Going Beyond Book Learning at the AAPL Conference

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SEVERAL YEARS AGO, a group of industry professionals looked out over the private lending landscape and saw relative chaos in the space. On the one hand, many lenders were providing true value to their investors and clients, operating from a position of integrity in their dealings and working toward the mutual benefit of all parties.

But also working within the space were rogue lenders who primarily focused on achieving maximum cash inflow without regard to the well-being of their “constituents”.

As a result, many millions of dollars were lost through mismanagement, fraud, and deceptive practices. Some of it was lost through sheer incompetence, but some of it was lost as the result of intentional business practices designed to take advantage of the misfortunes of others.

Missing from the industry was an organization that could help raise standards, provide education to both experienced lenders and those just entering the industry, and promote ethical conduct on the part of all parties to private lending transactions.

The founders stepped into that gap with the goal of gathering together the best private lenders and giving them a voice. In so doing, it was hoped that the AAPL name would become synonymous with quality and ethics, and that it become recognized as the industry standard bearer.

From the outset, AAPL has worked to draw lenders into membership and provide valuable resources including networking, educational, and growth opportunities. It was successful in developing a core membership group, but reached the point in its development where more resources were needed to take the organization to the next level.

At the first of August of 2012, a significant capital investment was made into the association to support AAPL’s ability to turn over the day-to-day operations and leadership to full-time staff.

We have an ambitious action plan. We are primarily focused on building AAPL’s value proposition and delivering on the promise originally conceived by the founders. This action plan is supported by the founders and the board of advisors which was formed in July to steer this organization toward fulfillment of its core mission . . . building ethics, providing education, and
promoting excellence within the private lending industry.

Over the next few months, you will see many additions to the organization. These include:

- enhanced educational opportunities both online and in person
- growth in networking events
- activation of a member forum allowing the opportunity for people to get real answers to real questions
- other value-added services designed to help set our members apart from the rest of the pack.

Your continued support of the organization is needed. If you're an established lender with a strong track record, you're our battle tested veterans that can help build up those that desire to increase their skills. You also benefit by becoming connected to a network of professionals that share your values and are happy to be a resource to you in times of need.

If you are newer to the business, your ability to learn from the best is worth its weight in gold. And frankly, these veterans need you to understand the intricacies of the industry so that standards are kept. The public needs to recognize private lenders as an alternative to the traditional banking system which has not been able to serve the needs of borrowers in a comprehensive way.

Our kickoff for the many actions we are taking will be held at the AAPL Annual Conference at Caesar’s Palace, Las Vegas, November 4th through 6th. Your attendance at
that event is very meaningful and I hope you will register at www.aaplexpo.com

Growing this association has significant benefits to all who participate. We will be the voice of the industry, and would like for you to join with us.

On behalf of our founders:

Tim Bricker, Anthony Geraci, Wallace Groves and Jack Rollins

And our Board of Advisors:

Josh Fischer, David Owen, David Williams, Bill Worsley, Robert Wallace, and Mike Wrenn

We say thank you for your continued support.

I look forward to building this association with you and for you.

See you at the conference.

Larry Muck

Executive Director

If you are interested in becoming an AAPL Partner please contact Larry Muck at 913-888-1250 or lmuck@aaplonline.com

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Sponsorship and Exhibiting: Mr. Larry Muck | 913.888.1250 | lmuck@aaplonline.com
An Overview of the 2012 AAPL Conference

THE 2012 AAPL CONFERENCE promises to be the Premier Educational Event in the Private Lending Industry. By attending the 2012 Conference, you will be able to:

- Network with the Top Professionals in the Private Lending Industry
- Listen to an Exceptional lineup of Educators and Speakers
- Learn about the Latest Industry Opportunities and Trends
- Meet the Industry’s Top Service Providers

The lineup of speakers is highlighted by MARK CALABRIA, PH.D. (left) Mr. Calabria is the Director of Financial Regulation Studies at the CATO Institute. Before joining CATO in 2009, he spent six years as a member of the senior professional staff of the U.S. Senate Committee on Banking, Housing and Urban Affairs. In that position, Calabria handled issues related to housing, mortgage finance, economics, banking and insurance for Ranking Member Richard
Shelby (R-AL). He has extensive experience evaluating the impacts of legislative and regulatory proposals on financial and real estate markets, with particular emphasis on how policy changes in Washington affect low and moderate income households. He holds a doctorate in economics from George Mason University.

OTHER SPEAKERS INCLUDE:

**ANTHONY GERACI** *(Geraci Law Firm)* – a leading expert in mortgage lending and securities law, Mr. Geraci has also authored numerous articles on real estate finance and securities subjects. He will host a breakout session on Current Laws & Regulations Surrounding Private Lending and Securities Law – Fractionalized Notes and other Non-Traditional Funding Models.

**ROBERT V. WALLACE** *(Wallace Capital)* – Mr. Wallace has participated in the acquisition and financing of real estate assets and operating companies; the asset management of an institutional real estate portfolio and capital raising activities for various real estate companies. He will be hosting sessions on Mitigating Borrower Fraud – How to Protect Yourself and Distressed Asset Management.

**DAVID F. OWEN, PH.D., CPLA** *(Pride of Austin Capital Partners)* – is an eighth generation Texan with close to 40 years of professional experience in the Texas real estate market and real estate finance industry. A multi-degreed professional who has completed studies at University of North Texas, Sacred Heart School of Theology, Marquette University and University of Texas. He will host two sessions: Brokering Private Money – Getting Your Deals Done; and Marketing to Increase Deal Flow.

