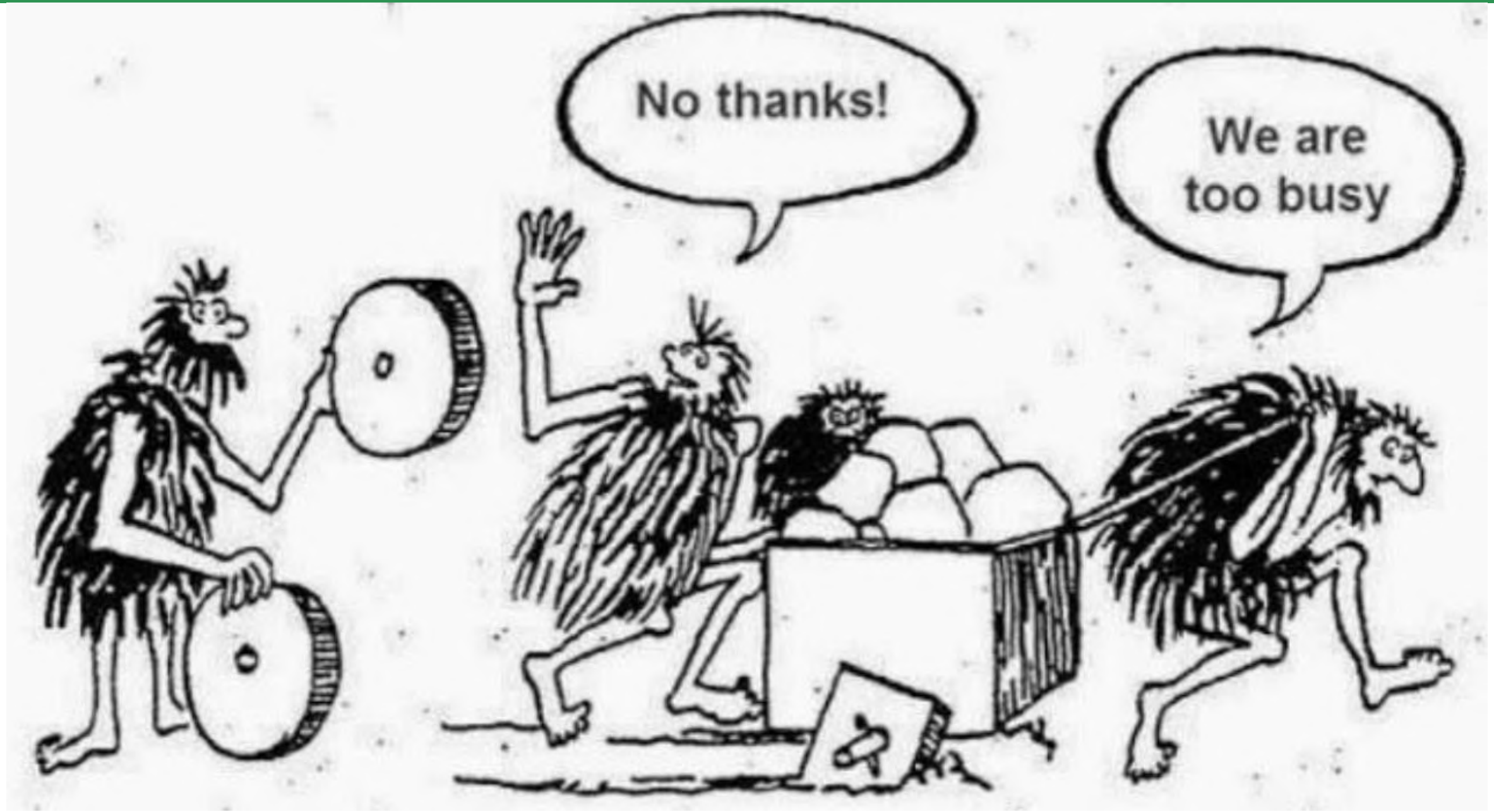
State of the Industry
And How to Profit From It!

