

How to Boost Your Income within 90 Days during a Depressed Economy

with Richard Roop



Discover how to

- **Protect yourself**
- **Profit**
- **Prosper**

It is my belief that

**“The Financial Crisis
of 2007-2010”**

will later be reported as

**“The Greater Depression
of 2007-2017.”**

Disclaimer

- I am not a professional market forecaster or investment advisor.
- The conclusions I have drawn are purely my opinion based on research and personal experience.
- For the sake of the nation, I hope I'm wrong
- But I am confident that my members, clients and students will be exceptionally better off if I'm right, and even more successful with their real estate investing if I am wrong

Your personal income

- **You need money to survive and thrive**
- **You need multiple income streams**
- **You can't just rely on income from a job**
- **You can't retire in style without more income**
- **You want to become a full or part time entrepreneur**

Your personal income

- **You need money to survive and thrive**
- **You need multiple income streams**
- **You can't just rely on income from a job**
- **You can't retire in style without more income**
- **You want to become a full or part time entrepreneur**
- **You want to be your own boss**

Investing for wealth and financial freedom

- **You must save and invest, even now**
- **You must avoid losses**
- **You must avoid the stock market**
- **You can't speculate without risk**
- **You can't trust the snake oil salesman**
- **You need business or real estate equity to become wealthy**

Living your preferred lifestyle

- **You want to be in control of your life**
- **You want to live in a home that meets you needs**
- **You want to eat right and stay healthy**
- **You want to buy the things you need**
- **You want to live your perfect day, every week**
- **You want to live a life where money is no object**

Living your preferred lifestyle

- **You need to help your friends and family**
- **You need to help your community**
- **You need to be part of the solution**
- **You want to be a have, not a have not**
- **You don't want to be a victim**

Personal Achievement

- **You need to know exactly how you want it**
- **You need to work on what matters most**
- **You need to focus on what is most important**
- **You need to have goals and focus on them**
- **You need to take action, the right actions**

Personal Achievement

- **You need to motivate yourself**
- **You need to create better habits**
- **You need to use your time more wisely**
- **You need feedback to change**
- **You need a plan**

Strategies for Success

- **You can't swim against the tide**
- **You need to see the silver lining**
- **You need to be honest with yourself**
- **You need to be honest with others**
- **You need to keep your promises**

Strategies for Success

- **You need to face reality**
- **You need to change your beliefs**
- **You need to raise your positive expectations**
- **You need to be persistent**
- **You need to be asking the right questions**

Questions:

- **How do I increase my income today?**
- **What product or service can I sell?**
- **How can I get the best return on money I invest?**
- **How can I use my spare time to create new income streams?**
- **What can I do to become free from debt?**

Questions:

- **How can I build equity during deflationary times?**
- **How much does it take to live my preferred lifestyle?**
- **How much more do I need to help other people I care about?**
- **How will my time best be used?**

Recession?

- **A business cycle contraction**
- **A general slowdown in economic activity over a period of time**
- **Part of a normal business cycle**
- **Caused by a widespread drop in spending**

Recession?

- **Most every measure of production falls:**
 - ✓ **Gross Domestic Product (GDP)**
 - ✓ **Employment**
 - ✓ **Investment spending**
 - ✓ **Capacity utilization**
 - ✓ **Household incomes**
 - ✓ **Business profits**
 - ✓ **Inflation**

Recession?

- **While other measurements rise:**
 - ✓ **Bankruptcies**
 - ✓ **Unemployment rate**

- **Governments usually respond by adopting expansionary policies:**
 - ✓ **Increasing money supply**
 - ✓ **Increasing government spending**
 - ✓ **Decreasing taxation**

Depression?

- **A sustained, long-term downturn in economic activity**
- **A substantial and sustained shortfall of the ability to purchase goods**
- **A rare, extreme and more severe form of recession**
- **Sometimes identified**
 - ✓ **By decline in real GDP exceeding 10%**
 - ✓ **As a recession lasting 2 or more years**

Depression?

- **Characterized by its length, and:**
 - ✓ **Abnormal increases in unemployment**
 - ✓ **Falls in the availability of credit**
 - ✓ **Shrinking output and investment**
 - ✓ **Numerous bankruptcies**
 - ✓ **Reduced trade and commerce**
 - ✓ **Highly volatile currency value fluctuations**
 - ✓ **Price deflation**
 - ✓ **Financial crisis**
 - ✓ **Bank failures**

Depression?

- **The National Bureau of Economic Research determines contractions and expansions in the business cycle, but does not declare depressions.**
- **In Oct 2008 the government was still denying we were in a recession so I presented my case on a training webinar for my members, like I am now, that we were in a recession and what to do about it.**
- **In December 2008, the National Bureau of Economic Research reported we were in a recession that began in December of 2007**

Common elements of depressions

- **Downturns in lending and credit markets**
- **Stock market collapses**
- **Banks failures**
- **Unemployment**
- **War**
- **Creating currency not backed by hard assets**
- **Government polices and intervention**
- **Real estate speculation and bubbles**

Downturns in lending and credit markets

- **This is obvious**
- **No positive change in sight**
- **Opportunity:**
 - ✓ **Help sellers who can't sell**
 - ✓ **Finance buyers who can't borrow**
 - ✓ **Rent to families who can't own**
 - ✓ **Buy real estate with 0% owner financing**

Stock market collapses

- **The Dow peaked in October 2007 around 14,000**
- **The market crashed in October 2008**
- **The Dow lost over 50% hitting a low of 6,470 in March 2009**
- **The market bounced and retraced 66% of the decline**
- **This secular bear market bounce peaked at 10,725 in January 2010**
- **Forecaster predict another 66% decline from January to below 4,000**

Stock market collapses

- **Dow/Gold Ratio**
- **One way to analyze stock market prices is the Dow/Gold ratio based on how many ounces of gold it takes to buy a basket of DJIA stocks.**
- **That topped in 2000, representing the start of a “long cycle” or secular bear market which on average would last 17 years -- or through 2017.**

Stock market collapses

- **Opportunity:**
 - ✓ **Build wealth and avoid losses by staying out of the stock market**
 - ✓ **Earn high rates of return safely with low loan to-value real estate notes**
 - ✓ **Offer conservative high rates of return to friends, family and associates**
 - ✓ **Help sellers avoid losing their equity**

Banks failures

- **Bank failures grew exponentially in 2009**
- **It's a frightening trend but cannot be maintained**
 - ✓ **as there is a limit to the number of bank that have not failed yet**

Banks failures

- **Opportunity:**
 - ✓ **Avoid banks and their tight lending requirements**
 - ✓ **Finance real estate with private lenders and seller financing**
 - ✓ **Sell quickly for top dollar with no bank qualifying**
 - ✓ **Avoid the personal liability with bank loans**
 - ✓ **Create a competitive edge in the market**
 - ✓ **Some bailout policies will help you and your buyers**

Unemployment

- **Rising unemployment since 2007 should remain high for some time**
- **ShadowStats.com makes a case that the real number has risen over 20%**
- **Opportunities:**
 - ✓ **Stop relying on job income that can end at any time**
 - ✓ **Start, operate or grow your own recession-proof business**
 - ✓ **Create your own pension plan**
 - ✓ **Sell to buyers without enough time on the job**

Bankruptcies

- **After new laws in 2005 caused a boom then bust in bankruptcy filings, the trend since then has been up. In fact 15% higher than a year ago**
- **Opportunities:**
 - ✓ **Buy from sellers who can't tap into their equity**
 - ✓ **Sell to both buyers and sellers who have had a bankruptcy**
 - ✓ **Get out of debt and avoid going bankrupt your sell**
 - ✓ **Borrow only against income producing or appreciating assets**
 - ✓ **Create forced equity growth on your real estate**

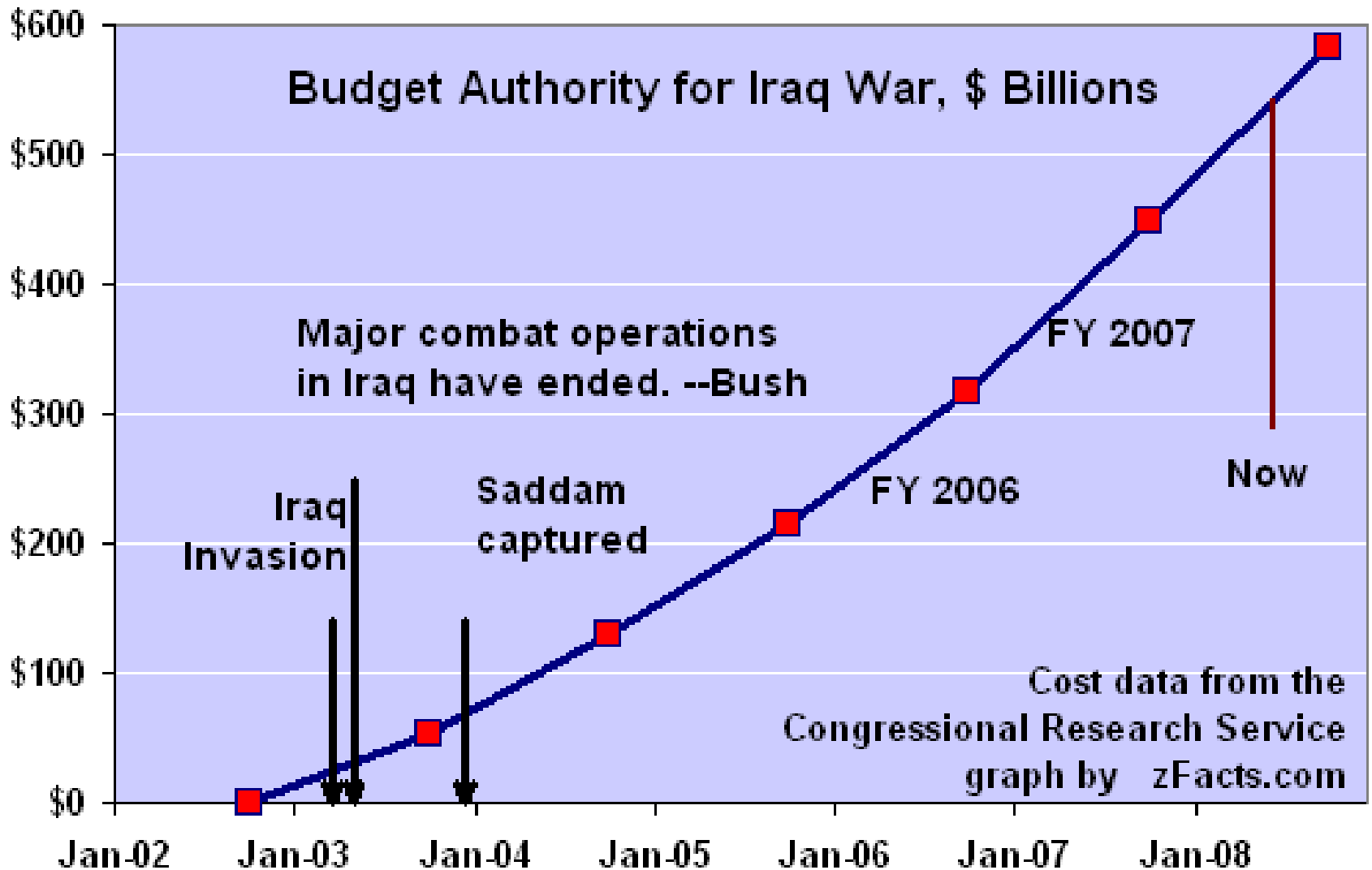
Personal Incomes

- **Unemployment and loss of income from investments is driving down household income**
- **Opportunities:**
 - ✓ **Boost your income from cash profits and cash flow as a real estate entrepreneur**
 - ✓ **Buy from sellers who can't afford to maintain their homes**
 - ✓ **Buy from landlords who can't afford to manage the properties**
 - ✓ **Offer great mortgage rates to buyer's with less income**
 - ✓ **Offer monthly income to your conservative private investors**

War

- **The war on terrorism continues**
- **The is no end in sight**
- **According to costofwar.com:**
 - ✓ **Total cost allocated by Congress is over \$ trillion**
 - ✓ **\$747 billion to Iraq**
 - ✓ **\$299 billion to Afghanistan**

