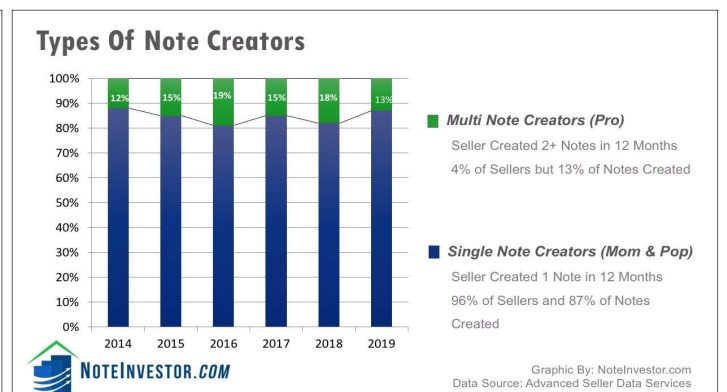
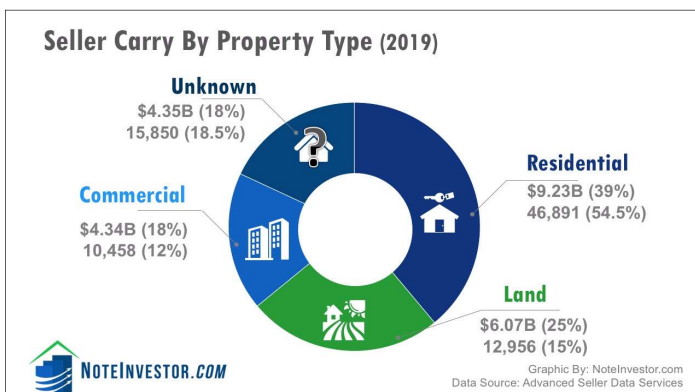
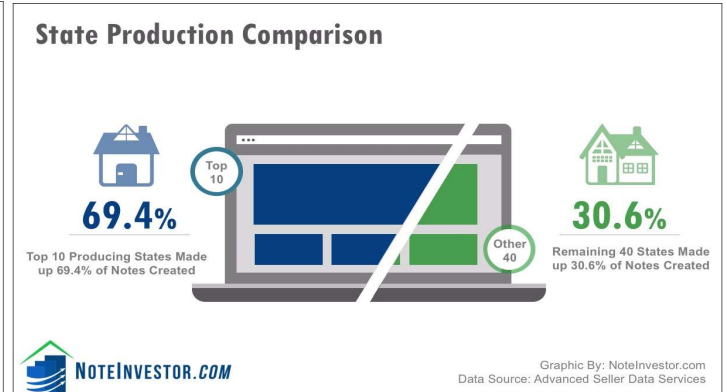
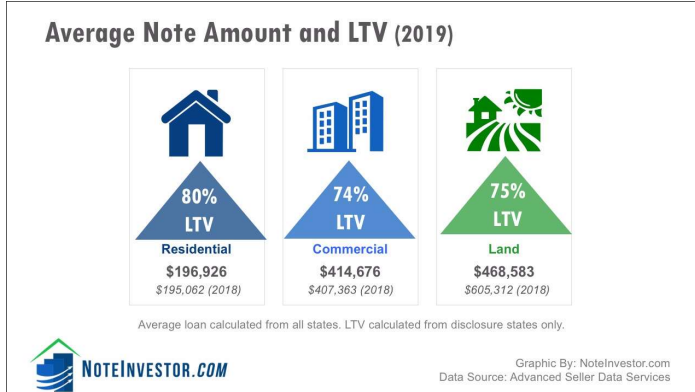
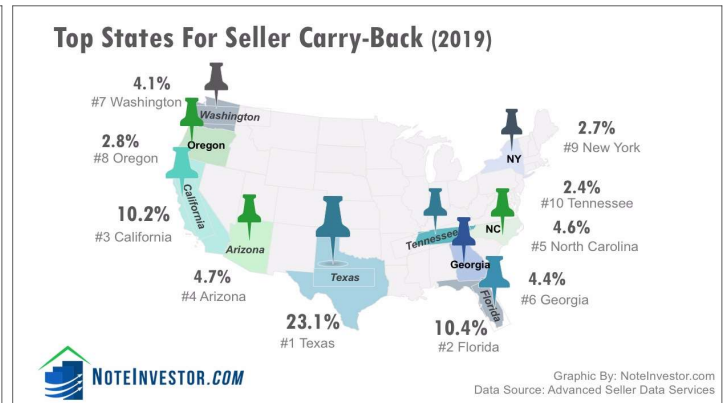
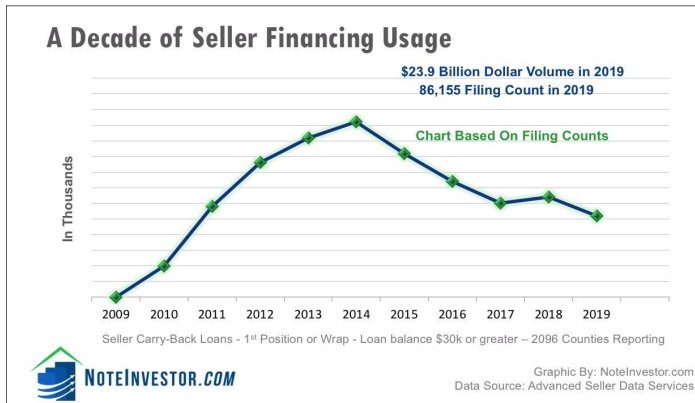


