

THE
Leaf Arnold
SYSTEM OF REAL ESTATE INVESTING

**MASTER
REVERSE REO
SPECIALIST**



Legal Information Is Not the Same as Legal Advice

This book provides information about real estate investing, private money borrowing, lending, and/or brokering. It is designed to help users safely determine their own legal needs. Please understand that legal information is not the same as legal advice. The application of law varies with an individual's specific circumstances. Laws vary from state to state and are in constant change, and although we do everything we can to make sure our information is accurate and useful, we recommend you consult a lawyer if you want professional assurance that this information, and your interpretation of it, is appropriate to your situation.

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“Education is the most powerful weapon which you can use to change the world.”

– Nelson Mandela.

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“Learning is not attained by chance, it must be sought for with ardor and diligence.”

- Abigail Adams

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“The great aim of education is not knowledge but action.”

- Herbert Spencer

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“Education is the movement from darkness to light.”

- Allan Bloom



INTRODUCTIONS

Take a few minutes and write out your answers to the following questions. Be prepared to BRIEFLY share your answers with the class.

- Name: _____
- Where are you from: _____
- What do you hope to learn while you are here? _____

- One thing we can learn from you: _____

As other share, record information about them so you can network later.

❖ Name: _____ Location: _____
Interesting Facts: _____

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INTRODUCTIONS

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MORTGAGE NOTES REVIEW



Mortgage Notes Review

What is a Note

Mortgage notes are a type of promissory note that details repayment of a loan used to purchase real estate. This legal document describes the amount of the loan and terms of repayment, including duration and interest rate.

Typically, mortgage notes are written (or issued) by lending institutions like banks or credit unions. These are called institutional loans. Institutional lenders follow strict guidelines with minimal flexibility but issue a lot of loans.

A private mortgage note is issued by a private person or entity directly. This type of loan is often more flexible and/or creative than your traditional institutional loan. Those with less-than-perfect credit and those who are self-employed often turn to private mortgages when they might not qualify for traditional bank options.

Mortgage notes act as an easily liquidated asset. Lending institutions and owners of private mortgage notes are able to choose to keep receiving the monthly payments described in the note or sell them to raise quick cash. Depending on the circumstances of surrounding the sale, notes may be sold at par (for face value) or at a discount.

Discussion question: Why would a lender sell a note at a discount?

Discussion question: As a note buyer, is it a better use of your time to go after institutional notes or private mortgage notes?

Mortgage Notes Review

Liens

Lien Position

Lien position, also known as lien priority or lien seniority, is the order in which the debt is paid in the case of default.

Creditors place liens (legal claims) on property to secure repayment. Lien positions are established by order of recorded filing date.

Usually, the mortgage lender holds the first position, and other liens tied to the property hold junior positions, referred to as seconds, thirds, etc. depending on the order in which they have been filed.

Lien Positions During Foreclosure

If a foreclosure happens, the more senior the lien (first position), the more likely you are to be paid off and recover your investment because liens are paid off in order.

The trade-off in note investing is that while you pay much less for junior liens (often pennies on the dollar), you don't enjoy the same security as senior lien investors or investors in the first lien position.

We will be working with first lien position notes only, but this should be verified before you close on the deal.

Discussion question: Why is investing in "first lien" position recommended?

Mortgage Notes Review

Loan Performance

Classifications

Loans fall into four different classifications including:

1. Non-performing note: A note that is 90 days or more past due.
2. Under-performing note: Borrower has a history of being periodically late with payments.
3. Performing note: A note being repaid on time and according to terms. Investing in performing notes is sometimes referred to as “clipping coupons” because the investor typically enjoys modest returns paid back at regular intervals.
4. Re-performing note: Borrower had missed payments, perhaps even went non-performing, but is now back on track. Sometimes these loans have been modified either by extended amortization, principal reduction, or interest rate reductions. One strategy note investors employ is to buy non-performing notes and get them re-performing and then selling the re-performing notes after seasoning (a period of on-time payments).

Risk & Reward

The biggest discounts for note investors usually come from non-performing notes. These are attractive to note investors for the steep discounts and multiple exit strategies available.