**DAVID WILLIAMS** *(Investors Choice Capital Group)* – Mr. Williams has devoted the past 15 years developing his expertise in conventional and private real estate financing and investing. In 2008, Mr. Williams co-founded Investors Choice Capital Group, a privately funded asset-based commercial lender specializing in providing short-term secured loans, also known as, flash cash, bridge and renovation loans. Mr. Williams will host two sessions: Opportunities in Transactional Funding; and Profits Through Distressed Assets.

**WALLACE GROVES** *(BridgeSource Capital, LLC)* – BridgeSource Capital founder Wallace Groves is a high capacity, entrepreneurial leader who is energized by build-
ing great companies. Wallace’s primary responsibilities with BridgeSource are in the areas of strategic business leadership, driving BridgeSource’s operations, including the loan underwriting and servicing processes. Mr. Groves is also one of the four founding members of the American Association of Private Lenders. He will host a session on Attracting Debt Capital.

**BILL WORSLEY (BridgeSource Capital, LLC)** – BridgeSource Capital founder Bill Worsley is a visionary and creative leader who loves building great teams and working with those teams toward a common and exciting goal. Mr. Worsley’s daily focus at BridgeSource is overall business leadership, marketing and business development, strategic planning and investor relationship management. In addition, he is actively involved in every lending decision, bringing ten years of experience as a private lender to our loan evaluation process. Mr. Worsley will host the Introduction to Private Lending session.

**JOSHUA FISCHER (Sterling Pacific)** – Mr. Fischer is the Managing Director, Broker and Chairman of the Investment Committee of Sterling Pacific Financial. In his role, he oversees the day-to-day investment operations of the company. In addition, Mr. Fischer acts as chairman of the company’s investment committee. Prior to joining Sterling Pacific Financial, Mr. Fischer served as the Chief Executive Officer of Generation Leasing, LLC for 10 years. Mr. Fischer will host sessions on Creating a Fund – Setup and Management; and Raising Private Capital – Building Your Investor Base, Best Practices and Strategies.

**ROBERT BUCHANAN, CPLA (Pride of Austin Capital Partners, LLC)** – a veteran finance and investment professional, Mr. Buchanan serves as both Managing Partner of Pride of Austin Capital Partners, LLC; and President of Austin Homes, LLC. Pride of Austin Homes utilizes cutting-edge technology. In addition to his role as President, Robert supervises the company’s construction superintendents, marketing,
investor relations, and financing. He will host Construction Lending – Models and Best Practices.

LARRY MUCK, Executive Director (American Association of Private Lenders) – Mr. Muck shares his passion for fair dealing and excellence in lending as the Executive Director of the American Association of Private Lenders. He brings to this position the experiences gained through a 30-year career in banking. During that span, he served in many leadership and lending capacities, including serving as Executive Vice President for a regional bank with a $220 million portfolio of commercial, consumer, construction, and mortgage loans. Mr. Muck will host the final Group Discussion of the 2012 Conference, Lessons Learned the Hard Way.

As the premier educational event in the Private Lending Industry, the American Association of Private Lenders Conference will feature presentations from industry leaders. The 2012 AAPL Conference will deliver new hard-hitting information that you can use to increase your bottom line.

For more information or to register, go to: www.aaplexpo.com

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In this Interview, Larry Muck talks about his vision for the future of AAPL and what is planned for the upcoming annual conference in early November.

Larry Muck is the new, full-time executive director of the American Association of Private Lenders. Over thirty years of experience in banking and lending give him a clear understanding of the industry. His background in building large organizations will serve him well as he guides the expansion of AAPL.

Private Lender: There’s been a transformation that’s occurred with AAPL. What’s happening?

Muck: The original vision for the organization was well crafted. It just became apparent that if we were going to really fulfill our purpose as an organization there needed to be a full-time presence in terms of leadership and growing it.

What we’ve done is invested in the organization and invested in its future and growth. So we have the original four founders who started out with a very good idea. They set the table for us, and now we’re there to take the organization and run with it – make it what it’s supposed to be.

Private Lender: What do you see as the key initiatives that you’re looking at over the next 12 months?

Muck: A couple of things that we are working on right now are building the educational assets and offering more educational opportunities.

We’re interested in developing continuing education credits for our course offerings. We’re also looking into how to offer them in a number of different ways rather than having to be physically present.

We want to be able to take advantage of all of the electronic means that we can such as webinars and video conferences. Essentially, we want to expand the educational side of our organization.

Another thing that goes hand in glove with that is that we’re working hard to get the word out about the Association and increase membership.

One of the key benefits of the Association is the ability to network with professionals across the country. So the larger the network we have, the more valuable that network will be. We’ll be pushing our publicity and working to build that membership base to be able to increase that.

Also, we’re developing the tools that will allow our members to interact with each other. That’s through member forums but also by implementing some kind of a deal exchange or referral system. We want to provide a framework for more interaction.
There are a number of new services that we’re looking at. One is to provide a “second eyes” underwriting system where private lenders could get an independent third party’s opinion on a particular deal that they’re working on.

One of our board of advisors actually uses a service like that, and all our advisors have indicated that if we offer that kind of service within the organization, they would utilize it.

I think there’s a lot of benefit to having an independent party review your deals, look for the red flags and provide feedback to you on what they’re seeing.

PRIVATE LENDER: So by having an outside, independent person review the deal, you might get an affirmation as to what’s in place or maybe point out some things you might have missed?

MUCK: Yes. Having been in the lending business for close to 30 years, I know how easy it is to not have a dispassionate analysis of the situation as sometimes you might want to have.

But having a third party—a dispassionate professional—look over what you have is highly beneficial. Often it challenges your thinking. It makes sure that you’re asking all the right questions and finding all of the points that need to be addressed. It’s incredibly helpful to have somebody else look over the deal.

PRIVATE LENDER: What are some of the other initiatives you’re looking at?

