

MaxROI with NON-PERFORMING NOTES

How to create substantial monthly cash flow helping homeowners restructure their debt and stay in their homes

WITH TRAVIS TOLLESTRUP & AARON HALDERMAN

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Quick Intros...

Who are Aaron & Travis?



What Keeps Us Busy?



Buying & Working Out Non-Performing Loans



NIS LIVE in San Diego
NoteInvestorSummit.com
February 26-28th, 2015



Education & Training

Our Core Values

1. Integrity First
2. Service Before Self
3. Be Outstanding!

TWO IMPORTANT GOALS:

1. YOU LEAVE “ON FIRE” FOR THE NOTE INVESTING BUSINESS TO ACCELERATE YOUR PASSIVE INCOME GOALS.
2. YOU COMMIT TO LEVERAGE THE MAX ROI & CFG TEAM TO HELP TEACH, TRAIN AND SUPPORT YOU UNTIL YOU HIT YOUR PASSIVE INCOME GOAL.



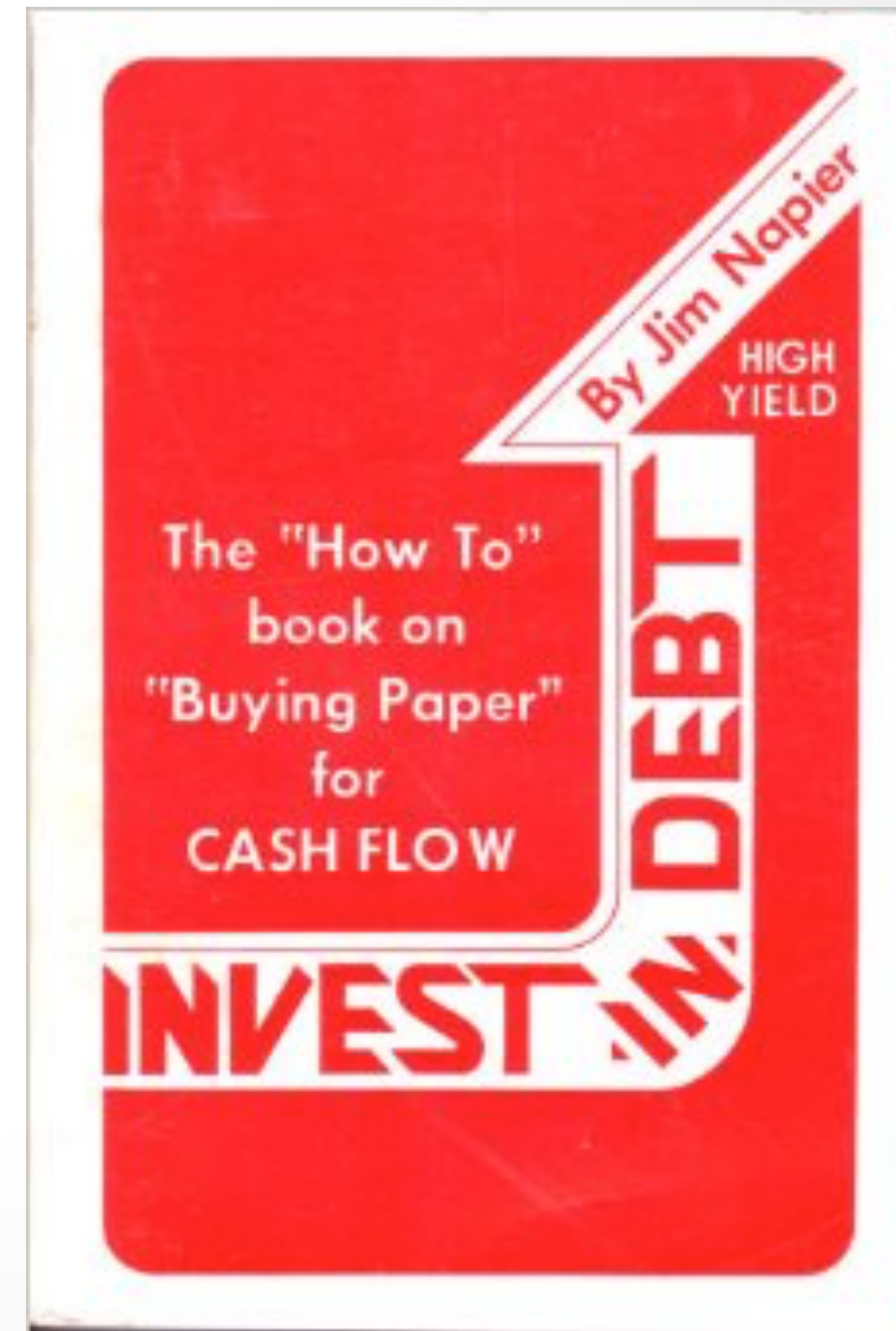
The *Max ROI* Lifestyle...



1. Control your own schedule
2. Work from anywhere in the world
3. Work once and get paid over and over
4. Leverage systems and automation
5. True passive income meets monthly outflow

Jimmy Napier Said It Best...

“Only invest your time in those things that will *pay you for a lifetime.*”



