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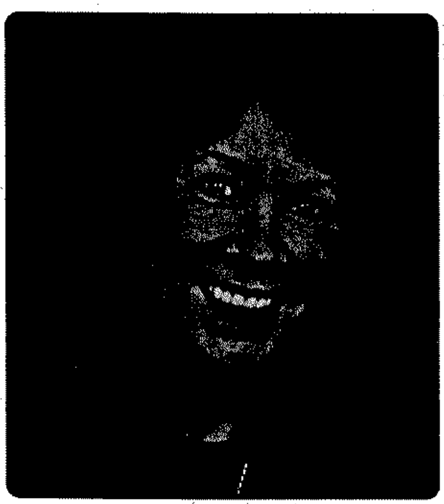
NEW RESIDENTIAL PURCHASE CONTRACT

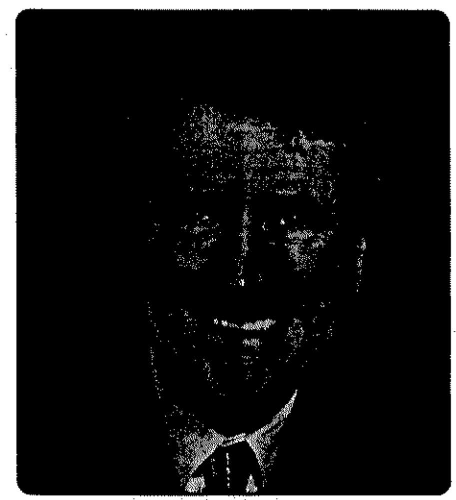
"A Complete Look at the Recent Changes"



Michelle Lind
Arizona Association of Realtors®

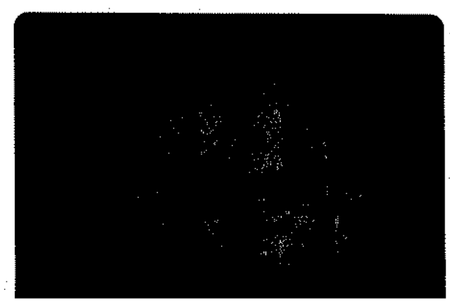
SEMINAR HIGHLIGHTS

- New Contract Format
- Fixtures and Personal Property
- Financing Language
- Loan Status Report
- Title and Escrow
- Disclosures



Bill Gray
Arizona School of Real Estate

- Insurance History
- Affidavit of Disclosure
- Warranties and Inspections



- Contingency Periods
- Cure Period
- Alternative Dispute Resolution

John A. Kilpatrick

Provide More Housing, While Cleaning Up Our Environment

Brad Anderer

While that title may sound like wishful thinking or too good to be true, there really is a way to accomplish all three goals-more housing, a better environment and good profits for those who make it happen in the Phoenix/Tucson area.

The common thread to all of these seemingly disparate endeavors is the word "brownfields"--abandoned or underutilized commercial or industrial properties that usually have some environmental contamination. Taking advantage of this unique opportunity requires an open mind, some risk and a lot of cooperation between the public and private sectors.

In some extreme cases, the cost of remediation is too expensive for the property to be feasibly redeveloped by the private sector. In others, the properties may be caught up in receivership or bankruptcy, with no responsible party able or ready to bear the cost of environmental remediation.

Some brownfields are actively used properties, such as gas stations with leaking storage tanks, shopping centers afflicted with solvents from dry cleaners, or industrial areas still suffering chemical spills from long ago. A surprisingly large number of properties are owned by federal, state, and local governments particularly the military.

For example, the City of Phoenix is currently completing a light rail transit system that includes properties with a history of environmentally suspect use, such as dry cleaners, gas stations, and salvage yards.

The shortage of developable land and continuing urban sprawl is an increasingly critical problem shared by both the private and public sectors. Adaptive re-use of our nation's inner-city brownfields offers incredible opportunities to reverse this trend. They can serve as a sorely needed source of under-utilized, close-in land for housing and as a practical way to clean up our environment, while providing robust risk-adjusted returns on real estate.

For developers, land must be accessible, conveniently located, properly zoned and supplied with necessary public services, such as utilities and transportation. In this environment, infill areas become perfect candidates for redevelopment projects.