War

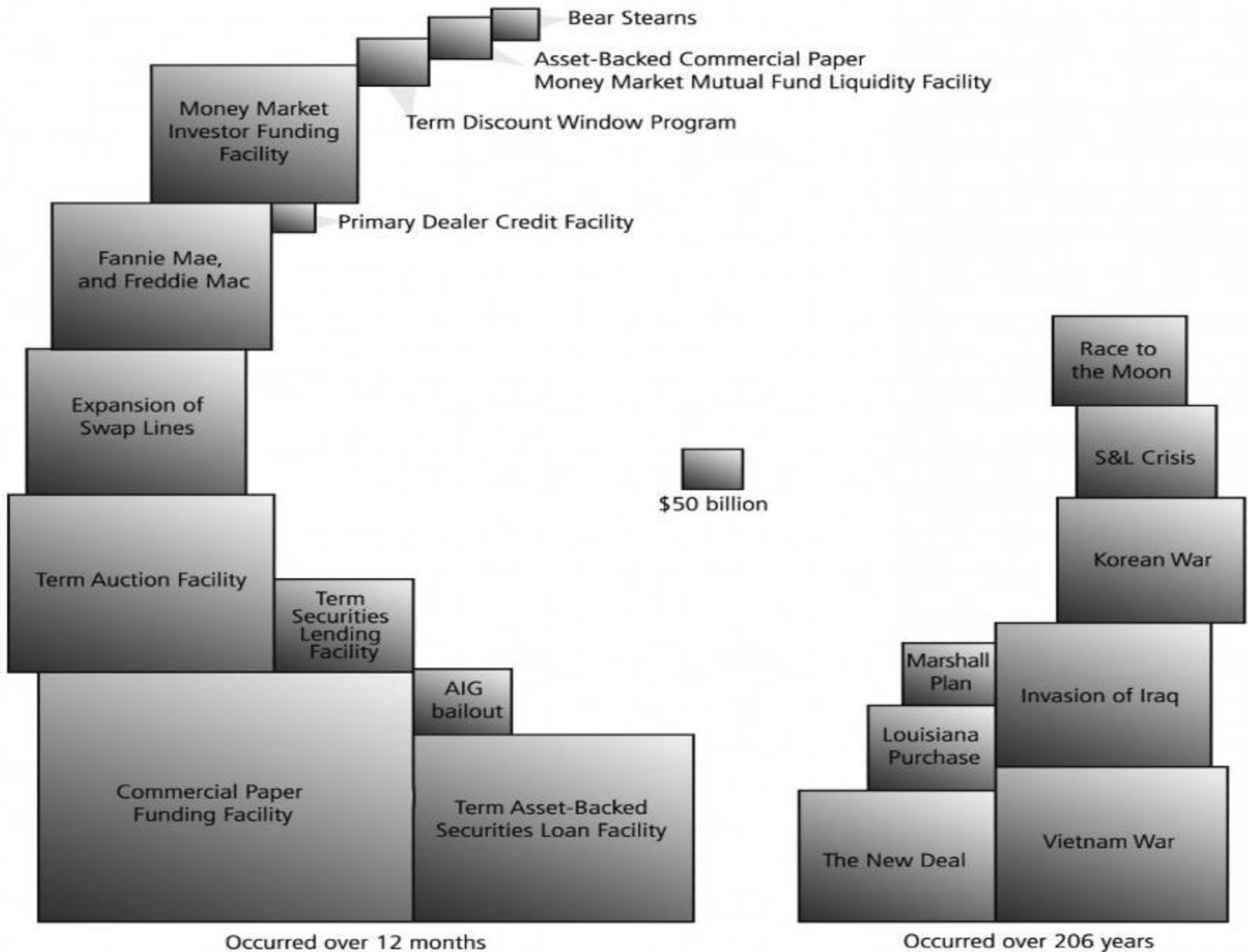


Money supply

- **Common cause: Creating currency not backed by hard assets**
- **Money Supply**
 - ✓ **Excessive money supply without anything to back it up would normally lead to either inflation or depression.**
 - ✓ **Many forecasters expect a deflationary shake-out period for years to come, leaving us in the current depression-era we're in today.**

Government polices and intervention

- **In just about one short year (March 2008 - March 2009), the bailouts managed to spend far in excess of nearly every major one time expenditure of the USA, including**
 - ✓ **WW1&2**
 - ✓ **The moon shot**
 - ✓ **The New Deal**
 - ✓ **Total NASA budgets**
 - ✓ **Iraq war**
 - ✓ **Viet Nam war**
 - ✓ **Korean wars**
 - ✓ **COMBINED!**
- **206 years versus 12 months. Total cost: ~ Over \$11 trillion and counting . . .**



Real estate speculation and bubbles

- **The housing bubble is collapsing**
- **It's not over yet**
- **Home Sales & Prices**
 - ✓ **Forecasters believe that home prices may settle back to 2000 price levels**
- **Opportunities:**
 - ✓ **It's a buyer's market, and you should be a buyer**
 - ✓ **Buy and hold profitable real estate even if you expect lower prices**
 - ✓ **After the shake out is over prices and sales should stabilize then improve**

Foreclosures

- **Next Wave of Mortgage Rate Resets**
- **We are now in the eye of the storm**
- **But due to negative amortization, these products are resetting earlier than projected, like right now.**
- **With record high unemployment, many homeowners will not be able to pay 2 or 3 times what they have been used to, causing a new wave of foreclosures beginning this year, 2010**
- **Rates were projected to recast 5 years after the original loan, but we are peaking now in 2010, and then 6 to 18 months for banks to take foreclosure actions on the new defaults.**

Foreclosures

- **Opportunities:**

- ✓ **A new wave of buyers and sellers will need your help for years**
- ✓ **You'll continue to be able to buy bank REOs at 50% on the dollar**
- ✓ **Most properties can cash flow when bought right super cheap**
- ✓ **Even sellers with high equity will need help selling**
- ✓ **Borrowers in default will need a home to rent or buy**
- ✓ **You can safely sell or rent to those with damaged credit**
- ✓ **A glut of unsold homes means even better deals for investors**

Interest rates

- **Trending lower**
- **Opportunities:**
 - ✓ **More savers and investors need your private lending opportunity**
 - ✓ **You can finance your buyers at, below or above any current mortgage rate**

How to profit

Offer Generator		Address: 123 Main Street		Down:	\$0	Payment:	\$0	Extra Cash:	\$10,000	
Notes:	Normal market demo									
Part 1					Part 2					
ARV	\$247,000	What the property comps out at or appraises at, fixed up			Costs to	Input %	Estimated	Projected \$	Projected %	
Resell Price	\$239,500	To occupy within 60 days			Buy	3.00%	\$7,410	\$3,066	1.24%	
Target Net Profit	15.00%	\$37,050	Or enter fixed	\$70,000	Hold	2.00%	\$4,940	\$2,788	1.13%	
Repairs	\$500	Min \$500 to clean			Sell	1.00%	\$2,470	\$500	0.21%	
Cash Down	\$0	\$160,050	= Max cash available at 65% ARV less repairs		Total	6.00%	\$14,820	\$6,354	2.58%	
Payments	\$0	\$811	= Net cash flow after any payment to seller			(enter as %)				
Minimum income	\$1,295	\$1,644	= Wrap income (ITI) w/ 8% dwn @ 7.99% int		1st loan	Taxes	0.50%	\$1,235	\$1,244	0.50%
Cash Now	\$10,000	\$22,230	= Max suggested at 60% of net profit		Insurance	0.36%	\$889	\$900	0.36%	
Cash MAO	\$160,050	to		\$172,400						
Free & Clear MAO	Term	3	4	5	6	7	8	10	12	15
White cell = 90% to 105% of ARV	Buy Price	\$224,300	\$236,400	\$248,500	\$260,700	\$272,800	\$284,900	\$309,200	\$333,500	\$369,800
Buy Price rounded down to hundreds	Cash Now	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Cash Later	\$224,300	\$236,400	\$248,500	\$260,700	\$272,800	\$284,900	\$309,200	\$333,500	\$369,800
Profit to Buyer	Resell Price	\$239,500	\$241,900	\$244,300	\$246,700	\$249,100	\$251,500	\$256,300	\$261,100	\$268,200
	Cash Now	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
	Cash Flow	\$29,209	\$38,946	\$48,682	\$58,419	\$68,155	\$77,892	\$97,365	\$116,837	\$146,047
White cell = Cash out later is positive	Cash Later	\$2,159	\$11,896	\$21,632	\$31,369	\$41,105	\$50,842	\$70,315	\$89,787	\$118,997
	Profit	\$37,050	\$37,050	\$37,050	\$37,050	\$37,050	\$37,050	\$37,050	\$37,050	\$37,050
	w/Staff	\$37,050	\$37,050	\$37,050	\$37,050	\$37,050	\$37,050	\$37,050	\$37,050	\$37,050
Part 3					COLOR KEY					
Appreciation	1.00%	After 3 years, 2% -5%			Fill-in or change	Fill-in and double-check values in these fields				
Imputed interest	4.50%	4.5% suggested (3%-6% -or- Fed Funds Rate)			Calculated	Contains formula, do not change				
Lender rate	8.00%	7%-15% for Private for Hard money			Reference calculation	Provide as reference to help with fill-in or user worksheet				
Lender points	0.00%	0%-5% for Private for Hard money			What seller gets	Parts of your offer to the seller				
Months to sell	3	1 -6 months			What buyer gets	What you can expect to get back as the investor				
Staff cost to Buy & Sell:		Estimated	Fixed amount	% to get fixed	From other page	Data pulled from a different sheet, do not change				
Buying Manager %	0.00%	\$0	\$2,000	0.81%	User worksheet	Fill-in to use calculator				
Selling Manager %	0.00%	\$0	\$0	0.00%						
HOA dues	\$0				© 2007 RichardRoop.com, Inc.					
Utilities	\$100				Beta Version 3d					
					4/1/2008					

Deal example #1

Part 1			
ARV	\$247,000	What the property comps out at or appraises at, fixed up	
Resell Price	\$239,500	To occupy within 60 days	
Target Net Profit	15.00%	\$37,050	Or enter fixed <input type="text" value="\$70,000"/> then use this <input type="text" value="28.34%"/>
Repairs	\$500	Min \$500 to clean	
Cash Down	\$0	\$160,050	= Max cash available at 65% ARV less repairs
Payments	\$0	\$811	= Net cash flow after any payment to seller
Minimum income	\$1,295	\$1,644	= Wrap income (ITI) w/ 8% dwn @ 7.99% int
Cash Now	\$10,000	\$22,230	= Max suggested at 60% of net profit
			1st loan
			\$16,854

Deal example #1

Part 2				
Costs to	Input %	Estimated	Projected \$	Projected %
Buy	3.00%	\$7,410	\$3,066	1.24%
Hold	2.00%	\$4,940	\$2,788	1.13%
Sell	1.00%	\$2,470	\$500	0.21%
Total	6.00%	\$14,820	\$6,354	2.58%
	(enter as %)			
Taxes	0.50%	\$1,235	\$1,244	0.50%
Insurance	0.36%	\$889	\$900	0.36%

Deal example #1

Part 3				
Appreciation	1.00%	After 3 years, 2% -5%		
Imputed interest	4.50%	4.5% suggested (3%-6% -or- Fed Funds Rate)		
Lender rate	8.00%	7%-15% for Private for Hard money		
Lender points	0.00%	0%-5% for Private for Hard money		
Months to sell	3	1 -6 months		
Staff cost to Buy & Sell:		Estimated	Fixed amount	% to get fixed
Buying Manager %	0.00%	\$0	\$2,000	0.81%
Selling Manager %	0.00%	\$0	\$0	0.00%
HOA dues	\$0			
Utilities	\$100			

As % of ARV
As % of ARV

Part 4				
Category	Input field	Notes	Calculators	Suggested
Term	3			3
Buy Costs %	3.00%	1.24%	\$0	0.00%
Hold Costs %	2.00%	1.13%	\$0	0.00%
Sell Costs %	1.00%	0.20%	\$0	0.00%
TOTAL	6.00%	2.57%	\$0	0.00%
Vacancy rate	15.00%	10%-25%, banks use 25%		15%
Monthly Costs	\$0	HOA dues		
	\$0	Other monthly costs to own		
Buy Costs	\$1,500	Cost of leads per house		\$1,000
Transfer tax - As % of ARV	0.01%	\$ Estimate:	\$25	0.01%
Title insurance - As % of ARV	0.28%	\$ Estimate:	\$700	0.28%
	\$100	Recording fees		
	\$350	Appraisal		
	\$200	Inspections		
	\$200	Doc prep, closing fees, tax cert, etc.		
	\$0	Other one time costs to buy		
Hold Costs	\$100	Utilities		
	\$500	Advertising - Newspaper, online, mail		
Sell Costs	\$200	Marketing supplies to sell or occupy		
	0.00%	\$ Estimate:	\$500	0.21%
	\$200	Doc prep, closing fees, tax cert		
	\$100	Recording, release fees		
	\$0	Other one time costs to sell		

Deal example #1

Part 1				
ARV	\$247,000	What the property comps out at or appraises at, fixed up		
Resell Price	\$239,500	To occupy within 60 days		
Target Net Profit	28.00%	\$69,160	Or enter fixed	\$70,000 then use this 28.34%
Repairs	\$500	Min \$500 to clean		
Cash Down	\$0	\$160,050	= Max cash available at 65% ARV less repairs	
Payments	\$0	\$811	= Net cash flow after any payment to seller	
Minimum income	\$1,295	\$1,644	= Wrap income (ITI) w/ 8% dwn @ 7.99% int	
Cash Now	\$10,000	\$41,496	= Max suggested at 60% of net profit	
				1st loan \$16,854

- **Up the profit**

MAO

5	6	7	8	10	12
\$216,600	\$228,700	\$240,800	\$253,000	\$277,300	\$301,600
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$216,600	\$228,700	\$240,800	\$253,000	\$277,300	\$301,600
\$244,300	\$246,700	\$249,100	\$251,500	\$256,300	\$261,100
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
\$48,722	\$58,466	\$68,210	\$77,955	\$97,444	\$116,932
\$10,438	\$694	\$9,050	\$18,795	\$38,284	\$57,772
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160

- **No money down and no monthly payments**
- **\$10,000 extra cash to you**
- **Borrowing \$17,000 on first**
- **Can offer 100% of \$247,000 ARV over 8 years**

