

Welcome to the Paper Power Workshop™!

We've designed this Handbook to address some of your most commonly asked questions, and to assist you in preparing for the four-day **Paper Power Workshop™**. All of us at Capital Gain Publishing are dedicated to making each and every aspect of this event the most fulfilling experience possible. Our relentless pursuit of excellence in presenting this high quality interactive event is a declaration of our commitment to your success. Every hands-on **Paper Power Workshop™** contains the most up-to-date content as well as the most current implementation strategies of note investing, creating, and purchasing. You will be learning from the most competent instructors available. The premier requirements for every presenter are that they are seasoned professionals in their respective fields, they practice what they teach, and that they have proven track records of success.

It is with great honor that we proudly present Mr. Robert Leonetti, President of Real Estate Profit Coach, as the Senior Instructor for the **Paper Power Workshop™**, and Ms. Jayme Kahla, Senior Underwriter, former CPA and real estate syndicator, and Founder of EquiCapital Source, Inc. Between the two of them, they have over 32 years in the note business and have, in fact, built their company around the techniques they will be sharing with you.

Mr. Leonetti has literally thousands of students across the country his techniques for buying, selling, and investing in notes. Additionally, he has taught mortgage licensing in the state of Texas, as well as a national, *Shut the Door on Fraud* class for GMAC. As you will soon learn, Mr. Leonetti is highly skilled in his field and a most qualified educator. His commitment to each and every student's success is evidenced in his teaching philosophy:

*"I will walk every step of the way with my students
until they demonstrate the ability to walk alone."*

His passion for his students is clearly evident in the testimony of his motivation:

*"I believe, without doubt, the highest privilege of wealth
is the opportunity it affords to do good."*

Bob and his staff are excited to host this life-changing event and be a part of your future! In order to maximize your objectives at the **Paper Power Workshop™**, it is important that you read through this material thoroughly and familiarize yourself as much as possible with the glossary of terms. Looking forward to seeing you soon, we wish you...

The Best of Success!

A Note From Bob . . .

“It is my firm belief that the dominant component of excellence, accomplishment and fulfillment neither knows nor cares if you have a conceptual grasp of good ideas and profound insight. Though concepts and insights are elements conducive to the process, they alone fall short of the irrefutable essence of success . . . **Action**. Good intentions and burning desire alone have never yielded a single grain of crop. Only by sowing can a harvest be reaped. The *fruit* of your labor comes first *from* your labor.”

Congratulations on taking the next step to your financial independence! As we set out on our stimulating and thought-provoking journey into limitless boundaries, remember always . . . like everything in life, the value and benefit you receive is in direct proportion to the effort you put forth. By enrolling in this workshop, you have already demonstrated your sincere desire to reach above mediocrity. You have displayed wisdom and discernment in choosing this method of instruction, a hands-on, interactive workshop. However, the success you experience from this education will be directly linked to the *application* of what you learn. As a result of your sincere and 100% participation in the upcoming **Paper Power Workshop™**, I guarantee that you will discover an entirely endless spectrum of possibilities for your personal accomplishment.

The **Paper Power Workshop™** is more than just a paper seminar. It’s designed to help you learn how to think and act more effectively in a wider range of paper (and personal) challenges. In fact, it is my sincere hope that this event will go far beyond your quest of merely achieving financial goals. At the conclusion of the **Paper Power Workshop™**, you will be equipped with skills and abilities that are sure to have a positive impact on every aspect of your life!

We’ve designed the **Paper Power Workshop™** to be an interactive, hands-on, personal teaching format, providing that crucial human factor not available in books, tapes or correspondence courses. In addition to getting information through lectures, you will also **participate** in the learning process. You are both: teacher and student, observer and observed. Instead of the “*school of hard knocks*”, you will explore and experience each and every concept in a safe and supportive learning environment. Observing yourself in action will bring to the foreground beliefs and behaviors that you don’t normally notice, but that will absolutely influence your effectiveness and accomplishments. You will participate in exercises specifically designed from real-world scenarios, designed to help you learn about the pitfalls and how to avoid them.