Performing notes are the most secure and offer the note investor reliable monthly payments backed (collateralized) by real property. These tend to have much less of a discount.

Discussion question: Where can you find performing & non-performing note to purchase?

Mortgage Notes Review

How Do Mortgage Notes Make Money?

Making money on a real estate note investment depends on the type of notes you buy, the acquisition strategy and your exit strategy.

Performing Notes

If you buy a performing real estate note, you receive payments according to the payment schedule, term, and interest rate. You accept those payments while enjoying the security of having your payments backed by the real estate.

Non-Performing Notes

Note investors buying non-performing notes employ a variety of advanced strategies, including:

1. Loan to Own – Some investors will buy a non-performing note to exercise power to foreclose and take possession of the real estate.
2. Loan Modifications – Private investors often have more flexibility than institutional lenders in the options they can offer delinquent borrowers. Some investors buy a non-performing note at a discount to provide more favorable repayment terms to the borrower. The note is then re-established as performing, and the investor enjoys regular payments.
3. Selling Re-Performers – The note investor buys the non-performing note at a discount off the unpaid principal balance (UPB).

Next, the investor works with the borrower to get the loan re-performing, and finally, the investor sells the now re-performing note to another investor at a markup.

Mortgage Notes Review

4. Flipping or Brokering Notes – The highest value task in the note investing business is finding the note. You can profit from flipping notes, even if you don't have money of your own, by finding real estate notes for investors who have the capital.
5. Foreclosure – When the property owner cannot or will not make good on their promise to repay and is unable to work out a reasonable compromise with the lien holder, often the only remedy is for the lien holder to foreclose on the property to recoup outstanding debt. This can often lead to a profit above and beyond what was expected to be earned through the initial loan.

Risks of Note Buying

There is always risk in any investment, and as an investor, it is up to you to evaluate the risk for any investment you make.

The amount of risk in a note investment depends on:

1. the loan underwriting,
2. the Loan to Value (LTV),
3. the position (senior, junior) of the debt,
4. the good faith of the borrower to some degree,
5. the locale's regulatory environment, and
6. the quality of the documents, assignments, and allonges.

Discussion question: What do you see as the biggest risk for you when it comes to investing through note buying?

Mortgage Notes Review

States to avoid due to cost of foreclosure - 10K to 12K:

States to focus:

Transferring Title

Quitclaim Deed

A quitclaim deed is a fast way to transfer property to a buyer. But you should know that, unlike general or special warranty deeds, the quitclaim includes no protections for the buyer. Quitclaim deeds are also sometimes called quit claim deeds or quick claim deeds because they are a fast way to accomplish real estate transfers.

A quitclaim deed transfers title but makes no promises at all about the owner's title. A quitclaim deed transfers the owner's entire interest in the property to the person receiving the property, but it only transfers what he actually owns, so if two people jointly own the property and one of them quitclaims his interest to a third party, he can only transfer his part of the ownership.

Mortgage Notes Review

Special Warranty Deed

A special warranty deed is a legal document that transfers ownership of real property from one person to another. This particular type of deed guarantees that there are no defects or problems with the title during the seller's ownership period, but makes no promises about the condition of the title before the seller owned the property.

Any type of deed has to contain the following information to be legal:

- Name and address of the person conveying the property, also known as the grantor
- Name and address of the person receiving the property, also known as the grantee
- Legal description of the property (which could be a description of property lines or a lot number), which you can find on the previous deed
- Statement that the grantor intends to convey the property to the grantee

To qualify as a special warranty deed, it must also say that:

- The grantor is the legal owner of the property and has the legal right to transfer the property.
- There are no outstanding claims against the property by any creditor or anyone else that were instituted during the grantor's ownership period.
- The grantor guarantees he or she has clear title only during his or her period of ownership and, if there is a problem with title during that period, the grantee is not entitled to compensation from the grantor. The guarantee does not cover the time period before the grantor owned the property.

General Warranty Deed

Mortgage Notes Review

A general warranty deed transfers real property from the buyer to the seller with the guarantee that the seller holds clear, unencumbered legal title to the property. This means that the seller promises there are no liens or creditors' claims against the property and that, if there are, the seller will compensate the buyer for those claims.