MAO

5	6	7	8	10	12
\$216,600	\$228,700	\$240,800	\$253,000	\$277,300	\$301,600
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$216,600	\$228,700	\$240,800	\$253,000	\$277,300	\$301,600
\$244,300	\$246,700	\$249,100	\$251,500	\$256,300	\$261,100
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\$10,438	\$694	\$9,050	\$18,795	\$38,284	\$57,772
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160

- **White cells mean close to ARV**
- **Based on resell price is \$251,500 in 8 years**
- **Collected \$18,795 more than target profit**
- **Cash now + cash flow + cash later = Profit**

Add payments

Part 1		
ARV	\$247,000	What the property
Resell Price	\$239,500	To occupy within €
Target Net Profit	28.00%	\$69,160
Repairs	\$500	Min \$500 to clean
Cash Down	\$0	\$160,050
Payments	\$700	\$112
Minimum income	\$1,295	\$1,644
Cash Now	\$10,000	\$41,496

- Offer \$700 payments to seller
- Small positive cash flow
- You can offer less then MAO in return

Before

5	6	7	8	10	12
\$216,600	\$228,700	\$240,800	\$253,000	\$277,300	\$301,600
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$216,600	\$228,700	\$240,800	\$253,000	\$277,300	\$301,600
\$244,300	\$246,700	\$249,100	\$251,500	\$256,300	\$261,100
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
\$48,722	\$58,466	\$68,210	\$77,955	\$97,444	\$116,932
\$10,438	\$694	\$9,050	\$18,795	\$38,284	\$57,772
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160

- **8 years offer**
- **Cash flow was \$77,985**
- **(\$18,795) cash later**

After

5	6	7	8	10	12
\$216,600	\$228,700	\$240,800	\$253,000	\$277,300	\$301,600
\$0	\$0	\$0	\$0	\$0	\$0
\$42,000	\$50,400	\$58,800	\$67,200	\$84,000	\$100,800
\$174,600	\$178,300	\$182,000	\$185,800	\$193,300	\$200,800
\$244,300	\$246,700	\$249,100	\$251,500	\$256,300	\$261,100
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
\$6,722	\$8,066	\$9,410	\$10,755	\$13,444	\$16,132
\$52,438	\$51,094	\$49,750	\$48,405	\$45,716	\$43,028
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160

- **Pay seller \$700 a month**
- **Cash flow now \$11,000**
- **Cash later now \$48,000**

Behind the numbers

- **Deal**
 - ✓ **\$253,000 buy price**
 - ✓ **\$0 down**
 - ✓ **\$700 a month for 8 years**
 - ✓ **\$185,800 balloon**
- **Collected**
 - ✓ **\$10,000 cash now**
 - ✓ **\$11,000 cash flow**
 - ✓ **\$48,500 cash later**
- **Total profit = \$69,500**
- **Any cash from buyer is:**
 - ✓ **Added to cash now**
 - ✓ **Subtracted from cash later**

Your cash now

- **New loan**
 - ✓ **\$17,000**
- **Buy costs**
 - ✓ **\$2,500 closing costs & hazard insurance**
- **Hold costs for 3 months**
 - ✓ **\$1,200 interest, taxes, insurance, HOA, utilities**
 - ✓ **\$1,500 for marketing to sell**
 - ✓ **\$500 for fix up**
- **Cash now**
 - ✓ **\$1,500 marketing to buy**
 - **Reimbursed**
 - **Reinvest**
 - ✓ **\$10,000 net - approx**

Your cash flow

- **Income**

- ✓ **\$1,295/mo plus holding cash = \$123,000**

- **Outgo**

- ✓ **\$700 per month = \$67,200 to seller**

- ✓ **\$112 per month = \$10,400 to private lender**

- ✓ **\$180 per month = \$16,700 for tax & ins**

- ✓ **\$194 per month = \$18,000 for 15% vacancy rate**

- ✓ **TOTAL = About \$112,000**

- **Net**

- ✓ **\$11,000 approx**

- **Plus \$18,000**

- **For repairs, maintenance and vacancies**

Cashing out in 8 years

- **\$253,000 buy**
- **\$251,500 sell**
- **\$17,000 1st loan**
- **\$203,000 payoffs after 8 years:**
 - ✓ **\$17,000 on 1st**
 - ✓ **\$186,000 on 2nd**
- **Cash out**
 - ✓ **\$251,500 from buyer**
 - ✓ **Less \$203,000 payoff**
 - ✓ **= \$48,500 backend check**
- **What if you had \$20,000 down from buyer?**
 - ✓ **You got the extra \$20,000 sooner**
 - ✓ **Your backend is \$20,000 less**

Cashing out in **3** years?

- **\$253,000 buy**
- **\$239,500 sell**
- **\$17,000 1st loan**
- **Payoffs after 3 years:**
 - ✓ **\$17,000 on 1st**
 - ✓ **\$0 on 2nd**
- **Move the seller \$227,800 note balance**
 - ✓ **36 x \$700 = \$25,200 paid off already**
 - ✓ **60 x \$700 = \$42,000 still due**
 - ✓ **\$185,800 balloon due in 5 years**
 - ✓ **Move it where?**
- **Net cash at closing**
 - ✓ **\$222,500**
 - ✓ **What to do with it?**

Using your \$222,500 cash

- **Keep \$48,500 in cash**
 - ✓ **\$48,500 in 5 years = \$36,000 now at 6%**
 - **\$12,500 benefit**
- **5 years of cash flow eliminated**
 - **\$6,700 reduction**
- **5 years of expenses eliminated**
 - **\$18,300 benefit**
- **Pay off \$174,000 of 6% debt**
 - ✓ **Replace \$1,043 payments with \$800**
 - **\$14,500 benefit**
 - ✓ **Replace \$162,000 payoff with \$185,800**
 - **\$23,500 reduction**

Using your \$222,500 cash

- **Net benefit**
 - ✓ **\$45,300 benefit**
 - ✓ **less \$30,200 reduction**
- **\$15,100 bonus**
 - ✓ **beyond target profit!**

Or...

- **Offer seller \$159,000 as early payoff**
 - ✓ **8% yield to you**
- **Keep \$63,5000 cash**
 - ✓ **\$48,500 backend + \$15,000 bonus**

What if...

- **You expect prices down 25% in 5 years**
 - ✓ **Project the value in 7 years**
 - ✓ **Then buy using a 10 year plan**
- **You expect rent to decrease**
 - ✓ **Only offer up to 75% of the positive cash flow**
 - ✓ **Reduce your offer by the lost income**
 - **\$1000 to \$750 a month = \$250**
 - **\$250 x 7 years = \$21,000**
 - **Offer \$232,000 instead of \$253,000 for 7 yrs**
 - **Offer \$247,000 instead of \$277,000 for 10 yrs**
- **You have no property with enough equity**
 - ✓ **To move a 0% mortgage...**
 - ✓ **Create equity by paying off interest bearing debt**
 - ✓ **Use your home**
 - ✓ **Buy a subject to deal**

Protecting the seller's equity

- **\$247,000 house**
 - ✓ **15% transaction costs**
 - ✓ **\$210,000 net**
- **List for \$239,500**
- **Accept \$230,000**
 - ✓ **7% seller concession**
- **Gross \$216,200**
 - ✓ **After 6% commissions**
- **Reduced further by**
 - ✓ **Less closing costs**
 - ✓ **Less holding costs**
 - ✓ **Less getting it ready to sell**
 - ✓ **Less buyer repair requests**
 - ✓ **Less price market declines while selling**

Protecting the seller's equity

- **\$210,000 net cash if lucky**
- **Invest in 5 year CD for 2.9%**
 - ✓ **Grows to \$243,000 in 5**
 - ✓ **Grows to \$257,000 in 7**
 - ✓ **If truly compounded**
- **But your offer is \$253,000!**
- **And they avoid**
 - ✓ **Many uncertainties**
 - ✓ **Doing worse**
 - ✓ **The hassles of marketing a home**

Why would they do that?

- **Price & Terms**
- **Money**
- **Health**
- **Desire to move**
- **Avoid marketing**
- **Property Management**

Our price and terms

- **Like our full price offer**
 - ✓ **Net or transaction costs**
 - ✓ **Or avoid all transaction costs**
- **Don't want to discount 20-50%**
- **Don't need very much or any cash**
- **Like the idea of monthly income**
- **Prefer heirs receive a hands-free note**
 - ✓ **Than cash to blow**
 - ✓ **Or house to sell**
- **We're the best offer they've gotten**

Money

- **They like our cash offer**
 - ✓ **All cash or**
 - ✓ **Some cash**
- **Don't have cash**
 - ✓ **To remodel, repair or update**
- **Property values are down**
 - ✓ **Best way for them to get top dollar**
 - ✓ **Rather than competing with REO's**

Health

- **Illness and health**
 - ✓ **Spouse illness or death**
- **Move to a warmer climate**
- **Move to smaller**
 - ✓ **Now to big**
 - ✓ **Easier to maintain**
- **Need a home without stairs**
- **Need to move into assisted living**
 - ✓ **Or nursing home**
- **Settling their affairs**
 - ✓ **Getting things ready for heirs**
- **Need cash for medical**

Desire to Move

- **Bad memories in house**
- **Want to to larger, nicer home**
- **Moving in with family members**
 - ✓ **Or new spouse**
- **Relocating for job opportunity**
- **Moving closer to family or grandkids**
 - ✓ **That have moved away**
- **Want to buy a great deal elsewhere**
 - ✓ **During this buyers market**

Avoid marketing

- **Can't or won't do fix up**
 - ✓ **To make home attractive to retail buyers**
- **Don't want strangers in their house**
- **Disgruntled with real estate agents**
- **Listing expired unsold**
- **Lots of houses for sale in area**
- **Sell fast when DOM is long**
- **Avoid costs or commissions**

Property management

- **Sick of rental property headaches**
- **They don't want to pay taxes on capital gains**
- **Don't want heirs burdened with properties to manage**
- **Like to get same net income**

Deal example #2

Part 1				
ARV	\$247,000	What the property comps out at or appraises at, fixed up		
Resell Price	\$239,500	To occupy within 60 days		
Target Net Profit	28.00%	\$69,160	Or enter fixed	\$70,000 then use this 28.34%
Repairs	\$500	Min \$500 to clean		
Cash Down	\$30,000	\$160,050	= Max cash available at 65% ARV less repairs	
Payments	\$500	\$108	= Net cash flow after any payment to seller	
Minimum income	\$1,295	\$1,644	= Wrap income (ITI) w/ 8% dwn @ 7.99% int	
Cash Now	\$10,000	\$41,496	= Max suggested at 60% of net profit	
				1st loan \$47,356

- **\$30,000 down**
- **\$500 a month**

Before

5	6	7	8	10	12
\$216,600	\$228,700	\$240,800	\$253,000	\$277,300	\$301,600
\$0	\$0	\$0	\$0	\$0	\$0
\$42,000	\$50,400	\$58,800	\$67,200	\$84,000	\$100,800
\$174,600	\$178,300	\$182,000	\$185,800	\$193,300	\$200,800
\$244,300	\$246,700	\$249,100	\$251,500	\$256,300	\$261,100
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
\$6,722	\$8,066	\$9,410	\$10,755	\$13,444	\$16,132
\$52,438	\$51,094	\$49,750	\$48,405	\$45,716	\$43,028
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160

- **\$253,000**
- **\$0 down**
- **\$700 a month**

After

5	6	7	8	10	12
\$203,700	\$213,400	\$223,100	\$232,800	\$252,200	\$271,600
\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
\$30,000	\$36,000	\$42,000	\$48,000	\$60,000	\$72,000
\$143,700	\$147,400	\$151,100	\$154,800	\$162,200	\$169,600
\$244,300	\$246,700	\$249,100	\$251,500	\$256,300	\$261,100
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
\$6,482	\$7,778	\$9,074	\$10,371	\$12,964	\$15,556
\$52,678	\$51,382	\$50,086	\$48,789	\$46,196	\$43,604
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160

- **\$232,800**
- **\$30,000 down**
- **\$500 a month**
- **Or offer \$252,000 for 10 years**

Buying in declining market

Part 1				
ARV	\$247,000	What the property comps out at or appraises at, fixed up		
Resell Price	\$219,500	To occupy within 60 days		
Target Net Profit	28.00%	\$69,160	Or enter fixed	\$70,000 then use this 28.34%
Repairs	\$500	Min \$500 to clean		
Cash Down	\$0	\$160,050	= Max cash available at 65% ARV less repairs	
Payments	\$700	\$112	= Net cash flow after any payment to seller	
Minimum income	\$1,295	\$1,522	= Wrap income (ITI) w/ 8% dwn @ 7.99% int	
Cash Now	\$10,000	\$41,496	= Max suggested at 60% of net profit	1st loan \$16,756

Part 3	
Appreciation	0.00%
Imputed interest	4.50%
Lender rate	8.00%
Lender points	0.00%
Months to sell	3
Staff cost to Buy & Sell:	
Buying Manager %	0.00%
Selling Manager %	0.00%
HOA dues	\$0
Utilities	\$100

Sell later for \$239,500

5	6	7	8	10	12
\$216,600	\$228,700	\$240,800	\$253,000	\$277,300	\$301,600
\$0	\$0	\$0	\$0	\$0	\$0
\$42,000	\$50,400	\$58,800	\$67,200	\$84,000	\$100,800
\$174,600	\$178,300	\$182,000	\$185,800	\$193,300	\$200,800
\$244,300	\$246,700	\$249,100	\$251,500	\$256,300	\$261,100
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
\$6,722	\$8,066	\$9,410	\$10,755	\$13,444	\$16,132
\$52,438	\$51,094	\$49,750	\$48,405	\$45,716	\$43,028
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160

