

The Paper Source

The News Of The Note Business

June, 2017

Our 30th Year

The states with the highest number of non-performing bank loans are Mississippi, Louisiana, Alabama, West Virginia and Maine.

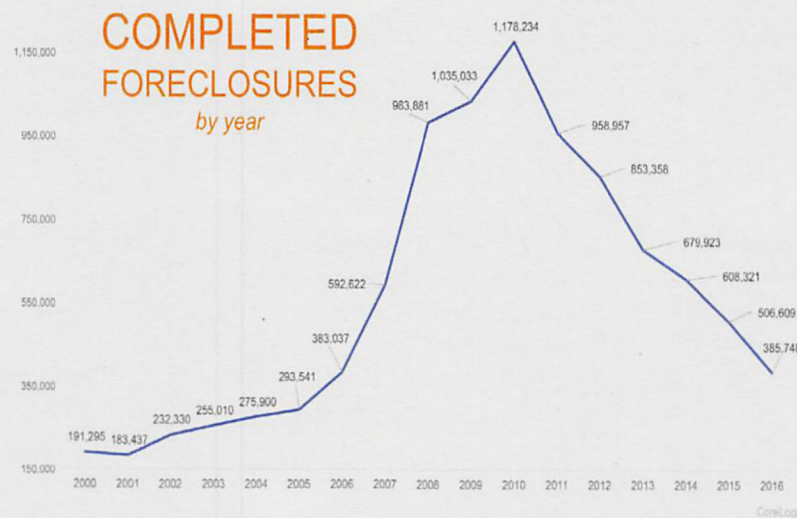
Foreclosures are at their lowest level since Nov. 2005. First-time foreclosures have hit an all-time low. The highest foreclosure rates are in: 1) New Jersey; 2) Delaware; 3) Maryland; 4) Connecticut, and 5) Illinois.

If you sell real estate with a contract for deed, you should know that Congress is pressing the Federal Housing Finance Agency, which oversees mortgage financiers Freddie Mac and Fannie Mae, to limit or stop the sale of foreclosed homes to firms that resell them under contracts for deed: tinyurl.com/ya9neb5n

Maryland has gone from having one of the country's fastest foreclosure systems to having one of the slowest. Now it has passed a fast-track foreclosure law which could push other states toward doing the same: tinyurl.com/y7dbew99 (Thanks to Carolyn Horvath for the story.)

Home prices are growing twice as fast as incomes. The median price of an existing home is up 6.8 percent from a year ago, but incomes are up just 3 percent. SFH prices are nearly 40 percent above where they were at the bottom of the housing crash in February 2012. Dallas and Denver home prices have surged 53 and 56 percent from their low and are now 36 and 37 percent above their previous high.

A Los Angeles-area couple recently offered \$102,000 above the \$798,000 listing price for a modest 3-bedroom home. It sold to someone else for \$985,000. They bid on 11 homes before they got one — after again bidding \$100,000 over list.



The 2017 Paper Source Note Symposium videos are now available for instant viewing: 19 videos, lifetime access, the MP3 audio files, plus the speakers' slides and my 7-part note video course. Introductory discount price: tinyurl.com/2017-ns-videos

The Note Symposium app is still live. If you were there you can use it to continue your networking. 3,696 messages between app users have been sent, and 1,495 app business cards have been exchanged.

Tom Henderson is looking for "out of the box" notes, including churches, gas stations, raw land, ranches and even pet cemeteries. He can make creative offers that benefit the note seller, including pass-through partials that leave the note seller with an income, as well as lump sum cash. Contact Tom if you have a note to sell or know of someone. He pays referral fees. Email: professor@hpnnotes.com or 800-481-6588.

Cheers,

Bill

W. J. Mencarow

"It's not the will to win that matters — everyone has that — it's the will to PREPARE to win that matters." — Bear Bryant



Investor's Spotlight

First National Acceptance Co.

An interview with Daniel Malcolm, Acquisitions Manager - Broker Desk

What does First National Acceptance Company do?

First National Acceptance Company (FNAC) has been purchasing 1st position, performing real estate notes for over 40 years. First National buys notes, secured by almost any property type, and we buy notes in all 50 states. First National Acceptance Company is a subsidiary of First National Bank of America. The First National Broker Desk works with both new and seasoned brokers.

Are you seeing more or fewer notes than you were a year or two ago?

First National is definitely seeing more notes. The Broker Desk business grew by 22% in 2016, and has grown another 57% so far in 2017. First National is buying more notes from note brokers than ever before.

What unique benefits does First National provide?

First National's pricing is extremely competitive. I am often told that we are providing top dollar offers in the industry. We pay for closing costs, so there are no out of pocket expenses for our note brokers. We also have an experienced processing team, who are great at working out complex, tricky title issues. First National has been buying notes for over 40 years, so we know what we're doing.

We have developed a lot of resources that help us close deals the right way, which protects our note brokers, the note payor, and First National as the investor.

What do brokers tell you about how they find notes?

Internet leads and direct marketing.

What should a note broker do to make a good impression on you?

The note brokers we work with are fantastic!! They are a wonderful group of professionals, who work hard to meet the financial needs of the note sellers they work with. But, to answer the question...
1. Know the note. Find out as much as possible about the note when talking to the note seller. Cover the 3 P's...Paper (note), Property, Purchaser. At the very least, have the full terms of the note before requesting a quote from an investor.

2. No Diva Drama. Note brokers who freak out and call us screaming, or e-mail us in ALL CAPS every time a deal dies or gets re-quoted, usually don't last. Our highest performing note broker, who consistently closes multiple deals every month, has never been a source of drama. He doesn't sweat the small stuff. He controls what he can control and focuses his energy on continuing to sign up more deals. That being said, the Broker Desk is not perfect, so if we make a mistake, then I need to hear about it. We're always trying to get better.

What is the average commission for a note broker?

Typically, commissions taken by note brokers are around 3% - 5% of the unpaid principal balance that is being sold. We buy a lot of large

balances of \$200,000 or more, so we have paid out some large commissions.

What advice do you have for those just starting out as a note broker?

Attend a couple of good note conferences. Buy a lead list...treat those leads like gold...follow up, follow up, follow up with your leads. Remember, if you're paying \$50 per lead, then every time your phone rings, it costs you \$50. Your phone is your cash register. Be professional. Be likeable. Be quick and responsive.

Have there been unusual note transactions that you'd like to share?

We have bought some notes that were secured by some unique properties including, a "cattery"...a small facility used for breeding high-priced, prize winning breeds of cats... a shipping container that was professionally converted into a nice little home, even had a foundation (hipsters)... an off the grid tiny home, located on like 30 acres of desert vacant land (introverted hipsters)... a peanut farm and a pistachio farm, those were both "nutty" deals...

What do you see for the future of the business?

Growth! I don't foresee us slowing down any time soon.

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Acceptance Company

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