Note Educator of the Year Award
Note Investor Summit

Kevin Shortle
The Kevin Shortle Show Podcast
#1 Best Seller: *Real Estate without Renters*
www.KevinShortle.com
www.RealEstateWithoutRenters.com

From Niche to an Asset Class


No thanks!
We are too busy

OLD WAYS
WON'T OPEN
NEW
DOORS

7 Note Paradigm Shifts

1. Dodd-Frank Act caused a dramatic shift of inventory

2. Dodd-Frank Act created new vendors and as a result better quality notes

7 Note Paradigm Shifts

3. Better ways to raise capital

4. More access to personal and business credit

7 Note Paradigm Shifts

5. From courthouse research & direct mail to tapes and Trading Platforms

6. Software, websites, trading platforms caused a dramatic shift in access to inventory and purchasing

7. Technology has changed the educational process

NEW
PARADIGM
AHEAD

The Next Note Paradigm Shifts

Combining the Best of Real Estate with the Best of Real Estate Notes

Investing in pools of notes as well as individual notes

7 Market Conditions in 7 Slides

Home prices are rising at the slowest pace since 2012, Case-Shiller finds: just 2.1%

Published: Aug 27, 2019 12:13 p.m. ET

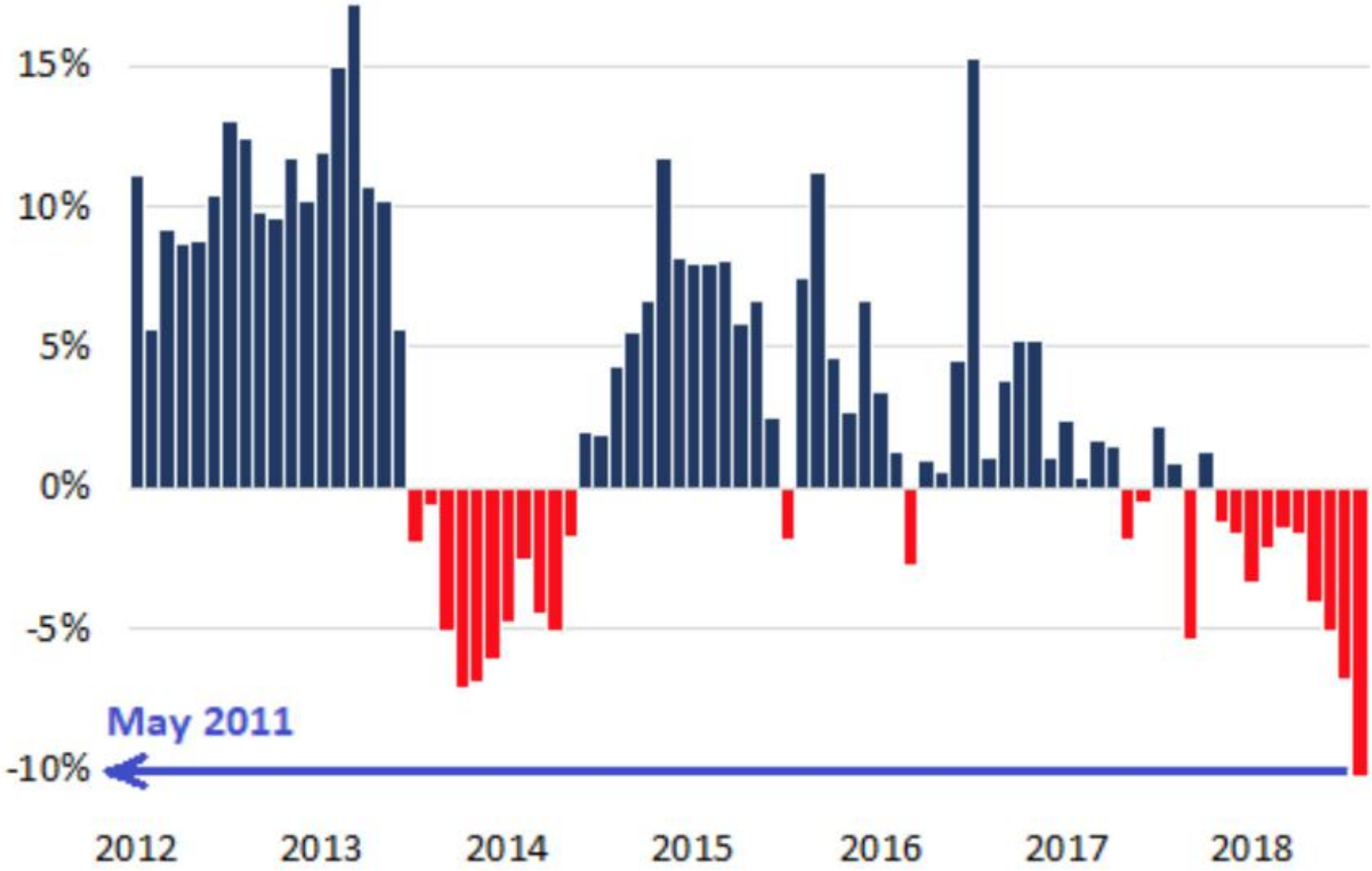
10 Aa

Housing prices climbing just one-third as fast as they were a year ago

By
JEFFRY
BARTASH
REPORTER

Existing Home Sales Plunge over 10%

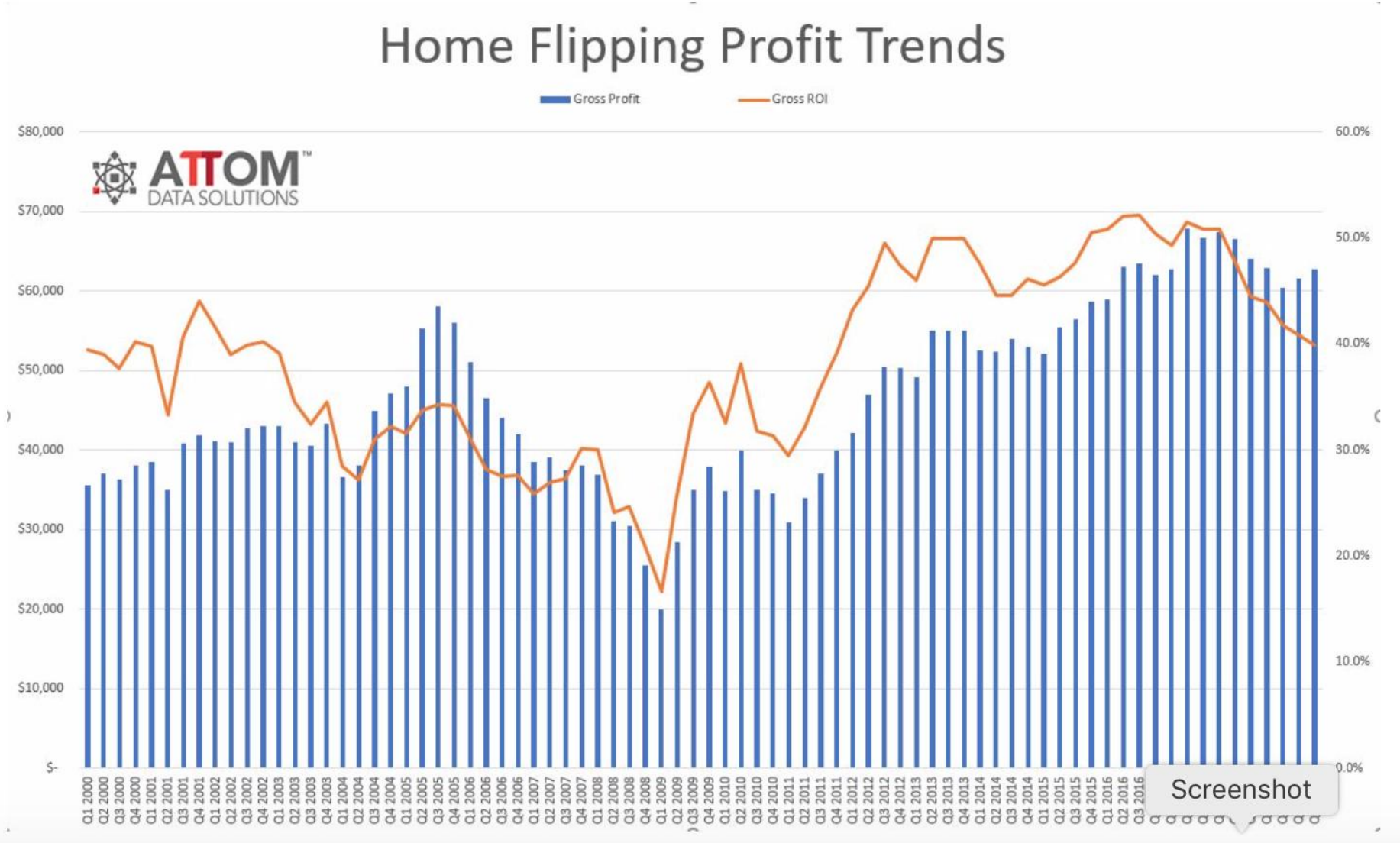
% Change fr Same Month a Year Ago, SAAR



Sources of data: NAR, YCharts

WOLFSTREET.com

U.S. Home Flipping Returns Drop to Nearly Eight-Year Low in Q2 2019



Fannie Mae Announces Sale of Non-Performing Loans and Community Impact Pool

Sept 7 2019

Alicia Jones

202-752-5716

$1 Billion NPL

WASHINGTON, DC – Fannie Mae (FNMA/OTCQB) began marketing its latest sale of non-performing loans, including the company's sixteenth Community Impact Pool. Community Impact Pools are typically smaller pools of loans that are geographically-focused, and marketed to encourage participation by non-profit organizations, minority- and women-owned businesses (MWOBs), and smaller investors.