- **\$700 a month**
- **\$0 down**
- **Offer \$253,000 on 8 year plan**

Sell later for \$219,500

5	6	7	8	10	12
\$191,800	\$201,500	\$211,200	\$221,000	\$240,500	\$260,000
\$0	\$0	\$0	\$0	\$0	\$0
\$42,000	\$50,400	\$58,800	\$67,200	\$84,000	\$100,800
\$149,800	\$151,100	\$152,400	\$153,800	\$156,500	\$159,200
\$219,500	\$219,500	\$219,500	\$219,500	\$219,500	\$219,500
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
\$6,722	\$8,066	\$9,410	\$10,755	\$13,444	\$16,132
\$52,438	\$51,094	\$49,750	\$48,405	\$45,716	\$43,028
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160
\$69,160	\$69,160	\$69,160	\$69,160	\$69,160	\$69,160

- Use projected future price
- Use 0% appreciation
- Offer **\$240,500 on 10 year plan**

Webinar Offer #1

- **Free & Clear Cash Machine for \$997**
 - ✓ **FREE \$2,600 bonus training collection of videos, audios and reports**
 - ✓ **FREE 30 minute private coaching session with a certified coach**
 - ✓ **FREE 30 days of Inner Circle benefits**
- **Or enroll in The Experiment and get it free...**

Webinar Offer #2

- **Enroll in The Experiment for \$1,497**
 - ✓ **The Free & Clear Cash Machine package FREE**
 - ✓ **Your ticket to the live 4-day boot camp**
 - ✓ **FREE ticket for a guest to come with you**
 - ✓ **FREE 90 day follow up and support program**
 - ✓ **FREE shipping in US**
 - ✓ **Option of 3 payment plan of \$499 each**

Webinar Offer #3

- **Enroll for BOTH The Experiment and Million Dollar Postcards for \$1,997**
 - ✓ **The Free & Clear Cash Machine package**
 - ✓ **2 tickets to The Experiment with 90 days of follow up**
 - ✓ **Enrollment into Million Dollar Postcards (normally \$1,497)**
 - ✓ **Full payment required -- no pay plan**

Get started now

- **Free & Clear Cash Machine**
✓ **for \$997**
- **Enroll in The Experiment**
✓ **for \$1,497**
- **The Experiment & Million Dollar Postcards**
✓ **for \$1,997**
- **Go to:**
✓ **www.RichardRoop.com/webinaroffer**
- **Or call Julia at:**
✓ **(719) 359-5337**

Depression of 1796–97

- A series of downturns in credit markets
 - ✓ led to broader commercial downturn in the US
- Problems first emerged with
 - ✓ land speculation bubble bursting in 1796
- Deepened into a depression
 - ✓ when the Bank of England suspended payments
 - ✓ faced insolvency due to the war costs
- Disflationary repercussions in financial & commercial
 - ✓ Caused by The Bank of England's action, and
 - ✓ Collapse of US real estate market
- Resulted in the imprisonment of many American
 - ✓ debtors and
 - ✓ financiers

Depression of 1837-42

- A panic in the US built on a speculative fever.
- The bubble burst when
 - ✓ every bank in NYC stopped payment in gold and silver.
- 5-year depression followed with
 - ✓ bank failures and
 - ✓ Record unemployment.
- Caused by US economic policies resulting in
 - ✓ bank withdrawals
 - ✓ excessive printing of unbacked paper money
 - ✓ inflation.

Depression of 1873-79

- Began **77 years** after 1796 Depression started
- A severe economic depression in the US
 - ✓ with deflation and low growth
- Bankruptcy of a Philadelphia banking firm
- Followed strong economic growth fueled by
 - ✓ the Second Industrial Revolution and
 - ✓ end of the Civil War

Great Depression 1929-33

- Began **92 years** after 1837 Depression started
- Start in the US with the stock market crash
- Personal income, tax revenue, profits and prices dropped, and international trade plunged
- Unemployment in the US rose to 25%
- Construction was virtually halted
- Farming & rural areas suffered as crop prices fell 60%
- Jobs dependent on primary industries suffered the most

The Great Recession 2007-17

- Began **78 years** after 1929 Depression started
- Began in the US in December 2007
 - ✓ with greater intensity September 2008.
- Linked to reckless and unsustainable lending practices resulting from
 - ✓ the deregulation and securitization of real estate mortgages.
- The US mortgage-backed securities, which had risks that were hard to assess, were marketed around the world. A more broad based credit boomfed a global speculative bubble in real estate and equities, which served to reinforce the risky lending practices.
- The emergence of Sub-prime loan losses in 2007 began the crisis and exposed other risky loans and over-inflated asset prices.

The Great Recession 2007-17

- With loan losses mounting and the fall of Lehman Brothers on September 15, 2008, a major panic broke out on the inter-bank loan market.
- As share and housing prices declined, many large investment and commercial banks suffered huge losses and even faced bankruptcy, resulting in massive public financial assistance.
- Has resulted in a sharp drop in international trade, rising unemployment and slumping commodity prices.
- In December 2008, the National Bureau of Economic Research declared that the US had been in recession since December 2007.
- Several economists predict that recovery may not appear until 2011 and that the recession will be the worst since the Great Depression.

The Great Recession 2007-17

- Contributed to the failure of key businesses, declines in consumer wealth estimated in the trillions of U.S. dollars, substantial financial commitments incurred by governments, and a significant decline in economic activity.
- Both market-based and regulatory solutions have been implemented or are under consideration, while significant risks remain over the 2010–2011 periods.
- The collapse of a global housing bubble, which peaked in the U.S. in 2006, caused the values of securities tied to real estate pricing to plummet thereafter.

The Great Recession 2007-17

- Questions regarding bank solvency, declines in credit availability, and damaged investor confidence had an impact on stock markets, where securities suffered large losses during late 2008 and early 2009.
- Critics argued that credit rating agencies and investors failed to accurately price the risk involved with mortgage-related financial products, and that governments did not adjust their regulatory practices to address 21st century financial markets.
- Governments and central banks responded with unprecedented fiscal stimulus, monetary policy expansion, and institutional bailouts.

The Fifth Migration in the US

- According to Dr. Jack Lessinger, we have seen 5 socio-economic cycles in the US which rise and fall in 60 year cycles.
 - ✓ Peak prosperity peaking circa the 1790's
 - ✓ Peak prosperity peaking circa the 1840's
 - ✓ Peak prosperity peaking circa the 1900's
 - ✓ Peak prosperity peaking circa the 1960's
 - ✓ Peak prosperity peaking circa the 2020's

The Fifth Migration in the US

- Economic prosperity in 5 different “regions of opportunity” relate to peaking population growth:
 - ✓ East Coast locations — Peaked circa the 1790's
 - ✓ River locations — Peaked circa the 1840's
 - ✓ Continental locations — Peaked circa the 1900's
 - ✓ Coastal locations — Peaked circa 1950-1970
 - ✓ **Pentrubia** locations — Peaking circa the 2020's

The Fifth Migration in the US

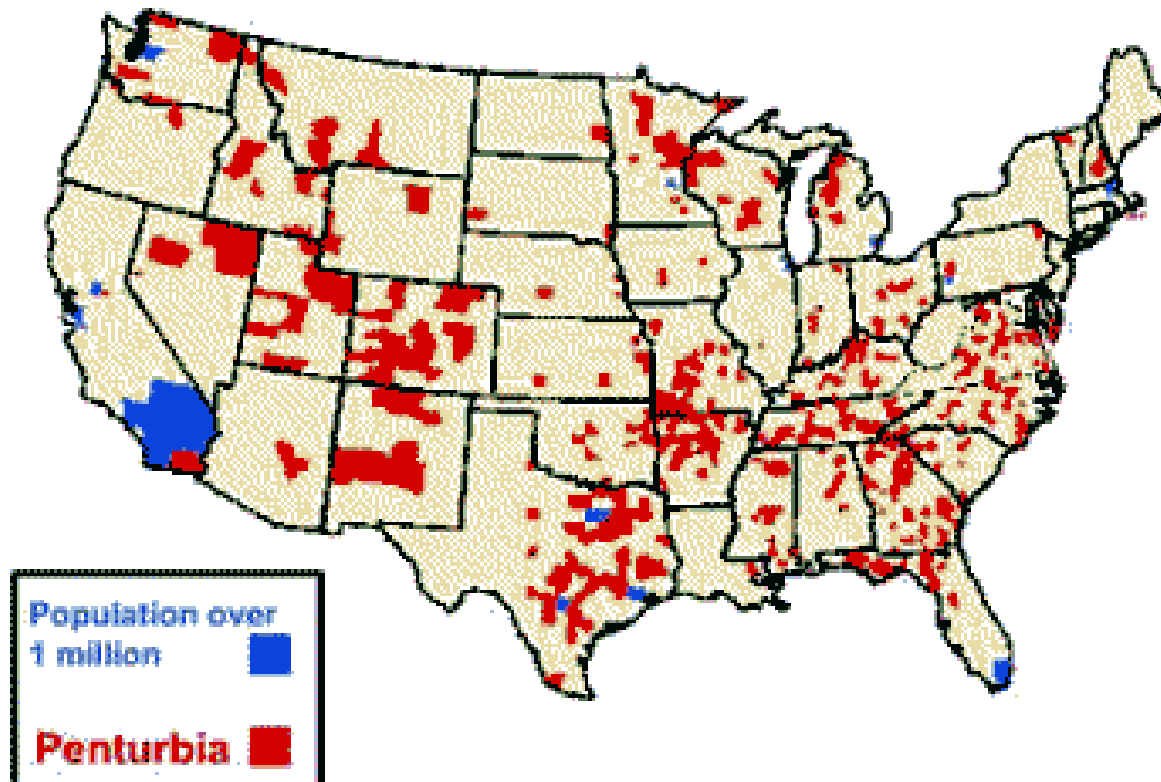
- When two opposing societies and economies collide, we experience a season of depression (and never at any other time):
 - ✓ 1 vs 2 = Depressions of 1815 and 1837
 - ✓ 2 vs 3 = Depressions of 1873 and 1893
 - ✓ 3 vs 4 = Depression of 1929-1941
 - ✓ 4 vs 5 = Depression of 2007-2017

The Fifth Migration in the US

- In 1991 Dr. Lessinger published “Pentrubia: Where Real Estate Will Boom AFTER the Crash of Suburbia.”
- In 1994, I read his book and used it to relocate my family to a pentrubian county in Colorado.
- Living in Hawaii at the time, I experienced the benefit of rising real estate prices caused by speculative Japanese investors, but cashed out based on Jack’s predictions.
- The penturbia counties in his 1991 book (based on 1988 data) grew twice as fast the national average through 2005.

Penturbia, Successor to Suburbia, 5th Region of Opportunity

As of 2005



For detailed maps showing different growth patterns of penturban counties see *Boom Counties, Updated to 2004*. (available October, 2005.)

The Fifth Migration in the US

- As a marketing consultant I also contacted Jack in 1994 about promoting his work
- Last time I spoke to him was in Sept 2008
 - ✓ after I saw the economy unraveling.
- I moved to a **pentrubian** county in Colorado
 - ✓ I have purchased and sold millions
 - ✓ Still own millions
- Jack kept me out of the risky coastal areas and subsequent housing bubble.

Great Depression ahead?

- Harry Dent is another market trend forecaster
- Author of "The Great Depression Ahead: How To prosper in the Debt Crisis of 2010-2012."
- I read his book previous book on "The Roaring 2000's" which predicted a 15 year boom from 1993 to 2008 based on spending habits of baby boomers.
- He is currently forecasting a shake-out period with decreased spending and deflation through 2020, and major stock market correction in 2010-2011 under 4,000 on the Dow.
- That is based on an 80 year new economic cycle.