**WHAT'S THE #1 MOST
IMPORTANT
INGREDIENT FOR
SUCCESS?**



te·na·cious

adjective

: not easily stopped or pulled apart : firm or strong

: continuing for a long time

: very determined to do something



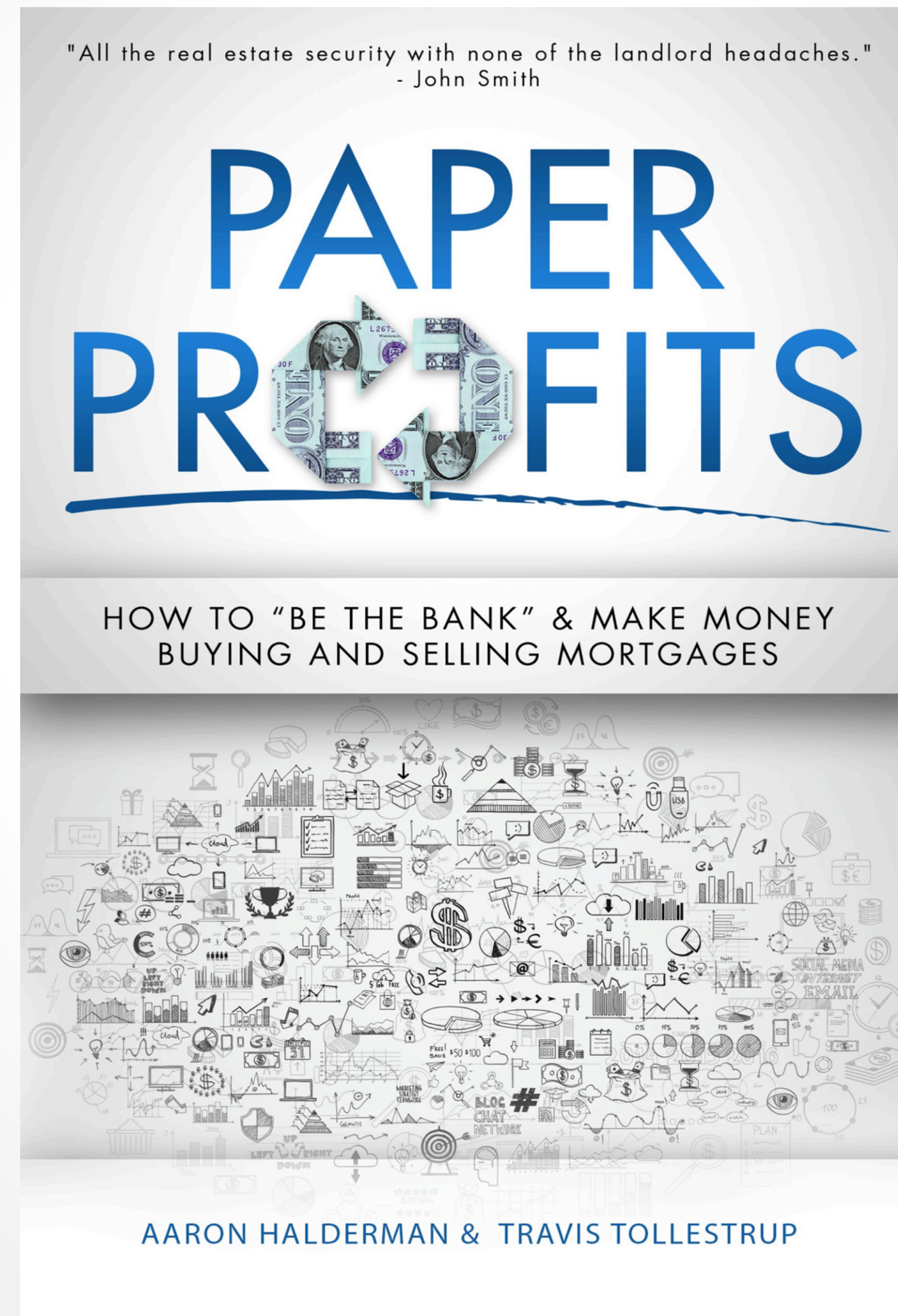
LEARN

ACT

SHARE



We Want Your Success Story...

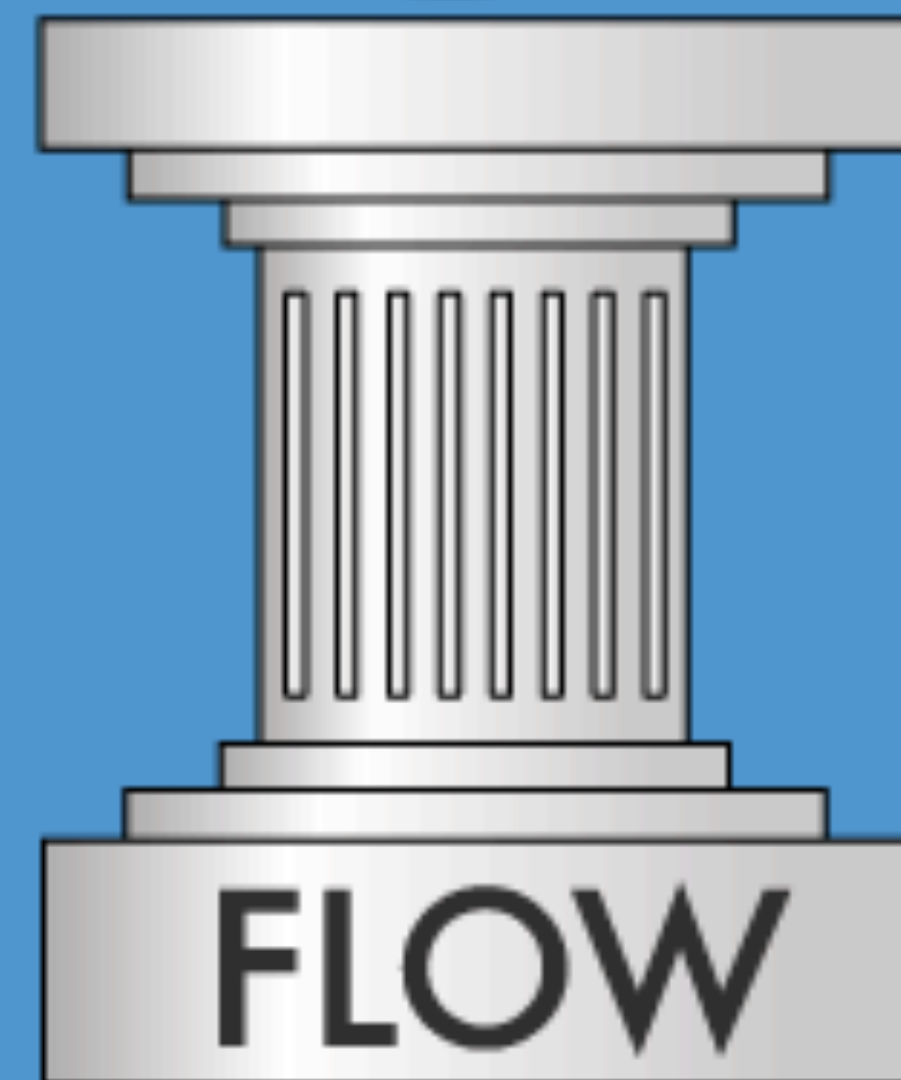


PAPER PROFITS MASTERY

September 10-12th, 2015 in San Diego



Learn How to Master The 5 Profit Pillars™ of Real Estate Note Investing



Save The Dates...

June 13 in Las Vegas - **Non-Performing Notes Workshop**

July 16-17 in San Diego - **Seller Finance & Trusts Workshop**

August 13-14 in San Diego - **Non-Performing Notes Workshop**

September 10-12 in San Diego - **Paper Profits Mastery LIVE**

January 20-23, 2016 in San Diego - **3rd Annual Note Investor Summit LIVE**



Note Investor Summit LIVE 2016



January 20-23rd, 2016 in San Diego



**HOW CAN WE MAKE THIS
WORKSHOP AN '11'?**



**WHAT'S
YOUR
GOAL?**

**WHY ARE
YOU HERE?**

**WHY DID YOU INVEST
YOUR VALUABLE TIME
AND MONEY TO BE
HERE?**



ENGAGE:

1. Make a new connection
2. Intro with name, city & state
3. #1 Takeaway you want
4. Why that's important to you
5. 3 volunteers to share their new connection's #1 takeaway and why that's important to them



WHY I'M HERE



A Family of 10 = ??/mo.