The four larger pools include approximately 5,400 loans totaling $986.4 million in unpaid principal balance (UPB) and the Community Impact Pool of approxi

Screenshot

loans totaling $21 million in UPB. The Community Impact Pool consists of loans

August 13, 2019

Fannie Mae Announces Thirteenth Sale of Re-Performing Loans

$5.1 Billion in RPL's

Alicia Jones

202-752-5716

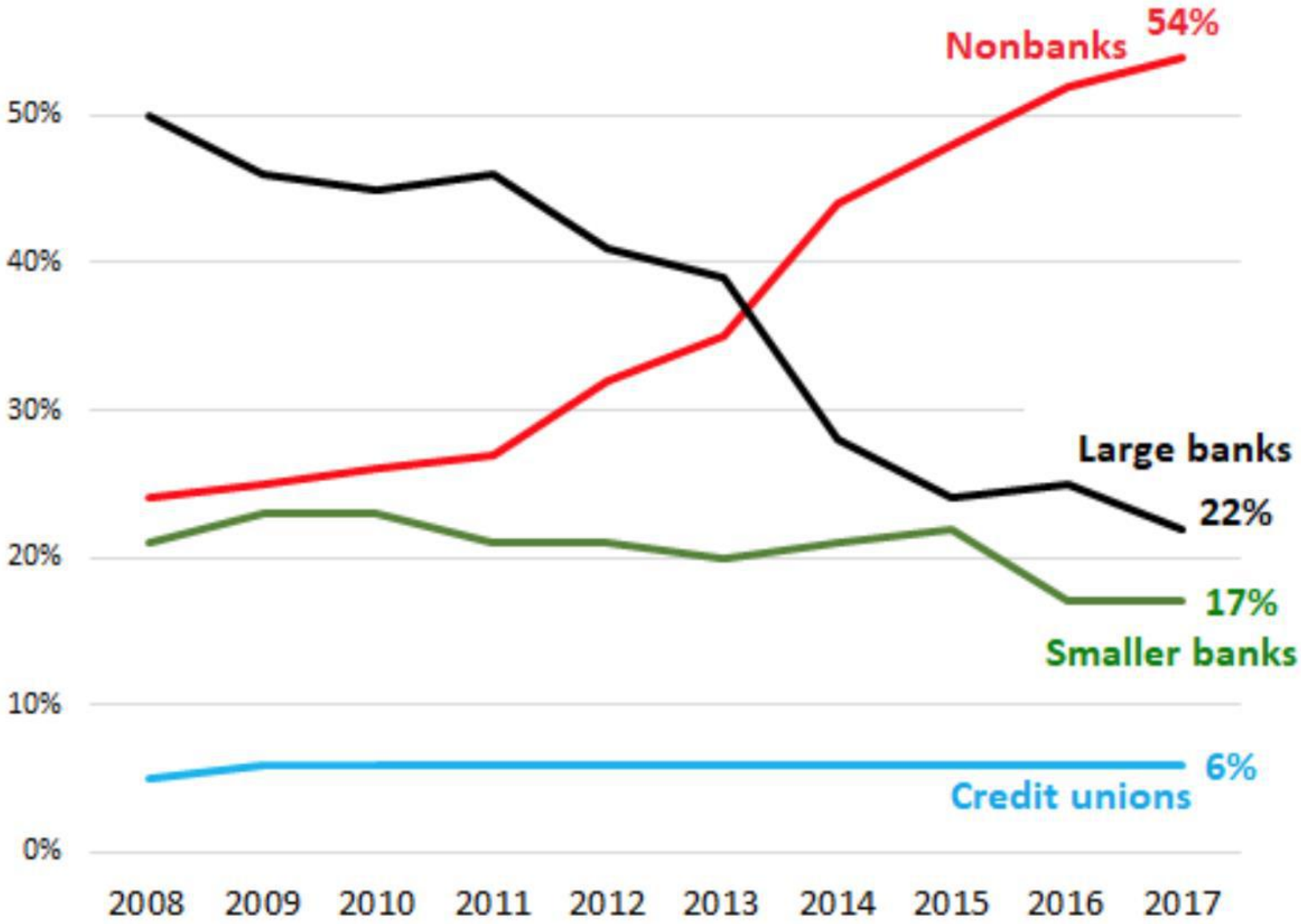
WASHINGTON, DC – Fannie Mae (FNMA/OTCQB) today began marketing its thirteenth sale of re-performing loans as part of the company's ongoing effort to reduce the size of its retained mortgage portfolio.