A general warranty deed must include the following to be valid:

- The name and address of the seller (called the grantor)
- The name and address of the buyer (called the grantee)
- A legal description of the property (found on the previous deed)
- A statement that the grantor is transferring the property to the grantee
- A statement that the grantor is the legal owner of the property and has the right to transfer it
- A statement that there are no legal claims against the property by creditors
- A guarantee by the grantor that if claims do emerge, they will compensate the buyer

A general warranty deed is not a contract of sale—it does not include a price for the property or include any transfer of funds. Instead, it is the legal document that completes the sale by transferring the property from the grantor to the grantee.

Discussion question: What type of deed transfer should you be using and why?



RESEARCHING
A
NOTE



Researching a Note

Evaluation of a Mortgage Notes

The value of a mortgage note is determined in part by the value of the property. During your evaluation of a mortgage note, you will need to complete two different calculations. First, complete the MAO calculation on the value of the property; “**MAO = ARV x 90% - Rehab.**” This is to make sure it is a good deal if you get the property back at auction or through negotiation with the owner.

Second, examine the spread between what is still owed on the note and your purchase price of the note plus total costs: (participation fees, holding costs, etc.) You are looking to ensure that if the property sells at auction, all your cost will be recovered, and you will still make a good ROI on your investment.

Remember that all your actual documented foreclosure costs can be recouped at foreclosure as part of the debt on the loan.

- Attorney’s fees and any other actual foreclosure expenses.
- Any repairs made to the property through the Receiver to maintain habitability, or to protect the property from deterioration.
- Forced place insurance to protect your investment.

Steps

During your research, you need to make sure you gather all the pertinent information for the note and the property. At the back of this section of the book you should find a property intake form to help you keep this information organized. Follow the steps below and completed as much of the intake form as you can.

- Read all the available information – BPO, Title Report, Photos, etc...

Researching a Note

- Conduct a standard property evaluation through, Google, Zillow, and SendFuse Title Report.
- Identify what the property is worth both as-is and ARV.
- Estimate rehab costs.
- Determine MAO on the property.
- Research the note and determine the total debt.
- Identify associated timeline and foreclosure cost for the state the property is located in.
- Estimate needed spread needed to achieve desired profit if the property goes to foreclosure.
- Determine maximum purchase price for the note.

Group Activity: In your assigned groups, work together to find a good note purchase. Use the PreREO website. You may also use any research tools you have at your disposal: Dealio.pro, SendFuse Zillow, etc...

1. Identify a property.
2. conduct your needed research.
3. Download any supporting documentation that you use for identification of the “good deal.”
4. Be prepared as a group to present your findings to the rest of the class.

Property Intake Form

Note Information:

Outstanding Mortgage Liens: _____ Outstanding Property Taxes: _____
Utility Liens: _____ Total Outstanding Debt: _____
Estimated Foreclosure Costs: _____ Date of Mortgage: _____
Term of Mortgage: _____ Borrower's Name: _____

Property Information:

Address: _____ City: _____ State: _____ Zip: _____

Ever listed? Yes No How Long? _____ Expired Date: _____

Price: \$ _____ Canceled? Y N

Owner occupied: Y N **If no, is it rented:** Y N **Mo Rent:** \$ _____

Lease Termination Date: _____

Property Style: Ranch, 2-Story, BiLvl, TriLvl, Stick-Built, Modular, Mobile

Beds: _____ **# Baths:** _____ **Garage:** # of Cars _____ Attached, Detached

Rooms: Fam, Rec, Den, Office, Dine, Loft, Sun, **OutBldg:** Shed, Barn, Dog Pen

Heating: FAG, FAE, WoodStv, FirePlc, Solar, ElecBaseboard, _____

A/C: None, Central, Windows,

Hot Water: Installation Date _____ Tank, On Demand, NGas, Electric

Basement Type: None, Crawl, Partial, WlkOut, Full **Finishing:** Unf, Partial, Full