“What’s Your Passive Income Plan?”

Your Passive Income Plan

You MUST have a *Written* Passive Income Plan...

12 Months...

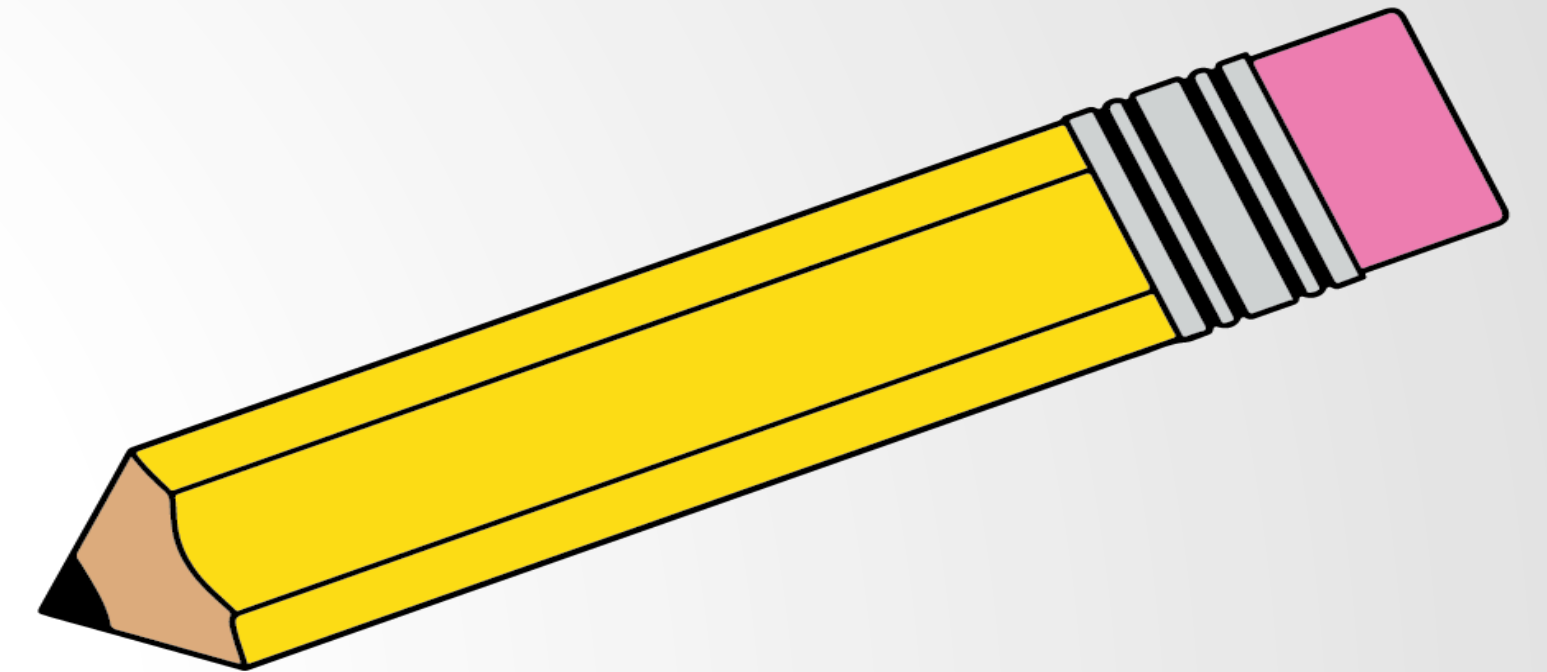
36 Months...

60 Months.



Every good “passive income” plan is...

**Written down.
Simple.**



Contains deadlines.

Pg. 36 Think & Grow Rich



Instant Action Time

Write This Down:

I will have a one page written
“passive income” plan by _____.

Travis@CapstoneFundingGroup.com



WHY WE'RE HERE...



*You can have
everything in life
that you want if you
will just help enough
other people get what
they want.*

~ Zig Ziglar

Nov 6, 1926 – Nov 28, 2012



The D.V.P.M.

- DREAM
- VISION
- PURPOSE
- MISSION



Our D.V.P.M.

OUR DREAM

TO REVOLUTIONIZE THE WAY PEOPLE
THINK ABOUT FINANCIAL FREEDOM.

- THE 'MAX ROI' MINDSET
 - WORK ONCE...GET PAID OVER AND OVER AND OVER
 - CREATE MULTIPLE CASH FLOWS
 - THE 10X APPROACH



Our D.V.P.M.

OUR VISION

TO BE THE PLACE WHERE PEOPLE
GATHER TO ACHIEVE FINANCIAL
FREEDOM QUICKLY AND PROFITABLY
WITH REAL ESTATE AND NOTE
INVESTING.



Our D.V.P.M.

OUR PURPOSE

TO LIBERATE AND EMPOWER
INVESTORS SO THEY CAN:

- LIFT THEIR TENANTS,
BORROWERS AND PARTNERS TO
HIGHER GROUND
- HAVE MORE FREE TIME
- BETTER SERVE THEIR FAMILIES
AND COMMUNITIES.



Our D.V.P.M.

OUR MISSION

TO CREATE THE LEADING
EDUCATIONAL & INVESTING
PLATFORM FOR REAL ESTATE AND
NOTE INVESTORS



Our Core Values

- **ABSOLUTE INTEGRITY FIRST**
- **SERVICE BEFORE SELF**
- **BE OUTSTANDING IN ALL WE DO**



END.

Begin With the “Exits” in Mind

Understanding the Most Common Exit Strategies



“The will to prepare to win is more important than the will to win.”

-Bobby Knight



6 Exit Strategies

1. LOAN MODIFICATION

2. FORECLOSURE

3. CASH SETTLEMENT

4. SHORT SALE

5. DEED IN LIEU - CASH FOR KEYS TO RENT OR SELL

6. SELL THE RE-PERFORMING LOAN



Case Study: Coachella, CA



The Numbers

- UPB on 1st lien \$190,365.60
- Modified Rate on 1st 4.20%
- Payment on 1st \$1,363.47 - Full PITI
- FMV \$203,000
- UPB on 2nd lien \$72,652.03
- Outstanding arrearages \$57,779.30
- Outstanding late payments are \$2,693.17
- Total arrearages and late payments are \$60,472.47
- Total Foreclosure Trustee fees \$3,139.27
- Total Eviction Attorney fees \$945.00
- Total outstanding balance is \$133,124.50



SALES STATISTICS

48% of sales people never follow up with a prospect

25% of sales people make a 2nd contact and stop

12% of sales people only make 3 contacts and stop

Only 10% make more than 3 contacts

2% of sales are made on the 1st contact

3% of sales are made on the 2nd contact

5% of sales are made on the 3rd contact

10% of sales are made on the 4th contact

80% of sales are made on the 5th – 12th contact

National Sales Executive Association

The Timeline

11/2013 - Pool Purchase

4/21/2014 - Collateral Received

4/21/2014 - Collection efforts began.