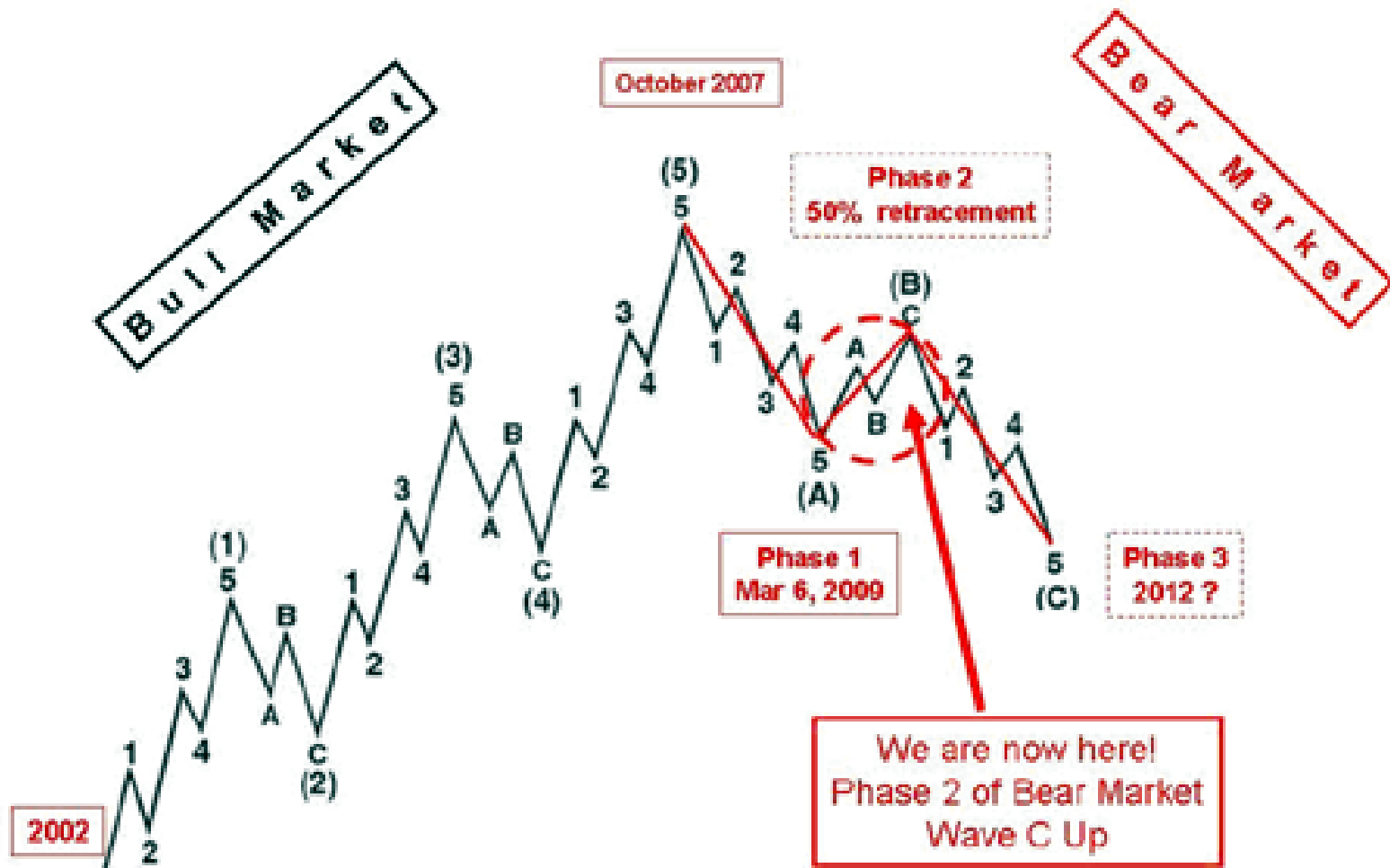
80-Year New Economy Cycle



Stock Market Wave theory

- Robert Prechter uses Elliot Wave theory to forecast market cycles
- Peaking in October 2007
- Crashing October 2008
- Bouncing to the high of January 2010
- He forecasts the Dow below to 4,000 in 2010
 - ✓ Below 1,000 by 2014.

Waves Theory in Stock prices



Seasons in Stocks



Dow/Gold ratio

- One way to analyze stock market prices is the Dow/Gold ratio
 - ✓ based on how many ounces of gold it takes to buy a basket of DJIA stocks
- That topped in 2000, representing the start of a “long cycle” bear market
 - ✓ which on average would last **17 years**
 - ✓ through 2017

Dow/Gold ratio



Chart created with NeoTicker EOD © 1998-2007 TickQuest Inc.

Secular Bull Markets

- ✓ **1922-1928** (7 years)
 - Average annual return of 17.20%
- ✓ **1950-1965** (16 years)
 - Average annual return of 10.60%
- ✓ **1983-1999** (17 years)
 - Average annual return of 15.30%

Secular Bear Markets

- ✓ **1906-1921** (16 years)
 - Average annual return of 1.58%
- ✓ **1929-1949** (21 years)
 - Average annual return of 1.69%
- ✓ **1966-1982** (17 years)
 - Average annual return of 1.59%
- ✓ **2000-2017** (17 years projected)

Real estate

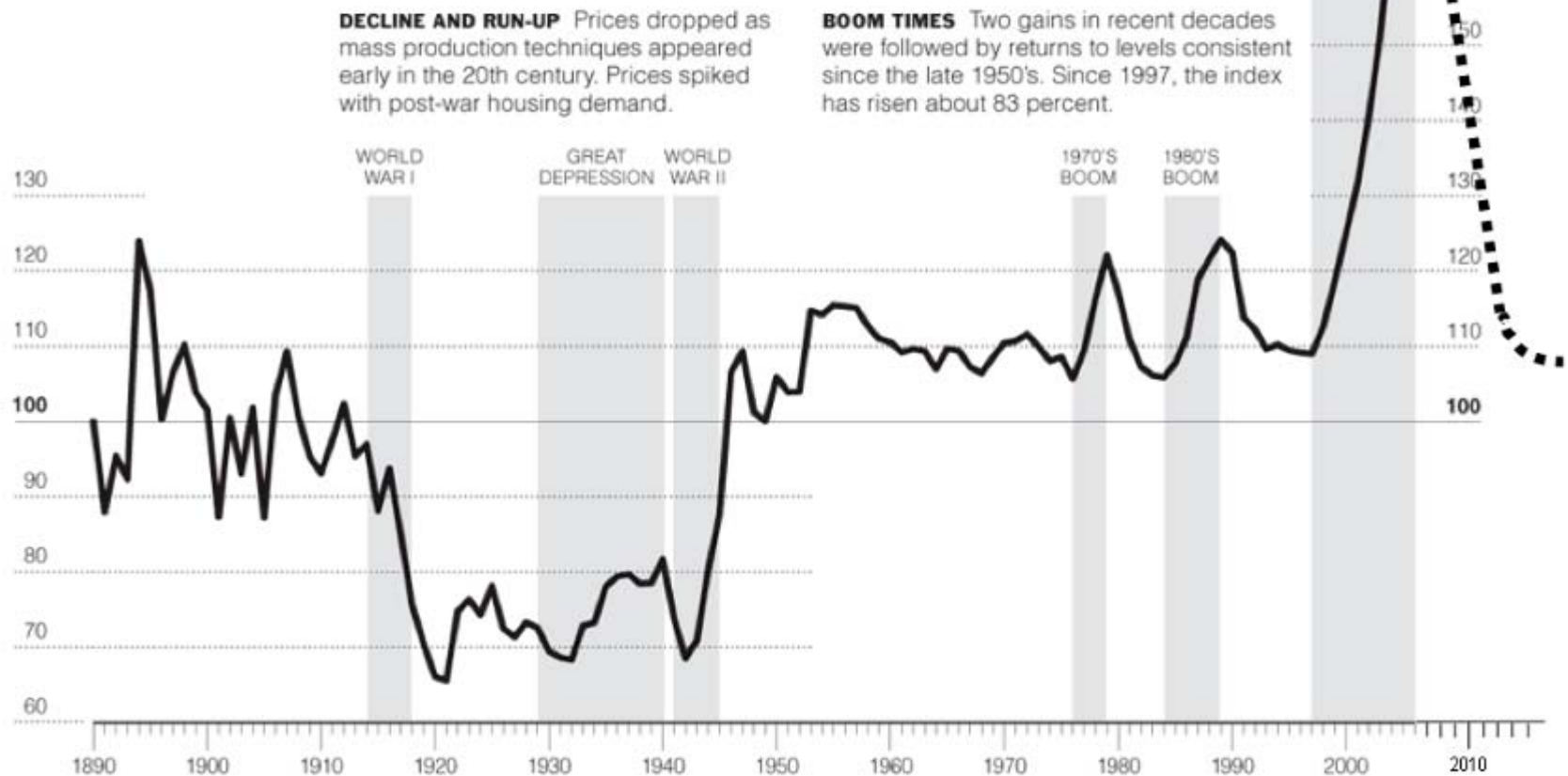
- **Where are prices headed?**
- **Are prices recovering?**
- **Which markets will be best and worst?**
- **What's ahead for hardest hit areas?**
- **New wave of foreclosures?**

Home Values

A History of Home Values

The Yale economist Robert J. Shiller created an index of American housing prices going back to 1890. It is based on sale prices of standard existing houses, not new construction, to track the value of housing as an investment over time. It presents housing values in consistent terms over 116 years, factoring out the effects of inflation.

The 1890 benchmark is 100 on the chart. If a standard house sold in 1890 for \$100,000 (inflation-adjusted to today's dollars), an equivalent standard house would have sold for \$66,000 in 1920 (66 on the index scale) and \$199,000 in 2006 (199 on the index scale, or 99 percent higher than 1890).



Metro Housing Markets

HousingPredictor.com

Major Metro Housing Markets 2010

Rank	Real Estate Market	Forecast
1.	Manhattan, NY	- 17.2%
2.	Los Angeles, CA	- 8.9%
3.	Chicago, IL	- 10.2%
4.	Philadelphia, PA	2.7%
5.	San Francisco, CA	- 6.8%
6.	Dallas, TX	- 2.6%
7.	Boston, MA	- 7.2%
8.	Atlanta, GA	- 7.8%
9.	Washington, DC	- 8.3%
10.	Houston, TX	2.1%
11.	Detroit, MI	- 8.2%
12.	Phoenix, AZ	- 11.3%
13.	Tampa, FL	- 7.1%
14.	Seattle, WA	- 9.1%
15.	Minneapolis, MN	- 3.2%
16.	Miami, FL	- 13.8%
17.	Cleveland, OH	10.4%
18.	Denver, CO	- 4.8%
19.	Orlando, FL	- 9.2%
20.	Sacramento, CA	- 8.4%
21.	St. Louis, MO	- 8.6%
22.	Portland, OR	- 10.4%
23.	Pittsburgh, PA	2.3%
24.	Charlotte, NC	- 10.7%
25.	Indianapolis, IN	- 6.3%

Best

Best 25 Housing Markets 2010

Rank	Real Estate Market	Forecast
1.	Cleveland, OH	10.4%
2.	Columbus, OH	9.4%
3.	Cincinnati, OH	8.8%
4.	Toledo, OH	6.5%
5.	Lafayette, LA	5.4%
6.	Des Moines, IA	5.1%
7.	Arlington, VA	4.8%
8.	Juneau, AK	4.2%
9.	Davenport, IA	4.2%
10.	Baton Rouge, LA	4.0%
11.	Austin, TX	3.6%
12.	Marquette, MI	3.2%
13.	Fargo, ND	3.1%
14.	Charleston, WV	3.1%
15.	Iowa City, IA	3.1%
16.	Shreveport, LA	2.9%
17.	Bismarck, ND	2.9%
18.	Rapid City, SD	2.8%
19.	Philadelphia, PA	2.7%
20.	Grand Rapids, MI	2.7%
21.	Sioux Falls, SD	2.7%
22.	Morgantown, WV	2.6%
23.	Omaha, NE	2.5%
24.	Bellevue, NE	2.3%
25.	Pittsburgh, PA	2.3%