As we work together, side by side, you will not only learn how to find and profit from paper with the most advanced Buy/Sell strategies in the note industry today, but you will also learn how to structure “nothing-down” real estate transactions to create your own new notes! Additionally, we will explore little known strategies for increasing the value of the paper you hold, including investing in defaulted paper.

Before you leave the **Paper Power Workshop™**, you will have mastered your financial calculator and completed a personal plan of action. You will know exactly what to

do, how to do it, and be equipped with a specific detailed plan of action to launch your success!

“Pick one thing . . . and do it better than anyone else!”

Orville Redenbacher

I have been blessed with good fortune and great success in the note business. As I have pressed on to each new plateau of my journey, real estate and the paper business have provided me with one unique opportunity after another. I learned early on that, in this business, the more I helped other people succeed, the more successful I became. As such, my interest in your success goes far beyond this workshop.

As a subscriber to the late Mr. Redenbacher’s theory, I humbly concede that I am not in the seminar business: I am in the business of buying and selling paper and the real estate by which it is secured. As such, I have entrusted the details of this event to the professionals at **Capital Gain Publishing** so that I can spend my time doing what I do best. Feel free to call them with any questions you may have between now and the time we get together.

May God bless you and remember . . .

- **You** are the player; winning the game of excellence is up to you and no one else!
- **You** must assume total ownership of this project.
- **You** must determine that the reward is greater than the price.
- **You** must be clear and specific regarding the potential future value so that you stand firm through the inevitable times when things, “*...don’t go the way you planned.*”

Finally, you must be willing to question yourself – ready and willing to set aside your personal system of interpretation, step out of your comfort zone, and subordinate your perspectives for the sake of learning.

I look forward to seeing you soon and to developing a mutually beneficial, long-term relationship. I firmly believe that, together, there is no limit to what can be accomplished. Until then, I remain...

Yours in Success,



Bob

Robert Leonetti

What Happens Now

You're reading this Preparation Handbook, which means that, according to our records, you have already registered to attend the **Paper Power Workshop™** September 23rd – 26th at the Radisson Hotel at LAX. If, after reading this pamphlet, you are still unclear on travel or site information, be sure and call **DeAnna Rogers, your Event Coordinator**, at **(512) 351-8142**.

By the way, by the time you read this, you should also have received a welcome call from **Kim at Capital Gain Publishing**, or had a chance to speak with one of our *Student Liaisons*. The purpose of this call was to:

- Make sure that you are, indeed, coming to the workshop.
- Make sure that we have all your correct information on file.
- Answer your questions regarding the logistics of the workshop.

Welcome calls are customarily made within several days from the day you register. In the rare event that you are reading this and have not yet spoken with anyone from **Capital Gain Publishing**, pick up the phone immediately and call us at **(512) 351-8142**, and ask to speak with **DeAnna Rogers**. Be sure and do that right away!

What Is the Paper Power Workshop™?

The **Paper Power Workshop™** is a four-day interactive, hands-on event that has been developed to literally walk you through the real-world fundamentals of structuring, buying and selling seller-financed mortgages, as well as using Paper to circumvent the craziness associated with many short sales. It is also designed to introduce you to different techniques that come with note ownership, including restructuring notes for more profit, working with

Institutional Notes and Short Sales, and buying and trading Defaulted Paper. All course materials for this hands-on event have been prepared by Bob Leonetti and his partners; they're based on actual note buying strategies developed over the last 16 years – strategies that helped him and his partner, Jayme Kahla, take their company public back in 2000. Bob and Jayme personally teach this course, along with “guest appearances” of other seasoned, qualified note buyers and investors.

The purpose of the *Paper Power Workshop™* is to educate you in analyzing, creating and evaluating seller-financed note transactions, defaulted paper transactions, and paper-in-lieu of short sale transactions. You will learn specific criteria for standard institutional note buyers as well as creative structuring strategies that appeal to smaller unconventional buyers.

