

PAPER POWER



Jayme Kahla

Module 14 INVESTING WITH PAPER

*“The Higher the Yield...
The LOWER the Risk!”*



Bob Leonetti

Five Reasons for Paper

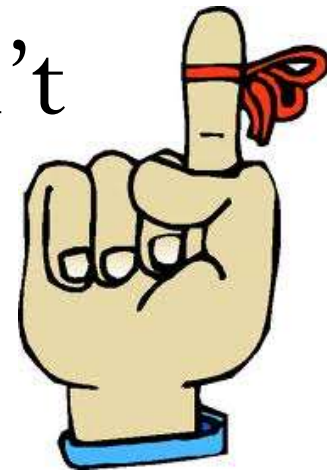
1. Alternative to Short Sales (Short Paper)
2. Banks Woes = Your Payday (Ugly Paper)
3. Great Profits Optioning Performing Notes (Pretty Paper)
4. Market Needs Creativity (Creating Paper)
5. High Personal Yields (**Investing in Paper**)

- *Your Money or Your IRA Money*
- *Do It Anywhere*
- *No Licensing Required*



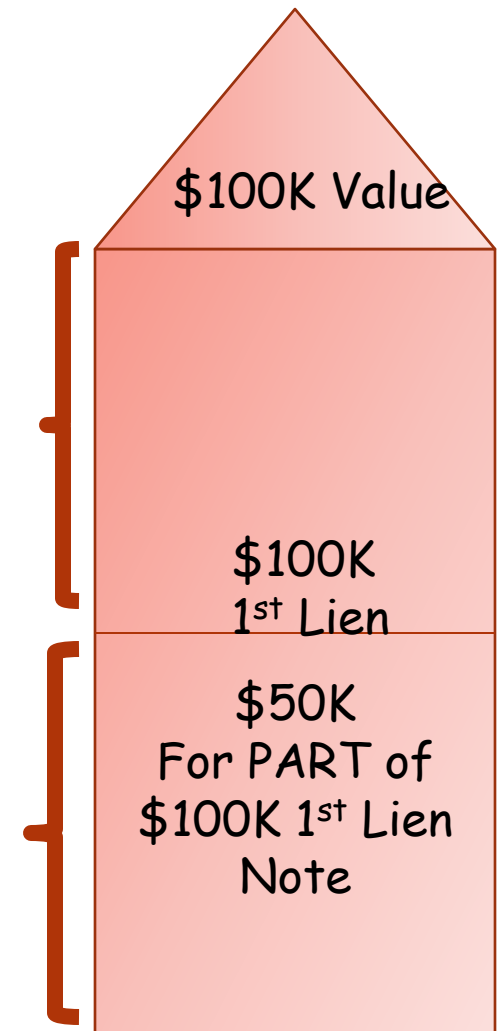
POINTS TO REMEMBER

- Barbara Pays Note Investor
- Monthly Payment Doesn't Change
- Terms Don't Change



Higher the Yield...the Lower The Risk??

- ITV is KEY
- Note Investor Inherits Lien Position
- Buy a Partial – Not a Full
- Buying Less Payments Lowers Your Risk!
- Buying Less Payments Raises Your Yield!



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TIME VALUE OF MONEY

- Money is worth more today than it is in the future.
- The *more* money the seller gets now, the *less* he gets overall.
- The *less* money he gets now, the *more* he gets overall.
- **Example: (100,000 Note, 10%, 360 Pmts. of \$877.57)**
 - All Cash Now at 14% Yield: \$74,064 Now...Nothing Later
 - Cash Now for SOME payments; the Balance Later at 14% Yield



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Learn the Calculator!!



*Hewlett Packard
10B II*

- Print & Read the Money Machine
- Learn the 5 Parts of a Note
- Perform the 4 Calculation Steps:
 - Calculate Payment
 - Calculate Balloon
 - Calculate Present Balance
 - Calculate Yield
- **Practice, Practice, Practice!**



CASH IN A FLASH

- Buy 12 Pmts. for 10 Times the Payment Amount
- 12 pmt of \$500 for \$5000
- Return of 35.07%
- When Note Reverts, You May Buy More Payments!



If you need **cash now**,
ask us about our
CASH in a FLASH
program.

A close-up image of a hand holding a large stack of US dollar bills, fanned out to show the edges of the notes.

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CASH IN A FLASH - Benefits

- Low Initial Investment
- Low Risk
- Relatively Short Term
- Almost NO Discount To Seller



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1/2 for a 1/2

Buy Half the Remaining Payments for Half of the Remaining Balance

- \$100K Note, 360 pmts, 10%, \$877.57
- \$50,000 for 180 pmts. Yield – 19.98%!
- \$25,000 for 90 pmts. Yield – 39.91%
- \$12,500 for 45 pmts. Yield – 79.56%



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1/2 for a 1/2 BENEFITS

- Little Money Required
- High Returns
- Easy Negotiation
- High Value When Note Returns
- After 45 Pmts. Payoff is \$97,596
- Seller Gets \$12,500 NOW and \$97,596 When Note Reverts!!



Grandma Makes More Than Pies

- Buy Small Note – Pay Small Amount
- Buy \$30K Note for \$20,000
- Grandma Wants 6% on Her Money
- You “share the risk” and Invest \$1000
- Grandma’s Invests \$19,000



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Grandma Makes More Than Pies

- Payment is \$300 Per Month
- Grandma Gets \$95 Per Month
(6%)
- You Get \$205 Per Month
- Your Return...246%



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OTHER INVESTMENT IDEAS

- Trade 2nd Liens with IRA \$
- Use Grandma's Technique When Investing in Properties
- You get the picture...



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