

CREATIVE MORTGAGE TALK

A Periodic Newsletter on Creative Financing

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MY CALENDAR ISN'T BROKEN

I am just a Procrastinator! Although you are not receiving this March/April issue until June, I will try to get current before the year is over.

FREEDOM AND ECONOMIC PROSPERITY

Most issues of this newsletter address the micro-issue of Creative Financing. However, I have recently read several books that have inspired me to address the macro-issue of economics and how it impacts the real estate market and financing. But it is impossible to have a prosperous economy without personal freedom to make financial decisions in the best interest of ourselves and our family.

To prove this principle, one needs to look no farther than Mexico. Although Mexico is as resource rich as the United States, it is a poor country in which one of the major parts of its economy is payments sent home by residents illegally residing and working in the United States. Unfortunately for Mexico, it was settled by the Spanish who imposed an almost feudal system of government; whereas, the initial settlers of the United States were English, who believed in the right of individual freedom. And after our founding fathers declared

independence and adopted a Constitution that guaranteed individual freedom, we went on to become the most prosperous nation in the world.

I was reminded again of the interrelationship between freedom and economic prosperity and the importance of preserving personal freedom, without excessive government control and taxation, by my recent reading of the following three books:

- ***Return to Prosperity*** by Arthur B. Laffer, PhD. And Stephen Moore.
- ***The Five Thousand Year Leap*** by W. Cleon Skousen.
- ***Rich Dad's Conspiracy of the Rich*** by Robert T. Kiyosaki.

In the balance of this newsletter, I will attempt to summarize the main points that impressed me from these books, and their importance to those of us in the real estate profession.

Return to Prosperity: In this book, the authors traced the history of political and economic policy in the United States and discussed what has worked and what has not. They make a compelling case that high marginal income tax rates on individuals and corporations tends to slow economic growth

and actually reduces tax revenue to the government. Because so much of our economic policy is influenced by government policy, this book reminded me of the importance of citizen involvement in shaping our government. In 1986 the changes in the tax laws literally destroyed the business of many hard working real estate developers and syndicators. The point is, that working hard at your business or profession may not lead to success if you ignore what the government is doing to you while you were hard at work.

In the second part of the book they propose a combined flat rate income and consumption tax and provide convincing arguments that adoption of such a tax would provide the economic incentive to encourage the types of productive behavior that will return our country to economic prosperity.

The Five Thousand Year Leap: This book discusses 28 principles that influenced our founding fathers in the writing of our Constitution. These principles include the God given right of personal freedom and the importance of virtue, morality and leading a productive life. The book is well documented with the writings of the founding fathers on these issues and their influence on the values enshrined in our Constitution. I thought I knew a lot about the history of the writing of our Constitution, but I learned a lot more from this book.

The main point that I got from this book is that a great nation can only exist when power is vested in the people rather than the government. The truly distressing message of this book was to remind me just how far our modern society and government have strayed from the principles that made our nation great.

Rich Dad's Conspiracy of the Rich: This book was written last year and addresses problems created by our nation's economic meltdown and the "crony capitalism" that allowed for taxpayer bailouts of banks and wealthy institutions while placing a huge burden of debt on the productive 50% of the population that pays taxes. In this book, Kiyosaki also addresses how our government has strayed from the principles that made our nation great.

The real importance of the book is that in addition to discussing the problem, Kiyosaki makes positive suggestions of how to not only survive, but how to thrive, in the current political and economic environment. One of the great points he makes is:

"Many people are waiting for the political and financial systems of the world to change. To me, that is a waste of time. In my opinion, it is easier to change myself rather than to wait for our leaders and systems to change."

In this book, Kiyosaki recommends **8 New Rules of Money**, which are practical solutions to getting ahead rather than just complaining about the current economy. As he did in his first best-selling book, ***Rich Dad, Poor Dad***, Kiyosaki skewers many of the money myths we learned in school and demonstrates that the real purpose is to deny financial freedom to those who rely on these myths. One of the greatest myths that he attacks is the importance of security by pointing out that:

"The people with the most security are in prison. That is why it is called 'maximum security'. The more security you seek, the less freedom you have"

SOME FINAL THOUGHTS AND RECOMMENDATIONS: Reading all three of these books were helpful in reminding me **that economic prosperity can only exist in a free society and that the only way to achieve economic independence is through self reliance and not depending on government.** Just by coincidence, I happened to read these three books in the order discussed in this newsletter. And, although I found that they sort of had a natural progression in reminding me to focus on what is really important, if you only have time to read one—I recommend *Rich Dad's Conspiracy of the Rich* as the most useful. In closing, I would like to make three points:

1. We can only have economic prosperity when power is vested in the people and the people exercise

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With today's financing, many properties and many Buyers will **not** qualify for a bank loan. The way to sell non-financeable properties is to use Seller Financing. **Buyers love it!** Unfortunately, many Sellers will not consider this effective and time proven financing option because the Buyers' down payment is not enough to meet their needs.

The answer to this dilemma is simple. We will pay **CASH NOW** for Seller Financed Notes with a simultaneous closing so the Sellers walk away from the closing with the cash they need.

A FREE WEBINAR

To learn more about this concept, visit our website at www.Cash4You.net and take our new Webinar titled **"MORE SALES WITH CASH NOW SELLER FINANCING™."**

their right to vote and participate in politics rather than leaving it to the politicians.

2. Those who seek too much security from government programs, sacrifice their personal freedom and will unlikely ever achieve financial independence.
3. The surest way to financial freedom is to educate yourself and to use your God given freedom to work in the best interest of you and your family.

WHAT'S NEXT: In future issues I will get back to the topic of Creative Financing and how to use it to help more clients buy and sell real estate.

BACK ISSUES

You can review back issues of this newsletter by going to www.Cash4You.net