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MUCK: Well, one of the key issues for private lenders is making sure that they have good deal flow. Even more important is getting the right kind of deals. We will put those mechanisms that we talked about in place to help assist them in finding good deals.

But the other side is the funding perspective. Some private lenders need assistance in a couple of different ways for getting funding. We’re at the very early stages of looking at a member-based liquidity pool that would provide a take-out mechanism for some of the qualified members of the organization.

We’re also looking at the possibility of putting leverage funding in place. Many private lenders want something other than private equity to fund their deals.

While they’re not for everybody, we’re looking at developing sources of funding that could be shared by this group of private lenders.

PRIVATE LENDER: Are there any other initiatives that you’re looking at?

MUCK: I’m going to say that we’ve got plenty on our plate. We want to make this association a go-to place. We want to set an industry standard. We want it to be the kind of place where if you’re a quality private lender, you really feel like you should be a member.

It’s not just about the networking, although that’s a great part of it. It’s about education, and it’s about providing services that help the individual lenders and other members make more money.

PRIVATE LENDER: What are the major challenges that the private lending industry is facing right now?

MUCK: There are all of the regulatory changes that are going on. We’re constantly being faced with changing regulations. In general, compliance with legal requirements is the number one challenge for private lenders.

We also have a changing environment. Looking towards the future, we don’t know what interest rates are going to do.

In the future, we’re looking at margin compression, and we have to anticipate what that will mean.

The industry as a whole needs to lift itself up. To the extent that there are new people, new investors in the industry, we need to provide them with safeguards. We need to be able to provide them with a decent education.

One of the reasons why AAPL exists is to try to eliminate predatory lending practices. In our Code of Ethics, we say, “At no time will our members originate a loan only to seek the property back through unscrupulous lending practices.”

We really want to make it safe for people to be able to trust that the interests of all parties are being looked at in their transactions.

Eventually, we hope to be able to have a lobbying effort for private lenders. Although that’s not going to happen until we reach a certain critical mass in terms of membership.

I think that the private lending industry—and I’m not just talking about private lenders but mortgage brokers and fund managers and all those associated parties deserve to have a strong voice in the political spectrum.

That’s why this organization fills a unique niche within the national scope of things. Private lenders and all those other affiliated parties need to join
together because they all have a vested interest.

PRIVATE LENDER: You’re about to host the big annual conference. What are you looking forward to in Las Vegas?

MUCK: We just confirmed that Mark Calabria will be our keynote speaker. Mark is a highly regarded economist. In fact he gave the Libertarian’s answer to the State of the Union address by Obama this year.

He’s a director of financial regulation studies at the CATO Institute. He’s handled issues related to housing, mortgage finance, economics, banking and insurance for ranking member Richard Shelby of Alabama. He was Deputy Assistant Secretary for Regulatory Affairs at the U.S. Department of Housing and Urban Development. He’s been at Harvard University’s Joint Center for Housing Studies.

If you want to see him in action, just go to YouTube. They’ve got a lot of CNBC appearances, speeches, and testimonies. I couldn’t be happier about having him for this.

PRIVATE LENDER: What is different at the AAPL conference as opposed to many typical conferences?

MUCK: Really, we’re eliminating any aspects of a pitch fest there. This is going to be dedicated most definitely to education. We’re heavily emphasizing round tables and panels, making it highly interactive with the people that are there. It won’t just be teaching. It will be about getting real answers to real questions.
PRIVATE LENDER: How will attending the conference facilitate networking?

MUCK: We’re going to offer the Certified Private Lending Associate accreditation on Sunday afternoon. We’ll have a welcome reception for everyone that night and a members-only luncheon on Monday.

But really we have structured the entire conference to be more about networking. So even in the educational settings, we hope it’s more give and take and discussion for everyone.

Our last session on Tuesday will essentially be “Mistakes I’ve Made” war stories from private lending – you know “What I Learned by My Mistakes, and I Hope You Don’t Make Them.”

I’m really looking forward to that. I was with the board of advisors in Raleigh, and I was listening to some of their horror stories. Frankly, there are some good ones out there.

Lending is a business where you’re going to make mistakes, and you need to be able to learn from your mistakes. So part of what we are about is developing group intelligence.

You shouldn’t have to learn something the hard way if you can learn how to avoid a problem from one of your peers.

PRIVATE LENDER: What else are you looking forward to at the Las Vegas Conference?

MUCK: Well, I’m going to get to meet a lot of the members for the first time. Although I really expect to speak with most of them by phone between now and the conference as an introduction, I will not have physically met most of them.

“I was listening to some of their horror stories. Frankly, there are some good ones out there.”

So it’ll be a chance for me to talk to them one-on-one, interact, develop my own network and really find out what’s on their minds.

I want to make sure that we stay on track with what their desires are for the organization.

Larry Muck is the Executive Director of the American Association of Private Lenders. You can contact him at 913.888.1250 or email him at lmuck@aaplonline.com

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He sat on the sidewalk alone, the cardboard beneath him his only protection from the cold cement. Around him people talked. They laughed. They ordered coffee to go.

Occasionally, someone would drop a coin into the can at his side. The loud clank revealed that the can was virtually empty. A scrawled sign said, “I’m blind. Please help.”

A woman came walking down the sidewalk on her way to a meeting. Her clothes, her hair, her briefcase all said success. She walked past the man, and then something made her stop. She turned and looked thoughtfully at the man, the sign, and the empty can.

She stepped forward and grabbed the sign. She flipped it over. A pen appeared and she began to write.

The blind man reached out and touched her shoes to “see” the person he was hearing in front of him.

In a moment, the writing was complete. Without a word, the revised sign was returned to its place and the woman strode off to her appointment.