5/21/2014 - S/W Debtor and discussed payment options and scheduled follow up call.

5/28/2014 - S/W Debtor and we were advised they are in process of loan mod on first lien.



The Timeline (Continued)

05/30/2014 - S/W Debtor and advised we are not able to continue to hold file and we need to workout something to prevent foreclosure action.

6/1/2014 -Debtor went Dark

6/3/2014-10/29/2014 Left messages and emails with no Debtor Contact



The Timeline (Continued)

<Insert NOD date>

10/31/2014 Received call from Debtor and got verbal authorization to discuss with housing counselor.

11/04/2014 Left message fr HC

11/04/2014 S/W Debtor and advised we could not postpone FC action with no workout package.



The Timeline (Continued)

12/22/2014 We prepared Trial Agreement and sent to Debtor

12/31/2014 S/W HC and we can expect executed Trial Agreement by 1/02/2015

1/06/2015 S/W HC and I advised we need down payment or we are going to sale on 1/20/2015



The Timeline (Continued)

1/15/2015 - Received email from Debtor declining the Trial Agreement claiming it was beyond his reach at this time.

1/16/2015 - Submitted bidding instructions to FC Trustee to post

1/20/2015 - Sale day

1/29/2015 - Received TDUS and transfer of ownership



The Timeline (Continued)

2/4/2015 - Called Ocwen and 1st lien is current - ordered payoff

3/23/2015 - Received call from Debtor. I asked if he could borrow from friends and family to purchase home back at 40k

3/25/2015 - Refer to call recorded

04/06/2015 - Left message



The Timeline (Continued)

4/13/2015 - S/W Debtor and I was following up on his new loan to purchase home.

4/14/2015 - Hired eviction attorney and Debtor was served and had until 4/17/2015 to vacate or respond and we can file eviction on 4/20/2015.

4/17/2015 - Debtor filed response with court



The Timeline (Continued)

4/24 - Debtor reached out stating he still wants to purchase home

4/25 - 5/18 Email exchange in negotiation of lease with option to purchase.

5/19 - Lease Agreement and Option Agreement sent to debtor



The Timeline (Continued)

5/19 - Debtor agrees to Agreement but fails to send back funds by EOB

5/20 - Trial held and Judge granted extension for 2 weeks

5/20 - Final two settlement options presented to borrower with response deadline



The Workout

****Offered two settlement options outside the court room after continuance - borrowers to agree and execute on one of the two options through escrow 48 hours prior to final eviction hearing two weeks from continuance:**

- Option #1 - \$40,000.00 to transfer title back to borrowers
- Option #2 - Transfer title back to borrowers under the following conditions:
 - a. \$15,000.00 down payment
 - b. New promissory note and 2nd deed of trust for \$30,000.00 at 9.99% amortized over 30 years with a 5 year balloon - \$263.05/mo
 - c. Proof that March, April, May and June payments on Ocwen 1st mortgage are current



Max ROI?

Initial investment - \$11,633.66

Mailing costs - \$35.00 approximately

Foreclosure trustee fees - \$3,139.27

Eviction attorney fees - \$945.00 - borrower made Travis show up in court to eviction hearing before he worked it out - NOT from repeated calls, NOD or foreclosure sale.

All in - \$15,752.93

Option #1: One time cash settlement - \$40,000.00

Cash on Cash Return = \$40,000.00 / \$15,752.93 = 254%

Option #2: Initial down payment - \$15,000.00

New 2nd TD for \$30,000 payment - \$263.05/mo. x 12 months = \$3,156.60

Net cash in the deal - \$752.93

Annualized Yield = \$3,156.60/\$752.93 = 419%



**How Many of You
Would Do This Deal?**



**Case Study:
Youngstown, OH**



What we knew before we bought...

Youngstown, OH

- 1st lien balance - \$53,855.00
- 1st lien status - ***In Default***
- Occupancy - Vacant
- FMV at purchase \$27,000.00
- Property Description - 2 bed 1 bath 780 sq ft big lot
- Reason For Default - Divorce
- Comments - Husband would do a Deed in Lieu - wife would not - Neighbor said husband visited the house often to check on it - in good condition
- Median Rents \$550 - 600
- Property Tax check - Paid current by note seller



The Exit

Sell on a land contract with Owner
Financing / No Bank Needed to a credit
challenged aspiring home owner



The Numbers - Land Contract

Initial Note Purchase Price: \$9,000.00

Foreclosure fees: \$3,025.82

Property tax payment: \$818.47

Costs to preserve property and get sale ready: \$2,845.32

Land Contract Down Payment: \$2000.00

All in: \$13,689.61

Land Contract Purchase Price: \$39,800

Amount Financed: \$37,800.00 @ 10% for 120 months

Monthly payment - \$499.38

Annualized Yield Based on \$13,689.61 all in = **43.16% - Cha-Ching!**

****Brought in new private lender at \$20k at 10% - no money in the deal.**

\$264.30 to private lender monthly - \$235.08/mo to CFG + \$6,310.39 cash out



How Many of You
Would Do This Deal?



Case Study: Woodmere, NY



Afraid of NY?



What we knew before we bought...

- 1st lien balance - \$563,715.33
- 1st lien payment - \$3,743.00/month
- 1st lien status - ***Current & Modified to 2%***
- 2nd lien Original Balance - \$132,450
- 2nd lien original Payment - \$1,041.98
- 2nd lien rate - 8.75%
- 2nd lien UPB - \$143,582.45
- Median Rents \$3,300.00
- FICO score per Note Seller Credit Report - 643
- Credit report comments - very good credit / first mortgage modified
- Property Tax check - taxes current



Woodmere, NY



New findings after we bought...

