# HOW TO INVEST IN SECOND MORTGAGES

## COURSE SYLLABUS

### CHAPTER 1: WELCOME TO MORTGAGE NOTES
- Welcome to Mortgage Notes
- What is a Mortgage Note?
- What is a First Mortgage?
- What is a Second Mortgage?
- What Happens to a Mortgage After Origination?
- Investing in Real Estate vs. Investing in Mortgage Notes
- Investing in First vs. Second Mortgages
- Secured vs. Unsecured Notes

### CHAPTER 2: WHERE AND HOW TO FIND MORTGAGES
- What are Non-Performing Notes?
- What Happens to Defaulted Notes?
- What is the Loss Mitigation Department?
- Why Banks Sell Loans
- Why Buy Second Mortgages?
- Finding the Notes
- What’s the Difference between Non-Performing, Re-Performing, Sub-Performing and Performing Notes?

### CHAPTER 3: DUE DILIGENCE – EVALUATING THE LOANS
- The Due Diligence Process
- The Four Categories of Data Information
- Key Factors to Consider

### CHAPTER 4: DUE DILIGENCE - NARROWING YOUR SEARCH
- Narrowing your search
- Starting the Process
- Tab 1 – Original Data
- Tab 2 – Adding the Credit Data
- Tab 3 – Adding the Property Data
- FORMULAS
- Tab 4 – Adding the Pay History Data (2nd Mortgage)
- Tab 5 – The Summary Tab: Putting it all Together

### CHAPTER 5: HOW TO READ CREDIT REPORTS
- Sourcing a company
- Who Can Pull Credit Reports
- Soft Pulls vs Hard Pulls
- Reading a Credit Report
- Public Record Information
- Credit History

### CHAPTER 6: NEGOTIATING THE DEAL
- Negotiating Strategies
- What is an NCND and why you should use one?
- What if you’ve already done business with the Seller?
- How to create an NCND agreement.
- What is a Broker’s Agreement?
- Submitting your offer
- Sample of Loan Offering:
- What are Indicative Bids?
- Bidding based on % of Unpaid Principal Balance (UPB) vs % of Payoff
- Getting Approved
- Commissions to Others

### CHAPTER 7: CLOSING & FUNDING THE DEAL
- Closing the Deal
- What is a Purchase and Sale Agreement (PSA)
- Funding the Purchase
- What’s Good for the Goose...

### CHAPTER 8: AFTER THE PURCHASE - PREPARING LOANS
- Preparing the Loans
- Receiving the Collateral Materials
- What to do if a File is Missing
- Boarding the Loans
- Entering the Data
- Sending Out RESPA Letters:
- Welcoming the Borrowers
CHAPTER 9: AFTER THE PURCHASE - ASSIGNMENTS

- The Assignment of Mortgage (AOM)
- Filing the Assignment of Mortgage (AOM)
- County Records
- If Your Assignment of Mortgage is Rejected
- Lost Assignment Affidavits
- Allonges
- Satisfaction of Mortgage (SOM)
- Using Outside Vendors to File Your Documents
- What is MERS?

CHAPTER 10: FAIR DEBT COLLECTION PRACTICES ACT

- Fair Debt Collections Practice Act (FDCPA)
- Understanding the FDCPA
- Prohibited Conduct
- Required Conduct
- Enforcement of the FDCPA
- Criticisms of the FDCPA
- Regulatory Agencies and the FDCPA

CHAPTER 11: MORTGAGE LOAN SOFTWARE

- Choosing the Right Software Package
- Plan for the Future
- User Requirements
- On-line or In-house
- Financial Limitations
- Vendor’s Reputation
- Demos

CHAPTER 12: SERVICING YOUR ACCOUNTS

- Servicing Your Accounts
- The Life Cycle of Loan Collecting
- Contacting the Borrowers
- Do’s and Don’ts of Servicing
- What are Miranda Warnings (maxi and mini)?
- Payment Options
- Payment Arrangements and Other Strategies
- Correspondence to Borrowers
- Taking the Next Step in Collecting

CHAPTER 13: USING A SERVICING COMPANY?

- What is a Servicing Company?
- When to Use a Servicing Company?
- What are the State Licensing Requirements for Servicing Loans?
- What to Ask a Servicing Company
- Pricing Structures

CHAPTER 14: BANKRUPTCY 101

- What is Bankruptcy?
- What is a Chapter 13 Bankruptcy?
- What is a Chapter 7 Bankruptcy?
- Bankruptcy and the Secured Mortgage
- Bankruptcy and the 2nd Lien
- The Automatic Stay
- Understanding Secured vs. Unsecured Debt
- Foreclosure and Bankruptcy
- Bankruptcy and Lien Stripping
- Asset vs. No Asset Chapter 7 Bankruptcy
- Bankruptcy: To Buy or Not to Buy

CHAPTER 15: FORECLOSURES 101

- What is a Foreclosure?
- Judicial Foreclosures
- Non-Judicial Foreclosures
- Five Possible Outcomes of Foreclosure
- The Foreclosure Process
- Three Common Alternatives to Foreclosure
- Statute of Limitations for Foreclosure

CHAPTER 16: SKIP TRACING 101

- Finding the Borrower…Searching for Clues
- Let the Games Begin
- The Final Clue

CHAPTER 17: LOAN MODIFICATIONS

- The truth about Loan Modifications
- Loan Modification Checklist
- How Long Does It Take?
- Benefits of a Loan Modification
- Benefits of a Loan Modification with the Borrower’s 2nd Mortgage
- Loan Modification versus a Temporary Loan Adjustment

CHAPTER 18: CASE STUDIES

- Case Study: Skip Tracing
- Case Study: Customer Service
- Case Study: Foreclosure
- Case Study: Legal
- Case Study: Bankruptcy
- Case Study: Customer Service