The scene on the street began to change. Many of the people who passed the sitting man stopped to give a coin, or even a few coins. The empty clang in the can was replaced with the softer clink of a can filling with money.

A while later, the man heard the distinct sound of the woman’s steps returning. He reached out and felt the now familiar shoes to confirm it was her.

“What did you do to my sign?” he asked.

“I wrote the same thing as you, but with different words,” she replied.

“Thank you!” he said gratefully as she walked off.

What did the new sign say that had made all the difference?

“It’s a beautiful day and I can’t see it.”

I saw this story unfold in a short YouTube video recently. It is a powerful illustration of the difference between having an average selling message versus an exceptional one.

The difference was the rewriting of a few words. It was the same man, in the same place, on the same day, with the same can at his side. But with the creation of a new message, his world changed.

I see exactly the same result with the clients I work with. A small refinement of the selling message very often makes a substantial difference.

I was recently asked to resuscitate an e-mail campaign for my favorite regional theater company.
Their show had opened a few days before. The reviews were out and they were glowing.

They were now in the critical period where either they would see ticket sales rise to make the show nicely profitable, or they would stay flat and take the show into the red.

The problem was that the number of people opening e-mails promoting the show were declining.

A promotional e-mail sent 12 days earlier had a 17.8% open rate. The open rate for the second e-mail slid to 15.45%. The third e-mail in the series saw the open rate drop to 14.89%

I needed to turn around the trend and there wasn’t much time to do it. With only nine shows left in the run, every day made a difference. The challenge was to send a new e-mail to the same list of 5,999 people, tell them about the same show, but get a higher level of response.

The only thing available to change was the message in the e-mail. That meant working with the subject line, the selling message, and possibly changing a photo.

I worked on it late into the evening. At 8:23 the next morning I hit the send button.

Less than 12 hours later, we had registered a 31.1% open rate. The number of people clicking through to the ticket website jumped 45.3%. Calls to the ticket office increased by 50.2%.

The difference was simply focusing and refining the message.

So how am I able to get much higher than average response rates? No, it is not some mystical power, a lucky rabbit’s foot, or strange voices inside my head. It is decades of hard-won knowledge and study of what does and doesn’t work in getting people to take a desired action. Usually that desired action is buying a product or service.

Imagine what can happen when you get just 15, 25, 35% more responses to your marketing. That means more leads for your sales people. It means more new customers. It means greater profits at the end of the quarter.

The extra time and additional money it takes to have a direct response advertising professional create your marketing can pay for itself many times over.

It can often mean the difference between success or failure in a product launch.

It is often the difference between a company that’s just getting by or flourishing.

Focus on getting the right message in your marketing efforts. While the difference may be only a few words, those words can make all the difference in the world.

Richard Wilson is the Founder/Chief Marketing Strategist for Sentium Strategic Communications which helps companies craft the right message for extraordinary results. Contact him at Richard.Wilson@Sentium.com
The California Legislature passed a bill this week that would strengthen laws meant to protect investors and borrowers of “hard money” – private high-interest loans secured by steep collateral requirements and generally offered to people who cannot qualify for conventional bank loans.

Senate Bill 978 addressed concerns raised in a Sacramento Bee investigation of hard-money lending last year. The series showed how some loan brokers fraudulently exploited naive lenders and borrowers.

The bill passed both houses of the legislature unanimously, and enjoyed the support of the California Mortgage Association, a trade group that advocates for private money lenders. If signed by Gov. Jerry Brown, it would augment laws that govern corporations and real estate transactions.

The legislation shines a “regulatory spotlight on investor solicitations that were previously carried out in the shadows,” said Sen. Juan Vargas, D-San Diego, who introduced the bill, in a statement.

The hard-money industry “has a few bad actors, who have been able to prey on unsuspecting investors,” he said. “We tried to … support the reputable members of the industry by codifying best practices (and) put the unscrupulous members of the industry out of business, by banning inappropriate practices and imposing greater regulatory oversight.”

The bill would require any broker who raises money for loans under the real estate or corporation codes to provide more information about their practices. The state Department of Corporations also would hire examiners, at a total cost of $250,000 annually, to ensure that loan brokers properly disclose their activities and protect investors and borrowers.

The changes would help ensure that brokers consider investor interests more carefully when soliciting funds bundled into hard-money loans. The changes respond, in part, to cases in which elderly investors lost much of their life savings through ill-considered investments.

The Bee investigation examined thousands of real estate and legal records involving decades of hard-money transactions in Nevada County – a magnet for financial fraud. At the peak of the real estate bubble, hundreds of local investors put up $130 million for such loans. They lost an estimated $50 million – equivalent to $500 for every man, woman and child in the county.

Statewide, problems with hard-money lending have cost investors and borrowers billions of dollars. Among the top hard-money brokers operating during the real estate bubble, one in four had been accused of wrongdoing or sanctioned by the state Department of Real Estate, yet most of those continued to operate with impunity.
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Some Times Our Big gest Life Goals

Sometimes our biggest life goals seem so overwhelming. We rarely see them as a series of small, achievable tasks, but in reality, breaking down a large goal into smaller tasks—and accomplishing them one at a time—is exactly how any big goal gets achieved.

After you have decided what you really want, with specific deadlines, the next step is to determine all of the individual action steps you will need to take to accomplish your goal.

How To Chunk It Down

There are several ways to figure out the action steps you will need to take to accomplish any goal. One is to consult with people who have already done what you want to do and ask what steps they took. From their experience, they can give you all of the necessary steps as well as advice on what pitfalls to avoid.

Another way is to purchase a book or manual that outlines the process.