The sale consists of approximately 29,600 loans, having an unpaid principal balance of approximately $5.1 billion, and is available for purchase by qualified bidders. Interested bidders can register here, at http://www.fanniemae.com/portal/funding-the-market/npl/index.html.

Screenshot

Nonbanks Rule

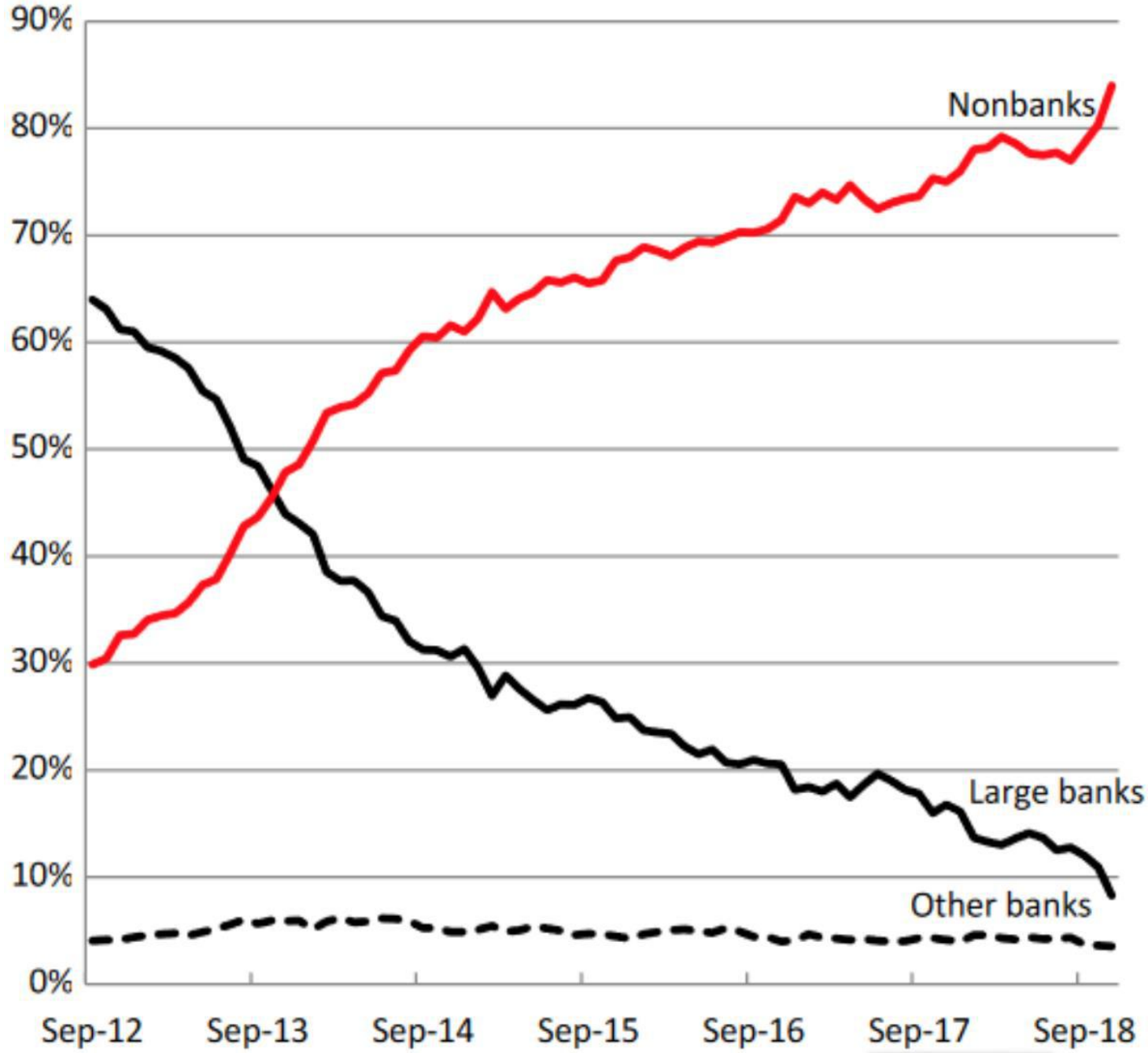
Share of Mortgage Originations by Lender Type



