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Journal

December 2025 www.papersourceonline.com

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The Problem With Real Estate Tax Abatements

Real estate tax abatements can help create affordable housing, but the government still needs money to operate. Where will that money come from?

By Joshua Stein | Published by Forbes.com

In New York and elsewhere, governments often try to mitigate the perpetual "housing affordability crisis" by offering developers long-term abatements of some or all real estate taxes on their new projects. In exchange, the developers agree to include some formulaic amount of affordable housing in their new projects.

It sounds like a very creative win-win situation. Society gets some affordable housing units. New projects get built. The government doesn't have to write checks to help fund development.

There's just one problem: if most real estate taxes are abated for many new buildings for a few decades, that puts a dent into the revenue side of the government's budget for the same very long time. Someone will need to pay for the governmental services that all the occupants of the tax-abated buildings require. The missing real estate taxes would have covered a share of the cost of those services, but someone else will have to cover that share of the cost instead. Who's that someone? Answer: All the other people who own fully taxable real estate in the same jurisdiction.

If a tax jurisdiction has a meaningful number of tax-abated projects, this amounts to a form of negative leverage, in which the real estate taxes for all other buildings will rise faster than they otherwise might, just to cover the gap left by all the tax-abated buildings.

From the developer's perspective, the real estate tax savings are compelling. Their present value can equal a third to a half of the cost of construction of the developer's new building. It's a rather expensive price tag for the government to pay to achieve some affordable housing units. If anyone were to propose that the government should write a current check equal to the present value of that contribution, that person would be laughed out of the room. But that's effectively what the government does when it awards a long-term tax abatement. That loss of tax revenue just happens over decades rather than all at once.

That implied expenditure by the government does buy some affordable housing, though at great cost. New projects tend to be more expensive and of higher quality than existing—especially older—housing stock. New projects also often get built at more desirable, and hence more expensive, locations.

Rather than give up huge amounts of real estate tax revenue, if the government really wants to try to solve the "affordable housing crisis," it should figure out how to coax developers to simply produce more housing, at all levels of the market, and make the housing market work better. Instead, government often does the opposite and then wonders why there is an "affordable housing crisis."

Rather than forgo massive amounts of real estate tax revenue to build the most expensive possible affordable housing, government should simplify, streamline, and speed up the development approval process; allow more intensive residential development in more areas; make "as of right" development easier, more flexible, and more appealing; trim back historic preservation, environmental review, endangered species, and other laws that frustrate development; trim back building code provisions that are excessive or merely driven by political pressure from parts of the construction industry; phase out all forms of rent regulation; provide greater certainty, in advance, about the amount of real estate taxes on completed projects, without abating them; and figure out how to lower real estate taxes for everyone.

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What Happens to Your Home If You Die With a Reverse Mortgage?

By Eric Goldschein
Published by REALTOR.com

Reverse mortgages can be useful for many retirees who are house-rich but cash-poor, but they change what happens to your home after death.

A reverse mortgage can be a handy financial tool for older homeowners who want to take the equity they've built up and turn it into cash without having to sell the home entirely.

Like many loan products, however, you and your heirs can't get out of the deal simply by dying. In fact, if you die with a reverse mortgage, the clock starts ticking on those who might seek to inherit your home.

There are a number of options for what can happen in this situation, and keeping the home in the family is not a guarantee. If you want your children or other loved ones to inherit your home, estate planning and communicating your financial situation to them as soon as possible is critical.

The basics of a reverse mortgage

A reverse mortgage allows homeowners aged 62 and older to convert home equity into cash without selling their home or making monthly mortgage payments.

"Reverse mortgages, while not for everyone, can provide some families with the opportunity to access otherwise unavailable equity for vital care needs," says attorney Daphne Hamilton. "The ability to leverage assets in order to pay for advanced care needs that come with aging is integral to the ability of seniors to age safely in place."

The loan balance grows over time as interest and fees accumulate, and the loan doesn't need to be repaid until the homeowner dies, sells the home, or moves out for good.

Here's how the numbers work: When you get a reverse mortgage, you're approved to borrow up to a certain amount based on your age, home value, and interest rates. You can take that money as a lump sum, monthly payments, a line of credit you draw from as needed, or some combination thereof. Let's say your home is worth $400,000, and over 10 years, you withdraw $150,000 in cash. Because interest compounds on everything you've borrowed—and you're making no payments—that $150,000 might grow to $250,000 or more by the time you die.

The clock starts ticking right away

Upon the death of the homeowner with a reverse mortgage, the heirs typically have just six months to decide what to do with the property. This timeline catches many families unprepared, especially when they're already dealing with grief and the logistics of settling an estate.

"This can be especially distressing for heirs who grew up in or currently live in the home, and for those hoping to inherit the property," says Hamilton. "Losing a loved one and facing a threat to their home in the same period of time can be traumatic."

The lender must be notified of the death, and once that happens, the heirs receive a due and payable notice. From that point, the clock is running. While lenders may grant extensions in some cases, these aren't automatic. The heirs will need to request them and show they're making progress toward a solution in the meantime.

What options do heirs actually have?

"Families generally have three choices: pay off the reverse mortgage, sell the home, or walk away," explains Jonathan White, a Boston real estate attorney. "But if heirs delay or ignore the notice, the lender will foreclose and the family will lose the property."

If allowing the lender to foreclose doesn't feel like a legitimate option, it's best to explore the first three paths.