Yet another way is to start from the end and look backward. You simply close your eyes and imagine that it is now the future and you have already achieved your goal. Then just look back and see what you had to do to get to where you now are. What was the last thing you did? And then the thing before that, and then the thing before that, until you arrive at the first action you had to start with.

Remember That It Is Okay Not To Know How To Do Something

It’s okay to ask for guidance and advice from those who do know. Sometimes you can get it free, and sometimes you have to pay for it. Get used to asking, “Can you tell me how to go about . . . ?” and “What would I have to do to . . . ?” and “How did you . . . ?”
Keep researching and asking until you can create a realistic action plan that will get you from where you are to where you want to go.

What will you need to do? How much money will you need to save or raise? What new skills will you need to learn? What resources will you need to mobilize? Who will you need to enroll in your vision? Who will you need to ask for assistance? What new disciplines or habits will you need to build into your life?

Another valuable technique for creating an action plan for your goals is called mind mapping.

HOW TO USE MIND MAPPING

Mind mapping is a simple but powerful process for creating a detailed to-do list for achieving your goal. It lets you determine what information you’ll need to gather, who you’ll need to talk to, what small steps you’ll need to take, how much money you’ll need to earn or raise, which deadlines you’ll need to meet, and so on—for each and every goal.

When I began creating my first educational audio program—a breakthrough goal that led to extraordinary gains for me and my business—I used mind mapping to help me “chunk down” that very
large goal into all the individual tasks I would need to complete to produce a finished product.

To mind-map your own goals, follow these steps as illustrated in the example:

CENTER CIRCLE: In the center circle, jot down the name of your stated goal—in this case, Create an Audio Educational Program.

OUTSIDE CIRCLES: Next, divide the goal into the major categories of tasks you’ll need to accomplish to achieve the greater goal—in this case, Title, Studio, Topics, Audience, and so on.

SPOKES: Then, draw spokes radiating outward from each mini-circle and label each one (such as Write Copy, Color Picture for Back Cover, and Arrange Lunch.)

On a separate line connected to the minicircle, write every single step you’ll need to take. Break down each one of the more detailed task spokes with action items to help you create your master to-do list.

NEXT, MAKE A DAILY TO-DO LIST
Once you’ve completed a mind map for your goal, convert all of the to-do items into daily action items by listing each one on your daily to-do lists and committing to a completion date for each one. Then schedule them in the appropriate order into your calendar, and do whatever it takes to stay on schedule.

DO FIRST THINGS FIRST
The goal is to stay on schedule and complete the most important item first. In his excellent book, Eat That Frog! 21 Great Ways to Stop Procrastinating and Get More Done in Less Time, Brian Tracy reveals not just how to conquer procrastination but also how to prioritize and complete all of your action items.

In his unique system, Brian advises goal setters to identify the one to five things you must accomplish on any given day, and then pick the one you absolutely must do first. This becomes your biggest and ugliest frog.

He then suggests you accomplish that task first—in essence, eat that frog first—and, by so doing; make the rest of your day much, much easier. It’s a great strategy. But unfortunately, most of us leave the biggest and ugliest frog for last, hoping it will go away or somehow become easier. It never does. However, when you accomplish your toughest task early in the day, it sets the tone for the rest of your day.

By chunking down your goals, and then taking daily action on them, you create momentum and build your confidence, both of which move you farther and faster toward the achievement of your goals.

Now go take some action!

Jack Canfield, America’s #1 Success Coach, is founder of the billion-dollar book brand Chicken Soup for the Soul© and a leading authority on Peak Performance and Life Success. If you’re ready to jump-start your life, make more money, and have more fun and joy in all that you do, get FREE success tips from Jack Canfield now at: www.FreeSuccessStrategies.com.

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“The greatest leverage point you have for growing your business is to enhance your creative selling message.” — Richard Wilson

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Research shows that getting the right selling appeal can produce 19x the number of responses over other less effective appeals. That’s the difference between 10 people responding to your ad and 190 people responding.

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The CFPB and other regulatory entities have had a busy summer proposing several rules affecting the non-banking mortgage industry. Two of the largest have been amendments to the high cost laws and to the loan servicing laws. The final rules are slated to go into effect January 21, 2013. Here are the key points for the high cost laws.

**WHAT LOANS ARE COVERED**

Any consumer loan secured by the consumer’s principal dwelling is covered by the new high cost law if it meets any one of three independent triggers: either (a) the “APR” trigger; (b) the “points and fees” trigger; or (c) a new prepayment penalty trigger.

Of particular note; what are not exempt any more: Closed-end, open-end and purchase money consumer loans secured by principal dwellings. The three triggers are discussed below:

**APR TRIGGERS**

For first lien loans, covered loans equal or exceed six and one half percentage points (6.5%) over the average prime offer rate and eight and one half percentage points (8.5%) over for subordinate liens, and for first liens on personal-property dwelling under $50,000.

**POINTS AND FEES TRIGGERS**

Total fees and points payable in connection with the transaction, not including bona fide third party charges not retained by the originator, creditor, or affiliate of either: (a) 5% or less for loans $20,000 or over; or (b) the lesser of 8% or $1000 for loans under $20,000;

**PREPAYMENT TRIGGER**

The loan will be a high cost loan if Lender requires a prepayment penalty after 36 months from the date of origination, or prepayment penalties that, in the aggregate, exceed more than 2% of the amount prepaid.

**PROHIBITED PRACTICES FOR HIGH-COST MORTGAGES**

**HOME IMPROVEMENT CONTRACTS** – A creditor in a high-cost mortgage shall not pay a contractor under a home improvement contract from the proceeds of a high-cost mortgage, except by a joint check issued to borrower and contractor or through escrow pursuant to a written agreement between lender, borrower and contractor.