2nd lien arrearages & lates -
707 FICO - Checked Credit Again 9.24.14
Monthly listing checks

Current FMV \$702,144.00

Recent Sales in Area

-\$650,000 on 07/02/2014

-\$700,000 on 09/24/2014

Similar Property Active MLS listing \$748,000



Woodmere, NY



The Timeline

- 6.1.14 - Day 0 - Loan purchased
- 12.15.14 - Collateral Package Received
- 12/15/2014 - Outbound call attempts began
- 12/15/2014 - Welcome package sent to Debtor
- 12/15/2014 - 2/19/2015 - Called daily and spoke to receptionist in office daily with no direct borrower contact
- 2/19/2014 - Internal demand expired
- 3/5/2015 - Sent to Attorney to send external demand
- 3/10/2015 - Received 3rd party authorization to handle on borrower's behalf
- 3/10/2015 - Spoke to 3rd party and requested intent and hardship and advised I will need a workout package to complete the underwriting process.
- 3/13/2015 - Spoke to 3rd party in regards to a trial agreement while gathering all docs
- 3/16/2015 - Spoke to 3rd party due to missing docs and supporting property damage from hurricane Sandy



The Timeline continued...

- 3/17/2015 - Called daily and went dark
- 4/06/2015 - Spoke to 3rd party and agrees to a trial agreement
- 4/6/2015 - Trial agreement sent to 3rd party for approval
- 4/8/2015 - Spoke to 3rd party and borrower has been out of town for funeral and passover and out of pocket until after.
- 4/9/2015 - Called and emailed every 3rd day for follow up on down payment and executed agreement
- 5/1/2015 - Received email from borrower with executed trial agreement attached and requesting to deduct funds from account.
- 5/5/2015 - Final set up of software to be able to deduct funds automatically from borrower approved account.
- 5/8/2015 - Spoke to 3rd party and will send certified funds or personal check.

The Trial Plan Agreement

1. After explanation that there would be a Trial Plan Payment period prior to any permanent modification, the borrower's representative asked for payment relief of 50% of the regularly scheduled payment.
2. A "one time exception" of \$2500.00 was the minimum down payment approved by management after a request was received from borrower's representative that they did not have the "standard" \$5,000.00.
3. It was agreed that monthly payments of \$521.46 would continue for 12 months during the Trial Plan Agreement period - all payments applied to fees and costs first, then arrearages and late fees.
4. Full underwriting for a permanent loan modification would start after the 11th payment of 12 is received.
5. NOTE: There is FULL equity coverage of CFG's position. Lots of room for a win/win.



The Numbers...

Initial investment - \$16,615.38

Mailing costs - \$25.00 approximately

Attorney fees - \$135.00 - called us AFTER external breach letter sent out from our
New York foreclosure attorney - NOT from repeated calls to home and office

All in - \$16,775.38

Initial down payment - \$2,500.00

Net cash in the deal - \$14,275.38

Trial plan payment - \$521.46 x 12 months = \$6,257.52

Annualized Yield = \$6,257.52/\$14,275.38 = 43.8%



How Many of You
Would Do This Deal?



6 Exit Strategies

1. LOAN MODIFICATION

2. FORECLOSURE

3. CASH SETTLEMENT

4. SHORT SALE

5. DEED IN LIEU - CASH FOR KEYS TO RENT OR SELL

6. SELL THE RE-PERFORMING LOAN



1. Loan Modification

- POSSIBLE WIN-WIN FOR BORROWER AND LENDER
- MANY BORROWERS ARE ABLE TO MAKE PAYMENTS BUT NOT REINSTATE.
- REVIEW BORROWER'S FINANCES TO DETERMINE IF APPLICABLE
- CONSIDER TAXES AND INSURANCE



Loan Modification Considerations

- **TIMING OF THE REQUEST**
- **PREVIOUS BANKRUPTCIES**
- **AMOUNT OF DOWN PAYMENT**
- **CAN BORROWER PAY BACK TAXES**
- **CREDIT SCORE** (DON'T LET A LOW SCORE DETER YOU)
- **OTHER DEBTS OWED**
- **CAN BORROWER AFFORD NEW PAYMENTS - "A.T.R."**



Documents Needed for a Loan Modification

- **HARDSHIP LETTER**
 - **MUST INCLUDE REASON FOR DEFAULT AND DATE HARDSHIP BEGAN**
 - **HOW HAS THE HARDSHIP CHANGED?**
 - **IS THE HARDSHIP TEMPORARY OR PERMANENT**
- **BORROWER'S AUTHORIZATION TO SPEAK TO 3RD PARTIES**
- **OFFER LETTER OF EMPLOYMENT OR TWO MOST RECENT PAY STUBS**
- **PROOF OF CURRENT TAXES, INSURANCE AND HOA**
- **PROOF OF INCOME – 4506-T**
- **PRIOR YEAR'S TAX RETURN**
- **LAST 3 MONTHS BANK STATEMENTS**
- **STATEMENTS FOR 401(k) OR ANY OTHER RETIREMENT ACCOUNTS, OTHER LIQUID ASSETS**
- **IF POSSIBLE, INTERIOR PHOTOS OF THE PROPERTY**



2. Foreclosure

- **TO THE EXTENT ALLOWABLE, FORECLOSURE SHOULD NEVER BE SUSPENDED DURING OTHER LOSS MITIGATION DISCUSSIONS.**
- **FORECLOSURE TAKES TIME AND IS EXPENSIVE**
- **FORECLOSURE OPENS YOU UP TO...**



3. Cash Settlement

- **WHAT ARE YOUR SETTLEMENT OPTIONS?**
- **WHERE ELSE CAN THEY GET THAT MONEY FROM?**



4. Short Sale

- INVESTOR DOES NOT CONTROL THE SALE
- BALANCE OF DEBTS SECURED BY LIENS IS GREATER THAN THE AMOUNT OF THE SALE
- TIME CONSUMING AND LENGTHY BANK PROCESS
- STRONGEST NEGOTIATING POWER IS IMMEDIATELY BEFORE THE CLOSING
- CONSIDERATIONS FOR SHORT SALES...
 - SELLER
 - BUYER
 - REALTOR
 - TITLE COMPANY OR ATTORNEY
 - OTHER LIENHOLDERS
- HUD-1
- A JUNIOR LIEN CAN BE PAID OFF



5. Deed in Lieu - Cash for Keys to Rent or Sell

- BORROWER SIGNS OWNERSHIPS TO LENDER
- LENDER IS IN CONTROL OF THE SALE
- LENDER RETAINS RIGHT TO FORECLOSE
- IF A HOME IS OCCUPIED, IT IS ENSURED THAT THE HOME WILL BE LEFT IN BROOM SWEEP CONDITION.
- CONSIDERATIONS TO CHECK:
- IS THERE AN ACTIVE BANKRUPTCY?
- ANY SIGNIFICANT JUNIOR LIENS?
- JUNIOR LIENS NOT ELIMINATE BY DEED IN LIEU, MAY NEED TO NEGOTIATE
- INCREASED LIABILITY?
- IS BORROWER MOTIVATED BY CASH?