For those who decide to pay off the loan, this might mean using savings, taking out a new mortgage, or refinancing the reverse mortgage into a traditional mortgage. Of course, that may not be feasible if the heirs have homes and mortgages or other financial responsibilities of their own.

Let's say they decide to sell instead. Heirs can list and sell the property, then use the proceeds to pay off the reverse mortgage. If there's any equity left over after the loan is satisfied, the remainder goes to them as an inheritance. This option gives heirs the chance to recoup at least some value from the property, assuming the home is worth more than the loan balance.

And yes, heirs can also choose to simply walk away from the property and let the lender foreclose. This might sound drastic, but it's sometimes the smartest choice, especially when the loan balance exceeds the home's value.

"If the reverse mortgage has a nonrecourse protection clause, then the other assets of the borrower or heirs are not at risk," says Hamilton. "This means that if the homeowner had another property or additional accounts, then these assets cannot be taken by the lender."

In short, if the loan balance is $300,000 but the home sells for $250,000, the heirs won't owe the difference. Instead, the lender absorbs that loss.

In these "underwater" situations, heirs have some important protections. If they want to keep the home, they can satisfy the loan by paying just 95% of the current appraised value instead of the full loan balance.

So, if the loan balance is $300,000 but the home appraises for $250,000, heirs could keep the property by paying $237,500 rather than the full $300,000. If they want to sell the home instead, they can sell it for market value, use those proceeds to pay off as much of the loan as possible, and the lender absorbs any remaining shortfall. This Federal Housing Administration protection applies to most reverse mortgages (HECMs), which are insured by the FHA.

What steps to take to plan ahead

If you have a reverse mortgage—or if your parent or loved one does—honest conversations today can prevent painful surprises tomorrow. Adult children may have grown up in the home. They may have assumed it would eventually be theirs. Discovering they have only six months to come up with hundreds of thousands of dollars, or lose the house entirely, can be devastating.

"The best protection is proactive planning. Families that understand the rules before a crisis hits can protect equity, preserve options, and avoid the painful surprise that comes when the clock runs out," says White.

With that in mind, talk openly with your heirs about the reverse mortgage. Make sure they know that the loan exists, what the current balance is, what the home is approximately worth, and what you'd want them to do with the property after you're gone. As part of this communication, ensure heirs know where to find the reverse mortgage loan documents, contact information for the servicer, and other relevant paperwork such as property deeds and title information.

Put your preferences in writing, whether that's in your will, a letter to your heirs, or both. Do you want them to sell quickly and split the proceeds? Would you prefer they try to keep the home in the family if possible? Clear guidance helps heirs make decisions under pressure.

Finally, some borrowers designate a trusted contact with their reverse mortgage servicer who can be notified of issues without violating privacy. While this doesn't give the contact any control over the loan, it can provide an early warning system.

Reverse mortgages serve an important purpose for many retirees who are house-rich but cash-poor. But they fundamentally change what happens to your home after death. Understanding this reality, discussing it openly, and planning accordingly can help ensure that whatever inheritance remains doesn't evaporate simply because your family didn't know what was coming.

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Portable Mortgages Could Unlock Mobility — But Won't Fix Affordability

The median age of first-time buyers in the U.S. recently hit a record high of 40-years old

By Allaire Conte
Published by [REALTOR.com]

More than half of U.S. mortgage holders have rates of 4% or lower, and 80% have rates under 6%, according to the latest data from Realtor.com®. That's created a powerful lock-in effect, leaving millions reluctant to move and give up their once-in-a-generation rates. Now, the Federal Housing Finance Agency is weighing a radical fix: a new loan that would allow homeowners to carry those low rates with them to their next home.

Bill Pulte, the FHFA director, said the administration is "actively evaluating portable mortgages," in a post on X. The announcement came just days after President Donald Trump floated the idea for 50-year mortgages, in what was widely considered a flop by industry experts and consumers alike.

Both ideas aim to address the same problem: a housing market frozen by affordability pressures and a lack of mobility. But portability, if adopted, would likely only address one side of that equation.

"In theory, the rate gap (the difference between borrowers' own rate vs the current market rate) is a notable drag on mobility, so portable mortgages might unlock some activity and free up inventory," explains Jake Krimmel, senior economist at Realtor.com.

"But empirical work shows the lock-in effect explains only about half of the recent decline in mobility, so portability is unlikely to bring sales fully back to normal levels," he adds. "And the benefits would be highly selective: Only current mortgage holders with low rates would gain; renters and homeowners without a mortgage would still face today's rates."

First-time homebuyers remain one of the most embattled segments of the housing market.

Up against the headwinds of high prices and high mortgage rates, the median age of first-time buyers in the U.S. recently hit a record high of 40-years old.

There are also concerns that portability could disrupt one of the core engines of the U.S. housing system: mortgage-backed securities. But even beyond the financial-system risks, the bigger obstacle remains unchanged: affordability.

"Put simply, portability isn't compatible with the architecture of U.S. mortgage finance, and even if it were, it wouldn't fix the broader affordability problems facing the housing market today," says Krimmel.

How do portable mortgages work?

When you buy a home, you also buy a mortgage. And while selling your home usually means saying goodbye to that loan and the rates and terms attached, a portable mortgage allows you to move with it.

