The Buyline

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NoteSchool.com | ColonialFundingGroup.com | ColonialCapitalManagement.com

Learn Trade Invest

In This Issue

Thoughts from the Desk of…

We have all heard how important it is to develop a network of connections that you can leverage to help you succeed in business. Almost so much that we become numb to it. Are you guilty of having the mindset of "As long as I have more than 100, 200, 500 etc. connections on LinkedIn I have a great network."

Well that may not be the case. I recently attended a conference where the keynote speaker spoke about how to focus on and develop an inner circle of key networking connections. In a nutshell, focus on quality not quantity.

She then mentioned the Chinese business term for connections: "Guanxi" to drive home the point but left it at that. This caught my attention and I made a note to dig deeper into the meaning of guanxi as I have always been intrigued with learning more about international business culture. But first let me be honest, I did not spell it correctly when I jotted it down, but thanks to the magic of Google, I easily navigated my way to the Chinese definition.

Guanxi: A Chinese term meaning “networks” or “connections,” understood to be a network of relationships designed to provide support and cooperation among the parties involved in doing business. I decided to dig deeper and read some more about the practice of guanxi and found that it was described as a network of social connections based on mutual trust and the balancing of debts by returning favors so that the relationship’s benefits are shared by all.

A certain theme immediately jumped out at me that I think gets overlooked by a lot of us when it comes to networking and our connections. The emphasis is in the Chinese meaning of mutual trust that is shared by all. Connections are meant to be give and take, they are not one-sided “what’s in it for me” relationships.

That is the key takeaway. In order to best leverage and benefit from your network large or small, it has to be mutually beneficial to both parties. Let’s all keep this in the forefront of our minds as we move forward!

Bob Repass
Managing Director

Eddie Speed Named as First Ever Inductee to the SBRE Hall of Fame

On Friday, July 29th The CapitalFlow Conference in Portland OR was the scene of the SBRE Awards, including the inaugural SBRE Hall of Fame ceremony. The purpose of the conference is to gather together leading small balance real estate entrepreneurs, including fund managers, syndicators, private lenders, and others operating small balance real estate businesses to share ideas, experiences, and best practices in the way they systematically raise capital to fund their deals.

On Friday at the conference, several SBRE entrepreneurs were recognized for their achievement in the industry. Included in this group was the founder of Note School and Colonial Capital Management , Eddie Speed, who was the first ever inductee into the SBRE Hall of Fame which recognizes lifetime achievement in the field of small balance real estate.

“It’s an incredible honor being placed into the SBRE Hall of Fame and especially as its first inductee”, said Speed. “With all my industry peers and their incredible successes, it’s very humbling to be selected by such a high caliber organization. I accept this induction with my deepest appreciation and gratitude to Fairway America.”

Speed started in the note business in 1980 at an early age and has now been involved for over 35 years. He founded NoteSchool with the mission to provide superior training and vision concentrated on the note industry that is timely, relevant and accurate and is presented in ways that are easy to comprehend and implement so that it leads to superb results. NoteSchool takes pride in delivering the highest level of note training that produces a path which enables its students to create wealth and a secure financial future.

In addition to running NoteSchool, Speed and his colleagues Bob Repass and Ryan Parson at Colonial Capital Management, also operate a small balance real estate pooled investment fund focused on purchasing discounted notes. Colonial engaged Fairway America in 2014 to assist them in setting up their fund as well as to handle the fund administration. Colonial has raised more than $12,000,000 in investment dollars since its inception, including funds from its listing on SBREfunds.com.

“We have had the pleasure of working with Eddie and his team for the past several years”, said Matthew Burk, Fairway America’s and SBREfunds.com’s CEO. “Eddie’s commitment to his students, colleagues, and investors, and really to the SBRE industry, epitomizes what small balance real estate is all about. He wholly deserves this honor and we are glad to be a part of it.”

The CapitalFlow Conference has been designed to continue to help facilitate the SBRE community of entrepreneurs and investors. The event will be held annually in Fairway’s home town of Portland OR and is expected to attract the leading SBRE entrepreneurs and fund managers from around the United States to gather each year for mind share, mutual learning, collaboration on the key issues they all face, and to enhance their capacity to successfully raise capital for their SBRE enterprise.