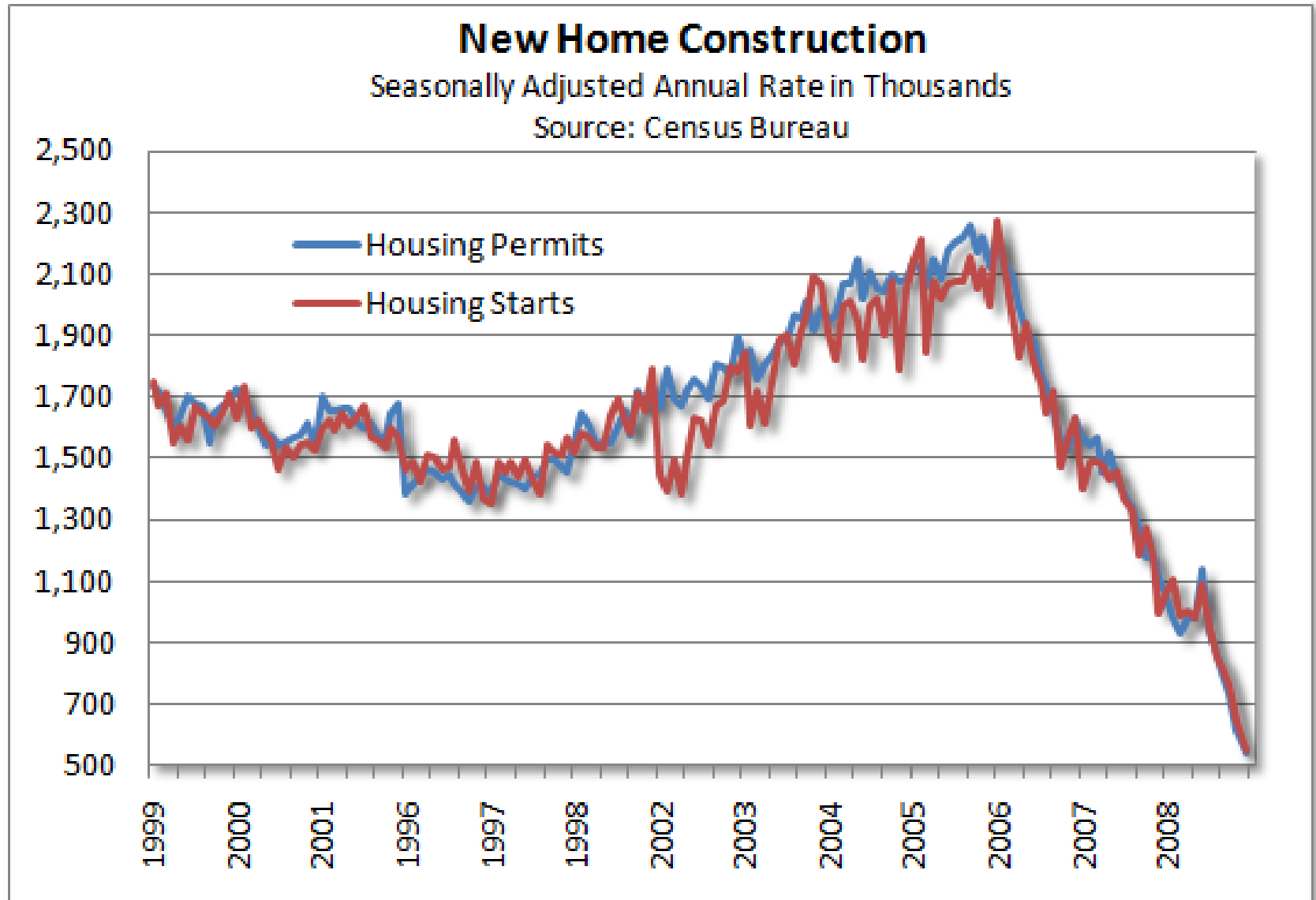
Worst

Worst 25 Housing Markets 2010

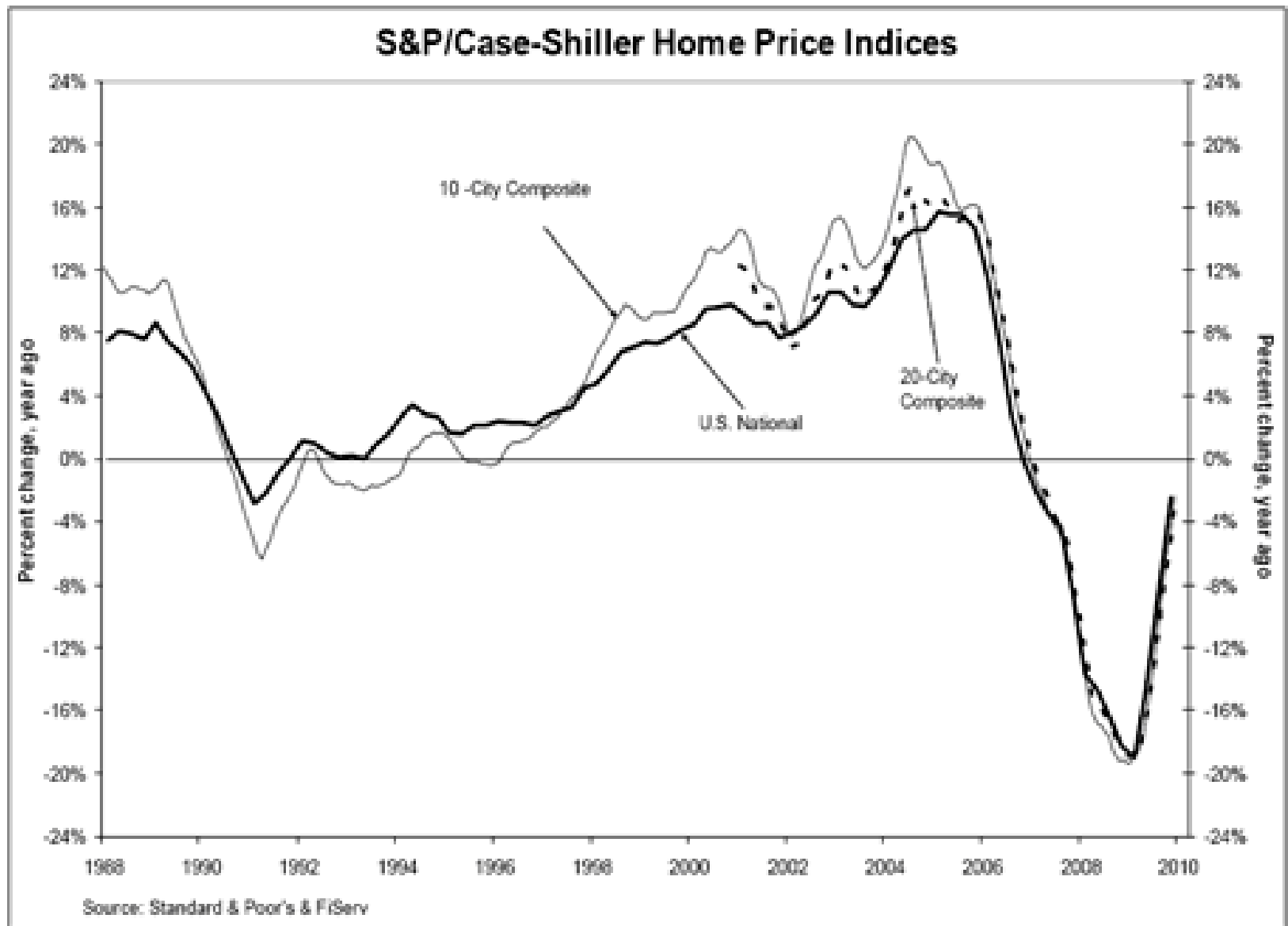
Rank	Real Estate Market	2010 Forecast
1.	Manhattan, NY	- 17.2%
2.	Las Vegas, NV	- 15.4%
3.	Providence, RI	- 13.8%
4.	Miami , FL	- 13.8%
5.	Newport, RI	- 13.6%
6.	Henderson, NV	- 13.5%
7.	Greenwich, CT	- 13.4%
8.	Scottsdale, AZ	- 12.4%
9.	Columbia, SC	- 12.2%
10.	Charleston, SC	- 12.1%
11.	Salem, OR	- 11.8%
12.	Prince George's, MD	- 11.6%
13.	Phoenix, AZ	- 11.3%
14.	Brooklyn & Queens, NY	- 11.2%
15.	Myrtle Beach, SC	- 11.2%
16.	Ogden UT	- 10.9%
17.	Bethesda, MY	- 10.8%
18.	Richmond, VA	- 10.8%
19.	Portland, OR	- 10.4%
20.	Palm Beach, FL	- 10.4%
21.	Maui, HI	- 10.3%
22.	Stamford, CT	- 10.2%
23.	Chicago, IL	- 10.2%
24.	Fresno, CA	- 9.8%
25.	Oakland, CA	- 9.6%

* The Worst 25 Markets are composed of cities that have the highest probability of reaching their forecast deflation in 2010 from the more than 250 local markets Housing Predictor forecasts.

Housing starts – record low

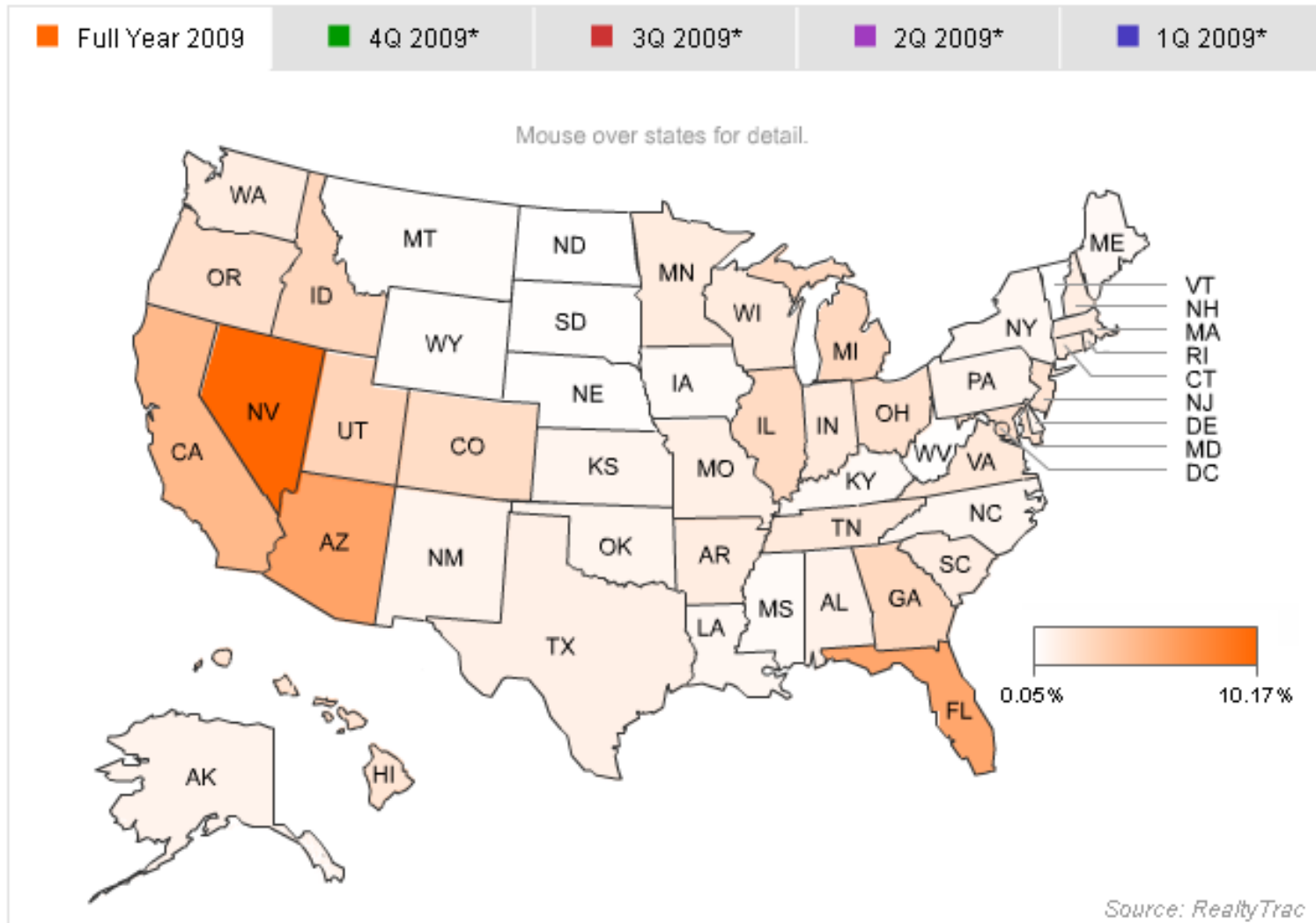


Home price direction

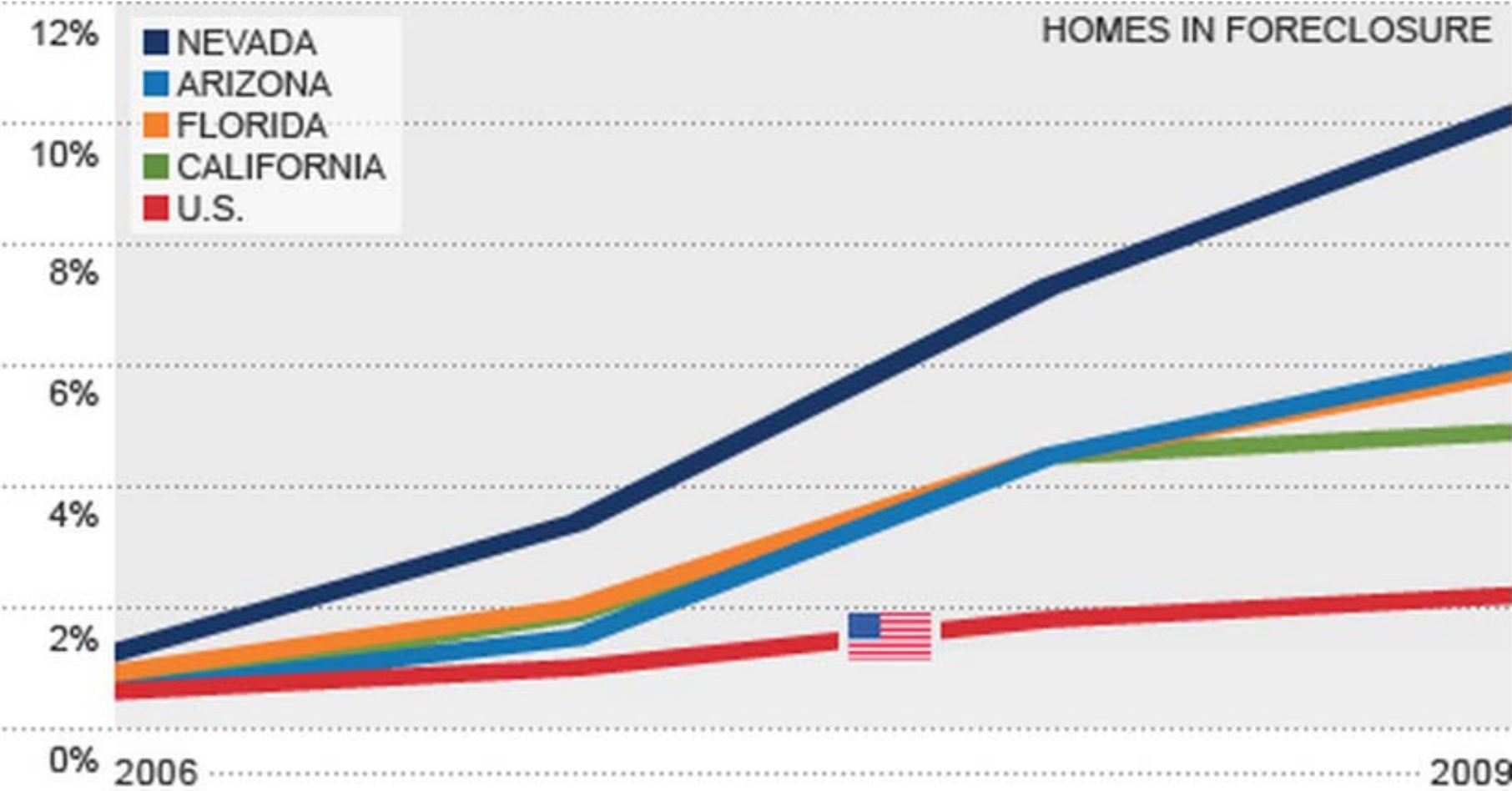


Foreclosures

The number of homes receiving foreclosure filings is skyrocketing across the country. Here's the rate in your state.