It's essentially the opposite of an assumable mortgage. With an assumable loan, a buyer steps into the seller's mortgage. With a portable mortgage, the seller carries their mortgage to the next property.
"Pulte's proposal is a brute-force attempt to solve the lock-in effect: If homeowners aren't moving because they don't want to give up a 3% mortgage for a 6% one, why not just let them carry that low rate to their next home?" explains Krimmel.

While simple in theory, it gets more complicated in practice. Suppose you have a $500,000 mortgage at a 4% interest rate and have built $300,000 in equity. If you buy a $400,000 home, you could transfer your existing loan to the new property and keep your 4% rate intact.

But if you're purchasing a more expensive home—say, $750,000—your portable mortgage would only cover the remaining balance of your original loan. You'd have to make up the $250,000 difference with cash or a second loan, likely at higher rates.

Although portable mortgages don't exist in the U.S., they're common in countries like the U.K. and Canada. One reason they work there is that their fixed-rate periods are much shorter—typically three or five years—so homeowners are incentivized to regularly renegotiate their loans.

In the U.S., where most borrowers lock in 15- or 30-year fixed rates, the knock-on effects of portability are far more complex. If homeowners could carry a 30-year loan from house to house for decades, critics warn they might never need to refinance or take out a new loan at all, drastically reducing loan volume and disrupting the mortgage-backed securities market that underpins much of the system.

That, in turn, could ultimately make it harder and more expensive to borrow.

"Prepayment is required in the event of a move by standard language in existing mortgage contracts that is used to support the system of securitization that makes it easier for investors to funnel money into mortgage lending, a process that ultimately helps to lower mortgage rates for borrowers," says Krimmel.

Who would portability help and hurt?

While there's a clear upside to portable mortgages for homeowners with low interest rates, there's little benefit to everyone else.

"A portable mortgage can be a real boon to a certain segment of homeowners," says Omer Reiner, a licensed agent and president of FL Cash Home Buyers. "All things being equal in the homeowner's financial situation, such as income and a credit score that has stayed the same or improved, moving up would be far more beneficial with a portable mortgage."

Krimmel agrees: "There's no doubt that, if magically implemented overnight, the portable mortgage would enable many families to move and thereby free up some more inventory as a result. And to be clear, getting the housing market more liquid again and letting families re-optimize their housing choices is no bad thing."

But all magic comes with a price, and first-time homebuyers and the mortgage industry more broadly are likely to be the first to pay.

For one, Krimmel expects that the favorable financing of some would push home prices up for all by increasing buying power, much like what happened during the pandemic housing boom.

"Meanwhile, current renters or homeowners without a mortgage would still face today's high rates—only with list prices higher than they are now due to the influx of cheap-financed demand," he adds.

Mortgage-backed securities (MBS) would likely be hit hard, too. This financing tool allows banks to pool together groups of mortgages, then sell shares of that pool to investors. Banks then use that money to fund more mortgages.

"If a mortgage became portable, the collateral (and therefore the risk profile of the entire pool) could change midstream. That breaks the current models of securitization," says Krimmel.

And while investors and securitizers could presumably find workarounds, Krimmel says that higher risk typically carries higher interest rates. If borrowers can carry a single loan with a low rate far into the future, fewer loans would reset, fewer mortgages would be refinanced, and fewer new loans would enter the system.

"Investors would demand higher compensation for that extension risk, pushing mortgage rates higher, first abruptly and then structurally through wider spreads over the 10-year Treasury," Krimmel says. "On top of that, origination and servicing would become far more

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complex because the lien, escrow, taxes, and title obligations all depend on the specific property."

How does it compare to other proposed solutions?

Portable mortgages aren't the only idea being floated to unfreeze the housing market. Just days before the FHFA signaled its interest in portability, President Trump pitched a 50-year mortgage. But that proposal has been met with deep skepticism from economists, housing advocates, and even many industry professionals, who argue it would do far more to prop up lenders than help buyers.

"I don't like 50-year mortgages as the solution to the housing affordability crisis," Representative Marjorie Taylor Greene posted on X. "It will ultimately reward the banks, mortgage lenders and home builders while people pay far more in interest over time and die before they ever pay off their home."

Real estate agents echo that concern.

"With a 50-year mortgage, you are looking at paying a lot more over the life of the loan in interest. Plus, there is a good chance your mortgage might outlive you, leaving a financial quandary for your heirs to sort," says Reiner.

Mortgage broker Carlos Scarpero goes a step further, arguing that the proposal could actually worsen the very problem it's meant to solve. "Personally, I'm not a fan of the proposal," he says. "It will just cause people to buy more and blow up the housing bubble even further. Then we will be back where we started. But it will be on longer-term loans."

Both the 50-year mortgage and portability aim to ease pressure in a market strained by high rates and high prices. But neither proposal addresses the root issue: homes remain far too expensive for the typical buyer, and rates remain far too high for renters and first-timers to get a foothold. Whether the loan lasts 30 years or 50—or can be carried from house to house—those deeper affordability challenges remain unchanged.

