

# CREATIVE MORTGAGE TALK

A Periodic Newsletter on Creative Financing

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**It is the Best of Times. It is the Worst of Times.** (I believe that this paraphrasing of the opening sentence of Charles Dickens', *Tale of Two Cities* may be an appropriate way to describe the current Real Estate Economy) In spite of some recent improvements, the U.S. economy is still mired in a deep recession with continuing job losses. Some cities have recently experienced increasing home prices, but much of that is attributed to the Federal Tax Credits for first time buyers and the fact that millions of homes with delinquent mortgages have been artificially held off the market due to moratoriums on foreclosure and other government efforts to discourage foreclosure. Some analysts are predicting a further 5-10% decline in home prices before the national market hits bottom.

Meanwhile, Alaska has escaped the worst of this very severe recession. While it is true that Alaska began a mild recession in May 2009 and although there are predictions for a small number of additional job losses in 2010, our economy has done quite well and we have experienced only limited decreases in home values for median priced homes. **Interest rates are still at the low end of their 50 year range and home affordability has never been higher!** Nevertheless, selling real estate today is still a challenge due to Buyer perceptions that prices may decline and because "now that

the horses have been stolen, the banks have decided to triple-lock the barn" by adopting extremely rigid underwriting standards for new loans. Also due to the "Mortgage Meltdown" some 378 mortgage lenders have ceased operations since late 2006<sup>1</sup>, which has significantly reduced competition amongst mortgage lenders. **From the perspective of a Real Estate Licensee, a challenging market is truly the Best of Times.** In challenging times, most Sellers are simply not knowledgeable enough to sell on their own, and Buyers know that they need the best professional assistance possible.

## **MAKE THIS THE BEST OF TIMES!**

I will devote the balance of this newsletter to four suggestions that can make 2010 a great year for Real Estate Licensees!

1. **Loudly Proclaim the Good News.** Don't let your clients, friends and family fail to acquire the property they want because of the grim news on TV and papers about the Lower 48. Be sure to tell them the following:
  - a. Interest rates are the lowest they have been in 50 years.
  - b. Existing properties are available at substantially less

<sup>1</sup> Per the website, [www.ml-implode.com](http://www.ml-implode.com)

than the cost of building a similar new property.

- c. Home affordability has never been higher.
- d. The government is granting \$8,000 tax credits for first time home buyers and \$6,500 for many other buyers.

**2. Demonstrate that waiting for lower prices may be an expensive mistake!** In the March/April 2009 edition of this newsletter (*you can read at [www.cash4you.net](http://www.cash4you.net)*) I wrote about how many people lose money waiting for lower prices because while they were waiting, interest rates went up. With interest rates at a 50 year low and the government stating that they are going to quit funding mortgages in April, interest rates could rise significantly. On the same website, I have a **Price/Interest Calculator** that you can use to show your clients the trade-off between lower prices and higher interest.

**3. Become a financing expert.** In every market financing is important, but because of current strict underwriting standards, detailed knowledge of real estate financing is more important than ever. I encourage you to take every financing course you can, research financing programs on the internet and establish a close relationship with at least one mortgage professional who is a real expert, will do everything possible to get a loan funded and who will always tell you the truth about the likelihood of closing a loan.

**4. Learn Creative Financing.** No matter how knowledgeable you are about institutional financing, there are some properties and/or some Buyers who are just not going to qualify for an institutional loan. At [www.cash4you.net](http://www.cash4you.net) you can access the following resources on Creative Financing.

- a. You can download an introduction to the topic in our booklet entitled, **“Financing Outside the Box”**.
- b. You can view a webinar on **“Cash Now Seller Financing”**
- c. You can read past issue of this newsletter that address various aspects of the topic.

In future editions of this newsletter I will continue to address the topic of Creative Financing—**So Stay Tuned!**

### **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](http://www.Cash4You.net) and take our new Webinar titled **“MORE SALES WITH CASH NOW SELLER FINANCING™.”**