



SPECIALIST

THE NEWSLETTER FOR CERTIFIED RESIDENTIAL SPECIALISTS

Arizona Chapter

Spring 2003

MAKE SURE TO CHECK US OUT ON THE WEB: www.arizonacrs.com

ARIZONA CRS CHAPTER 2003

OFFICERS

PRESIDENT
 Sharon Hildebrand 520-529-5100
 Toll Free 888-574-7213

PRESIDENT-ELECT
 Paul Pastore 480-603-3800

SECRETARY
 Cheryl Terpening 520-907-2437

TREASURER
 Benny Zenner 928-779-2100

IMMEDIATE PAST PRESIDENT
 Sharon Ellsworth 20-577-3999

CHAPTER ADMINISTRATOR
 Jeanie Merideth 520-299-6787
 Toll free 866-440-9804
 Email jgmerideth@aol.com

COMMITTEES

MEMBERSHIP
 Sharon Hildebrand 888-574-7213
 Paul Pastore 480-603-3800

PROGRAMS TUCSON
 Harvey Mordka 520-298-8500

PROGRAMS PHOENIX
 Jackie Cole 480-892-5300

PUBLIC RELATIONS/COMMUNICATIONS
 Christine Moore 520-419-1896
 Christina Maydanis 602-957-8591

STRATEGIC PLANNING
 Sharon Ellsworth 520-577-3999

EDUCATION
 Sarah Frese 520-577-1512
 Christine Moore 800-880-9337

CHAPTER WITH A HEART
 Sharon Hildebrand-Tucson 888-574-7213
 Paul Pastore-Phoenix 480-603-3800

LUNCH RESERVATIONS

TUCSON
 Tina Banks 520-382-3012

PHOENIX
 Debi Radden 480-850-3505

LUNCH SPONSORS

TUCSON
 Harvey Mordka 298-8500

PHOENIX
 Paul Pastore 480-603-3800
 Jackie Cole 480-892-5300

REGIONAL REPRESENTATIVES
 Casa Grande - Patsy Zeitlin 520-836-9494
 Chandler - Bill Ryan 480-963-6000
 Flagstaff - Gary Nelson 928-556-0009
 Glendale - Judy Terrell 602-439-0085
 Pinetop - Rich Mullins 928-369-4300
 Prescott - Flo Day 928-771-0007
 Sedona - Roy Grimm 928-282-2757
 Scottsdale - Lucille Fraas 608-483-7474
 Tempe - Larry Sunday 480-838-7772
 Tucson - Ida Niwinski 520-615-8400



President's Message

We have 1529 members of the Arizona Chapter through the end of April, 33 of that number are new members and the goal that we set in January 2003 was to have a 100 new members; so we are a third of the way to meeting our goal! I am sure that we can get the additional 67 members by the end of the year. Our chapter administrator, Jeanie Merideth, has been working on updating our data base and trying to correct email addresses and contact information for our website. Please check your information at: www.arizonacrs.com and check some of the agents in your office. Any changes or corrections can be emailed or faxed to Jeanie.

We had a good turnout for our March classes in Scottsdale. We had LeRoy Houser do a brand new one day class on working with custom builders and smaller new construction builders, lots of excellent information and real life examples. The first Chapter meetings of the year has two good speakers - in Scottsdale we had Michelle Lind, AAR General Legal Council, talking about the lobby efforts by the Arizona Association of Realtors regarding the insurance industry and how that affects our business and our clients. In Tucson we had Glen Smart with National Bank of Arizona. Glen talked about reverse mortgages and how they can benefit some of our clients. Both were good programs.

In March I attended the AAR mid year meetings in Prescott and will be going to the midyear meetings for National in May in Washington DC. I hope to see you at our chapter meetings in June, September and December. Check the calendar for the dates and locations on our website. Plan on attending at least one of our classes scheduled this year; we have another one day class scheduled in October.

Have successful summer!

Best Regards,

Sharon Hildebrand, ABR, CRS, GRI
Associate Broker



PROUD TO BE
AN AMERICAN!