Source of data: Mortgage Bankers Association

WOLFSTREET.com

Share of FHA Insured Purchase Mortgages by Lender Type



What we know

1. Slow down in real estate appreciation
2. Existing home sales are down
3. Property flipping is tougher and less profitable
4. NPL’s still strong
5. RPL are going to be the biggest new market
6. Non-agency delinquencies are a big problem
7. FHA is backing the above big problem

A Few Techniques to fit the Paradigms and the market conditions

Arbitrage is the simultaneous purchase & sale of an asset to profit from an imbalance in the price.

1 Individual Notes

Direct Marketing

I'll take $90,000

YOU!

Register and sign NDL

I'll pay $100,000

2 Special Company Inventory Notes

YOU!

Direct Marketing

I'll pay $50,000 for it

Register and sign NDL

We will sell to you for $45,000

3 Table Funding

Property is sold

Note is created and sold at the closing

Passive Investor Choices

- Stock market?
- Bonds?
- Cash-like investments?
- Rental property?
- Private lender?
- BUYING 2 TO 5 YEAR PERFORMING INCOME STREAMS
- BUY SHARES IN A WELL MANAGED AND TRANSPARANT FUND/COMPANY

Payments already made

Purchase the next 60 payments

$130,000 Value

Your Collateral

Next Monthly Payment

You pay $42,400 for the next 60 payments of $880 per month

360th Payment

9% annualized return backed by A property worth 3 times what you paid!

BUYING 2 TO 5 YEAR PERFORMING INCOME STREAMS

- Can be done from any place with an internet connection
- Analysis can be done in less than 20 minutes
- Verification by third party
- No travel
- Receive automatic payments with servicing in place

BUY SHARES IN A WELL MANAGED AND TRANSPARANT FUND/COMPANY

- Can be done from any place with an internet connection
- Read the prospectus
- No travel
- Receive semi-annual reports
- Receive dividends

Purchased a home in 2017 For $130,000

Now worth For $165,000

Renting for $1400 per month

What do you think is going to happen to prices?

Convert your tenant to an owner

“Lock in that equity”

1st Mortgage	2nd Mortgage
[illegible]	[illegible]
Sell	Keep
8%	8%
$621 per month	$836 per month

Note Arbitrage	Turn-key Note	Equity-Lock Note	Lease-Purchase Note

Sell 71 payments for $35,000	Keep remaining 109 payments	Keep
1st Mortgage $65,000 180 payments 8% $621 per month	109 x $621 = $67,689	2nd Mortgage $100,000 240 payments 8% $836 per month
$35,000 plus	$67,689 plus	Are you good?

Best long-term investing plan

- Better tenants
- Years worth of appreciation
- Maximize your tax deductions
- Big profits on small deals
- Long-term passive monthly income
- Long-term cash-out options
- All backed with the security of the property!