The Paper Source

The News Of The Note Business

June 2020

Our 32nd Year



Each year Scott Arpan of Advanced Seller Data Services (notesellerlist.com) does a tremendous service to the industry by researching the number of seller-created notes in thousands of counties. The 2019 numbers were just released (thanks to Tracy Z of noteinvestor.com for the great graphics!).

- 86,155 1st position notes were created by sellers last year, down by 6 percent.

- \$23.9 billion in notes were created by sellers last year, down by 4 percent from 2018.

(Continued on page 2)

Owner Financing Stats From 2010 to 2019

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Count	70,159	89,439	103,313	110,979	116,178	105,871	97,089	89,779	91,605	86,155
Change		+27.5%	+15.5%	+7.4%	+4.7%	-8.9%	-8.3%	-7.5%	+2%	-5.95%

Seller Carry Back Notes by Property Type

The number of notes created by property type (from records where property type is known).

	2015	%	2016	%	2017	%	2018	%	2019	%
Residential	56,881	54%	47,651	49%	42,916	48%	49,169	54%	46,891	54.5%
Commercial	14,841	14%	14,467	15%	13,930	16%	13,484	15%	10,458	12%
Land	12,215	12%	11,784	12%	13,417	15%	12,176	13%	12,956	15%
Unknown	21,934	21%	23,187	24%	19,516	22%	16,777	18%	15,850	18.5%
	105,871		97,089		89,779		91,605		86,155	

2019 Top 10 States For Owner Financing

The Top 10 states for the creation of seller financed notes made up 68.91% of the overall volume.

State	2018 Count	Percentage
Texas	29,898	23.1%
Florida	8,977	10.4%
California	8,752	10.2%
Arizona	4,064	4.7%
North Carolina	4,005	4.6%
Georgia	3,799	4.4%
Washington	3,530	4.1%
Oregon	2,412	2.8%
New York	2,305	2.7%
Tennessee	2,054	2.4%
Top 10	59,796	69.4%
All 50 States	86,155	

Single Note Creators Vs. Multi Note Creators

There were 3,594 owner financiers (4.6%) that created more than 1 note during the 12 month period. This group is often considered a professional user of seller financing in comparison to the "Mom and Pop" seller that just creates a single note. There are also differences in the exemptions and requirements under the [Dodd Frank Act](#) based on the number of seller carry-back notes.

	2014	2015	2016	2017	2018	2019
Note Count Where Seller Created 1 Note*	102,227	90,078	78,616	76,675	75,116	74,586
(% of Notes Created by count)	88%	85%	81%	85%	82%	87%
Note Count From Sellers Creating More Than 1 Note*	13,951	15,793	18,473	13,104	16,489	11,569
Totals	116,178	105,871	97,089	89,779	91,605	86,155

Thanks to Advanced Seller Data Services, a [mailing list provider](#) for providing these 2019 stats. They are based on 2096 counties reporting, balances of \$30,000 or higher, on 1st position or wrap/AITD notes.

