Wednesday July 9th 2014

1. Clarify NY DIL issue from last night <http://www.dfs.ny.gov/legal/industry_circular/banking/il110510.htm>
2. Ray Jordanian: to DIL or not to DIL
3. Rick Chestek: Discharge of Deed to Secure Debt

From Last night: Attorney said I have to have the property owner list the property for 90 days before I can get a DIL.

Ray

Owner is a single woman who has moved out. Her daughter is staying in the property but it doesn’t have electricity. She is willing to do a DIL or a workout, if there is a way. But with $12,400 in back taxes and an investment of $11,350 in the note, we are almost at $25,000 in costs.

Local Realtor said $25 to $40K but he hasn’t gone inside until Saturday when she shows it to him. She said she redid the Kitchen and Baths in 2010 for $32,000.

If I get a DIL, what name should I put it in, with there being a second of $21,750. I can get her to give me the contact info for the second and maybe offer them $300 or $500 for an assignment?

She says she doesn’t have a car payment or other debt, just the house. Her income as the Admissions Manager at Roseland Community Hospital is $66K per year ($2500 every two weeks) but the take home is only $1400. She says that health insurance, disability and taxes are why they keep so much of it.

Can I get a traveling notary to get her to sign the DIL on Saturday? Is there a form or do I have to have an attorney create it for me? Do you have one from another property that can be edited to this property?

Rick

1.  I was reviewing the package for an old offering, attached.  On page 19 is a document entitled "Discharge of Deed to Secure Debt", signed by what is supposedly the current note holder (Bank of New Mellon Trust Company).  My interpretation is that document this releases the first lien ("Security Deed", starting on page 5, assigned to New Mellon on page 18).  Is my interpretation correct? If not, what does the document mean?  If so, was offering this for sale a mistake?

2.  For a partial, how are early payments handled, in terms of compensating the holder of the back end?  Same question for a complete payoff during the first part of the partial.

“[Charge-off”](http://en.wikipedia.org/wiki/Charge-off) is an accounting term.  It’s an accounting term that also shows up on your credit report.  Charge-off means the borrower is probably not going to send in next month’s payment.

A “charge off” is very important to the bank.  The Federal Reserve keeps [close track](https://spreadsheets.google.com/pub?key=0Aqc7PlugtR1XdG1jVUdmWUtXa21OZlZCeXpJYUk2M0E&hl=en&output=html) of charge offs.  The Federal Reserve (and other regulators) wants to be sure that each bank [has enough money](http://www.federalreserve.gov/releases/chargeoff/calc_method.htm) to cash checks that people might bring to the bank each day.  The Federal Reserve will [close banks](http://en.wikipedia.org/wiki/Charge-off) that can’t cover their checks, so the bank better make sure some other money is there since yours won’t be.

So the Bank “charges it off” for accounting.

The borrower still owes the money and will have a major derogatory on their credit report.