Real Deal

- 4/2 Dbl
- 2240 SF

Purchased and renovated for $27,000

NO Banks
NEEDED
$5000 Down
FOR
SALE
BY OWNER

Note Arbitrage	Turn-key Note	Equity-Lock Note	Lease-Purchase Note

$5000
Option
Money

$69,900
Lease Purchase
Note Agreement

$800 / month

After 13 months…

$69,900 Sales price
$5000 option money

$800 per month
rent

Note & Mortgage

$64,900
180 payments
9%
$658 per month

Note & Mortgage

$64,900
180 payments
9%
$658 per month

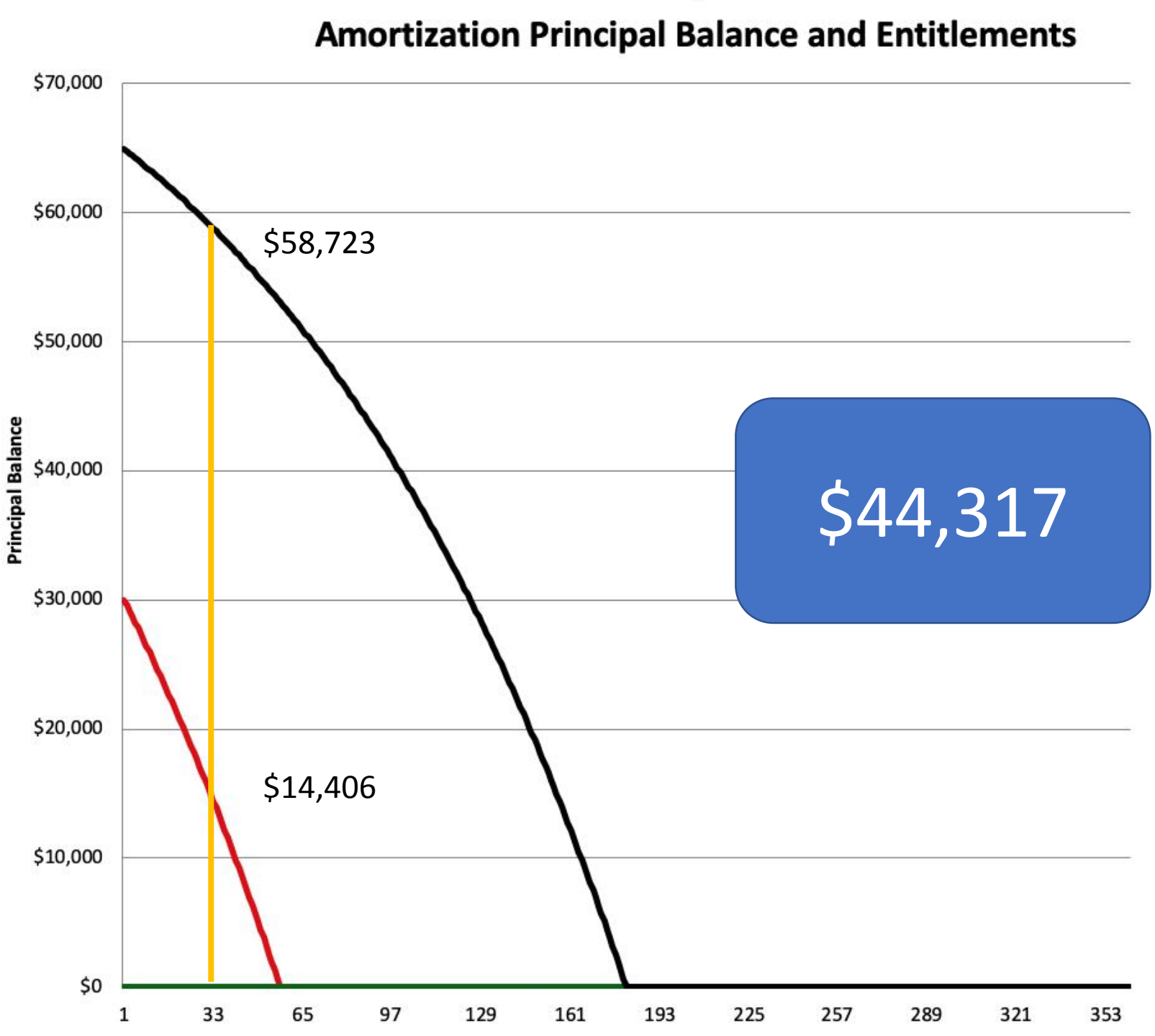
Purchase & rehab minus option money minus 12 months rent
leaves you with $12,400 in the deal

But, lets say you want to pull $30,000 out of the deal

current loan UPB here:	$64,900.00
number of monthly payments remaining here:	180
interest rate here:	9.00%
The monthly payment will calculate here:	$658.26

Sell a Partial

purchase price on partial sale here:	$30,000.00
number of payment resold here:	56
partial buyers annual yield calculated here:	9.01%
monthly payment amount:	$658.26


Amortization Principal Balance and Entitlements
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
Principal Balance
1
33
65
97
129
161
193
225
257
289
321
353
$58,723
$14,406
$44,317

Non-Perf. Notes	Hardest Hit Funds	Bankruptcy notes	Partials

70%-88%

55%-70%

25%-55%

$21,500 Lump Sum for arrearage account

Plus still owns an over $30,000 loan!