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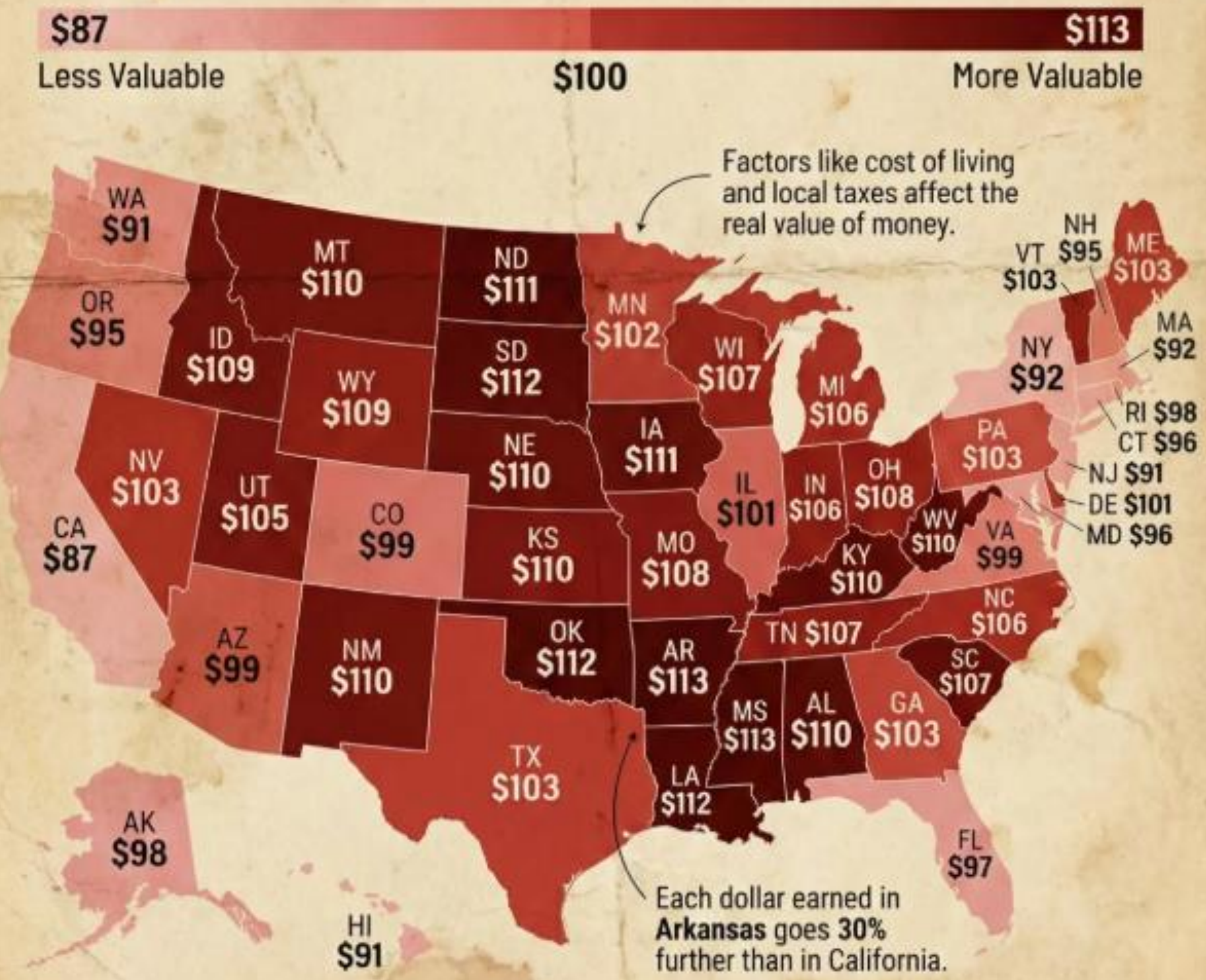

Note: Data from GOBankingRates, using sources such as U.S. Bureau of Economic Affairs, Bureau of Labor Statistics, and Zillow. Data as of March 2025.

VISUAL CAPITALIST

Walt Poser: A Giant of the Note Industry

September 30, 1940 – October 7, 2025

Walter L. Poser passed away peacefully on October 7, 2025, at Huntington Hospital in Pasadena, California, surrounded by his devoted wife of 62 years and their three daughters.

His quiet, steadfast leadership, experience, and kindness made him a role model and mentor to countless note investors who are successful today thanks to Walt Poser. Additionally, he taught thousands of people at Paper Source events for many years.

Born in Foley, Alabama, on September 30, 1940, Walt grew up in nearby Fairhope, where he and Nancy returned to live four years ago. He graduated from the University of Southern Mississippi in 1962 with a degree in business and finance and served proudly in the U.S. Army Reserve from 1959 to 1963.

He married Nancy on October 20, 1962. Together, they built a life rooted in faith, service, and adventure.

At age 22, Walt began managing the family business, Poser Printing, until its sale in 1972, when he purchased a printing company in California and moved his growing family west. As time went on, he changed careers and spent the next 50 years in notes and real estate.

His quiet, steadfast leadership, experience and kindness made him a role model and mentor to many who are successful today, thanks to Walt.

Walt served faithfully in leadership roles at Redeemer Lutheran Church and First Lutheran Church and was a proud supporter of the Boys and Girls Club. A Rotarian for many years in Fairhope and Sierra Madre, his commitment to education and faith was further reflected in his service on the Pepperdine University Board and the Board of Public Policy.

Walt loved to travel with Nancy and his family and delighted in planning memorable trips and adventures together. His joy, generosity, and steadfast faith left an indelible mark on everyone who knew him.

He is survived by his loving wife, Nancy Poser; his three daughters, Elizabeth Haug (Mario), Susan Lock (Brady), and Elaine Huene; and his seven grandchildren.

Walt's life was a testament to faith, family, and service. He will be deeply missed and lovingly remembered.