EDUCATIONAL OFFERINGS ARE OVERLOOKED

by Marge Lindsay, CRB, CRS

This past March I drove to Prescott for the AAR Winter Conference and was pleasantly surprised at all of the opportunities offered in two days. Among the opportunities was a silent auction to raise needed funds for RAPAC (REALTORS® of Arizona Political Action Committee). I felt great knowing I had contributed, but in also seeing some nice rewards from the auction.

I also went to education sessions taught by real estate attorneys. I am one who likes to pick classes for the instructors and content. I particularly like ones taught by attorneys because their stories can help keep us out of trouble. I would far rather learn from someone who had problems that I now can avoid, or resolve, than have “my story” be the one others learn from.

As an example, Michelle Lind and Richard Mack taught a three (3) hour class on negotiating the AAR contract. They pointed to various parts of the contract and as they raised questions I was shocked to see how different the answers were from those of us in attendance. There were lots of brokers and sales associates and they too were surprised at some of the answers given to questions posed. We decided it was no surprise we get confused in the field, when we couldn't reach agreements in the classroom.

Selling properties in “as is” conditions was discussed, in this class - and in one taught by Christopher Combs. Many contracts create ambiguities because the boilerplate in the contract can be contradictory. One suggestion was that the contract is written to say, “buyers and sellers understand and agree that the home is being sold in an “as is” condition, and that any conflicting language in the contract is hereby deleted”.

Chris also pointed out the large number of calls regarding the Buyer Inspection Notice and Seller's Response Form. It seems that many sales associates believe that if they are in the 10 day inspection period, they can submit more than one request for repairs. Chris said, not so - “you get only one bite of the apple”. If the buyer wants to make more inspections (termite reports was one example used), then the buyer should wait until they have all they need before trying to negotiate repairs and present their requests.

Another issue discussed by the attorneys was how many agents **sign for their clients**. Whether it is to say the buyers want these repairs - or - the seller will only do the following - and the list goes on. Clearly the message was **don't** take on the additional liability. Let the buyer or seller sign for themselves and take on less risk for yourself.

The bottom line is the classes were great. Often we don't realize this type of offering is available. Your leadership team within the Arizona CRS Chapter is strongly committed to education. Watch for what they make available, and watch offerings like our winter conference to get the best available. Learning can be great fun!

Have You Paid Your National & State Dues?

Candidates ~ Check on your necessary requirements to obtain your CRS designation & membership! Contact Council of Residential Specialist:

1-800-462-8841

or go the website at: www.crs.com

Contact State Membership: www.arizonacrs.com



THE HOMEOWNER'S INSURANCE CRISIS

*By K. Michelle Lind
General Council for AAR*

THE PROBLEM

Homeowner's insurance is generally required to obtain a loan and close escrow on a home purchase. Most loan documents require homeowners to maintain homeowner's insurance for the term of the loan. However, homeowner's insurance in Arizona, as in other states, is less available and more expensive than in years past. The Consumer Federation of America reports that homeowner's insurance rates in Arizona rose 13.25 percent in 2001 and 14.82 percent in 2002. Some homes may be virtually uninsurable.

THE CAUSE

The insurance industry cites some of the following reasons for the increased cost and reduced availability of homeowner's insurance:

- ◆ Number of recent catastrophes
- ◆ Mold claims
- ◆ Stock market losses
- ◆ Repair cost increases
- ◆ Past use of these policies as a "loss leader" to secure auto and other coverages

PEOPLE AND PROPERTY MOST LIKELY TO BE AFFECTED

Those most likely to be affected are:

- ◆ People who have made an insurance claim or claims inquiry in the last five years.
- ◆ People with adverse credit issues.
- ◆ A home on which an insurance claim has been made, especially if the claim involved mold and conditions conducive to mold, such as water damage.

The Arizona Department of Insurance reports that in 2002, consumers reported difficulty in obtaining insurance for "vacant dwellings, dwellings in unprotected areas, low-valued dwellings, old dwellings, high priced dwellings and dwellings that have had any losses within the last three years." (*Press Release, April 2, 2003*).

