**Servicing**

5346 Wayne Ave Kansas City, MO

* Seriously Delinquent, Non-Performing Owner-Financed Note
* How do we determine we can recover property in order to repurpose?
* NAM Researches Record to determine if OCF is recorded – How do we know whether it may or may not be recorded? Experience – each state has specific rules about recording OFC.
* Attorneys may advise immediate filing of Release of Lien? Is Legal Action required? We know from research there is no recorded OFC – we determine property can be recovered upon repossession, if unoccupied
* What are options upon Occupancy Check? Secure and Take back/Eviction required?
* Occupancy Check reflects property vacant and abandoned
* Obtain Clean-Out Bids --- Why more than 1? NAA protocol calls for competitive bid if initial bid is not within an amount our experience tells us is acceptable.
* 2nd Bid allows reduction in cost by more than 50% ($1,875 Investor savings). 2nd bid also obtained from vendor who can re-sign the property for sale simultaneously, creating additional Investor savings
* Are there other ways to reduce Cleanout Costs? NAM routinely attempts to contact former buyer/borrower, via credit bureau soft pull, or private investigation locator, to offer a Cash-for-Keys exchange, requiring former borrower to clean-out the property, creating additional Investor savings
* How do I (the Investor) keep abreast of the activity? NAA Portfolio Manager contacts Investor to get approval for recommended cost of cleanout and sign. Soon, this procedure will be automated with the NAA Asset Management Investor Portal
* How long does this process take? Typical time to recover property in Kansas City, via legal repossession, is currently 428 Days – more than 12 months. The process undertaken by NAM, and the initial research on the OFC status, reduced the recovery time to less than 30 days.

**Origination of Loans**

4915 W 25th Ave; Gary IN

* Why do we Pre-Qualify a borrower? NAM does not want to lead-on a potential customer, the initial pre-qualifying stage alerts the loan officer to potential underwriting issues which, if understood early enough in the process, can be minimized so as to not lead to disqualification

* What type of information is helpful? Often we find that a prospect is an investor with multiple properties, as in the case of Mr. Morales
* What are some of the underwriting hurdles that arise? Analyzing a prospect’s credit report and verifying income allow the loan officer and underwriter to determine if the prospect will meet minimum Debt-to-Income (DTI) ratios required under the lender’s underwriting requirements
* What happens if the DTI is too high? In our case, the NAM loan officer immediately called the prospect to ask if he could provide any additional income source, or information, that might reduce the high DTI. In the course of his conversation, the loan officer asked a series of questions that resulted in the prospect divulging that he did not intend to rent the property; rather, he revealed he was purchasing for his daughter – a father trying to help his daughter become an independent woman, purchasing a home of her own
* How would the father-daughter relationship help the high DTI? Once the real purpose for the purchase was disclosed, other qualification questions were asked; “is your daughter over the age of 18”? “Does she have a job”? “Can she provide proof of income”? The loan officer knew there was a chance he could use her as a second buyer and that’s what occurred next.
* Did adding the daughter as a second buyer allow for qualification? Unfortunately, no – but at this point, the Loan Officer’s training and experience kicked in. Mr. Morales was asked “Is your daughter going to occupy the property”? The answer was yes and the loan officer proceeded to underwrite the loan using the daughter as the sole borrower, which resulted in approval of the loan.
* How did approval occur after disqualification using both borrowers? The Loan Officer knew that qualifying as an Owner-Occupant would result in a lower interest on the loan, because the property was no longer being purchased for investment purposes.

**Asset Management**

1441 Bobolink Avenue; Birmingham, AL

* Is Remote Property Management Viable? Jackie and Chris live 525 miles from 1441 Bobolink Avenue in Birmingham AL, an 8-hour drive or a $350+ airplane ticket away. While it may be viable, it is very difficult

* Upon boarding an NPL to be returned and resold, what hurdles might exist? The property may not be vacant – it could be occupied by a former borrower or a squatter. Quick OC and, if vacant, lock-up is very important

* What are next steps? Once vacant condition is confirmed, research is completed to determine if any legal recovery methods need to be employed (eviction, lien release, etc.). In addition, if the property deed needs to be recorded and title transferred to the new owner, NAA coordinates. If hazard insurance coverage needs to be bound on the property, NAA handles
* How long does it take to get sold? Clean-out bids are obtained and analyzed to determine if more than cleanout may be required, e.g. window or door board-up, roof tarp, repairs, winterization. Scope of clean-out is determined, and if necessary, re-bid
* How is a strategy determined? Final bids are analyzed and approved by Investor, at which time NAA and Investor finalize a business plan for the property, which include any plans for rehab and marketing
* Is the property strategy flexible? As in the case of the Bobolink property, the Investor approved placing signage on-site reflecting the full, list down payment and monthly payment, reflecting the full purchase price the Investor desired. We also developed a rehab plan, and obtained bids. Prior to commencing rehab, we were able to sell the property at full price because we had moved forward with the listing, knew exactly what needed to be repaired and had an estimate of the cost
* Is Rehab always necessary? As happened in the Bobolink case, the full price offer, and ultimate sale, allowed for the Investor to greatly reduce the amount of equity invested, increasing potential returns. The Investor completed only some minor repairs, as a show of good faith, greatly enhancing their relationship with their buyer.