6. Sell the Re-Performing Loan

- GREAT WAY TO GET A “POP” ON RE-PERFORMING LOANS
- 6 TO 12 MONTH SEASONING
- STRUCTURING OF ATTRACTIVE TERMS IS KEY
 - BORROWING AGAINST THE LOANS



Section end.

Understanding the Non-Performing Notes Workout Flow & Timeline



Understanding the Note Flow

1. Cultivate relationships with Note Sellers and other Note Investors
2. Find Note Broker / Note Seller
3. Apply to do business with this seller (Qualified Investor Form)
4. View sample of pool for purchase
5. Perform pre-funding due diligence



Understanding the Note Flow

6. Request for any replacements at the time pre-funding - “As Is”
7. Purchase Pool from Note Seller
8. Complete Loan Servicing Agreement
9. Complete Loan Transfer Form
 - Servicer information required
 - Custodian information required
10. Vendor Set Up & Management (Servicer, Custodian, Google docs, Credit Reports, Skip Trace Reports, etc.)



Understanding the Note Flow

11. Good Bye RESPA's go out from Note seller with your instruction as to whom your seller and custodian will be including business hours and days of operation
12. Within 15 days from the note seller RESPA's you will send your TILA & Hello letter
13. You will need to ***follow up*** with note seller and note seller's custodian on the collateral transfer



Understanding the Note Flow

14. Perform post-funding due diligence
 - Order new credit report
 - Confirm Sr Lien Status
 - Check for BK
 - Check if Property is Listed for Sale
 - Check Property Tax Status / Sale
 - Update Property Value
 - Complete Occupancy
15. Within 3-7 days later you will send Welcome letter
16. Collection efforts and daily calls/emails begin



Understanding the Note Flow

- 17. Day 7-15 you will send Welcome package and proof of collateral
- 18. Day 15-20 door knock sent to property if no contact has been established
- 19. We are here to help letter delivered with the 1st door knock and proof of collateral and your recorded assignment
- 20. Continue with the daily calls or an outbound call every 3rd day



Understanding the Note Flow

- 21. Monthly statements go out once per month roughly between 15th-17th
- 22. Day 20 send internal demand with exception of states which require more time allowed (Washington State)
- 23. Day 30 hire Attorney to send unrecorded claim or external demand to get traction
- 24. Last Chance Demand Letter from Attorney, contains all legal fees and notice this file is going to Foreclosure



Understanding the Note Flow

25. “Last Last” Chance Demand Letter - Attorney prepares the complaint that contains all fees. Note Owner sends this letter via email and in the mail. (there is a fee to the Attorney for them to prepare this complaint)

26. File NOD

27. Proceed with foreclosure



Due Diligence Checklist

“There Are No Bad Notes, Just Bad Prices”



Non-Performing Note

1. Sign NDA agreement
 - a. Example Docs
2. Review the BPO (Brokers Price Opinion) value
 - a. If one is not provided we recommend ordering one
 - b. Example Docs
3. Cross-check with other opinions of valuations: Zillow /
Eppraisal / Google Maps / Trulia / Redfin / Shackshout.com



Non-Performing Note

4. Review the loan payment history (usually not provided with NPJLs)
 - a. Age of delinquency
5. Review the credit report
6. Review the collateral documents (promissory note, mortgage/deed of trust, closing statement, etc.)
7. Check property tax status with local county treasurer and/or assessor



Non-Performing Note

8. Order and review title search to ensure clear title
 - a. Original amounts of mortgages
 - b. Prior foreclosure - is the first in foreclosure or not
 - c. Liens and judgements
9. Execute purchase/sale agreement
10. Wire funds



Non-Performing Note

11. Verify note endorsement (allonge) and mortgage assignment have been properly executed
 - a. RESPA letter
12. Contract third-party loan servicing company
13. Contract document custodian



Section End

Borrower Connect™ Campaign



For Informational Purposes Only

The information provided in these slides is for informational purposes only, and should not be construed as legal or investment advice on any subject matter.

You should not act or refrain from acting on the basis of any content included in these slides without seeking legal or other professional advice.



Assumptions

- Every contact is started with the mini miranda to identify your borrower
- ***Mini Miranda*** - 'This call may be monitored or recorded for training and quality assurance purposes. Please be advise that Capstone Funding Group is a debt collector and any information provided will be use for that purpose.'



Key Starting Point: The Loan Transfer Date

- Defined in the RESPA “Good Bye” Letter
- The starting point - “Borrower Wake Up” Campaign – Ground Zero



Day 1: TILA Letter

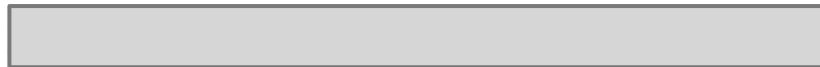
NOTIFICATION OF SALE, TRANSFER OR ASSIGNMENT OF YOUR MORTGAGE LOAN

January 8, 2015



Re: Loan # 1500002027

re: Property address:



Dear



The ownership of your mortgage loan has been sold, transferred or assigned to:

Capstone Funding Group, Inc.

11403 West Bernardo Ct, Ste 200

(877) 991-0979

The effective date of sale, transfer or assignment is December 20, 2014.

The sale, transfer or assignment of your mortgage loan does not affect any term or condition of the promissory note evidencing your mortgage loan or the security instrument (i.e., mortgage, deed of trust or security deed) securing payment of the promissory note.

The promissory note representing your indebtedness is in our possession or is being held on our behalf by our custodian.

The assignment of the security instrument has been or will be recorded in the public land records of Duval County.



Day 1: Send Out Your Introduction Letter

- Personalize your letter
 - Add “my direct line”
 - Give a little history on your company’s willingness to help homeowners
 - This letter will include all outstanding monies owed including UPB and any arrearages and late fees.



Day 4-7: Begin Calling the Borrower

- Call a minimum of THREE times the first week
- Call at different times on different days
- Call ALL numbers you can find until you are able to identify which numbers are valid
- NOTE:
 - Be sure to log all attempts and results in your loan management database
 - PERSISTENCE: Continue to call until property is bank owned or the borrower declares bankruptcy



Day 14-15: Send Out Your “We’re Here to Help” Hardship Package

- See the Members Area for what Capstone Funding Group Includes in this package.



Day 30-45: Send Door Knock Service

- Send only if phone call attempts are unsuccessful
- Send to property where you believe the borrower is living
- **BEST PRACTICE:** Use door knock service that allows for letter sequencing on multiple door knock attempts



Day 37-52: Review Door Knock Service Report

- Depending on the day the Door Knock Service was ordered
- Did they reach someone?
- Is it occupied? By who?