**Data by Advanced Seller Data Services:
NoteSellerList.com
Graphics by Tracy Z: NoteInvestor.com**

- The top 10 states saw 70 percent of the newly-created notes.

- * Texas, Florida, California, Arizona, and North Carolina are still the top five states in seller-carrybacks, followed by Georgia, Washington, Oregon and New York.

- * Tennessee is now among the top ten states. Pennsylvania, formerly number 10, is now number 11 by a slim margin.

- * The average Loan-to-Value (LTV) was:
80% LTV on new residential notes
74% LTV on new commercial notes
75% LTV on new land notes.

- * \$113.8 billion in seller carry back notes were created from 2015 - 2019.

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Scott Arpan, president of Advanced Seller Data Services, provides these insights:

“I believe this pandemic will greatly impact our market. It will not be possible to project trends for 2020 based on last year. The number of records we collected the third week of March dropped to 40% of counts from the third week in February. We are currently collecting about 30% of normal.

“The drop in numbers is due to counties temporarily stopping data collection and slowing home sales. When the March and April sales numbers are available, we can project seller carry notes will see a similar decline for now. The remaining gap are records we have not been able to access yet.

“We saw a similar drop in note creation between 2008 and 2009 followed by a doubling of notes created between 2010 and 2014. Unfortunately, record numbers of people are being furloughed from their employment. Unless the economy can quickly return to full employment, many will suffer damaged credit even when they are responsible borrowers. If they cannot qualify for a bank loan, or if the housing market softens significantly, history indicates we will see a flood of new notes.”

Visit Advanced Seller Data Services (“the premier supplier of leads for seller carryback notes”) at notesellerlist.com. Also visit noteinvestor.com.

Jimmy Napier, whom many, including me, credit with giving them their start in note investing, has died at age 83. Jimmy authored the groundbreaking book “Invest In Debt,” which for many people was their first introduction to discounted paper. He also taught numerous seminars and recorded courses from the 1970’s until recently.

When Jimmy would come to the Washington, DC area he would stay at our home. He gave Alison and me advice on not only notes, but in starting THE PAPER SOURCE JOURNAL, and he promoted us to his students. He will be missed by thousands. See tinyurl.com/ps-napier

The Federal Housing Finance Agency is extending the moratorium on foreclosures and evictions for mortgages backed by Fannie Mae and Freddie Mac until at least June 30. That covers about 70% of home loans: tinyurl.com/ps-fhfa

An excellent article by Fuquan Bilal of NNG Capital, “The Virus Impact on the Mortgage Lending Industry”: tinyurl.com/ps-virus-impact

A bill deceptively titled (as are most of them) the “Take Responsibility for Workers and Families Act” was introduced in the US House on May 12 by radical leftist US Rep. Nita Lowey (D, NY). It says that a landlord can’t evict a tenant who doesn’t pay, rips out all the appliances, equipment, furnishings and floor coverings or other vandalism, or who is threatening to other tenants. Nor can a tenant be evicted for petty crimes. A landlord can only evict if there is a serious criminal act that threatens his or her life or that of other tenants. tinyurl.com/ps-lowey-ny

Why landlords should require that tenants purchase renters insurance (even if the Lowey bill doesn’t pass): tinyurl.com/ps-renters-insurance

“*The First Global Revolution: A Report by the Council of the Club of Rome*” was published in 1993. Here is an excerpt:

“It would seem that humans need a common motivation, namely a common adversary...such a motivation must be found to bring the divided nations together to face an outside enemy, either a real one *or else one invented for the purpose* (emphasis added)...”

“In searching for a new enemy to unite us, we came up with the idea that pollution, the threat of global warming, water shortages, famine etc., would fit the bill.” tinyurl.com/ps-club-of-rome

You don’t need to read conspiracy theories. Just read what the conspirators write.

Cheers,

Bill

W. J. Mencarow

The Paper Source Note Symposium has been rescheduled to Sept. 3-5 at the same Las Vegas hotel (Tuscany Suites). PaperSourceSeminars.com or call Alison: 800-542-2270