REPORTS FROM THE COMPREHENSIVE LOSS UNDERWRITING EXCHANGE ("CLUE")

C.L.U.E. tracks both the person making an insurance claim and the property on which the claim was made. This repository of information purportedly contains 95 percent of all insurance claims or claim inquiries made in the United States for a five year period. The report includes information on the cause of loss and the amount paid by the insurance company on the claim, if any. The report also contains personal information on the homeowner, such as the owner's social security number and date of birth.

OBTAINING A CLAIMS HISTORY REPORT

A homeowner may be able to obtain a five-year claim history at no cost by simply requesting the report from their insurance agent. In the alternative, homeowners may purchase a C.L.U.E. report on their own property. Buyers may request a copy of the C.L.U.E. or claims history report from the seller, but do not have the right to order a report on a home they do not own.

The C.L.U.E. report is sold by a company called ChoicePoint and currently costs \$12.99. The report may be obtained by calling 866-527-2600 or online at www.choicetrust.com. Individuals may also obtain their personal insurance history from the same company.

INSURANCE CANCELLATIONS AFTER CLOSE OF ESCROW

Some insurance companies that use information from C.L.U.E. or other insurance reporting agencies in their underwriting practices, obtain a report only after a binder (contract for temporary insurance) is issued or after escrow has closed and the policy is to be issued. Thus, there have been numerous reports of homebuyers having their homeowner's insurance cancelled after closing escrow on a home purchase.

An insurer can generally cancel a homeowner's insurance policy for any reason in the first sixty days after issuance. *See A.R.S. §20-1652*. And, once a policy is cancelled, the cost of replacement coverage can be two to three times higher than the original cost, depending on the reason for the cancellation.



SIMPLY OBTAINING THE C.L.U.E. REPORT OR CLAIMS HISTORY DOES NOT SOLVE THE PROBLEM

The underwriting practices of individual insurance companies vary and not all insurance companies use C.L.U.E. reports on both the person and the property. The companies that do use C.L.U.E. or other claims history reports evaluate the information in different ways. Therefore, simply obtaining a copy of the report will not tell a buyer how an individual insurance company will evaluate the risk of insuring that particular buyer in that particular home.

AAR'S RESPONSE TO THIS CONCERN

The Arizona Association of REALTORS® (“AAR”) has been proactive in responding to this homeowner’s insurance crisis. AAR has undertaken to educate buyers about this issue and encourage them to apply for homeowner’s insurance as soon as a purchase contract is executed. The AAR Residential Resale Purchase Contract advises buyers to make inquiries and consult insurance agents during the contract inspection period (lines 222-224). A buyer may give written notice of reasonable disapproval and elect to cancel the contract based on that inquiry. AAR’s Seller’s Property Disclosure Statement (“SPDS”) now prompts the seller to disclose any known homeowner’s insurance claims regarding the home. The Buyer Advisory was revised to inform buyers about how claims history may affect their homeowner’s insurance.

AAR also initiated a legislative response to address these problems. Senator Barbara Leff agreed to sponsor Senate Bills 1265 and 1266, both of which have been passed by the legislature.

SB 1265 requires that if an insurer uses information from an insurance support organization, such as C.L.U.E., or information from a consumer reporting agency for under-writing purposes, the insurer must obtain that information as soon as practicable and before the issuance of a binder of insurance coverage. The failure of the insurer to timely obtain the information precludes the insurer from declining insurance coverage or terminating a binder of insurance coverage based on the information. Finally, thirty days after the application for insurance coverage, no declination or termination of insurance coverage may be based on information from an insurance support organization or consumer reporting agency.

SB 1265 should reduce the possibility that the homebuyer’s insurance policy will be cancelled after close of escrow. However, an insurer still may decline

or terminate insurance coverage based on the condition of the premises as determined through a physical inspection of the premises. This legislation will become effective on December 31, 2003.