Day 45-60: Send Internal Breach Letter

Call Us! Write Us! Email Us!

CAPSTONE FUNDING GROUP, INC. IS A DEBT COLLECTOR. ANY INFORMATION PROVIDED WILL BE USED FOR THAT PURPOSE.



11403 W. BERNARDO COURT, SUITE 200
SAN DIEGO, CA 92127

Office: (877) 991-0979 Fax: (858) 605-6773
Email: kristyn@capstonefundinggroup.com

Call Us! Write Us! Email Us!

Loan: 1400001900

WE WANT YOU TO BE ABLE TO KEEP YOUR HOME!

We Are Your Mortgage Company and We Want To Help You

The following letter is a discussion of ***Alternatives to Foreclosure***. It is our understanding that you are not in bankruptcy. If you are in bankruptcy, then disregard this letter in its entirety and have your attorney contact our office as soon as possible.

January 9, 2015



This letter serves our formal notice that you are in default under the terms of the note and mortgage creating your loan, and formal notice that

Capstone Funding Group, Inc is the beneficiary under a Deed of Trust dated as of August 19, 2002,



Day 61: Send External Breach Letter

This letter will be on attorney letterhead for the attorney or firm that you hire

- You are basically handing over what you've already done but it's coming from official letterhead from the attorney

Once you've established relationship with the attorney, include copy of note, mortgage, assignment, total past due, and paid-to-date

Depending on state, you may pay \$300-400 on average for a breach letter. Maryland for example is very expensive.



Day 75-90: Send Discounted Settlement Offer

- This is on a case by case basis
- Not every letter is the same
- Seasonal offers work well ie. Tax time or Christmas
- 1st quarter of the year is the best time to get payments. Tax letters work great
- Christmas letter: Skip-a-payment letter can work great where they pay double in November for example so they don't have to pay in December.



Day 90+: Send Information to Management to Get Approval to Initiate Foreclosure

You might be "management" in your case



NEVER Stop Trying to
Reach the Borrower!



Action Items on a File

- Google Search
- Wakeup package
- TLO Reports - Skip tracing
 - . multi media - phone, email and snail mail
- Dunning letters
- Demand letters
 - . Internal and Attorney
- Door knocking service
- File the NOD and NOS
- Get a Deed in Lieu or initiate foreclosure



Where Do I Find Notes?



#1 Key to Success:

- Building “Relationships of Trust”
- This business is all about relationships
- Do as you say - Say as you do



The Worst Number in Business is ONE



Multiple lead sources:

- Direct from the bank
 - Why do banks sell loans?
- Hedge Funds -
- Note Brokers
- Loan Servicers
- Real Estate Brokers



GROUP EXERCISE AND ROLE PLAY: Borrower Connect™ - The 1st Call



Borrower Connect™ – 1st Call Group Exercise

- . “I don’t have a junior lien/second mortgage.”
- . “It’s been charged off.”
- . “Who are you? [Wells Fargo] owns my loan, not you!”
- . “Prove it.”
- . “I will have my attorney look into this; he will be in contact with you shortly.”
- . “You cannot threaten me with foreclosure; I am paying my first mortgage!”
- . “I have no equity in my home.”
- . “I think I will file bankruptcy. What do you think of that?”



Responses

- Our legal department forecloses on everyone.
- We help people who want to be helped, and are also very busy. Are you one of those?

Three Key Questions **Listen!**

1. What happened?
2. What is happening now?
3. What do you want to do?



Section End.

DUE DILIGENCE DEEP DIVE: PRE & POST FUNDING

NOTIFICATION REQUIREMENTS

RESPA GOODBYE LETTER: WITHIN 15 DAYS PRIOR TO THE SERVICE TRANSFER. (SERVICER).

RESPA HELLO LETTER: WITHIN 15 AFTER THE EFFECTIVE DATE OF THE SERVICE TRANSFER. (SERVICER).

TILA TRANSFER NOTICE: WITHIN 30 DAYS OF THE SALE PROVIDE NOTICE OF THE ASSIGNMENT (INVESTOR OR SERVICER).

Due Diligence Checklist

Must Review:

Borrower Name

Borrower Property Address

UPB

Credit Report

Origination Date

Taxes

Foreclosure

Occupancy

Bankruptcy

O&E Report

1st lien balance

1st lien payment

1st lien status

Past due amount - 1st lien

Lien Position

Property Description

Google Earth drive by

Due Diligence Checklist

Nice to Review:

Recent BPO

FICO score

Pay History

Servicer comments

Full Title

FIRST LIEN STATUS

PERFORMING

NON-PERFORMING

LOAN MOD

FORECLOSURE

UNKNOWN

OCCUPANCY

OCCUPIED

UN-OCCUPIED

TENANT OCCUPIED

UNKNOWN

INTERNAL STATUS

BOARDING

DE-BOARDING

NOTE SALE

SHORT SALE

REO

PERFORMING

NON-PERFORMING

TRIAL MOD

MOD

FORECLOSURE

BK 7

BK 13

UNSECURED

DEFICIENCY BARRED

HOW TO READ A CREDIT REPORT

What's the Story?

Reading the Owner/Title Report

What should you look for?

Important Information

- Deeds of Trust
- Review all liens and judgments and handle accordingly prior to sale
- Liens & Judgements
- Verify the deed chain and know your position
- Other Title Issues
- Title discrepancies (i.e. legal description differs) will be listed here

WAYS TO CHECK VALUE...



BPOS
REALTOR COMPS
SHACKSHOUT.COM

CHECK FOR BANKRUPTCY...

- CAN SLOW DOWN YOUR EXIT
- CHAPTER 7
- UNABLE TO COLLECT A DEFICIENCY
- CHAPTER 13
- POSSIBLE LIEN STRIPPING OR CRAM DOWN
- USE PACER
 - SEARCH NATIONWIDE
 - NARROW SEARCH
 - USE LAST NAME, FIRST INITIAL AND LAST FOUR OF SOCIAL

Check the Taxes

Include:

- City taxes
- County taxes
- School district taxes
- Fines imposed by city
- Fines imposed by utilities

Things to know:

- Municipal real estate taxes have priority over ALL other liens
- Can accrue interest charges and fines
- Not paying taxes can cause a loss of ownership

HOW TO CHECK TAXES OWED...

CHECK ONLINE FOR A GENERAL IDEA

CALL CITY TREASURER:

- **CONFIRM THE AMOUNT DUE**
- **INQUIRE ABOUT TAX SALES (SCHEDULED OR CONDUCTED)**
- **INQUIRE ABOUT ADDITIONAL LIENS (UTILITIES OR PROPERTY MAINTENANCE)**
- **INQUIRE ABOUT 3RD PARTY TAX LIENHOLDERS**

ADDITIONAL CONSIDERATIONS...