For the public sector, a new development should generate public revenue in excess of public costs, improve the surrounding environment, and provide an appropriate mix of both commercial real estate and housing for all income levels.

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John A. Kilpatrick - continued from page 50

Public-private partnerships are the key to these sorts of transformations. The private sector brings development expertise and equity capital to the table. Given their other investment options it is only reasonable that they expect an above-average, risk-adjusted rate of return for undertaking these projects.

The public sector brings certification expertise, zoning and density variances or other concessions, and is often able to waive certain regulatory/compliance costs. Also, because the public sector has a mandate to facilitate affordable housing in urban areas, states and municipalities often can bring tax-free financing, tax credits, credit guarantees or other incentives to bear.

Successful development of a brownfield sometimes requires the use of a municipality's eminent domain powers to clean up title problems or provide unity for dismembered tracts. Locally, the Arizona Department of Environmental Quality was awarded $1-million from the U.S. Environmental Protection Agency to fund two $500,000 revolving loan funds to clean up brownfield sites in the cities of Phoenix and Tucson.

Brownfield grants are also being used for projects such as the City of Tucson's $300 million Rio Nuevo Project, which successfully demonstrated a quick, economical, and environmentally desirable way to rehabilitate old landfills.

Another significant project in downtown Pnoenix is the $400 million, 1.25 million square foot Bank One Ballpark in an area with a contaminated industrial history dating back to the early 1900s. This project, one of the largest redevelopment projects ever conducted by Maricopa County, launched the revitalization of the downtown area.

The challenge in all of these higher-risk higher-reward projects is that they require highly specialized analysis by real estate consultants to determine what a piece of property is worth both before and after the remediation process so that the owners know how much they can invest in the project and still get their money back.

Concurrently, engineering firms must determine what has to be done to mitigate environmental concerns at the site and calculate the costs to the project. By addressing environmental concerns as part of the construction--versus a stand alone project--the mitigation costs can often be offset. In most cases, brownfield sites are extremely well known and highly regulated. New laws and regulations not only protect human health and the environment but also facilitate the process while protecting innocent project stakeholders from liability exposure.

Today, few real estate development transactions are consummated without at least a Phase I Environmental Assessment. A property, which in the past might have simply been covered over and developed, must now be environmentally addressed in order to deliver a safe site for re-development. But, many developers are finding that the rewards outweigh the additional efforts required to deal with the environmental concerns in these projects.

Municipal governments need to find, cultivate and work with these risk-adapted developers, or face the continued loss of developable land due to brownfields abandonment, while the demand for urban places to live continues to grow. The better solution is for more public-private partnerships of developers and municipalities actively working to reuse the abandoned brownfields that exist today.

John A. Kilpatrick, Ph.D., MRICS, is president of Mundy Associates LLC in Seattle, analysts and consultants for complex real estate matters. Brad Anderer in Phoenix is the Environmental Services Director of SCS Engineers, environmental consultants and contractors, with offices located in Arizona and throughout the U.S.

REAL EST

The median square footage for a single-family home recorded sold in February 2005 was 1,650 square feet, which is larger than the 1,640 square feet reported a year ago. In the townhouse/condominium sector, the median square footage was 1,130 square feet, which is smaller than 1,200 square feet reported a year ago.

In contrast to February 2004, recorded sales in the city of **Phoenix** increased from 1,570 sales to 2,235 sales, while the median sales price increased to $160,000 from $128,000. Since Phoenix is a geographically large city, the median prices can range significantly such as $110,000 in the Sky Harbor area to $275,000 in the Union Hills area. The townhouse/condominium sector improved from 305 to 425 sales while the median price increased from $91,490 to $113,690.

The **Scottsdale** resale home market improved from 515 to 635 recorded sales. The median sales price continued its upward movement by increasing from $340,000 to $469,400. The median resale home price is $525,000 in North Scottsdale and $229,000 in South Scottsdale. The townhouse/condominium sector in Scottsdale improved from 250 to 315 sales, while the median sales price increased from $169,500 to $206,000.

The **Mesa** resale housing market grew strongly from 655 to 945 sales, while the median price increased from $147,200 to $180,000. The townhouse/condominium sector improved from 155 to 250