many benefits of renting out a PadSplit home:

For rental property owners, our homes can provide several advantages, including:

- **Increased rental income**
 - PadSplit homes can generate more profit than traditional single-family homes or apartments. The additional bedrooms in these rentals provide more income than a single-family rental.
- **Reduced vacancy rates**
 - PadSplit homes have lower vacancy rates than traditional single-family homes or apartments. Our extensive network of pre-screened members looking for affordable housing keeps rooms occupied.
- **Less hassle** - PadSplit handles all the hassle of renting a home, including finding tenants, running background checks, and collecting rent.

How to rent out a PadSplit home:

The first step to renting out a PadSplit home is converting the unused space into extra bedrooms. Then the bedrooms and shared areas should be furnished. Finally, provide Wi-Fi and other necessities to attract and retain members at your PadSplit home.

Next, you will need to create a listing on our website. Once your listing is approved, we will begin to market your home to our network of pre-screened members. Once the room is rented, PadSplit collects rent from the member and provides a 24/7 customer service line that residents can call with questions or concerns.

PadSplit continues to grow and enter new markets:

PadSplit was founded in 2013 and is headquartered in Atlanta, Georgia. The company operates in over twenty-five cities across the United States, including Dallas, Indianapolis, Jacksonville, Kansas City, Las Vegas, Los Angeles, Miami, Nashville, New Orleans, Orlando, Phoenix, and Tampa. By continuing to enter new cities and grow its network of Members and Hosts, PadSplit continues to provide more flexibility for our members and higher profits for our hosts.

Learn more about turning your rental property into a PadSplit to increase rental income and provide affordable housing for your community at padsplit.com.



AZREIA ADVANTAGE: MONTHLY MEETINGS

AZREIA Phoenix Meeting

Monday, July 10

Online 5:45 pm

Zoom

AZREIA Tucson Meeting

Monday, July 10

Online 5:45 pm

Zoom

Phoenix Real Estate Club

Monday, July 10

Online 5:45 pm

Zoom

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

Networking – Haves & Wants!

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

Phoenix Market Update & Market Trends with Tina Tamboer

The complete Market Update and Market News will be delivered just as it is every month. It is the main feature of this month's meeting and will

comprise the majority of the meeting time. You will see all the trends and current events information. You will hear Tina Tamboer's analysis of what it all means to you as a real estate investor. It will be exactly the same as if you are in person. This is must-know information for the serious real estate investor, and we are ensuring you get it in a timely fashion.

Tucson Monthly Meeting

Please participate in the July 10th online meeting. It includes Tucson Haves & Wants and many of the Market Update and Market News charts and analyses applicable to AZREIA Tucson members presented by Patrick Allen.

Phoenix Real Estate Club

Please participate in the July 10th online meeting. It includes Haves & Wants and the Market Update.

THIS MEETING WILL BEGIN PROMPTLY AT 5:45 PM ON MONDAY, JULY 10TH.

To register: Please go to azreia.org/calendar to register for this event. Once you've registered, the Zoom link will be sent to your email inbox. Simply click this link when it is time for the meeting to join.

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 ADVANTAGE: CALENDAR OF EVENTS

Check www.azreia.org for the current schedule.

JULY MEETINGS	JULY SUBGROUPS – Join like-minded investors, share ideas, network, and learn in small group settings.	
<p>AZREIA – Phoenix ONLINE <i>Monday, July 10</i></p> <p>AZREIA – Tucson ONLINE <i>Monday, July 10</i></p> <p>Phoenix Real Estate Club ONLINE <i>Monday, July 20</i></p>	<ul style="list-style-type: none"> • Prescott Subgroup <i>Monday, July 3</i> • Income Property Owners (Buy & Hold) Online <i>Thursday, July 6</i> • Tucson Cashflow 101 Board Game <i>Saturday, July 8</i> 	<ul style="list-style-type: none"> • Multi-Family Subgroup <i>Monday, July 17</i> • Experienced Real Estate Investor Happy Hour <i>Wednesday, July 19</i>
UPDATED INFORMATION & REGISTRATION ONLINE AT WWW.AZREIA.ORG/CALENDAR		



LEGALLY SPEAKING



Q: Is an HOA permitted to restrict homeowners from leasing within a community after an owner has acquired the property? In other words, if the HOA votes to restrict homes from being leased, are the existing homeowner grandfathered in?

A: The answer to this question may have changed over the past year. In 2022, the Arizona Supreme Court published a ruling which held that CC&R amendments are valid and enforceable against current owners **IF** they were reasonable and foreseeable. A court is to look at what the CC&Rs provided when the owner bought into the home. If the

rules opened the door to future changes, including the possibility of banning rentals, then any future ban will be enforced. If there was no mention of rental restrictions, then such a vote may not apply to existing owners because such a change is not reasonable and foreseeable. It's important to note that the change could be binding to future owners, just not the current ones. Therefore, it's a case-by-case analysis depending on the previous language of the CC&R when the owner bought the property. If you are interested, the case is *Kalway v. Calabria Ranch HOA, LLC, et al.*, No. CV-20-0152-PR, March 22, 2022.

– 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.

THE AZREIA SHOW

HOSTED BY MARCUS MALONEY & MICHAEL DEL PRETE

REAL ESTATE INVESTING STORIES, INSIGHTS & STRATEGIES FROM THOSE WHO'VE BEEN THERE

FOLLOW US ON SOCIAL MEDIA & WHEREVER YOU LISTEN TO PODCASTS



VISIT AZREIA.ORG/SHOW TO SEE OUR LATEST PODCASTS & TO SIGN UP FOR UPDATES!

Deal Finders Club

Real Estate dreams on hold?

With work, kids, and everything else going on, time is limited. You might feel like you've got the world on your shoulders and not to mention *you have a bad back.*

If you just had someone to lean on and push you in the right direction, you know things would happen much faster!

Then you might consider checking out the Deal Finders Club, a community of investors eager to sign more contracts, close more deals and get ahead in life. The DFC provides weekly coaching, a thriving online community, and all the education you need to be confident.

DFC is your fastest path to closing your first deal.

To learn more head over to azdfc.com

AZREIA MONTHLY MEETINGS AT A GLANCE

July 10th All Chapters Meeting

- **Phoenix & Tucson Main Meeting - Online**

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

- **Market Update & Market News with Tina Tamboer**

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

- **Current Market Trends and Activity for Tucson & South East AZ**

Patrick Allen and Alisia Espiriti will provide the absolute latest information on market data essential to your real estate investing business

- **Networking – Haves & Wants**

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