15 monthly payments Of $412 = $6180

After Bankruptcy:
You buy the
re-performing note
for $36,000

Re-Perf Note
$60,000 UPB
6%
300 remaining
$386/m

Mortgage

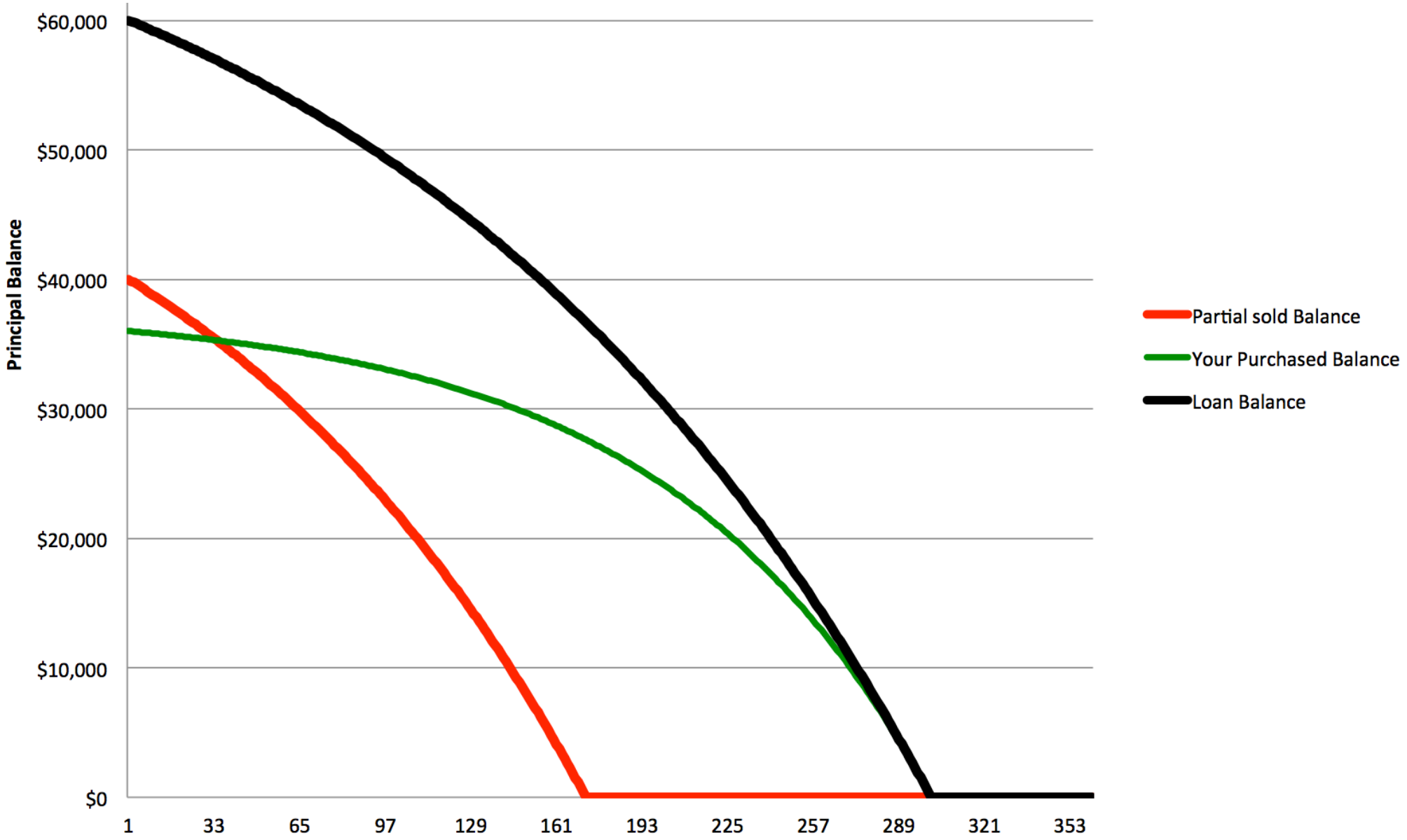
Arrearage
Account
55 remaining
$416/m

FREE

Construct a deal where you get a free note!

current loan UPB here:	$60,000.00	
number of monthly payments remaining here:	300	
interest rate here:	6.00%	
The monthly payment will calculate here:		$386.58
your purchase price here:	$36,000.00	
number of payments you purchased here:	300	
your annualized yield will calculate here:		12.28%
monthly payment amount	$386.58	
purchase price on partial sale here:	$40,000.00	
number of payment resold here:	171	
partial buyers annual yield calculated here:		7.73%
monthly payment amount:	$386.58	

Estimator	
8%	176.17
9%	200.25
10%	238.88


$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
Principal Balance
1
33
65
97
129
161
193
225
257
289
321
353
Partial sold Balance
Your Purchased Balance
Loan Balance

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www.RealEstateWithoutRenters.com

Special On-Line Training With Full and Personal Support $895 plus $295

Bonus for early signups:
Note Due Diligence Crash Course and
Deal Analysis with Exit strategies Workshop