SB 1266 addresses premium increases when the insurance company has suffered no loss. Homeowners have complained that their premiums were increased based upon property damage or loss when the insurer made no payments under the policy. AAR believes that a claim that results in no payment by an insurance company should not result in increase premiums to the homeowner. However, in a compromise with the insurance industry, AAR accepted the following language: “[a]n insurer shall not charge more for homeowner’s insurance coverage with a single below deductible claim, not exceeding five hundred dollars in the previous three years, than it would charge for like coverage on the same property if the property had no below deductible claims.” “Below deductible claim” means a claim was closed without any payment because the amount of the loss was less than the amount of the deductible provided by the policy. This legislation will become effective 90 days after the end of the current legislative session.

To obtain additional information on homeowner’s insurance

The Arizona Department of Insurance has developed a comparison of homeowner’s insurance rates to encourage consumers to comparison shop for their insurance, which may be found at <http://www.id.state.az.us/index.html>. The Department also developed a *Consumers Guide to Homeowner’s Insurance*, which is at <http://www.id.state.az.us/index.html>

ADVICE TO HOMEBUYERS

AAR is considering other possible actions to address these concerns and further legislation may be necessary. In the meantime, buyers should educate themselves about their insurance company’s underwriting practices and shop around for a company that will best suit the buyer’s needs. Further, a buyer may want to request that the seller provide the buyer with a five year claims history on the home, so any claims issues are identified early in the transaction. Finally, buyers should apply for homeowner’s insurance as soon as possible after entering a contract to purchase a home.

Michelle is General Counsel to the Arizona Association of REALTORS® and is a State Bar of Arizona board certified real estate specialist.

Visit the AAR web site at www.aaronline.com



JUST WHEN YOU THINK YOU'VE SEEN IT ALL...

*by Brenda Lindquist
Escrow Officer for Title
Guaranty Agency*

I received a call recently from an agent asking whether or not a property that was to be listed was title insurable.

SCENARIO

Homeowner disappears less than a year ago while hiking alone. After an extensive search it is determined that the odds are against this person being found alive and well. This person owned a home and was not married, however there are children who have decided it is time to sell the home as they are not local residents.

INVESTIGATION

The vesting deed indicates the property is held in a Trust. Upon receipt of a copy of the entire Trust Agreement it is discovered that the homeowner is the Creator and Trustee. There are provisions for naming Successor Trustees as well as dealing with the death and/or incapacity of the Creator/Trustee. The agent also provided Certificates of Incumbency for the Successor Trustees as well as the anticipated sales price of the property and copies of the missing person reports. All of this was submitted to the underwriter for review. The initial reaction of the underwriter was to ask for a court order confirming the Successor Trustees. Upon further review of the information presented it was discovered that one of the definitions of Incapacity was the disappearance of the Creator/Trustee.

DECISION

Based on the information presented, reviewing the Arizona Statutes regarding Trusts and after weighing all of the risks involved, the underwriter decides to insure without the need for a court order. There would be conditions such as making proceeds payable to the Successor Co-trustees of the Trust that were to be handled through an escrow when the property was sold.

FINAL NOTE

If you encounter a property that appears to have title issues, check with your title company as early as possible. (In this case it was done at listing). Provide as much information relative to the situation as possible. (In this case having a complete copy of the Trust was most helpful). Don't be afraid to ask for a further review or even to get a second opinion.

Christine Moore, CRB, CRS

*2002 Arizona CRS of the Year
2000 Arizona CRS Chapter President*



A SPECIAL VALUE FOR YOU!

ARIZONA CHAPTER 10 PLUS EDUCATION PROGRAM!!

Contact your Broker or Manager and register 10 agents from your office or Company for one of our CRS Classes. A drawing will be done prior to the conclusion of the class, the lucky winner will be reimbursed for the registration cost of the class. The agent must attend the class as scheduled for that class. Call me if you are a franchise office or smaller independent office for more information.

BE A LUCKY WINNER!!!

Our CRS Classes are updated constantly with new information. If you want a greater return on your investment ,call now to attend. This is a WIN-WIN opportunity.



DON'T FORGET...

