



WEST FLORIDA REIA NEWS

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Paper – Where Is It?

By Jay Turner

If you go by my definition of Paper, Paper is just about everywhere. (My definition: A written promise of a payment sometime in the future.) Since 1978, I have been teaching that the first place you start to build your Paper Portfolio is inside your own home and inside your own real estate investment portfolio.

You probably already have some paper. It's just that you're the payor not the payee. Debts you owe should be your first target of study and action. Never hesitate to ask for a discount on debts that you owe. If a debt holder will take a worthwhile discount, consider paying that holder off first. Before you start *buying paper* at discount, see if you can *pay off debts* you owe at discount.

Start your in-home, at-home, Paper Portfolio by making a spreadsheet including every loan and debt you owe. Show the outstanding balance

Please see *Paper* on page 2

No Hard Money for You!

By Barbara Grasse

Found a slam-dunk deal, but you can't get it financed conventionally?

Hard money, in spite of its name, is supposed to be the easiest way to finance a deal. Hard money loans are fast (once you're set up with a lender, a loan can be funded inside of a week) and they're based on the value of the property, not on your credit.

So why won't that hard money lender fund your "great" deal?

The numbers don't work. Investors are optimists. Unfortunately, their cost of repairs and projected After Repaired Value (ARV) might not mesh with reality. Hard money lenders know current values and just because you intend to "cherry a house out" doesn't mean the market will suddenly jump up to meet your inflated ARV.

Please see *Hard Money* on page 3

Hard money loans are based on the value of the property. BUT....

Paper from page 1

and the monthly payment in columns. Sit back and review all the numbers.

If it takes a big monthly payment to keep a small outstanding balance current, this might be a loan or debt you want to “shoot” (pay-off) first. Why? Because once you pay off that relatively small balance, you free up that monthly payment. Now you can take that monthly payment and shoot the next highest debt you owe. As you shoot each debt, more money frees up to pay down the larger balances and to set aside savings.

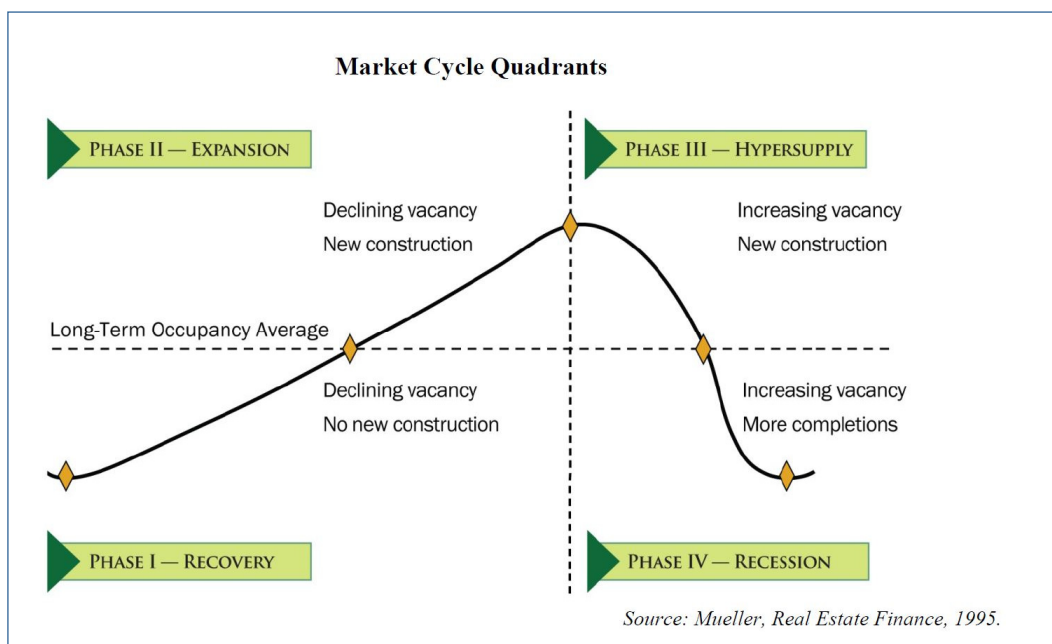
Start your paper portfolio by discounting the debts you owe.

Here are few more ideas for a “Paper Portfolio inside your house.” Sell a half future interest in your house using an option contract with monthly payments coming to you each month. These monthly payments coming to you can help offset your monthly PITI payments. You give up half future growth in return for a cash flow to you now.