WOMEN'S MASTERMIND

HOSTED BY MARTHA SPEED
SEPTEMBER 15-18, 2016
SPANISH FORT, TEXAS

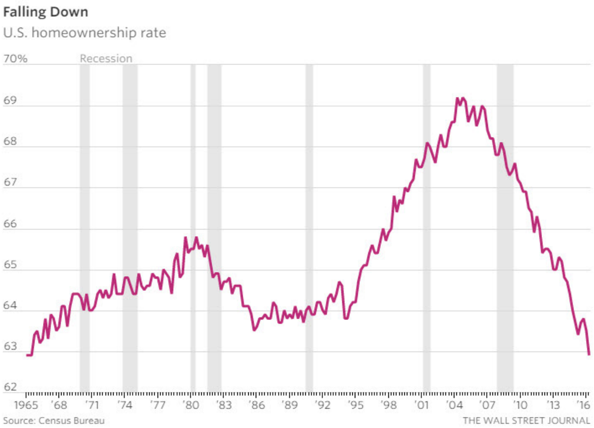
Every time we start preparation for the next mastermind I wonder if we will have enough. Enough What? People, food, time, & fun! Each time it's been a perfect combination of presentations, great women at all levels of the business, great networking, great food and lots of fun.

Women who should attend are willing to give knowledge and help other women grow their business. Everyone should learn from others as well as teach others. Attendees must be willing to commit to making a Big Shift in their lives, their business and living positively. Those attending and re-attending have knowledge and systems to share to help you grow while continually growing their business and themselves. All of us want a "Success Circle" of people to help us grow and learn more in the business with those that are successful doing the business.

Our focus is on You and how to help you use existing systems to improve your workflow or increase your deal volume. Maybe you've found yourself needing to Re-Group, Re-Learn, Re Deciding or just need some Re-Direction. Even as a successful entrepreneur you must continually revise your plans and visions.

The 3 days will be working mastermind sessions, networking and making connections with other women that will last a lifetime and some much needed R&R.

Click here to view Linda's testimonal...
Be watching your email for webinar & event Registration………..



Is the Demographic Shift Driving Down Homeownership?

By Bob Repass

The U.S. homeownership rate fell to the lowest level in more than 50 years in the second quarter of 2016, a reflection of the prolonged effects of the housing bust, limited availability of credit for buying and shifting demographics across the country.

The homeownership rate, the proportion of households that own their home, fell to 62.9%, half a percentage point lower than 2015's second quarter and 0.6 percentage point lower than the first quarter of 2016, the Census Bureau said last week. That was the lowest figure since 1965.

If we dive deeper into the three major demographic groups we see that the housing market crisis was especially severe for Generation X—those born from 1965 to 1984, as this group represented the largest amount of homeowners including many of the defaulted and foreclosed on borrowers.

The millennial homeownership rate for 18-to-35-year-olds slipped to 34.1% in the second quarter, the lowest level in records dating to 1994. These younger households struggle amidst student debt, increasing market rents and stagnant wages, and the scarce inventory of starter homes.

Contrast that to the Baby Boomers, those 65 years and over, who have the highest homeownership rate of 77.9%.

The bigger picture suggests it is this shift in our population demographics that is restricting homeownership. Most millennials are simply choosing or settling to rent. Renter-occupied housing units increased by 967,000 from the same period a year earlier.

An expanding number of households suggests that more people are moving out on their own and as the increase in consumer spending supports this results in spurring economic growth.

“Household formation numbers suggest that if the decline in ownership is real, it is more likely due to a large increase in the number of renter households than any real decline in the number of homeowner households,” said Ralph McLaughlin, chief economist at real estate website Trulia.

Capital Markets Update

The Problem with Leverage

By Ryan Parson

On a recent Motor Home & Money Tour stop, I was with a group investors discussing the different elements and structures that are possible when investing in small balance private placement funds like ours.

It was a great opportunity to connect with various people and talk about that particular investment structure.

One of the questions that dominated the general conversation that day was how much leverage should be used to grow one’s portfolio.

Fear of Leverage?

Since I primarily engage with high net worth investors, I tend to pay special attention to topics that recur in these conversations, and the topic of leverage is one that increasingly comes up as an area of concern. Why is that? What's going on that's causing this spike in fear of leverage?

As I asked these investors why the topic was important to them, a common theme emerged…

The big concern was that the more leverage one has, the more at risk equity investment becomes during tough financial and real estate times.

I'm not a 'doomsday' guy by nature, but when I hear so many sophisticated investors bringing up a particular topic, it gives me pause to take stock of what we may be looking at.

So – why could leverage be detrimental?

Leverage vs Over-leverage

One thing is certain: you don't want to be over-leveraged, regardless of where you think the market may be headed.

