

PAPER POWER



Jayme Kahla

Module 6 UGLY PAPER Pools – Part 1



Bob Leonetti

Pools - C'mon In!



- Defaulted Paper or REOs
- Multiple Properties / Notes Traded at One Time
- Price is Determined as a % of Current Market Value
- Higher the Volume – the Better the Price
- Exit Strategy: FLIP to End Buyer

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Bottom Lines

- Finding Bad Paper
- Acquisition Criteria (NPNs and REOs)
- Avoiding Daisy Chains
- Negotiating
- Submitting for a Quick Approval
- Forms to Use
- Proof of Funds(?)



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3 Simple Steps

1. Find the Decision Maker!

2. Talk the Lingo!

3. Meet Their Needs!



SPECIAL NOTE: For this technique, ALL Notes should be delinquent.

EXIT: You are FLIPPING the Contracts

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5 Stages of a Dying Note



- Scratch & Dent
- Slow Paying
- Non-Performing
- Notice of Default
- Notice of Sale

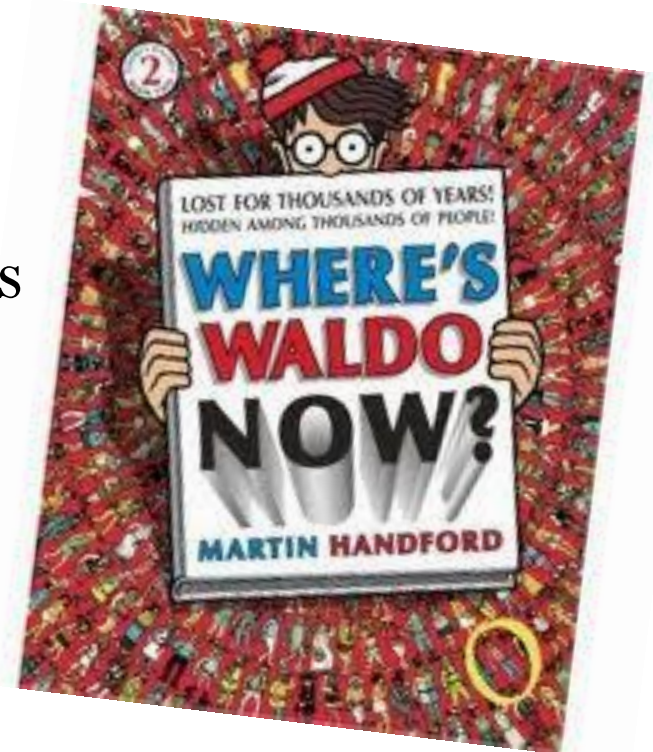
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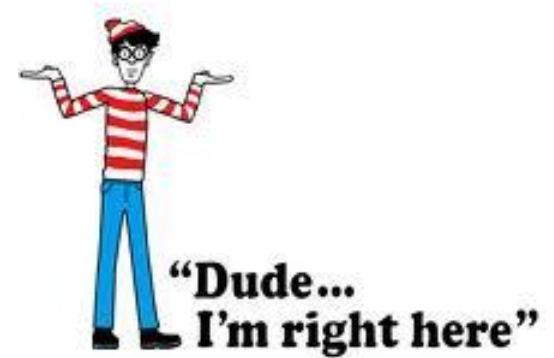
Finding Ugly Paper Pools

Lender Held (Institutional) Ugly Paper

- B&C Lenders
- Sub-prime Servicing Companies
- Insurance Companies
- Mortgage Companies
- Credit Unions and Banks
- Aggregators



Finding Lenders



- The Lane Guide (www.profitcoach.laneguide.com)
- Google, State Licensing Agencies, Aggregators
- Be Specific in Your Search
- Create Rapport!!
- Speak the Right Language – but don’t overdo it. Too Much is NOT better! (use the provided **SCRIPTS**)
- Start at the Top and work down, if necessary!

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Acquisition Criteria

- DON'T Look for Deals Willy-Nilly!
- DO Find Deals that Your Investors WANT
- What does EquiCapital Want?



A screenshot of the EquiCapital Source, Inc. website. The header features the company logo, a green circle with a white 'E' and 'S' inside, and the text 'EQUICAPITAL SOURCE, INC.' in green. Below the header is a navigation menu with links for Home, Members Only, Acquisition Criteria, Investor Relations, About Us, and Contact Us. A search bar is located on the right side of the menu. The main content area is titled 'Bulk Acquisition' and contains the text: 'EquiCapital Source Acquisition Criteria for Bulk Purchases' and 'At EquiCapital Source, Inc., we invest in both Commercial Multi-Family properties, as well as bulk "pool" purchases of REOs and NPNs. Our buying criteria for Bulk Purchase are below; keep in mind, however, that there are a number of things to keep in mind as you're looking for product:'. On the left side of the main content area, there is a section titled 'Follow Jayme Elsewhere' with social media icons for Twitter and Facebook. On the right side, there is a section titled 'Recent Articles and Posts' with links to 'Forms and Documents', 'Note Submission Worksheet', and 'Earnings Disclaimer'.

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Avoiding the Daisy Chain

- World's Biggest Time Waster
- AVOID +3 (adds too much cost)
- Get an "Authorization to Sell"
- Do they Have Deal Under Contract? PROVE IT!
- QUALIFY your Deal Source
- Take the Time and Go Direct!



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Scripts for Calling

- *Mortgage Banker One-Off Script*
 - Script to work with mortgage lender to see if they sell one-off loans, or even loans in mini-bulk.
- *Private Mortgage Holder Script*
 - Private sellers need to understand that their NPN isn't worth the face value of the note.
- *Mortgage Banker Bulk Script*
 - BONUS Script to work with mortgage lender to see if they have any NPNs they would like to sell, whether in bulk or individually.

NOTE: A recording of these Scripts is in the Documents and Materials Section of the Website

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Your Homework Assignment

- Learn the Scripts!
 - One-off from Lenders
 - Private/Hard Money Lenders
 - BONUS – pools from Lenders
- Read Profits in Ugly Paper -
 - *Negotiating and Presenting Your Offer*
 - *How to Find Ugly Paper*
- **REVIEW YOUR NOTES FROM RECENT WORKSHOP**



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