**SELL OR ASSIGN** - A creditor in a high-cost mortgage shall not sell or assign the high cost mortgage without providing the notice required under §1026.34(a)(2).

**REFINANCE** - A creditor in a high-cost mortgage shall not refinance the borrower into another high cost mortgage within one-year of extending a high cost mortgage, unless the refinance is in the borrower’s interest.
REPAYMENT ABILITY – Creditor must verify repayment ability as follows:

CLOSED-END - The following shall be considered in making the determination of whether the borrower qualifies for the loan: 1) the borrower’s current or reasonably expected income or assets, other than the value of dwelling that secures the loan, 2) the borrower’s current employment status, if the lender relies on income from a borrower’s employment in determining repayment ability, 3) the loan payment, calculated based on the fully-indexed rate, and on fully amortizing payments that are substantially equal, 4) the borrower’s monthly payment on any simultaneous mortgage loan that the lender knows – or has reason to know – will be made; if it is a home equity line of credit (HELOC), the payment is based on the amount of credit drawn at the time of the loan, 5) the borrower’s monthly payment for mortgage-related obligations, 6) the borrower’s current debt obligations, 7) the borrower’s monthly debt-to-income ratio or residual income, and 8) the borrower’s credit history.

OPEN-END – Creditor shall not extend credit based solely on the value of the collateral without considering repayment ability, including current and reasonably expected income, employment, assets other than the collateral, current obligations, and mortgage-related obligations (including property insurance and insurance).

The amounts relied on concerning income and assets (W-2s, tax returns, paystubs, account statement, etc.) and other debts must be verified.

Presumed compliance if, ability to pay is verified as required, the repayment ability is determined taking into account current debts, mortgage obligations and the largest minimum payment as determined using

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assumptions defined in §1026.34)(a)(ii)(iii)(B), and repayment ability assessment takes into account debt to income ratio or amount of income remaining after payment of debts.

Certain short-term or bridge loans with terms less than 12 months are exempt.

PRE-LOAN COUNSELING – The borrower must provide a certificate of completion issued by an approved counselor.

RECOMMEND DEFAULT – Lender is prohibited from advising borrower to default existing loan obligation.

MODIFICATION FEES – Lender is prohibited from charging fees to modify, renew, extend or amend a high-cost mortgage, or to defer any payment due under the terms of such mortgage.

LATE FEES – May not exceed 4% and can only be imposed once for any single payment. Late fee may only be imposed 15 days after the due date or, in the case where interest on each installment is paid in advance, the end of the 30-day period beginning on the date the payment is due.

PAYOFF STATEMENTS – In general fees to provide payoff statement to borrower or authorized third party are prohibited and must be provided within 5 business days of request.

NO FINANCING OF POINTS AND FEES

NO STRUCTURING LOANS TO EVADE COMPLIANCE

As you can see, the CFPB greatly added to the framework Dodd-Frank provided. What are your thoughts regarding these amendments?

Let me know at the AAPL Conference in November. I would be happy to discuss my thoughts and some insight regarding discussions with the CFPB on these rules.

Do you have any legal questions regarding private lending or current regulations? Send them to Anthony Geraci and they will be considered for future issues of Private Lender.

E-mail them to: anthony@geracilawfirm.com.

ABOUT THE AUTHOR:
Anthony F. Geraci, managing partner of Geraci Law Firm, is corporate counsel to the American Association of Private Lenders and is a leading expert in banking and finance law and designer of mortgage pools/funds and fractional mortgage securities offerings. Anthony can be reached at (949) 379-2600 or via electronic mail at: anthony@geracilawfirm.com.
Is your loan a ticking time bomb?
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*This plan is only offered for loans that are originated or secured real property in California, Arizona, or New Jersey or for loans in all fifty (50) states to lenders or brokers who are residents of California, Arizona, or New Jersey. PLAS business in Arizona is conducted through the law offices of Anthony Grecz. The above is not an insurance product and should not be construed as such.
WE ARE VERY PLEASED TO ANNOUNCE the appointment of our Advisory Board, comprised of a group of industry professionals that represent the values expressed by our mission statement.

Our primary objective in appointing these Advisors is to maintain a direct line to the industry’s pulse. These are individuals that are both seasoned and engaged in the lending and fund management trenches on a daily basis. We are relying on them to help direct the Association to achieve its final goal of becoming the lead voice in the industry.

They have committed to meet with us each month and to offer sound advice. Having said that, each of them is just a phone call away and they are available to steer this organization. Our early engagement with them has produced a plan of work and task list that will carry us into the future. It is through their coaching, prodding, and guidance that we will succeed at growing the association and raising standards.

If you don’t know them already, please plan to meet them at our annual conference.

**DAVID F. OWEN**

David Owen, PhD, CPLA, is an 8th generation Texan with close to 40 years of professional experience in the Texas real estate market and real estate finance industry. A multi-degreed professional who has completed studies at University of North Texas, Sacred Heart School of Theology, Marquette University and University of Texas, David has accrued leadership skills that have given him insight into how to manage successful businesses and is the visionary founder of the Pride of Austin family of companies: Pride of Austin Capital Partners, LLC, Pride of Austin Homes, LLC and, Pride of Austin Realty, LLC and A List Partners, LLC.

Outside of the office, David donates much of his time and resources to help others. As a volunteer for several Austin nonprofit organizations, David is a prolific charitable donor and fund raiser. David has been a mentor to many young entrepreneurs and college students throughout his career and has funded a number of scholarships for financially disadvantaged students. His hobbies include white water rafting, rowing and hiking.

**DAVID WILLIAMS**

David Williams, CEO of Investors Choice Capital Group, works one-on-one with deed of trust investors to help them achieve their unique investment goals and rewarding returns.