The Sand States

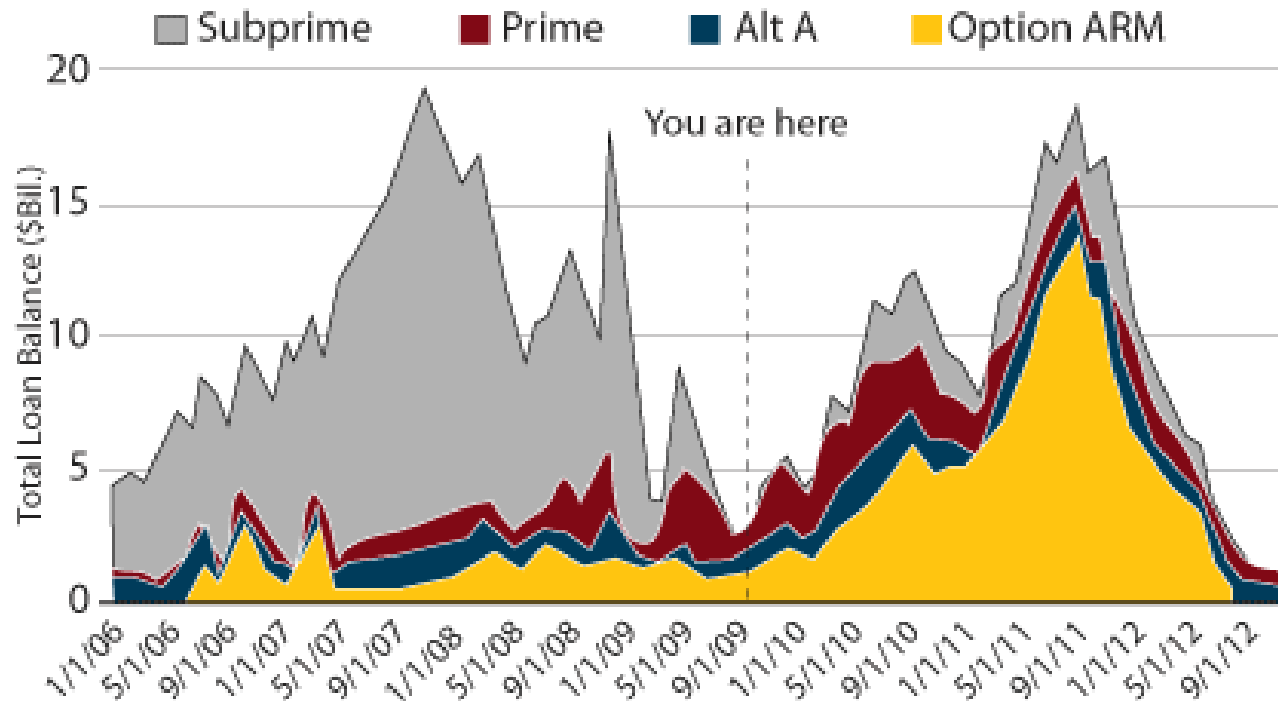


SOURCE: REALTYTRAC

Mortgage Resets

The Second Wave

Subprime resets crushed the housing market in '07 and '08. Now a new wave of adjustable rate mortgage resets is just around the corner.

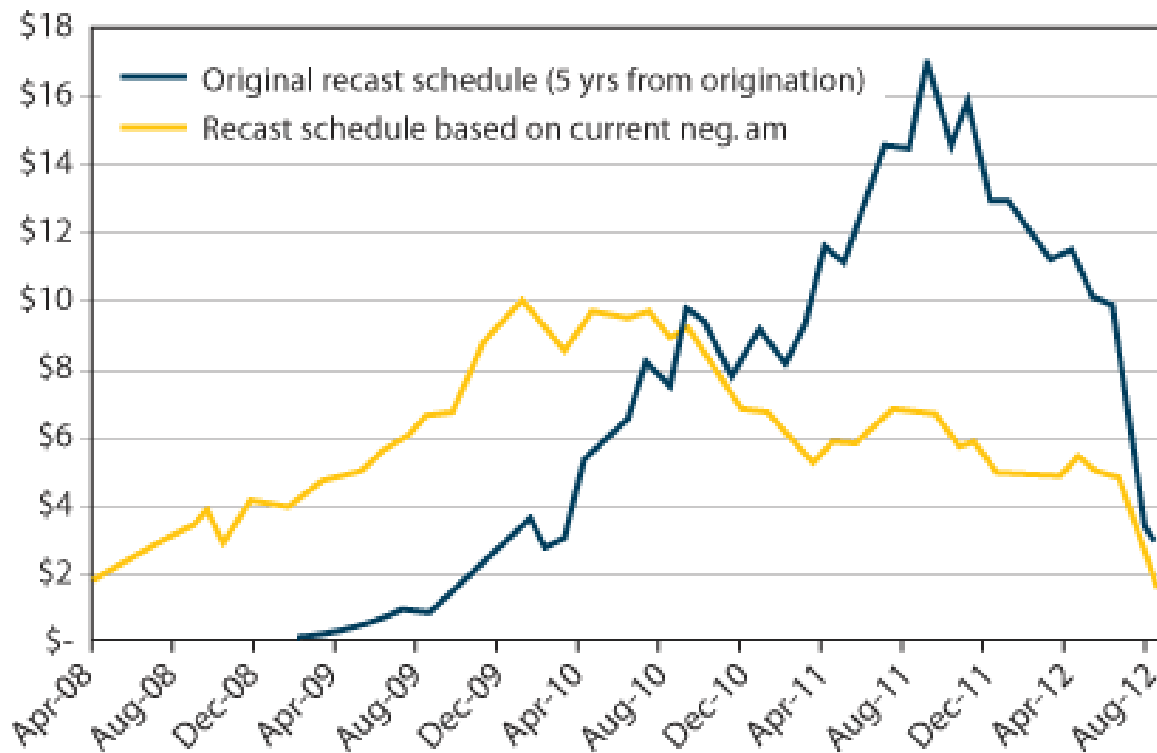


Source: T2 Partners

WWW.AGORAFINANCIAL.COM

Mortgage Resets - early

Early Option ARM Resets to Shorten Our "Recovery"



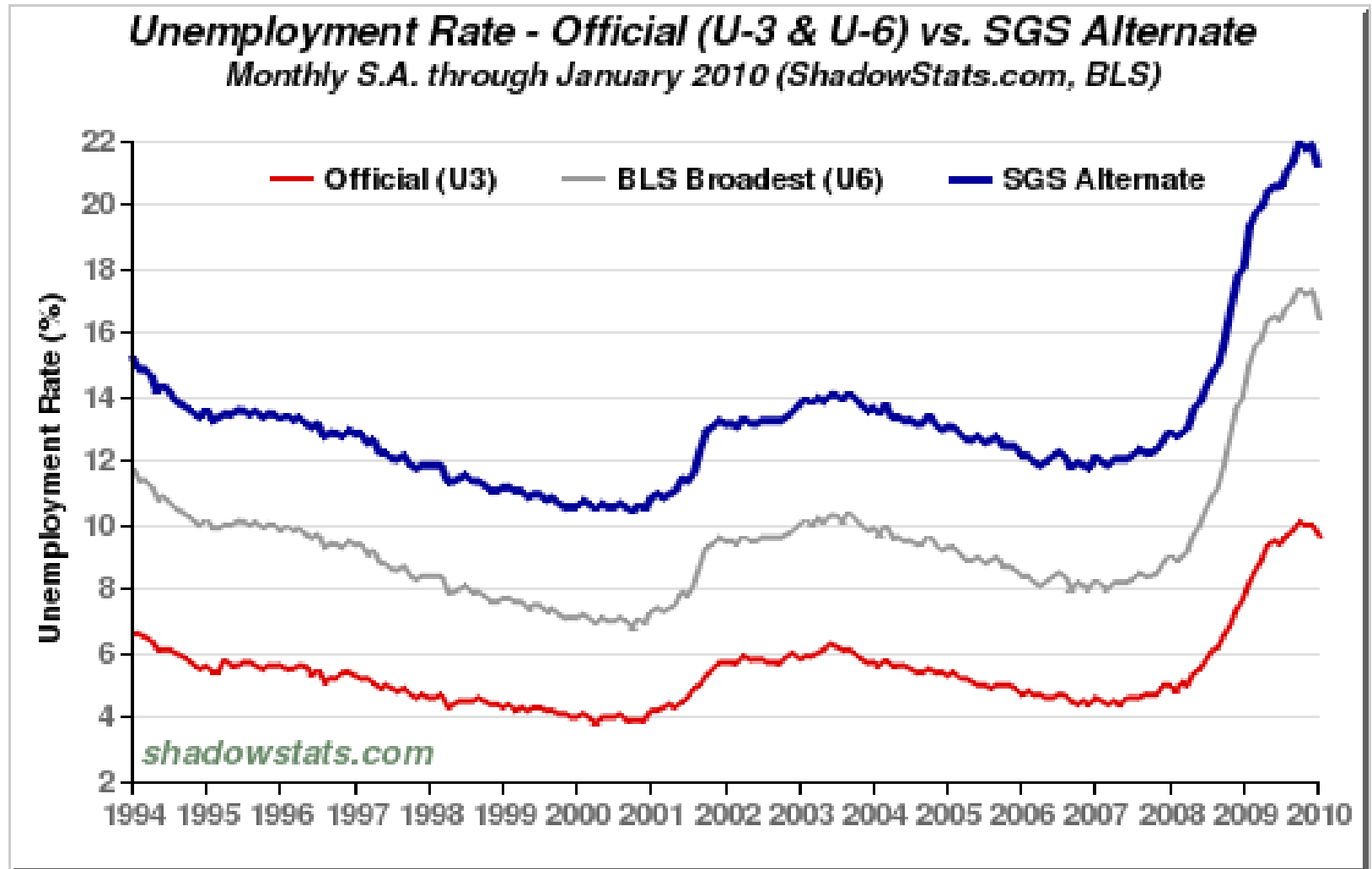
Source: Credit Suisse for Business Week, T2 Partners Presentation
at www.valueinvestingcongress.com

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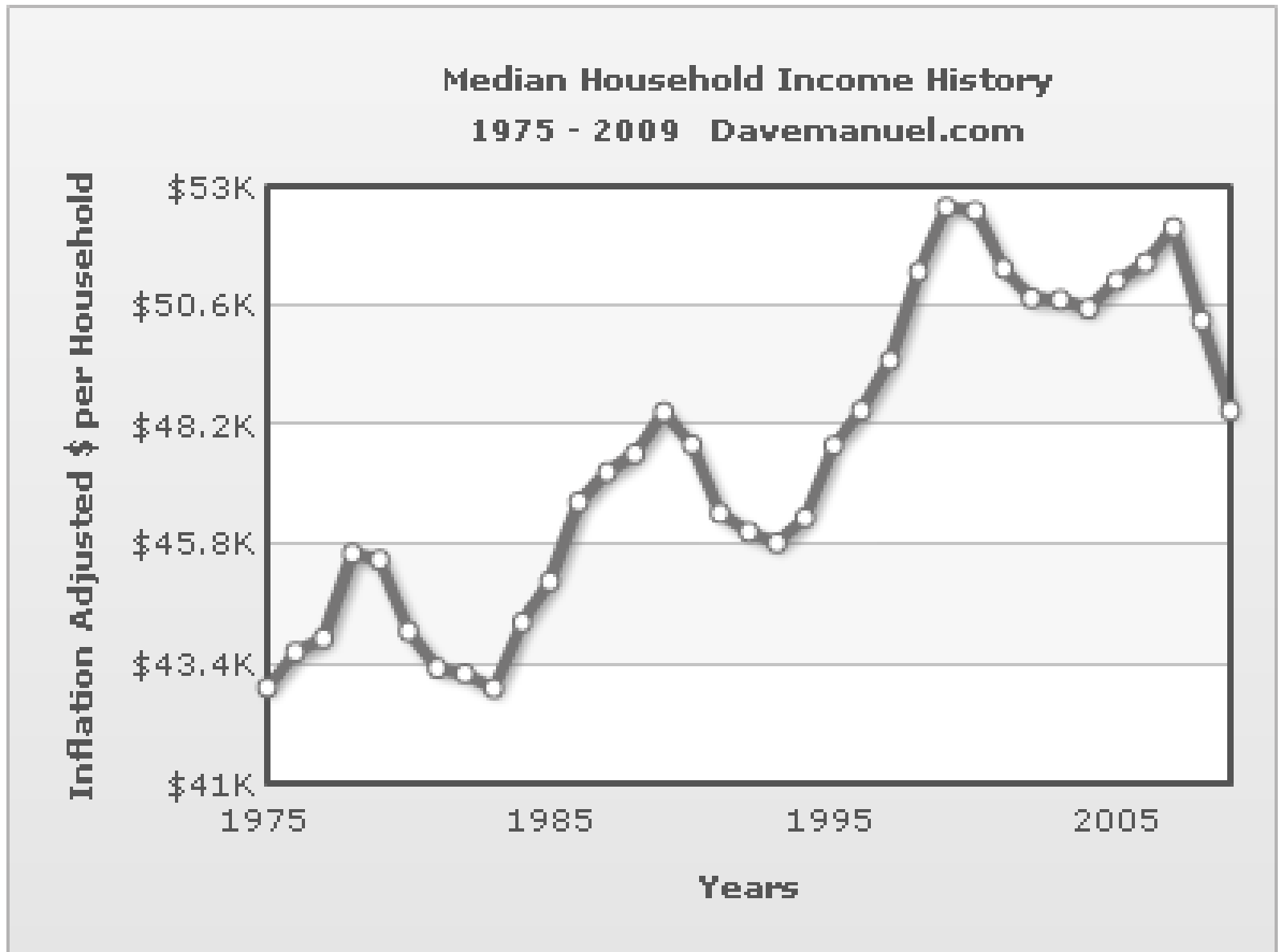
Income trends