Elon Musk's Advice to Entrepreneurs

"I'm a big fan of anyone who wants to build. Anyone who wants to make more than they take has my respect. That's the main thing you should aim for: to make more than you take and be a net contributor to society."

He compares it to the pursuit of happiness:

"If you want to create something valuable financially, you don't pursue that. It's best to pursue providing useful products and services. If you do that, money will come as a natural consequence of that rather than pursuing money directly. You can't pursue happiness directly. You pursue things that lead to happiness — fulfilling work, study, friends, loved ones."

"It sounds very obvious, but generally if somebody is trying to make a company work, they should expect to grind super hard and accept that there's a meaningful chance of failure. Then just focus on having the output be worth more than the input. Are you a value creator? That's what really matters: making more than you take."

16 Ways to Find a Good Real Estate Teacher

By W.J. Mencarow | Published by ThinkRealty.com

How do you know which real estate investment teachers to trust?

The litmus test is this: they must have earned the right to teach, measured by their years of success in real estate—not in selling seminars.

Do an internet search for the teacher's name and company name(s) with words such as "fraud," "rip-off," "scam," etc. If what you find makes you even slightly uncomfortable, cross that person or company off your list.

Here are 16 red flags to pay attention to as you do your due diligence.

1. Mass-marketing

Website ads, mass emails, and/or infomercials are a sure sign this person or company is in the seminar business, not the real estate investment business. Reputable teachers depend mostly upon referrals from satisfied students. Putting a notice about their next class on their website is enough to fill it.

2. Using the words "boot camp," "coaching," "mentoring."

Calling a seminar held in a hotel a "boot camp" is an insult to veterans. The "mentors" and "coaches" are salespeople whose job it is to convince you to spend more money.

4. Implying that you will make a lot of money quickly.

The old saying, "If it sounds too good to be true, it is," could have been written about many real estate seminars. If promotions for the seminar tell you how much money you can make quickly, run away even more quickly. Real estate is a get-rich-slowly investment. Some people occasionally make a profit flipping, but for every profitable person, many others have lost their shirt, pants, and more. Flipping is gambling, not investing.

4. Claiming that no one else teaches what they do.

Does the "teacher" claim to be famous, successful, expert, etc.? Do they promise to teach you "secrets"? No legitimate teacher says such things. Their reputation precedes them.

5. Displaying wealth.

Scammers often use mansions, luxury cars, yachts, etc. in their marketing to impress you with their wealth. These are leased or borrowed props.

6. Offering a regular schedule of seminars.

A full-time real estate investor has little time to teach, because they make a lot more money investing than they do giving seminars. If they teach more than a few times a year, that's a red flag.

7. Offering free seminars.

These are the timeshare sales pitches without the complimentary hotel room. The purpose is to beat on you to pay for the "real" seminar. You might learn a few things at the one you're attending, but the upselling never stops. Legitimate teachers charge a few hundred dollars per day for seminars, and they never upsell.

8. Providing special discounts.

Honest teachers never use high-pressure tactics such as, "Normally $XXXX, but today only $XXXX."

9. Making claims of success.

If the teacher claims they have years of experience in real estate, ask for the addresses of their properties and the name(s) of the entities on the titles. Then, look up the properties to confirm the claims. If they refuse to tell you, stay away. These details are a matter of public record, so privacy is not a legitimate excuse.

10. Lacking a solid reputation.

What is the teacher's reputation among experienced investors? Go to a meeting of a local real estate investment club, find several of the most experienced investors, and ask what they think of the teacher you are considering.

11. Not admitting mistakes.

"You don't learn to walk by following rules. You learn by doing, and by falling over." —Richard Branson. An honest teacher admits their mistakes so you can learn from them. A dishonest teacher either doesn't admit them or claims they were smart enough to make them profitable.

12. Using motivational language.

"You can succeed!" and other phrases like that are marketing gimmicks. Motivational language has no place in an educational environment.

13. Advocating high leverage.

Does the teacher use terms like "nothing down," "low down," "creative financing" to describe strategies? These high-leverage approaches all result in negative cash flow, aka money out of your pocket every month, because the rent doesn't cover the mortgage, taxes, insurance, and maintenance.

14. Relying on anonymous testimonials.

People claiming they made windfalls with the training are often phony, especially if their names are incomplete ("B. W." or "John A." for example).

Look up William McCorkle. He made some $50 million convincing people that if they bought his real estate courses, they would get rich. In court, his secretary testified he used friends, employees, and paid actors to falsely claim in testimonials that they made big money from what they learned from him. He was convicted on 82 fraud and money laundering charges and sentenced to 24 years in federal prison.

McCorkle is far from the only one who puts out false or misleading testimonials; he just got caught. If those who offer the testimonials are not lying, they are not telling you the whole story when they say such things as, "I bought 20 houses worth $2 million with no money down!" That means they have 20 houses with negative cash flow (they must dip into their savings to pay the mortgages and expenses every month), 20 roofs, 20 furnaces, 20 air conditioners, etc. to maintain and replace, 20 property tax bills, 20 insurance bills—all with no income from the houses. And they are $2 million in debt. Unless they have very deep pockets—and if they did, they wouldn't need to use high leverage—they will soon lose those properties. Bankruptcy court, here we come.

15. Claiming access to a fund.

Do they have a fund or an offer to put you in touch with funds? Too many times, people lose their money in real estate and note funds through mismanagement or outright theft. Did you know that the Securities and Exchange Commission can shut down funds that miss filing even one document and then confiscate the assets—even if no investor has lost a dime? Have fun trying to get your money back.