The Next CRS Class is

June 19-20, 2003

Scottsdale, Arizona

**CRS 204 ~ Creating Wealth Through
Residential Real Estate Investments**



Drurygene Boelter
Bonnie Burke
Sergio Castaneda
Gary DeGennaro
Wayne Derr
Mona Lee DeVlaminck
Lori Gilbert
Roy Grimm
Mike Guida
Dennis Harman
June Howard
Donald Huisinga
Everett Jacobs
Rosemary Lang-Fiebig

Ronald LaRue
Jeanne Lincoln
Denise Newton
Deborrah Parkans
Elizebeth (Betty) Rimsza
Darryl Schoenstadt
Pam Stevenson
Kathleen Teske
Tony Vehon
Kristin Walker
Louisa Ward
Claudia White
William Wolfe

to new CRS Designee's & Chapter Members

Welcome to New Members of the Chapter Who are Working on Their Designation

Sandra Adler
Joyce Allred
Geraldine Bush
Romelia Campbell
April Cardinal
Teri Ellis
Christine Espinoza

Mario Espinoza
Gloria Handley
Sharon Harfst
Tsutsumi Herrera-Lambrecht
Diane Jackson
Diane Kai
Joanna Kloc

Sheila Kofahl
Jane Lucey
Mark Mackenzie
Joanie Mahar
Annie McBride
Michael Nelson
William Nelson

Brian Neugebauer
John Novey
Armand Sepanski
April Starr
Katherine Trudeau
Alisha Wade
Michael Wasmann
Susan Wood

★ ★ ★ *A Message From Our Administrator* ★ ★ ★

The office has been working very hard to get our web site updated. Please take a moment to check out your information. If there are corrections that need to be made please e-mail me at:

jgmerideth@aol.com

If you have a web address posted check to make sure it links to yours. Unfortunately we lost a few web links in the transfer to our new system so just let me know if yours isn't working and send me the exact web address. Also, if you would like to change or add a picture to your record let me know. You may either mail me a photo or e-mail a digital file. Be sure to include your full name with the photo.



*The office has a new mailing address.
Please make note of the following:*

Arizona CRS Chapter
Jeanie Merideth, Chapter Administrator
PMB #139; 3305 N. Swan Rd., #109
Tucson, Arizona 85712
(520)299-6787 • Fax: (520)299-6431
Toll free: (866)440-9804
jgmerideth@aol.com
www.arizonacrs.com



The 2003 CRS Courses Calendar

*The Arizona CRS Chapter has four remaining CRS courses scheduled for 2003.
We look forward to welcoming you to a 2003 class!*

SARAH FRESE
CIPS, CRS

If you would like to be included on a special preregistration mailing list to have a better opportunity to enroll in any of these classes, please contact:

Fax: (520) 577-1654

Email

sarah@sarahfrese.com

- **June 19-20, 2003 ~ Scottsdale, Arizona**

CRS 204 ~ *Creating Wealth Through Residential Real Estate Investments*

- **September 18-19, 2003 ~ Tucson, Arizona**

CRS 202 ~ *Sales Strategies for the Residential Specialist*

- **October 22, 2003 ~ Scottsdale, Arizona**

CRS 150 ~ *Ninja Selling* ~ A NEW CLASS!

- **October 23-24, 2003 ~ Scottsdale, Arizona**

CRS 200 ~ *Business Development for the Residential Specialist*



Upcoming CRS Luncheons



PHOENIX

June 19th ~ Noon Lunch Meeting
Scottsdale Association Office

October 23rd ~ Noon Lunch Meeting
Scottsdale Association Office

December 4th ~ Noon Lunch Meeting
S.E. Valley Regional Association Office

For Reservations Call
Debi Radden (480) 850-3505

TUCSON

June 26th ~ Noon Lunch Meeting
Tucson Country Club (2950 N. Camino Principal)
Guest Speaker: Supervisor Ray Carrol
Meeting Sponsor: Fidelity Title

September 10th ~ Noon Lunch Meeting

December 11th ~ Noon Lunch Meeting
Location: Arizona National Golf Course

For Reservations Call
Tina Banks (520) 382-3012

“Knowledge Is Power”

Ask about our 10 plus special offer!

Watch for our upcoming events on our website at:

www.arizonacrs.com