- CHECK FOR PROPERTY LISTINGS (GOOGLE FOR MLS LISTING)
- REVIEW ALL NOTES AND COMMENTS FROM COLLECTORS & SERVICERS
- CHECK PAYMENT HISTORY
- CHECK INTEREST RATE
 - LOWER RATE MAY INDICATE LOAN MODIFICATION
- CHECK PROBATE COURTS
- CHECK FOR UNPAID HOAS

Continued Due Diligence in the Onboarding Process

TRANSITIONS

- IF IN FORECLOSURE, CONTACT THE FORECLOSURE ATTORNEY TO DETERMINE NEXT STEPS WITH FILES AND TO CLOSE OUT BILLING.
- IF LISTED, CONTACT THE REALTOR TO NOTIFY THEM OF YOUR LIEN POSITION FOR COMMUNICATION IN A SHORT SALE.
- IF A PERFORMING LOAN, CONFIRM THAT PAYMENTS ARE GOING TO THE CORRECT SERVICER.
- IF THERE IS AN ACTIVE BK 13, BE SURE TO SUBMIT YOUR TRANSFER OF CLAIM (TOC)
- FOR VACANT HOMES, MAKE SURE THEY ARE SECURE AND MAINTAINED AND REGISTERED IF NEED BE.
 - USE A PROPERTY PRESERVATION COMPANY
(www.nationsds.com & www.nationsps.com)

ACCOUNT SNAPSHOT

- CREDIT
- LOAN PAY HISTORY
- SERVICER/COLLECTION NOTES
- TITLE INFORMATION
- REALTOR COMPS

Create a Google Doc so it’s a living and changing document...

It is essential that you compile an account “summary” on each loan file that has been assigned to you. There are three steps to this account summary process that should be completed.

STEP ONE

“Account Snapshot”

Review the various aspects of each file that are listed below to become familiar with the status and overall picture of the loan. Make notes of anything that stands out as incorrect, incomplete, or items that may be “red flags” in servicing the file.

- credit bureau score

469

- loan pay history

Per pay history borrower has been consistently behind month on payments; 2/2007 there was a payment increase of \$141.88 per month; 9/2007 payment increase of \$68.48; 6/10 modification with principal adjustments; payment reduced by \$143.66; 8/2010 borrower began making partial payments but has been keeping the payment current.

- title information

Title shows 2 judgments 8/2009 not paid;

- comments from account servicers

Loan originated in 12/1999; 5/2007 Borrower began being late with payments; per borrower she became unemployed in 1/2007. 5/2008 borrower reported that she started a new job and an additional 2nd job. Again in 8/2008 she states that she started another new job. Borrower having a hard time finding a job beyond minimum wage; borrower recd a modification from NHS 5/2010;

- property occupied or vacant

Occupied

- BPO

Neighborhood declining; pride in ownership-good; 4 REO-Short Sales in subject area; As Is sales price \$49,500; 30 day quick sale \$39,500

- Bankruptcy/Foreclosure/Probate proceedings already in progress

Bk discharged 6/12/2003;

FC- None started

Probate-No

STEP TWO

“Evaluation of File”

Take the information that you quickly gathered from the above “snapshot” and evaluate both the current status of the loan as well as a tentative action plan for next steps

- How would I rate this account in terms of pay history and credit score? Performing/In Need of Modification/Poor (think green/yellow/red lights)
CREDIT SCORE IS LOW AND PAY HISTORY HAS IMPROVED SINCE SHE RECD A MODIFICATION

- Is this loan a candidate for a loan modification?
SHE RECD A MODIFICATION FROM FORMER SERVICER IN JUNE 2010.

- Are there servicing/title errors I need to get corrected?
TITLE SHOWS 2 JUDGEMENTS THAT NEED TO BE PAID

- Do I need to obtain maintenance services for any vacant properties?
NOT AT THIS TIME

- Who will I contact in regards to any BKO/Foreclosure/Probates?
BKO-PACER
FC – CREDIT REPORT
PROBATES – STATE

- Is this account a candidate for "Cash for Keys?"
NO – SHE IS CURRENTLY MAKING HER MODIFIED PAYMENTS, BUT IF SHE MISSES JUST ONE PAYMENT WE SHOULD BEGIN THE CASH FOR KEYS/FORECLOSURE PROCESS.

STEP THREE

“Presentation to Director”

You need to make sure you have thoroughly and accurately captured any and all necessary file information that needs to be brought to the attention of the director. You should give a concise summary of the status of the loan (the “snapshot”) followed by your proposed action plan for how Main Street will service this file. It is essential that you have all the information that you need from the file to support your evaluation and plan.

BORROWER IS STRUGGLING BUT IS MAKING THE CURRENT MOD PAYMENTS. WITH HER PAST PAYMENT HISTORY AND FICO SCORES, IF SHE MISSES A PAYMENT WE NEED TO BEGIN CASH FOR KEYS/FORECLOSURE PROCESS. WE WILL NEED TO CALL EACH MONTH TO CONFIRM PAYMENT BEING MADE.

Get to Know Your Borrower

The Simple Solution: Contact the Borrower

- Call the borrower
- Mail a borrower authorization form

A	B	C	D	E	F	G	H	I	J
Loan # - Name - City State	Asset Manager	Last Credit Report Pulled	1st Lien Status	Foreclosure Started	Internal Status	Occupancy Status	Very Next Step	Hardship Package Sent	CFG Loan
1400001167 - Boese - Gilbert AZ	Monica	6.5.14	performing	TC- NOTS 10/7	Performing	Occupied			130
1400001198 - Smith - Dallas TX	Monica	6.5.14	loan mod	TC	Performing	Occupied			130
1400000959 - Alota - Daly City CA	Monica	6.2.14	performing	TC/NOD recorded	Performing	Unknown			130
1400001164 - Alarcon - Oro Vally AZ	Monica	9.24.14	performing	Postponement Agreement signed	Trial Mod	unknown	Request updated financial/Need to discuss trial loan mod/due 12.31.14		130
1400001027 - Brown - Van Buren MI	Monica	9.24.14	non-performing	Postponement Agreement signed	Trial Mod	Unknown	Request updated financial/Need to discuss trial loan mod/due 12.31.14		130
1400000306 - Crothers - Atlanta GA	Monica	9.24.14	performing	Postponement Agreement signed	Trial Mod	Occupied	Request updated financial/Need to discuss trial loan mod/due 12.31.14		130

Section End

Paper Profits™ Mastermind & Funding Group

Apply Now at

<http://www.CapstoneFundingGroup.com/coinvest>

Thanks For Attending!

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