16. Selling to students.

This is a huge red flag. Would you trust someone who told you that if you pay them, they will teach you how to buy something at the lowest price—and then try to sell it to you? No ethical person would sell what they teach to their students or promise to give you access to a "secret list" of properties or notes for sale, and/or offer to invest with you.

A wise investor once said, "There is an inherent conflict of interest with any education program that offers investment assets as well. Someone can't be an impartial and expert educator and also offer assets for sale. The educator's fiduciary obligation is to teach discerning and quality due diligence (and to help one master the art of negotiation) to maximize the student's profit from the acquisition of an asset. The seller's function is to maximize the asset's sale price. The two are, by definition, in conflict. If you expect a two-for-one deal, you're merely asking to get screwed."

Interview with Michael Crump

Texas Capital Finance & Plains Note Group, LLC

By W.J. Mencarow

Background & Origins

Please tell us a little about yourself — your background, education, and how you first got involved in note investing.

I grew up on a cotton farm in Plains, Texas, where my dad taught me how to work extremely hard. After high school, I moved to Lubbock and earned my Master's degree in agribusiness from Texas Tech. While in graduate school, I started lending money at a local bank and continued in the banking industry for 18 years after that, lending to commercial real estate and commercial businesses. I met the love of my life in college, and we now have four kids — with one more on the way.

My first venture into investing came in 2010 when I started acquiring rental houses. I still buy one or two a year, either as a renovate-to-rental or build-to-rental. In 2015, I purchased my first mortgage from a local friend and broker, after spending about a year and a half learning everything I could about the industry — consumer law, negotiable instruments, Texas real estate law, title insurance, and more. I also spent about a year and a half working in an SEC 506(b) fund where we purchased seller-financed mortgages.

How long have you been in business, and how did Texas Capital Finance (TCF) and Plains Note Group (PNG) come to be?

I primarily purchase mortgages under my LLC, Texas Capital Finance, and market under both TCF and Plains Note Group. From my first mortgage purchase in 2015 till now, I've worked to purchase as many solid mortgages as I can each year and grow at a steady and reasonable rate — without taking on too much financial leverage.

Generally, I purchase most of my mortgages with some leverage, which I call "Leveraged Fixed Income Investing," and I perform an arbitrage structure. I still purchase both brokered loans and self-sourced files, and I try to balance growth with stability.

What inspired you to focus on the seller-financed note market, and what do you enjoy most about working in this industry?

I absolutely love this industry and this asset class, and I'm passionate about the Time Value of Money (TMV). This business is how lending used to be. These days, commercial lending can be monotonous and mind-numbing. Here, everything is different — every file, every term, and even down to the loan documents, each one has its own twist.

It's also the only industry I know where a higher yield doesn't always mean higher risk. That mix of structure, math, and human story keeps me fascinated every day.

About the Companies

What does your company do, and what services do TCF and PNG provide?

In short, I provide liquidity for the seller-financed note industry. I purchase both brokered and self-sourced files and try to make the process easy and professional for everyone involved.

Who can benefit most from your services — brokers, individual note holders, or other investors?

Right now, I focus mainly on mom-and-pop individual note holders and brokered files. Hopefully in the future, I'll have something to offer for investors as well.

Who will people work with when they engage your company? Tell us about your team and any key staff members.

Right now, the only team member anyone will deal with is me. My two daughters help me with marketing, and I handle everything else. I'm easy to deal with, and since

I'm the decision-maker, things don't get bogged down or delayed waiting for approvals.

What types of mortgage notes or seller-financed loans are you most interested in purchasing?

I don't have any set preferences or strict criteria. I run across more single-family and land notes than anything else, but I buy some commercial property too. I know some buyers have hard-and-fast boxes they stay inside, but I evaluate each file on its own.

What makes a file a good fit for Texas Capital Finance or Plains Note Group?

I purchase roughly two-thirds performing and one-third non-performing files. Each file is evaluated on its own merits — really just weighing the variables.

The Process & Professional Approach

What is the process involved in working with your company, from initial contact to closing?

There's no secret sauce. I do very thorough due diligence on every file, no matter the size, and I always purchase a lender's policy. I try to be respectful, communicate well, and get my files turned around in a reasonable amount of time.

How do your underwriting and pricing processes differ from other note buyers?

I have the flexibility of not being bound by strict guidelines or loan policies. I weigh the variables of each file on its own and make decisions based on common sense and actual risk, not just formulas.

How do you make sure each transaction stays smooth and transparent for the seller?

Honestly, I don't think most files go perfectly smooth — every one of them seems to have its own surprises. I've had sellers who thought their borrower was two payments behind, and they turned out to be twenty-four months behind. I've had sellers who thought their balance was $30,000 and it turned out to be $12,000.

It's all about being transparent, staying in contact with the seller or broker, and giving a logical reason for any delay or confusion that comes up.

What steps do you take to ensure compliance and professionalism during each deal?

I do my very best to make sure the files I purchase don't have any Dodd-Frank or other consumer law violations. I rely heavily on my education and knowledge of consumer lending laws and how they apply to each file, along with guidance from my attorney.

As corny as it sounds, I go by the Golden Rule. I don't necessarily believe in karma, but it sure seems that no matter who you are, if you act up, it's only a matter of time before it catches up with you.

What Sets You Apart

What makes Texas Capital Finance different from other companies in this field?

