

# MANAGING YOUR MONEY \$

## Financing Without Banks: What You Should Know

*By Russ Dalbey, founder and CEO, The Dalbey Wealth Institute (NAPSA)*—A new trend dubbed “peer-to-peer” financing is emerging in the crowded real estate financing arena and it’s already more common than most people think. Simply, instead of borrowing money from a bank or other financial institution to purchase a home or small business, private individuals become the lenders. Surprisingly, this “new” trend isn’t so new at all.

People have been lending money this way for hundreds of years. Before banks, if someone wanted to buy a wagon from their neighbor, or even a local merchant, the buyer and seller simply agreed to the price and the terms, and the buyer made installment payments directly to the seller. No bank or lending institution was involved. Today, these simple and effective financial arrangements are making a comeback.

### **The Untapped Peer-to-Peer Lending Market: Cash Flow Notes**

Private financing is an attractive option for many transactions, particularly real estate. Now a \$350 billion industry, peer-to-peer seller financing is a growing, global phenomenon. Already, the sale of most small businesses incorporates peer-to-peer lending and one in 13 American homes is purchased using these cash flow notes.

Currently, there are approximately \$91 billion in privately held single-family residences and another \$200 billion in commercial real estate notes. In fact, there are so many cash flow notes in the U.S. alone that if you could find and purchase \$1 million worth of notes every day, it would take more than 240 years to find them all.



**Dalbey: “Peer-to-peer financing—A ‘new’ trend that isn’t so new at all.”**

### **Two Ways to Make Money**

Many private lenders would sell their notes if they knew the option existed—just like banks do every day. This creates an enormous profit potential in a hugely untapped market.

Most people get started in cash flow notes by simply matching a seller—someone who’s holding a note—with a buyer and then collecting a fee for putting the deal together with no capital outlay required.

Additionally, many investors are looking to buy these notes. It is not uncommon to receive returns of 20 percent or more as well as immediate monthly cash flow. Because these notes are secured by real estate, they are extremely safe investments.

Today, thousands of people all over the country have tapped into this trend and are making a full- or part-time salary in the cash flow note industry.

*For more information, visit [www.dalbeywealthinstitute.com](http://www.dalbeywealthinstitute.com).*