

Paper Power Note Investing

COMMERCIAL PAPER & PROPERTY



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Module 6 - PUTTING It All TOGETHER!

Today's Topic...

- **How to Find GOOD Deals**
(not the junk that is splattered all over the Net)
- **How to Gather Specific Information**
(and Decipher What it Means)
- **How to Analyze that Information**
(Calculating Investor Returns)
- **Deal Structuring (funding)**
- **Closing**
(Putting it all Together & Protecting the Cash Flow)



PaperPowerNoteInvesting.com/Upcoming-Coaching

Today's Bottom Lines...



Putting it All Together

- Pretty Commercial Paper
- Commercial NPN
- Get The Deed /Foreclose
- Bring in Equity Partner
- Closing Docs

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Bottom Lines for this Module

- Things to Do With a Commercial Note (performing & NPN)
- Pitfalls to Avoid
- Forms to Use
- Where to Get the Money



What to Do With an Commercial Note

- **Trade the Performing Note**
 - Get Facts About the Note / Get Investor to Price
 - SUBTRACT Your Profit
- **Have Them Get Out of the Property**
 - Buy NPN / Get Deed In Lieu
 - Sell Property Outright / Equity Participation
 - Foreclose (only if necessary)
- **Option the Note**

Exit Strategy #1

- **Trade the Seller-Financed Pretty Note**
 - Negotiate Purchase \$213,000 note: \$ 137,000
 - Investor Pays: \$ 158,000
 - Your Profit on Full Purchase: \$ 21,000



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Exit Strategy #1



- **Work With Investor**
- **Get THEIR Guidelines!**
 - Gather Information
 - Get Investor to Price
 - Negotiate Purchase / Get Option to Purchase
 - Due Diligence
 - Closing – Get the Money!



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Exit Strategy #2

- Get the Deed from Owner
 - Deed in Lieu of Foreclosure (State specific)
 - Hold In Escrow if You Already Have Buyer Lined-Up
 - File if No Buyer in Sight
- Property is Now In Your Name
 - Re-sell for Less than Market Value
 - Develop both Short Term and Long Term Income (Equity Sharing)



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Getting the Deed - Options

- **Re-sell for less than market value** (to facilitate a quick sale) and still realize a substantial profit.
 - Sell for \$1.2M (65% As-Is Market Value)
 - Pay off your original note and closing costs (\$1.1M + \$37K)
 - Profit \$63,000 Profit. (Be sure and take care of all players in the deal!!)



Of course, you'd have to pay taxes on that income...

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Getting the Deed - Options

- You could develop both short term and long term income without the hassles of property ownership.
 - Get a Finder's Fee Up-Front (3-5%)
 - Agree to Participate in an Equity Share
 - Keep 20-30% of the Property
 - Get Money Now, Money Every Month, and Money in the Future Upon Resale

Foreclose

- WHAT IF...your seller backs out of the deal, but you're set to close on the note?
- WHAT IF...there are Jr. liens on the property that won't go away (you can't buy them at a discount or they won't short sale)?



- RUN – don't walk! Don't pass go, and don't collect \$200.

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Exit Strategy #3

- Option the Note to Another Investor
 - Assignment of Mortgage Purchase Agreement
 - You assign YOUR agreement to Another Investor
 - The Lien will Never be in Your Name...
 - No need to file an Assignment of Lien



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Paper Work – Two Easy Steps

#1) Buy the NOTE

- Option to Purchase
- Mortgage Purchase Agreement
- Promissory Note Endorsement (Allonge)
- Assignment of Mortgage / Deed of Trust



#2) Restructure Or Get DEED

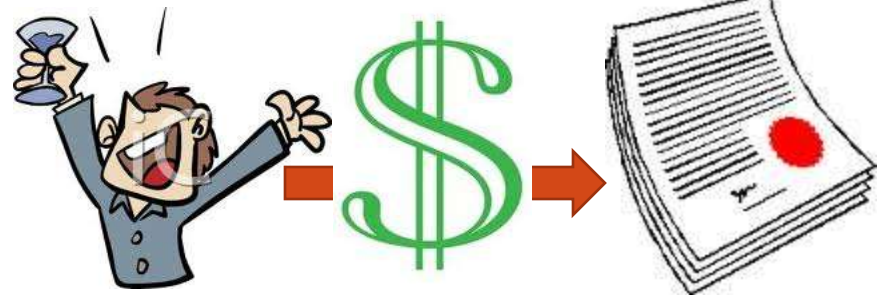
- Note Modification – Keep Good Payment Records
- Deed in Lieu of Foreclosure
- Note if You Offer Seller Financing

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Step #1 - Buy the NOTE

A) Option to Purchase (L.O.I.)

- Secures Note During Negotiation
- Gives You Time for Due Diligence
- Guarantees Exclusivity
- Between YOU and the Lender



B) Mortgage Purchase Agreement (Contract)

- Final Agreement
- Gives Wiring Information
- Includes Estoppel

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Step #1 - Buy the NOTE

C) Promissory Note Endorsement (Allonge)

- Prepared by Lender in Most Cases
- Assigns Rights to You, the Buyer
- Between YOU and the Lender

D) Assignment of Mortgage / Deed of Trust

- Assigns Collateral
- Goes Into Chain of Title – Public Record



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Step #2 – Restructure or Get Deed

A) Note Modification

- Prepared by YOU
Because You're Now the Lender!
- Given to Current Property Owner
- Payers Have to Agree & Sign

B) Deed in Lieu of Foreclosure

- Prepared by YOU or your Attorney
- Give them some MONEY to preserve your house!
- Don't pursue deficiency judgment against homeowner.



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Where to Get The Money

- Private Investors
- JV Partners
- The Seller



"Be sure and check out the Bonus Module on Private Money at the end of this section!!"



AND FINALLY...



LET'S RECAP!

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Module 8 - Ugly Paper #3

7 Steps to Success

1. Identify the Deal
2. Talk to Real Estate Agent / Seller
3. Find the Note Holder
4. Negotiate the Note
5. Should They Stay or Go?
6. Get Long Term Funding Source
7. Deed in Lieu or... Trade the Note



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MARK YOUR
CALENDAR!



- January 31st (Tuesday)

Bonus Calculator Module

PaperPowerNoteInvesting.com