You will also become an expert in ways to structure note transactions that will allow you to acquire, or merely control, properties, by controlling the note. It is Bob's goal to spur you into taking **action** both *at* and *after* the workshop, therefore, you will also be working closely with him in developing your own, step-by-step personal plan of action.

The *Paper Power Workshop™* is also a prelude to your relationship with Jayme Kahla and her company, EquiCapital Source, Inc. (EQS). EQS is in the business of buying and selling owner-financed mortgages and other real estate secured financial instruments, as well as the acquisition of Commercial Multi-Family real estate. Its offices are located in Austin, Texas.

Am I Obligated To EQS After The Paper Power Workshop™?

Not at all! There are hundreds of national note buyers and brokers. You can trade with anyone you want to. It's completely up to you. As an educator who doesn't believe that you should put all of your eggs in one basket, Bob is adamant about giving you the names of top-tier investors, other than EQS, with whom to do business. However, the staff at EQS fully intends to do everything it can to cultivate the relationship it begins with you at the *Paper Power Workshop™*.

EquiCapital Source, Inc. is a national corporation that specializes in the buying and selling paper backed by real estate, and in the acquisition of Commercial multi-family properties.. **Capital Gain Publishing** has negotiated an agreement with EQS whereby EQS has graciously agreed to work with you on the purchase of the paper (notes) you either find or create. EQS is **not** an educational firm, nor are they there to coach you. Instead, their contract buyers are there to walk you through any specific transaction that involves their purchase of a current or defaulted note, or a pool of the same. Please help us to continue that relationship by being professional in all of your dealings with them.

As a note *transactioneer*, you need outlets to sell your paper. EQS is in the paper buying business and is depending on its ability to establish rapport and earn your respect through the **Paper Power Workshop™**. EQS is an aggressive firm that offers more than competitive bids. That means more completed transactions for you! Other companies are not inclined to spend the time it takes to cover every little detail of your transactions, let alone assist you in the actual negotiations. EQS will, and that service is extended to you indefinitely as long as you continue to use them to fund your transactions.

What Is Capital Gain Publishing?

Capital Gain Publishing is an independent educational organization that specializes in offering a wide range of real estate related educational materials and workshops. Dedicated to providing only the best education available, **Capital Gain Publishing** works hand-in-hand with professionals personally chosen by Bob Leonetti, who are willing to share their expertise with you.

Capital Gain Publishing is committed to effectively promoting and facilitating this event and to providing customer service obligations up to, throughout, and after the **Paper Power Workshop™**, providing you with follow-up educational support.

This includes:

- Prompt delivery of your Educational Materials and Preparation Handbook.
- Helping book your accommodations for the workshop.

- Addressing your questions regarding your registration.
- Assisting you in preparing for the event.
- Facilitating the workshop.

Capital Gain Publishing is proud to deliver this four-day event, appropriately dubbed the *Paper Power Workshop™*.

What Kind of Support Can I Expect After the Paper Power Workshop™?

Bob has insisted that you, his student, continue to be supported long after the *Paper Power Workshop™* is over. As a result, there are **three** ways for you to receive long-term assistance:

COACHING: Many of you have already taken advantage of the coaching program, but if you have not, it is available for an additional investment. If you have coaching, you will be able to schedule one-on-one sessions with your coach to discuss the materials presented at the *Paper Power Workshop™*. Coaches are available by appointment only, so be sure and take full responsibility for calling and scheduling your time with them. You may, however, also ask them questions between appointments via their personal e-mail.

Coaching support does not include legal or tax advice, however, it does include:

- Answers to Specific Questions Regarding Course Material
- Membership in the Inner Circle
- Methods for Writing Offers and Negotiating Tips
- Assisting You in Your Marketing Efforts
- Access to the Paper Power Note Investing Website
- Morale Boosting Through Encouragement and Example
- Creative and Practical Advice on How to Package Notes for Resale

PERSONAL SUPPORT: If you have chosen not to take advantage of personalized coaching, or if you would like some additional input, you may also e-mail Bob with any

questions directly relating to his educational materials. Obviously, this is not as personal as the coaching program, but you may direct these questions to CallBobFirst@aol.com.