Texas Capital Finance is small, nimble, and relationship-driven. Because we're not a large institutional buyer bound by rigid underwriting formulas or "checklist" rules, we can evaluate each file on its own merits. Every loan has a story — a borrower, a property, and a reason the note exists. We look beyond surface metrics to understand the story and find practical, fair solutions that make sense for both the seller and the investor. This flexibility allows us to close efficiently, resolve unique title or documentation issues, and create win-win outcomes where bigger buyers might simply say "no."

What drives your company's reputation for trust and service?

We earn trust through communication, transparency, and follow-through. When we quote a price, we stand behind it. When we say we'll call, we do. Most of our business comes from repeat brokers and referrals because people know we do what we say — even when a deal is complicated. We take the time to explain our pricing logic so sellers and brokers understand exactly how we arrive at an offer. In an industry that can feel opaque or transactional, our goal is to make every interaction personal, straightforward, and professional from start to finish.

What guiding principles or core values shape the way you do business?

Our guiding principle is simple: out-care the competition. We put the seller's and broker's needs first and let integrity guide every decision. Honesty, clarity, and responsiveness are at the core of what we do. We also believe in stewardship — handling each note purchase as if it were our own investment. That means doing the

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For Brokers & Industry Partners

How can brokers or real estate professionals benefit from partnering with your company?

Brokers and real estate professionals benefit from having a true partner who understands both the lending and investing sides of the business. Many buyers only look at a spreadsheet; we look at the full transaction. When brokers bring us a file, they can count on clear communication, fair pricing, and follow-through.

How quickly can you close a transaction, and what support do you provide to brokers throughout the process?

I don’t measure success by speed; I measure it by doing things correctly. I’m not interested in being the “fastest buyer” — I’m interested in being the most reliable. Every transaction deserves the care and due diligence required to produce a clean, defensible file.

That said, once we have all the documentation, we move efficiently and communicate every step of the way. Brokers receive regular updates, access to supporting documents, and clear expectations for each stage of the process. The goal isn’t haste — it’s quality, professionalism, and confidence at closing.

How do you build lasting relationships with brokers and referral partners?

By being consistent, dependable, and easy to work with. I don’t disappear after a deal closes — I stay available for questions, updates, or future opportunities. Brokers know they can pick up the phone and get a straight answer, whether it’s a new file or a complicated situation they just want an opinion on.

Over time, that reliability builds trust. My best relationships are with people who see this as a partnership, not a transaction — people who value integrity and clear communication as much as I do. I’ve worked with the same broker for ten years now.

Industry Insights

What trends are you seeing right now in the seller-financed mortgage and note market?

The biggest thing I see coming right now is regulation. I think the people operating in the grey areas are going to be forced to either start doing things correctly or get pushed out. The State of Texas is trying to softly tell the seller-financed world: don’t do wraps, get an RMLO to originate your loan, and pay attention to the direction things are heading. The grey middle ground is about to be gone, and those “grey” files are about to become liabilities, not assets.

What does the industry need most right now?

The note industry needs to self-regulate before regulation gets forced on it. We need to act like professionals — always get an RMLO, always get a lender’s policy and an owner’s policy.

We’re generally dealing with undereducated but incredibly hardworking borrowers, and the blood and sweat they put into making their payments needs to be respected. I still run across “broker jokers” and unethical people. We need to follow something like Jeff Armstrong’s Code of Ethics and Conduct of the Note Industry and hold ourselves to a higher standard.

What does the note industry as a whole do well?

We provide housing and financing for a large segment of the U.S. population that’s hard-working but often forgotten by conventional lenders — people who don’t check all the boxes but still deserve the chance to own a home and raise their families.

What are some of the biggest misconceptions people have about selling a note?

The biggest misconception is that selling a note means taking a “loss.” People often compare the note’s face value to a discounted purchase price and assume they’re giving something up — when really, they’re trading a long stream of uncertain payments for a lump sum of guaranteed cash today. It’s not a loss; it’s converting future value into present opportunity.

Another misconception is that all note buyers use the same formulas or that offers are purely rate-driven. That’s not true. Each note has its own strengths and weaknesses — things like borrower history, property type, seasoning, and documentation all matter. At Texas Capital Finance, we take the time to understand those details and price accordingly.

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Finally, many sellers think the process is complicated or invasive. In truth, selling a note can be straightforward and professional when handled correctly. Our role is to make it clear, fair, and transparent so the seller knows exactly what to expect before moving forward.

How have rising interest rates or economic conditions affected note pricing or demand?

Strangely, with rising interest rates and a huge increase in my cost of funds, I haven't seen a big change in pricing. The yields I purchase at have gone up slightly, but not nearly as much as the cost of funds has over the last few years. If anything, my rate spread has been squeezed recently, but the deals are still out there — it just takes more discipline to make them work.

What does it take to be successful in this industry?

That's a great question. It really goes back to the old term "Renaissance Man." That's what makes this industry hard. You need to be part attorney, two parts marketer and salesman, one-part real estate professional, and one-part chief lender. And then, at the very end, you need the financial ability to actually purchase these mortgages.

That combination is extremely hard to come by — and even then, you need a mentor to help you navigate the learning curve. Having someone to lean on for guidance, especially early on, makes all the difference.

Personal Philosophy & Future Vision

What motivates you and your team to keep growing and improving your business?