With over 15 years of experience, David is a
recognized real estate finance and investment specialist. He is also co-founder of Investors Choice Funding, a privately funded asset-based commercial lender offering a variety of loan programs for investment properties. In that realm, he provides real estate lending options to borrowers as well as investing opportunities.

David has a thorough understanding of business, real estate financing and lending, as well as the real estate market in general. He offers potential investors powerful trust deed investment opportunities that specifically meet their needs and goals. He brings unmatched real estate and investment knowledge, as well as client management skills.

BILL WORSLEY

BridgeSource Capital founder

Bill Worsley is a visionary and creative leader who loves building great teams and working with those teams toward a common and exciting goal. Bill's daily focus at BridgeSource is overall business leadership, marketing and business development, strategic planning and investor relationship management. In addition, he is actively involved in every lending decision, bringing ten years of experience as a private lender to our loan evaluation process. Bill is a connector of people and is passionate about engaging with our borrowers and investors.

Prior to BridgeSource, Bill spent over 22 years in the banking, real estate investing, and private lending industries. Since 2003, he has owned and operated a small North Carolina based private lending operation that originated and serviced over 400 loans totaling over $25 million between 2003 and 2008.

Bill brings to BridgeSource the wisdom and experience gained from lending in the peak of the real estate boom, and dealing with the impact of the collapse of the real estate bubble. He understands the risks inherent in private mortgage lending, and understands through a wealth of experience what steps are necessary to manage that risk. He applies that wisdom everyday to the decisions and strategy of BridgeSource.

JOSHUA FISCHER

Joshua C. Fischer is the Managing Director, Broker and Chairman of the Investment Committee of Sterling Pacific Financial. In his role, he oversees the day-to-day investment operations of the company. In addition, Mr. Fischer acts as chairman of the company’s investment committee. Prior to joining Sterling Pacific Financial, Mr. Fischer served as the Chief Executive Officer of Generation Leasing, LLC for 10 years. Generation Leasing is a California Limited Liability Company that originates, underwrites and services both leases and loans.

Mr. Fischer’s extensive business experience, comprehensive real estate and investment knowledge, and solid background in customer relationship management combine to bring a multi-faceted leadership to the Sterling Pacific Financial Team. Mr. Fischer is listed in the American Association of Private Lenders as an Industry Leader.

Mr. Fischer received his Bachelor of Science degree in Economics from St. Mary’s College in Moraga, California and his Masters in Business Administration from Santa Clara University.
Robert V. Wallace, Jr. has been actively involved in the real estate industry since 1993. During that time he has participated in the acquisition and financing of real estate assets and operating companies, the asset management of an institutional real estate portfolio and capital raising activities for various real estate companies.

Over the last five years Wallace Property Company has acquired twenty multifamily and office properties with an aggregate asset value of over $20 million. The investment transactions made by the Company were buy and hold purchases, renovation projects and condominium conversion projects. The Company currently owns eight office and residential properties with an asset value of over $10 million. Wallace Capital, LLC, a finance company that makes bridge loans and provides mezzanine debt, has invested over $40 million in 100 real estate finance transactions. Wallace Capital currently has $25 million invested in a loan portfolio of 35 short term real estate loans. In addition, Mr. Wallace provides real estate advisory services to select clients and has advised on sales and equity joint ventures with a total real estate transaction value of in excess of $150 million.

Mr. Wallace is a graduate of Georgetown University where he received a BSBA with a major in finance. He is a licensed real estate broker, Series 7 and 63 registered and is a member of the Georgetown University Regional Admissions Committee. Mr. Wallace is also a founding member of the Rough Riders, a charitable foundation that funds various educational organizations. Mr. Wallace resides in Wellesley, MA.

Wallace Groves is a high capacity, entrepreneurial leader who is energized by building great companies. Wallace’s primary responsibilities with BridgeSource are in the areas of strategic business leadership, driving BridgeSource’s operations, including the loan underwriting and servicing processes.

Wallace brings extensive experience in the institutional lending and private mortgage lending industry, having underwritten hundreds of transactions and closing over $300,000,000 in debt financing arrangements for private lenders across the country. He is currently Founder and Executive Director of the American Association of Private Lenders (AAPL), a national network of private/hard money lenders (aaplonline.com).

Wallace previously was a managing member of Forix Advisors, a private company focused on providing consulting services to private lenders and fund managers across the county. He was among the founders of RBA Capital LP, a specialty finance company based in Radnor, PA., where he served as managing director of underwriting, overseeing the due diligence on new and existing real estate and middle-market syndication transactions. Prior to RBA Capital, he served in several positions within the Structured Finance Group at CapitalSource Finance in Chevy Chase, MD and Philadelphia, PA.
Jack Rollins is a Certified Public Accountant who has spent the majority of his 20+ year career developing financial and accounting solutions for the private real estate lending, and other real estate related industry clients. He specializes in providing accounting services and consulting advice to private lenders, mortgage pools and funds and related clients.

Mr. Rollins has experience in all phases of private lending, real estate development and finance. He served as CFO for two real estate development companies that provided in-house financing on real estate purchases through mortgage backed loans. In this capacity, Mr. Rollins had the ultimate responsibilities for overseeing all originations, analyses, servicing and financial reporting for the portfolio of mortgage backed loans. In addition, he also served as audit manager for a national public accounting firm and specialized in the financial statement audits of real estate development companies.

He is also a founder and past Executive Director of the American Association of Private Lenders.

New Membership Levels Announced

New membership levels and benefits were recently released by AAPL. The offerings have been expanded for lenders/brokers based on their desired level of professional development, experience, and exposure.

There are three new levels for lenders/brokers. They include Individual, Premier Individual, and Premier Corporate Memberships.