If you are already a member of the [Paper Power Note Investing](#) website, you'll find Advanced Learning Modules, clarification on Financing Techniques, sample Calculator Problems and Solutions, Note Investor Resources, and much more. To access the private section of the Website, you'll need to have a password that comes with your purchase of the home study course. COACHING STUDENTS are given full access to this site.

Like coaching, this Personal Support does not include legal and tax advice, but does include:

- Analysis of Potential Returns on Investments
- Help and Suggestions in the Structuring of Specific Offers
- Creative Note Strategies for “Nothing Down” Transactions
- In-Depth Analysis and Real Estate Brainstorming

EQS: Continued support is offered by EQS and its staff of dedicated professionals whose purpose it is to give you the guidance you need on *specific transactions* only. In addition to having email access to their **Broker Help Desk**, who will gladly answer any note-related general questions, EQS will assign you a personal **Contract Buyer** to facilitate your individual deals. Remember, EQS is an Institutional Note Investor – they exist to buy deals, **not** to coach you on your materials. You will have access to its staff during normal business hours in the Central Time Zone.

EQS support includes:

- Explanations and Recommendations on Various Options and Terms.
- Working with you and the seller to get the deal accepted.
- Performing all due diligence on specific note transactions.

EQS's support does **not** include:

- Legal Advice.
- Tax Advice.

- Counseling Not Related to EQS Guidelines or Specific Transactions.
- Coaching on any Educational Materials.
- Final Decision Making on the Transactions You Choose.
- Making Direct Loans of Any Kind

How Should I Prepare for the Paper Power Workshop™?

Because this is an intermediate hands-on workshop, it is very important that you come to the workshop adequately prepared. We will spend a short time on review, but it is imperative that you know how to figure a payment on your calculator, and that you are familiar with the basics of paper.

Start by reviewing the Glossary of Terms in this handbook several times. If possible, find someone who can quiz you on the terms. Then, follow the instructions below:

Things that you need to do prior to the workshop:

- Listen to modules on the Paper Power Note Investing Website. (NOTE: If you are a No Flip Riches student, be sure and review that course)
- Get business cards made (for networking).
- Go through the *Calculating for Success* manual – make sure you do the exercises.
- If you are currently working on any deals, be sure and bring them to class.

Above all, relax, take your time and have fun!

How Are Hotel Accommodations Arranged?

You are responsible for your travel accommodations, such as hotel room and tax charges, and transportation. We are hosting two separate Networking Receptions – regular meals and hotel incidentals, i.e., phone calls, in-room meals, services, movies, etc., are your responsibility and if you are staying at the hotel, you will be required to provide a deposit in the form of cash or credit to the hotel. We have set up a room-block with the Code: **CapitalGain** to get you a discounted hotel rate. If you have any questions or problems with your reservation, please contact *DeAnna* at 512-351-8142.

Is My Transportation Included?

No. The event is at the

**Radisson Hotel – LAX (Los Angeles Airport)
6225 W. Century Blvd., Los Angeles CA 90045
(310) 670-9000**

Transportation to and from the workshop, and to and from the airport, will be your responsibility.

May I Bring My Partner or Spouse?

Yes! In fact, we encourage you to work together with the people in your life that are important to you in achieving your goals. In many cases, we've had “reluctant” individuals who only attend to support their partner – by the end of four days however, they are often seen taking a leading role in the partnership!

When Does the Workshop Start and When Does it End?

Registration for the *Paper Power Workshop*™ is from 7:00 pm to 8:00 am on the 1st day of the event. The first session begins promptly at 8:30 a.m. on the first day, and will begin at 8:00 am each consecutive day. Each day will go until approximately 6:00 pm, with the last day ending at 4:00 pm. There will be homework assignments to complete during some of the evenings; therefore, it is imperative that you schedule your time accordingly.