I'm completely consumed by this industry — it's all I think about, and my wife can vouch for that. I like the yields I chase, I enjoy owning these mortgage assets, and I'd rather work my own files than someone else's. This is one of the largest untapped asset classes out there, and there's still so much room to grow.

What are your goals for TCF and PNG over the next few years?

My goals are to conservatively reach $10 million in assets within the next five years and then move toward $100 million after that. I want to keep building the base of brokers and sellers I work with while continuing to improve my skills every day.

How do you see the seller-finance industry evolving in Texas and nationally?

I think the sellers will stay the same, and the grind of putting these deals together will always be there. But I think marketing techniques will change a lot as more tech-savvy sellers come of age. The ways of reaching them will evolve. I also think the grey-area notes will become unbuyable, and what we'll be left with are true mom-and-pop originations or RMLO-originated loans — with nothing in between.

How important are education and advocacy to your mission?

I'm a huge believer in education. I don't stop learning or seeking knowledge. I got into self-development years ago and haven't gotten off that track since. Heck, right now it's hard to find a spot to store all my books in the house. The more you learn, the more you earn.

I don't do any advocacy work right now, but I think eventually I will. I've thrown around the idea of starting some kind of Borrower Advocacy. Every six months or so, I run across a situation where a borrower is just about being outright stolen from, and they don't have the money or knowledge to help themselves. I almost feel like I'm called to step in and help in those moments. We'll see when that part of the mission starts up, but it's definitely something that stays on my mind.

What's the best way for brokers or note holders to connect with you?

Call me at 806-281-7068 — I'm always around my phone. Or email me at Michael@TCFLubbock.com. I'm always happy to visit. Good conversations lead to good deals.

Closing Thoughts

I see Texas Capital Finance and Plains Note Group as more than just note-buying companies — they're a chance to leave something lasting. I want to help modernize this industry without losing the handshake values it was built on. If I can help one seller, one broker, or one borrower a little more each year, then I'm moving in the right direction. That's what keeps me going.

Tools and Resources

Bankruptcy Records

pacer.psc.uscourts.gov, ndc.org/home

Commercial Real Estate Tax Reduction

sgettler@costsegregationservices.com

Credit Reporting Agencies, Scores & FICO, etc.

Equifax.com, Experian.com, TransUnion.com

Down Payment Assistance for Rehabbers

emdfunding1@gmail.com

Find House Values & Comps

Redfin.com, Zillow.com, Trulia.com, Realtor.com

Foreclosure Properties and Information

realtytrac.com, foreclosurefreesearch.com, foreclosurelistings.com

Joint Venture Funding, nationwide for wholesalers (notes and properties)

emdfunding1@gmail.com

Guide: Real Estate Negotiations & Beginner's Guide to Real Estate Investing

biggerpockets.com/real-estate-investing

Hard Money Lenders

biggerpockets.com/hardmoneylenders

Mortgage Calculator

moneychimp.com/calculator/mortgage_calculator.htm

Mortgage Note Investing Advice

papersourceonline.com/free-e-course-2/

Tools and Resources (Continued)

People Searches

intelius.com, skipease.com, zabasearch.com

Private Lenders

aaplonline.com

Professional Loan Associations

mbaa.org, namb.org

Property Reports (Chicago Title) Become a member (usually for free) and look up properties all over the US

premier.ctic.com

Public Records Search, Property Finders

courthousedirect.com, searchbug.com, propstream.com, propertyradar.com, batchleads.io, onlinesearches.com

Real Estate Abbreviations, Glossary

abbreviations.yourdictionary.com/articles/real-estate-abbreviations.html

Resources for newbies and old hands in the REI biz

connectedinvestors.com, crepig.ning.com, nationalreia.org, realestatefinance.ning.com, smarterlandlording.com, realestateinyourtwenties.com, investfourmore.com, compstak.com, thebrokerlist.com, apartmentvestors.com, creoutsider.com, parkstreetpartners.com, mobilehomeinvesting.net, adventuresinmobilehomes.com, landhub.com, thelandgeek.com, landthink.com, retipster.com, rentpost.com, rehabfinancial.com, rehabberpro.com, houseflippinghq.com, houseflippingschool.com, 123flip.com, flippingjunkie.com, bawldguy.com, themichaelblank.com, rei360.net, justaskbenwhy.com, joecrumpblog.com, joefairless.com, revestor.com, fortunebuilders.com, myrenatus.com, realestateguysradio.com, astudentoftherealestategame.com, realestateinvesting.org, biggerpockets.com, gowercrowd.com

Tax Auction Online Sites

auction.com, bid4assets.com

Tax Records Search

netronline.com/public_records.htm, publicrecords.searchsystems.net

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Document Review. Put business-related legal documents through legal review.

Collection Letters. A collection letter from a provider attorney on your behalf could help you recoup payments more efficiently.

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IRS Audit Legal Services. Legal assistance in the event of an IRS audit, investigation or examination of the member's federal tax return.[4]

Expanded Interstate Services. Receive coverage for select legal services in all 50 states.

Flat Fee Services. Save money by paying flat fees for certain legal services.

[1]Business legal matters covered under the Designated Consultations Benefit are excluded. Out-of-state consultations are not covered under this benefit for Small Business Essentials.

[2]Excludes collection letters under this plan benefit as collection letters are covered under a separate plan benefit.

[3]Discount does not apply to legal services rendered pursuant to the designated consultations benefit, contingency fee cases or fees set by a court.

[4]Available for a flat fee of $50 per hour in New York.

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