All individual memberships qualify for discounts to AAPL events, such as the annual conference.

A key benefit of membership is the opportunity to become a CPLA (Certified Private Lender Associate). This designation demonstrates a commitment to the profession that sets the member apart from their competition.

AAPL Members are given the right to use the AAPL Logo in their marketing materials. This builds credibility and associates them with other professionals who believe in the principles of excellence, ethics, and education.

As in most professions, having a strong personal network can be a key to success. AAPL Members have access to a national network of private lending professionals. These connections provide resources that not only make more deals, they can help make better deals.

Service providers who operate in and around the private lending field can choose between two membership levels that fit their needs.

Learn more about the new membership levels at www.aaplonline.com. Get all the details in the membership section.
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### Board of Advisors and Founders

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<td>Mike Wrenn</td>
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<td>Raleigh</td>
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### Active Lender Directory

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<td>Point Center Financial</td>
<td>Patti McLoon</td>
<td>Aliso Viejo, CA</td>
<td>Individual</td>
</tr>
<tr>
<td>Premier Mortgage Lending</td>
<td>Rick Piette</td>
<td>Las Vegas, NV</td>
<td>Individual</td>
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<tr>
<td>Prime Commercial Lending</td>
<td>Kris Roglieri</td>
<td>Albany, NY</td>
<td>Individual</td>
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<tr>
<td>Private Money Bank</td>
<td>Scott Sherman</td>
<td>Coeur D’Alene, ID</td>
<td>Individual</td>
</tr>
<tr>
<td>Quixote Ventures, Inc</td>
<td>Gordon Moss</td>
<td>Solana Beach, CA</td>
<td>Individual</td>
</tr>
<tr>
<td>Red Dirt Lending</td>
<td>Scott McLain</td>
<td>Oklahoma City, OK</td>
<td>Individual</td>
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</table>
AAPL Member Service Provider Directory

AAPL Service Providers are established, proven service providers for the private lending industry. They display the AAPL logo in their promotional materials as a symbol of their commitment to quality and excellence.

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Contact Name</th>
<th>City, State</th>
<th>Membership Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>RevitaLending, LLC</td>
<td>William Lansing</td>
<td>Bethesda, MD</td>
<td>Individual</td>
</tr>
<tr>
<td>Royal Crest Realty, Inc</td>
<td>Andre Bennett</td>
<td>Chicago, IL</td>
<td>Individual</td>
</tr>
<tr>
<td>Sea Lane Investments</td>
<td>Sandy Peters</td>
<td>Encinitas, CA</td>
<td>Individual</td>
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<tr>
<td>Silverado Funding, LLC</td>
<td>David Scott</td>
<td>Lake Oswego, OR</td>
<td>Individual</td>
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<tr>
<td>Source Capital</td>
<td>Sacha Ferrandi</td>
<td>San Diego, CA</td>
<td>Individual</td>
</tr>
<tr>
<td>Trust Deed Capital, Inc</td>
<td>Ken Meyer</td>
<td>Laguna Niguel, CA</td>
<td>Individual</td>
</tr>
<tr>
<td>Trustee Corps</td>
<td>Rande Johnsen</td>
<td>Irvine, CA</td>
<td>Individual</td>
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<tr>
<td>United Security Investors</td>
<td>Evan Frank</td>
<td>Los Angeles, CA</td>
<td>Individual</td>
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<td>Applied Business Software</td>
<td>A.J. Poulin</td>
<td>Long Beach, CA</td>
<td>Corporate</td>
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<td>Armanino McKenna, LLP</td>
<td>Josh Nevarez</td>
<td>San Ramon, CA</td>
<td>Corporate</td>
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<td>FCI Lender Services</td>
<td>Gordon Albrecht</td>
<td>Anaheim Hills, CA</td>
<td>Corporate</td>
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<tr>
<td>Loan MLS</td>
<td>Robin Alridge</td>
<td>San Diego, CA</td>
<td>Corporate</td>
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<tr>
<td>Loan MLS / Residential Capital</td>
<td>Mike Driscoll</td>
<td>San Diego, CA</td>
<td>Corporate</td>
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<tr>
<td>LoanCare</td>
<td>Aron Thielen</td>
<td>Virginia Beach, VA</td>
<td>Corporate</td>
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<tr>
<td>NCO Financial Investigative Services</td>
<td>Paul Morrow</td>
<td>Metairie, LA</td>
<td>Corporate</td>
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<tr>
<td>NEXZUS Publishing Group</td>
<td>Andrew Waite</td>
<td>Phoenix, AZ</td>
<td>Corporate</td>
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<td>Premier Legal Assurance</td>
<td>Lorna Hicks</td>
<td>Irvine, CA</td>
<td>Corporate</td>
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<tr>
<td>Self Directed IRA Services</td>
<td>Ryan Schneider</td>
<td>Austin, TX</td>
<td>Corporate</td>
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<td>Sentium Strategic Communications</td>
<td>Richard Wilson</td>
<td>El Dorado Hills, CA</td>
<td>Corporate</td>
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<td>Construction Inspection Specialists</td>
<td>Steve Clark</td>
<td>Windsor, CA</td>
<td>Individual</td>
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<td>DLM Family Investments, LP</td>
<td>David Fenoglio</td>
<td>Montague, TX</td>
<td>Individual</td>
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<td>Henderson Systems</td>
<td>Jason Henderson</td>
<td>Las Vegas, NV</td>
<td>Individual</td>
</tr>
<tr>
<td>SBS Trust Deed Network</td>
<td>Rory Cambra</td>
<td>Westlake Village, CA</td>
<td>Individual</td>
</tr>
</tbody>
</table>
Looking for just one good reason for joining AAPL?

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