As a rule, the *Paper Power Workshop™* will begin on a Thursday at 8:00 a.m. and end by 4:00 pm on the following Sunday. ***It is very important that you schedule your arrangements so that you can attend the entire workshop!*** If you are booking your own travel arrangements, be sure to allow ample time to return to the airport for your flight. In the event you decide to stay an extra day, you will be responsible to notify us of your plans and pay for any additional hotel expenses and arrangements.

What Type of Clothing Do I Wear?

Bring clothing conducive to a classroom environment. We want you to be relaxed and comfortable. Jeans, shorts, and polo shirts are acceptable. Be sure to also bring comfortable walking shoes, in case you plan on leaving the hotel in the evenings to see the sights. We ask only that your attire is not a distraction to you or your fellow classmates.

What Type of Materials Should I Bring?

The most important thing to remember is to bring is an open mind to absorb all of the things that you'll learn! Other than it, bring the following:

- Pens, Pencils & Highlighters
- Designated Financial Calculator (the Hewlett Packard 10B or 10B II)
- Legal Pad (*Ever tried to write on this tiny hotel pads??? Yuck!!*)
- Business Cards (for networking)

What About a Tape Recorder, Camera, or Video Camera?

You are certainly welcome to bring a camera. However, in order to comply with strict copyright laws, no video cameras or audio recorders will be allowed in the classroom at any time.

What Happens in the Event Something Prevents Me From Attending My Scheduled Paper Power Workshop™?

Capital Gain Publishing will be very flexible and more than happy to work with you in every way possible to see that you get the education you pay for. If something prevents you from attending, you will be able to re-register for any of the upcoming events at no additional charge. Keep in mind, however, that the next **Paper Power Workshop™** may not be located in the same city as the one that you were previously scheduled to attend.

Disclaimer

This **Paper Power Workshop™** is not a franchise or business opportunity workshop, nor is the money you have paid to participate in this workshop being applied, neither all or in part, to the purchase of a franchise or business opportunity. Specifically, you are trading dollars for information. **Capital Gain Publishing** does not make any guarantees of income, and neither they nor **EquiCapital Source** provide any legal services, accounting services, or tax services to the participants of this workshop, now or in the future.

You must also understand that any time you make an investment decision, including any decision related to anything you might learn as a part of the **Paper Power Workshop™**, you have a risk of losing some or all of your money. In fact, depending on the laws or your locale, your loss might not be limited to the amount of your out of pocket investment. The **Paper Power Workshop™** will teach you incredible techniques and analysis tools, but your results will vary based upon your own particular circumstances and skill. **Always** make your own decision based upon your own circumstances. **Never** invest simply because it was recommended to you by someone else.

Sometimes you can properly analyze every aspect of an investment properly based upon all the facts that are then available and make a disciplined decision only to have events completely beyond your control cause a loss. **There are no guarantees that you will**

make any money. Indeed, you could suffer a substantial loss. Making any investment means that you are willing to incur the risk. If you are unwilling or unable to suffer a financial setback, do not make any investment.

Having said that, also remember that one of the reasons you are participating in the *Paper Power Workshop™* is to learn how to analyze the risks and make a reasoned decision about the potential profits versus the potential risks.

Finally, if you choose to establish yourself as a bonafide business, you should always seek the competent counsel and advice of service professionals and educate yourself in accordance with the laws and regulations of your particular locale.

GLOSSARY OF TERMS

Abstract of Title:

A condensed history of the ownership of a property and a summary of all encumbrances, conveyances, liens, easements and other items of legal record that may affect the title on that specific piece of real estate.

Acceleration Clause:

A clause that stipulates that the entire debt is due and payable upon the occurrence of a specified event such as default by the mortgagor, sale or assignment of the property or the placing of an encumbrance on the property.

Adjustable Rate Mortgage (ARM):

A mortgage loan in which the interest rate may increase or decrease at specified intervals. It is usually based on an outside index, such as U.S. Treasury Bills or the cost of funds in the local Federal Reserve District. Also called a Variable Rate Mortgage.