- **More unemployment?**
- **Lower household incomes?**
- **More bankruptcies?**

Unemployment



Household incomes



Bankruptcies up 15%

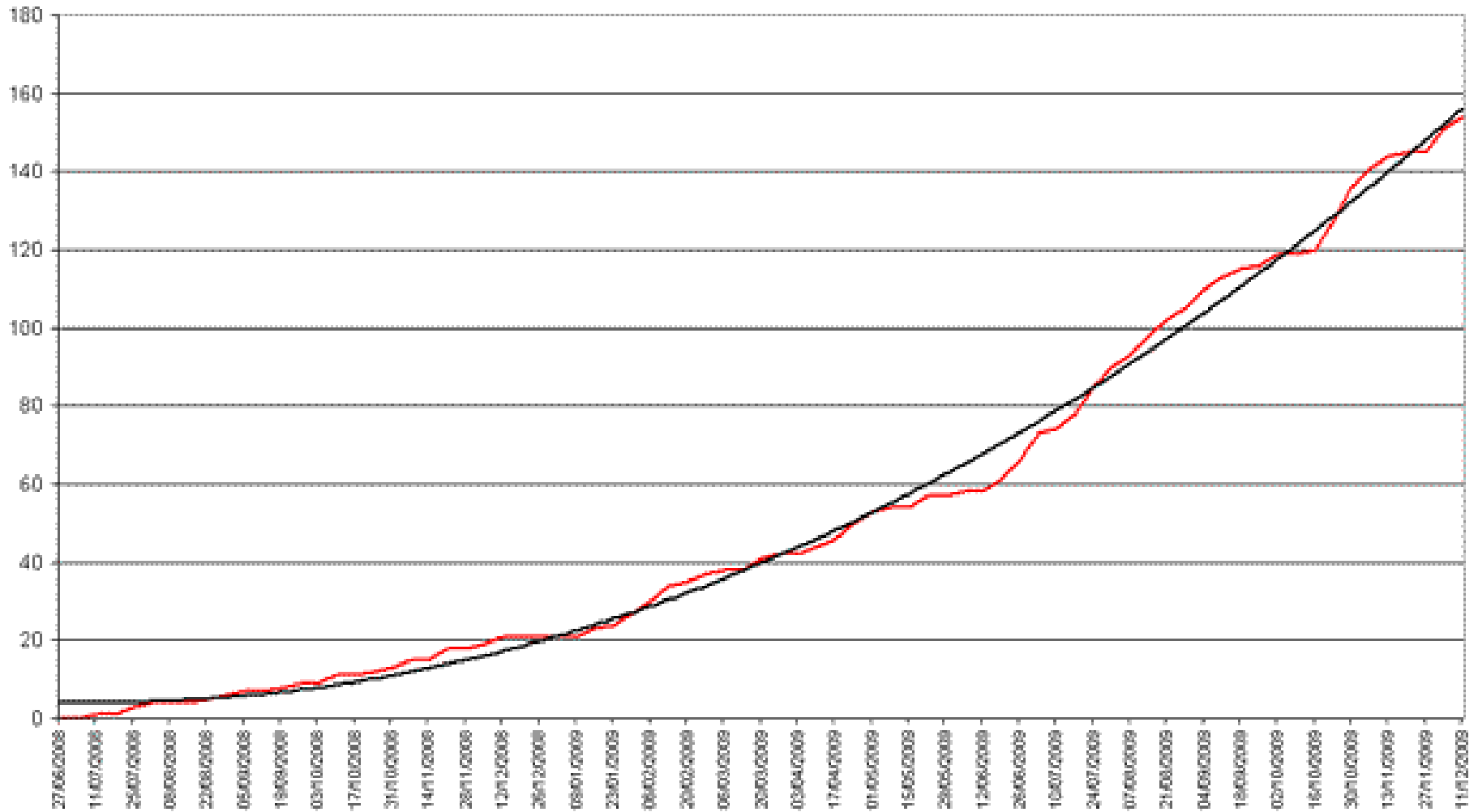


Money trends

- **Bank failures to continue?**
- **Hyperinflation?**
- **Higher taxes?**
- **Where are interest rates headed?**

Bank failures 2008-2009

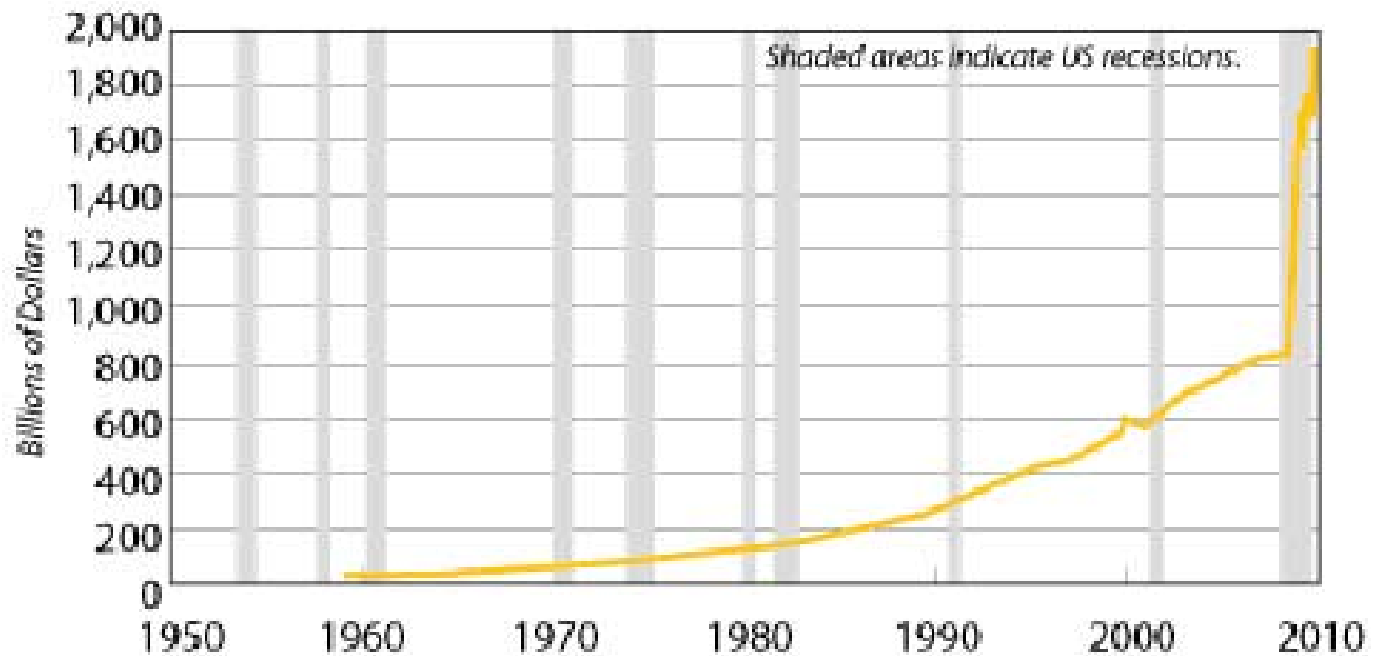
Bank failures reported by FDIC, cumulative



Printing dollars

Explosion in America's Monetary Base

Board of Governors Monetary Base, Adjusted for Changes in Reserve Requirements (BOGAMBNS)



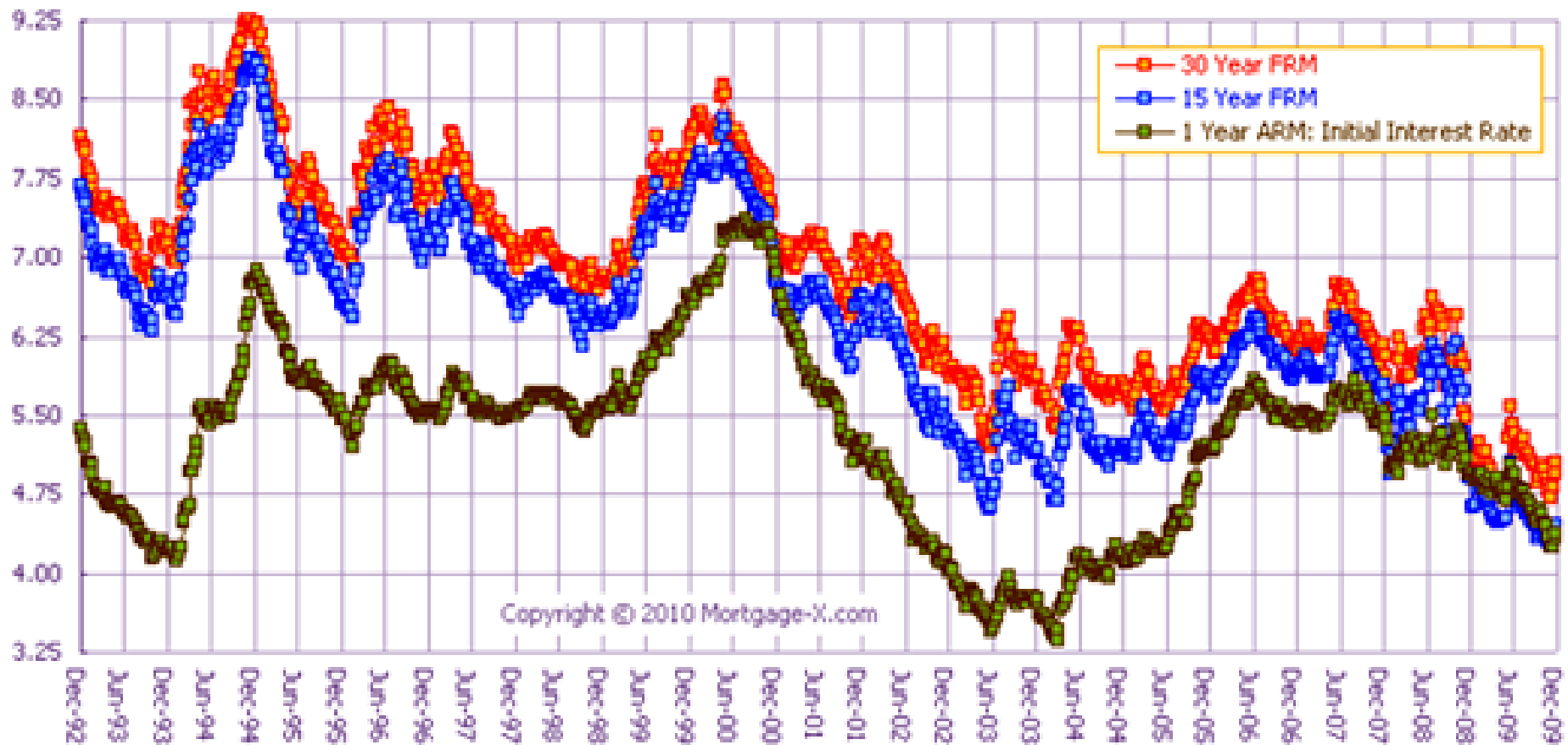
Source: Federal Reserve

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



Interest Rates

Historical Graphs For Mortgage Rates: Long-Term Trends

30-Year FRM, 15-Year FRM, 1-Year ARM Rates, 1992 - 2009:



CD rates

Product		Yield	+/-	Last week
6 Mo CD		0.99%	▲	0.98%
1 Yr CD		1.40%	▼	1.44%
5 Yr CD		2.85%	▼	2.87%
1 Yr Jumbo CD		1.26%	▼	1.27%

Interest Rates

Money Rates	
February 24, 2010 (Close of Day)	
<u>Indicator</u>	<u>Value</u>
Prime Rate	3.25
30 Year T-Bond	4.63
10 Year T-Note	3.69
91 Day T-Bill	0.12
Fed Funds	0.12
London <u>EuroDollar</u> 1 Month	0.28
Mortgage Rate 30 Year	4.93

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