In a down cycle, if you have to keep making debt payments on an asset that's (now) devalued and that's likely producing less cash flow than it should, you might run into a problem because you're stuck paying off sub-performing assets.

In this scenario, individuals who are over-leveraged are putting themselves in an at-risk position, and that something we saw a lot of back in 2008 and 2009, and it caused pain for investors who were surprised by the downturn.

Of course, completely eschewing leverage means that your portfolio may grow at a slower rate.

Leverage and Risk Tolerance

Like so much of what I write about, this topic has to be viewed through the lens of your own tolerance for risk.

If you're more comfortable with the risks associated with using leverage to acquire assets more aggressively, you may need to keep a close watch on signals that the market is turning so you can get out from under this debt before your assets drop significantly in value.

Balancing Leverage and Opportunity

If, however, you like the idea of being able to buy assets at their least expensive time (i.e. during a downturn), you may not want to go into an over-leveraged situation simply because you want to be able to ramp up your acquisition efforts at will, without being hampered by debt.

My personal view is that when you don't carry significant debt, you're comfortably leveraged. This is desirable when the general market is releasing assets, which then become cheaper. The less debt you're carrying when that happens, the more you're in the position to be able to acquire more assets at a less expensive cost basis that contribute to your ability to ride out a down market.

In my experience, investors who have well-managed portfolios are typically comfortably leveraged.

Individuals who are highly leveraged, by contrast, have the most difficult time building adequate passive income levels.

Where do you stand?

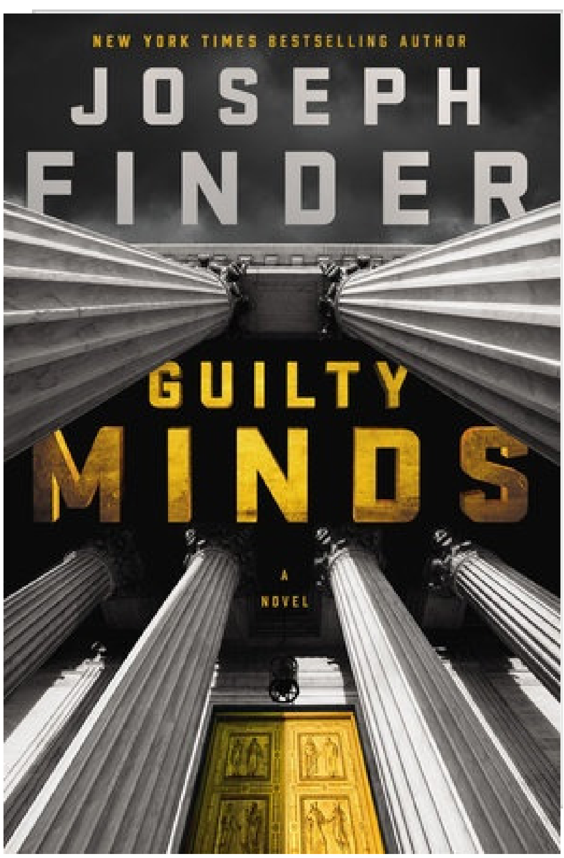
When it comes to being able to sleep peacefully at night, sometimes less leverage is better. At the very least, I recommend that you take time to review your personal investment philosophy and see where you stand in regards to leverage.
Are you comfortably leveraged – or not?

Please write me and share your thoughts and questions on this important element of your planning.

To your prosperity!

Quote of the Month

"An invisible thread connects those who are destined to meet, regardless of time, place and circumstance. The thread may stretch or tangle. But it will never break." Ancient Chinese Proverb



Recommended Reading – Guilty Minds

This month's recommended reading is Guilty Minds by Joseph Finder. This is the first book I have read by Mr. Finder and I have to say I was not disappointed. It was fast-paced with lots of plot twists and turns. The term "Guilty Mind" comes from the criminal law fundamental principle of "mens rea" more commonly known as criminal intent. It is that theme that drives the characters and action throughout. The author has a new fan!

Upcoming Events

- P.I.P.E. Event – August 9 – San Jose, CA
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- REI Expo – August 10-13 – San Francisco, CA
- Big Money 3-Day Class – August 12-14 – Seattle, WA
- Rich Rewards 3-Day Class – August 26-28 – Philadelphia, PA
- Big Money 3-Day Class – September 2-4 – Burlington, NC
- Women's Mastermind – September 15-18 – Spanish Fort, TX
- 5th Annual Appreciation Event – November 3, 2016 – Ft Worth, TX
- NoteExpo 2016 – November 4-5, 2016 – Ft Worth, TX