

PAPER POWER

Module 5

Introduction to

CREATING PAPER



Jack Sternberg



Bob Leonetti

Listen Again and Again...

- Six Online Videos of Presentation
- Six Online Audios of Presentation
- Six Sets of Presentation Slides and Notes
- Bonus Video/Audio
- \$100 Discount to NoteWorthy Convention

\$90 – Less Than \$15 Per Session



PaperPowerBonus.com

Five Reasons for Paper

1. Alternative to Short Sales (Short Paper)
2. Banks Woes = Your Payday (Ugly Paper)
3. Great Profits Optioning Performing Notes (Pretty Paper)
4. Market Needs Creativity (**Creating Paper**)
5. High Personal Yields (Investing in Paper)

- *NONE of Your Money or Credit*
- *Do It Anywhere*
- *No Licensing Required*



60-Units Deal Structure



Austin Apt. Acquisition

Seller Offered Seller Finance:	\$3.0 million
Out of Area Owner	
Seller Agreed for All Cash:	\$2.3 million
Property Value:	\$3.5 million

• Purchase Price	\$3,500,000
• Down Payment	\$ 300,000
• Seller Carried First	\$2,500,000
• <u>Seller Carried Second</u>	<u>\$ 700,000</u>
	\$3,500,000

60-Units Pay-Out

Austin Apt. Acquisition

Note Investor purchased the 1st and the 2nd Liens for \$2,325,000.



Afterwards, he assigned the 2nd lien back to one of our entities for “reasonable consideration.”

● Pay Price from Note Investor	\$2,325,000
● <u>Down payment</u>	<u>\$ 300,000</u>
● Cash Available at Closing	\$2,625,000
● Pay Price to Seller	\$2,300,000
● Cash Back to Borrower	\$ 325,000

60-Units Bottom Line



Austin Condo Conversion

- Converted 60 Units to Condos
- Sold All Except 12 to Pay Off Liens
- No Money / No Credit Check
- Put Tax Deferred \$\$ Into Retirement Plan

- **Purchase Price** **\$3,500,000**
- **Amount Down** **-0-**
- **Money Made** **LOTS (*technical term*)**
- **Free & Clear Condos** **-12-**

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Two Parts to Creating Paper

- Sale Of Property
 - Buyer Gives Down Payment
 - Seller Carries Back a Mortgage



- Sale Of Note
 - Seller Seasons Note
 - Seller Sells Note to Note Investor

Sam Finances Barbara



**Sam Sells Property -
Carries Paper**

Barbara Buyer



Sam Seller



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Sam Records Mortgage



Sam Keeps Note
Files Mortgage/Trust Deed
At Courthouse



Sam Seller



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Sam Sells Note to Investor



Note Investor

**Sam Sells Note -
Exchanges Cash for Cash
Flow**

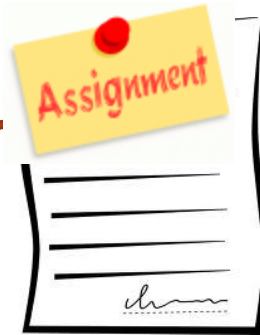


Sam Seller



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Investor Records Assignment



Investor

**Investor Keeps Note
Files Assignment
At Courthouse**



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POINTS TO REMEMBER

- Barbara Pays Note Investor
- Monthly Payment Doesn't Change
- Terms Don't Change
- Seller Keeps Note
- Seller Records Mortgage



Needs to Consider



- Buyer
 - Doesn't Qualify



- Seller
 - Needs to Sell
 - Needs Cash



- Note Investor
 - Needs to Minimize Risk
 - Needs a Required Yield

Buyer's Needs

- Does She Have a Down Payment?
- Does She Have Good Credit?
- How Much Payment Can She Afford Per Month?
- S.A.W.



Seller's Needs

- How Much Cash Does He Need Now?
- Can He Afford to Wait for the Balance?
- Is there an Underlying Lien?



Note Investor's Needs



- ITV
- Interest Rate for Optimal Pricing
- Risk Based Pricing
 - Will Credit Remain the Same?
 - Collateral Type
 - Occupancy
 - Seasoning
 - Likelihood of Resale

Creating Paper...work!

- Sale Of Property
 - Purchase Contract
 - Seller Creates Note/Mortgage

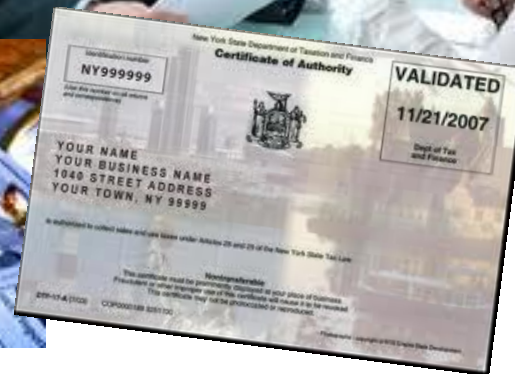


- Sale Of Note
 - Option to Purchase
 - Allonge – Note Assignment
 - Assignment of Mtg./Trust Deed

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Do You Need a License?

- Licensing
- SAFE Act:
 - Secure & Fair Enforcement for Mtg. Licensing
- Dodd-Frank Act



Las Vegas Note Convention

Bob & Jayme – Nov. 9

Convention – Nov. 10-13

<http://NoteworthyConvention.com/Bob>



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Links for Tonight & Tomorrow

FINISH STRONG!!

www.PaperPowerNoteInvesting.com

“Upcoming Coaching” Tab



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