Renting out a room has long been a way to bring in a few extra hundred dollars for people I know. The downsides are the new tenant uses water, electricity, and a parking space. But they also provide extra live-in security, companionship, and share half the utilities. You can also rent out a garage, boat slip, or RV parking spot if you have one.

I discuss many more ideas and tactics you can use in my Applied Paper seminar. Paper is everywhere. The easiest place to start that “Paper Portfolio” is in your own house and your own investment portfolio. After all, you know the security and you certainly know the Payor. Happy discounting.

Don't miss Jay's seminar APPLIED PAPER on October 24th in Sarasota. See info on the next page.



Seminar: Jay's Applied Paper Today

Saturday, October 24th we are holding a one-day seminar:

Jay's Applied Paper Today.

Paper is all around you - it's every bill you pay, every check you write and... a huge component of every real estate deal.

Understanding the time value of money is your lever to creating cash flows to you and cutting amounts you may owe.

You can use paper to pull cash out of your real estate deals, to create sandwiches that feed your bank account, and to eventually build your own paper portfolio.

Jay teaches how to use paper to make your real estate deals **GO!** It allows you to be more creative with your deals and therefore make **more** deals. Don't miss this seminar!

The seminar is \$150 for non-members; \$125 for paid annual members of West Florida REIA. \$185 at the door.

Saturday, October 24th

AmericInn

5931 Fruitville Road, Sarasota

Seating is limited. To pre-register: www.westfloridareia.com/paper

Member rate: www.westfloridareia.com/members-paper



Hard Money from page 1

You have no skin in the game. There may be one or two lenders left who will cover 100% of the purchase price, closing costs, and repairs (as long as the total is under 65-70% of the ARV), but most hard money lenders want to see you put some skin in the game. They know people work harder and stay on budget if their own money is on the line.

You don't have enough rehab experience. If your deal needs major rehab and you've only got one or two light rehabs under your belt, you're not getting the loan. Just about every lender has been stuck with a partially rehabbed house and while they can usually work their way out of it, they are not in the rehabbing business; they're in the money business.

Your credit really sucks. Yes, hard money loans aren't based on your credit, but lenders look at your credit report. Your credit doesn't have to be perfect (if it was, you probably wouldn't be going to a hard money lender), but if you've walked away from every debt you ever owed, you're not going to get the loan. Hard money lenders use their own and private lenders' money. They **really** want to get it back.

The hard money game has changed. The old adage, "if you find a deal, the money will come" was never 100%. You can still find money for a solid deal. You might need to pair up with an experienced rehabber or go back and negotiate a better deal. Just prepare well: be sure your numbers are on target and be prepared to prove yourself.

*"People work harder
and stay on budget if
their own money is on
the line."*

WEBINAR REPLAY

For those of you who missed Cynthia Schmidt's "Collect Back Rent" presentation in July and the webinar in September, she has made a special recording just for West Florida REIA members.

Learn how you can collect back rent AND damages, even if you didn't apply for damages when you evicted your tenant.

Cynthia and her husband Gary have collected on

over \$200,000 of judgments. This WORKS!

So few landlords ever go after the money and that's why tenants think they can get away with skipping out. It's time for this to STOP!

Check out the webinar by clicking on the webinar link on WestFloridaREIA.com home page.

I am not sure how long she will have the replay up, so get there FAST!

Our Next Meeting:

THURSDAY, November 12th, 2015

PETE FORTUNATO!

Meeting Place and Time:

Sarasota Association of Realtors

2320 Cattlemen Road

Sarasota, FL

Doors Open: 6:30 pm

West Florida REIA Members: FREE

Guests: \$20.00

*In the Port Charlotte/North Port/
Englewood area?*

Our Port Charlotte Sub-Group meets every Thursday night at 6:30. Bring your deals, your questions, your experience. Pick up a new trick and talk shop with fellow investors.

Luigi's Restaurant
3883 Tamiami Trail
Port Charlotte, FL

\$5 per meeting for non-members.

FREE to West Florida REIA members.

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VOLUNTEERS NEEDED

We can always use a helping hand!

We're looking for people who can help check in members, assist with coffee set up and break down and putting together our newsletter.

If you'd like to help, please email us at

info@WestFloridaREIA.com