

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 May/June issue until July, I will try to get current before the year is over.

IN THE BEGINNING

In the beginning there was land, and eventually man evolved (*or was created, depending upon your philosophy*). In any event, in the early prehistoric days, humans roamed the land searching for food and shelter without any elements of ownership. Eventually groups settled into certain productive areas and began defending them against outsiders, thus creating the first elements of ownership and private property rights.

I don't think anyone knows (*or at least, I don't*) where the concept of private property ownership began, but the best evidence suggests it may have been somewhere in ancient Mesopotamia (*part of modern day Iraq*) or perhaps China. In any event, eventually private property rights were recognized, and along with them came the rights to use, lease, sell or bequeath.

In the early days, most transactions were undoubtedly transfers upon death to heirs (*bequests*). But eventually someone decided

to sell their property (*perhaps childless land owners*), but since it had value, they obviously wanted something in return. Since these early transactions occurred before the invention of money, they were undoubtedly barter transactions. **As I will continue to discuss in this newsletter, barter is really the basis of every transaction.** This is true because every transaction is based upon the human desire to dispose of something in order to acquire something else. (*Money just makes the process easier, but doesn't change the basic motivation*).

WORDS OF WISDOM

Although, the following statements were made by Adrian Rogers in 1931, given today's political environment, they are more relevant than ever

"You cannot legislate the poor into prosperity by legislating the wealthy out of prosperity.

What one person receives without working for, another person must work for without receiving.

The government cannot give to anybody anything that the government does not first take from somebody else.

When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good to work because somebody else is going to get what they work for, that my dear friend is the beginning of the end of any nation.

You cannot multiply wealth by dividing it."

Perhaps the first barter transaction involved an exchange of a farm for a hut in the village or an exchange of a hut in the village for a herd of goats. Unfortunately, history does not record the first transaction, but I think you get the picture.

Eventually there was a situation in which a property owner had property of value, but was unable to find a willing Buyer with something of equal value. Therefore the sale would have been made by accepting something of value now and a promise to deliver something of value in the future. Since money had not yet been invented, there were of course no banks or lenders. So the first financed transaction involved Seller Financing!

Always remember these two principles. The following two principles are the basis of every real estate transaction and are the issues I will address in future issues:

- 1. Every transaction is based upon the principle of barter or exchange.**
- 2. Every financed transaction is based upon a promise to transfer something of value in the future.**

DO NOT FORGET THESE PRINCIPLES!

Use of These Principles in Today's Market Place: I believe that the phrase that best describes real estate financing today is, *"Triple lock the barn—the horses have been stolen."* After years of making stupid loans that should not have been made, the pendulum has now swung back to the opposite extreme. While I believe that sound underwriting of loans is necessary for a stable market, I am now hearing of bureaucratic rules that make no sense. *(But what can you expect when over 90% of all residential loans involve a government*

entity to insure or buy the loan). While interest rates are now at a 50 year low, they are very difficult to qualify for.

But the great news is that there are still Buyers wanting to buy real estate and Sellers wanting to sell real estate, if someone can show them how to finance the transaction. One advantage of being an Old Timer (*unfortunately there aren't many advantages*) is that I have seen this before. In the early 1960's when I began my real estate career in Fairbanks, there was little third party financing available, so most of our transactions involved Creative Financing and we made a living by remembering and applying the two principles described above.

In future issues, I will discuss Creative Financing techniques involving application of these principles.

CASH NOW SELLER FINANCING™

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™."**