Amortization:

The gradual and systematic payment of a debt by installment payments of the principal and accrued interest at stated periods for a definite time. At the end of the amortization period or the expiration of the time, the debt will be liquidated.

Appraisal:

An estimate or opinion of the value of a property.

Assignment:

A written transfer of rights and/or benefits to another.

Assumption of Mortgage:

A contract in which the buyer or grantee assumes obligations of the mortgage and becomes a co-grantor for payments of the mortgage note.

Balloon Note:

A partially amortized loan in which final payment is substantially larger than any of the previous payments on the loan. The final payment reflects the remaining principal balance owed on the note.

Beneficiary:

A person or entity that receives the benefit of something. Generally, a person who has the right to the income from a trust deed or mortgage note.

Blanket Mortgage:

A mortgage that covers more than one parcel of real estate.

Closing Statement:

(Also known as a Settlement Statement or HUD-1). An accounting of the funds made between the buyer and seller at the closing of a transaction.

Cloud on Title:

A defect in the chain of title that obstructs or prevents the good delivery of that title.

Collateral:

Property that is pledged as security for repayment of a debt.

Construction Loan:

A short-term loan generally made to builders or developers to cover the construction of a building or an addition of improvements to a property. The loan is paid out in periodic installment payments during the construction term.

Contract for Deed:

A contract used in the sale of real property in which the seller retains legal title until all or a prescribed part of the purchase price has been paid. This is also known as a “Land Contract”, “Installment Sales Contract”, and/or a “Conditional Sales Agreement”.

Conventional Mortgage:

A permanent, long term loan made by institutional lenders, mortgage companies and/or private individuals which is not insured by the Federal Housing Administration (FHA) or the Veterans Administration (VA).

Deed:

See “Warranty Deed”.

Deed of Trust:

See “Trust Deed”.

Default:

Failure or omission to perform a legal duty, i.e. non-payment of a legal obligation.

Deficiency Judgment:

A judgment obtained by a lender or debtor upon default when the pledged security does not satisfy the debt.

Discount:

The act of selling a promissory note before maturity at a price less than the outstanding full balance of the note. In real estate, also known as a “short sale.”

Easement:

An acquired use and enjoyment which an owner or possessor of land may have in the land of another.

Encumbrance:

Anything that affects or limits the title to a property.

Equity:

The difference in the appraised value of real property and the total amount of debt owed on that property.

Equity of Redemption:

A right to redeem property before or after the foreclosure period.

Escrow:

The deposit of instruments, instructions and/or funds with a neutral third party to carry out the provisions contained within an agreement or contract. These items are held in trust for others until the terms and conditions of the escrow instructions made by the parties to the escrow agent are completed or otherwise terminated.

Estoppel Letter:

A notarized document upon which a party swears to facts. It sets forth the present status and balance due on a note as of the date of execution of the estoppel letter. The purpose of the letter is to prevent the same party from later claiming facts contrary to those certain sworn facts in the estoppel letter.

Fannie Mae:

An acronym for the Federal National Mortgage Association (FNMA). A publicly traded corporation whose primary function is to buy and sell FHA, VA, and conventional mortgages (a secondary market).

First Mortgage:

A first position lien against real property that has priority over all other claims against that property except tax liens and bonded indebtedness.

Foreclosure:

A procedure whereby the property, which was pledged as security for a debt, is sold to pay the debt when there has been a default in the payment or terms of an agreement.

Hard Money Mortgage:

A non-qualifying, equity based mortgage, whose terms normally include a higher interest rate and a relatively short (usually one year) term.

Hypothecate:

The pledging of a note as security for a debt without giving up possession of the note.

Income Property:

A property that produces an income stream.

Interest:

The rent paid for the use of money and/or other assets.

Investment to Value Ratio (ITV):

A ratio in which the amount of the investment, or amount paid for the note, is expressed as a percentage of the value of the real property securing said loan.

Junior Mortgage:

A mortgage recorded subsequent to another mortgage on the same property or made subordinate by agreement to a later recorded mortgage.

Land Contract:

See “Contract For Deed”.

Legal Description:

A description of a piece of property as set out by the county appraisal district. Said description by which a property can be definitely located referring to governmental surveys.

Leverage:

Use of debt financing in order to maximize a return on investment capital.

Loan to Value Ratio (LTV):

A ratio in which the amount of the total loan(s) is/are expressed as a percentage of the value of the real property securing said loan(s).

Market Data Approach:

One of three methods used in the appraisal process that compares similar types of properties that were recently sold to the subject property.

Market Value:

The price a property would command in the marketplace in which a ready, willing and able buyer would pay to a seller and neither party is under any pressure to act.

Mechanic’s Lien:

A lien placed on real property in favor of parties who have performed work or furnished materials for the improvement of real estate.

Mortgage:

A written instrument that pledges real estate to secure the payment of a debt or obligation.

Mortgagee:

The Lender.

Mortgagor:

The borrower.

Note:

A signed acknowledgement of a debt and a promise to repay the debt, usually with interest, and according to the terms and conditions of the document.

Null and Void:

A condition of no legal validity or effect.

Option:

An agreement in which a party is given right(s) for a specified period of time to purchase, lease or obtain a property or note upon specific terms.

Participation Loan:

Generally a long term permanent loan in which the lender receives other consideration in the form of equity sharing or shares the profits in addition to receiving the regular mortgage payment.

Penalty:

An extra charge required of a borrower for non-compliance with the original agreement.

Permanent Loan:

A loan taken out after the construction of a property is finished.

Points:

A sum paid to a lender as prepaid interest or other related fees for making a loan. One point equals one percent of the loan amount.

Power of Attorney:

A written document that authorizes a particular person to perform certain acts on behalf of the one signing a document. It becomes void upon the death of the signer.

Prepayment Penalty:

A penalty under a note, mortgage, or deed of trust imposed for the payment of a debt prior to maturity.

Principal:

The amount of money borrowed and remaining unpaid on a note at a certain time.

Priority of Lien:

The order in which liens are given legal preference or precedence.

Purchase Money Mortgage or Trust Deed:

A mortgage given to a seller representing a part or all of the purchase consideration for the property sold.

Recording:

Process of placing on the public records of the county in which the property is located, any instrument that affects the title of that property.

Secondary Financing:

A loan that is secured by a mortgage or trust deed on real property that is junior to a prior mortgage.

Satisfaction of Mortgage:

A recorded release of a mortgage, trust deed, or other lien upon payment of debt.

Second Mortgage:

A mortgage that is junior or subordinate to a first mortgage.

Sheriff's Sale:

A sale of real property conducted by a sheriff or sheriff's deputy as an officer holding process. Generally used in reference to the real estate sold as a result of a foreclosure judgment (tax foreclosure sales).

Soft Money Mortgage:

Credit in the form of Mortgage or Trust Deed extended by the seller to the buyer.

Statute of Fraud:

A law requiring contracts to be in writing and signed before they can be enforceable.

Subordination Clause:

An agreement to permit the claim by a holder of an encumbrance to take an inferior position to another encumbrance or encumbrances.

Trust Deed:

A security instrument resembling a mortgage that involves three parties: the lender (beneficiary), the borrower (trustor), and a neutral third party (trustee). The trustee has the power of sale upon default and can sell the property and transfer the money obtained at the sale to the lender as payment of the debt.

Trustee:

One who holds property in trust for another to secure the performance of an obligation. Also, the third party under a trust deed (see Trust Deed).

Trustor:

The person who borrows the money under a trust deed (see Trust Deed).

VA Loan:

A loan insured or guaranteed by the Veterans Administration, made to veterans for housing.

Variable Rate Mortgage:

(See "Adjustable Rate Mortgage")

Wrap Around Mortgage:

(Also known as an all inclusive trust deed)

A mortgage that encompasses or wraps around other mortgages; the transfer instrument usually used is a Contract for Deed.

Warranty Deed:

A written instrument that conveys title to real property.

Yield:

Profit on the investment stated in terms of percentage of the amount invested. The return on an investment.