Main SF _____ Bsmt SF _____ Other SF _____ Total SF _____ Lot Size _____

Property Taxes: \$ _____ **Year Blt:** _____ **Year Remodeled:** _____

Property Condition: _____

Estimated Cost of Rehab or Repairs: \$ _____

As-Is Value: \$ _____ **ARV Value:** \$ _____ **Asking Price:** \$ _____

Contact Record

<u>Date</u>	<u>Form of Contact</u> Call, Email, Visit, Text, Etc.	<u>Notes</u>

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SIC UNDERWRITING



CHECKLIST

- Application
- Repeat Borrower Payment History
- Schedule of Real Estate Sold & Owned
- Zero Tolerance
- Broker Fee Agreement %: _____ Broker Name: _____

- Entity Name: _____ State: _____
- EIN: _____
- Articles
- Op Agreement OR Bylaws *Consent form

- G1 Name: _____ EXP: _____ SS#: _____
- G1 Credit Score: _____ EXP: _____
- Background check: _____
- Tax Return
- Letter of Explanation: _____

- Bank Statement/Plaid: \$ _____ Date: _____

- Canceled check & ACH form

- Hazard Insurance Binder: Coverage \$ _____ Premium \$ _____
- Flood Insurance Binder: Coverage \$ _____ Premium \$ _____

- Seller Name _____
- PP: \$ _____ EMD: \$ _____ Assign: \$ _____ Exp Date: _____

- Title Commitment: Expiration Date: _____ Loan amount: \$ _____
- CPL
- Refi HUD (in the last 2 years)
- HOA (Bylaws, CC&rs, dues, fidelity policy)

- Appraisal: **EXP DATE:** _____ **AS IS:** _____ **ARV:** _____
- *USPS* Print Out
- Lease Agreements

- Bid: \$ _____
- License
- EOI
- Draw sch: # _____

NOTES:

Credit

Sch B Sec I

Sch B Sec II



SIC NOTES





NEGOTIATION STRATEGY



Negotiation Strategy

Craft Your Offer

Once you have calculated how much you can pay (MAO) through your research of the property, now it is time to craft your offer. Your strategy will be similar regardless of where you are seeking to purchase the note from. For the purposes of this discussion, we will focus on purchases from the PreREO Site.

On the PreREO website, each property has a posted “Asking Price”. This asking price should be approximately 75% of the BPO. Depending on the condition of the property, this could be a substantial discount.

ALWAYS make your first offer significantly below the “Asking Price” and below your MAO. You must leave room for the negotiation.

Support Your Ask

The PreREO site will have a tab that you can use to send a “message” along with your offer. Use this tab to explain why you are asking for the discount beyond what they have already provided.

- Unpaid taxes
- Value from data you have obtained that is below the BPO.
- Rehab costs that you can substantiate that indicate value should be lower.
- Death of the homeowner so property will be in probate for an extended period.

Discussion question: What else might you use to support a lower than asking price offer?

Negotiation Strategy

Remember the Free Dessert Concept – You cannot get what you do not ask for!

You may have several rounds of negotiation before a price is settled on.

Do not be afraid to walk away if needed, but on the other hand, do not let a good deal slip by because of \$500 or \$1,000.

Communication with PreREO

Because your negotiation is taking place through the website, you will most likely be spending several days communicating back and forth. Do not let this discourage you. Stick with it and get to agreement on the price.

Once a price is agreed to, a PreREO representative will reach out to you either by phone or email (or both) to walk you through the next steps.

- Request for Vesting:
 - Entity name
 - Mailing address
 - Contact information.
- A purchase & finance agreement will be drafted – 2 to 5 days.
- The buyer usually has 5 to 7 more days to conduct and additional due diligence.
- No earnest money and no escrow deposits are required.
- When everything is clear to move forward The PreREO representative will provide wiring instructions for the program fee and buyers portion of the purchase price.
- Final documents will be signed – You now own the mortgage note.

Negotiation Strategy

Activity: Enough talk...it is time to write an offer. Using one of the “good deal” notes your group identified earlier, craft an offer in the space below. Include your justification for a lower than asking price offer. If you choose, make the offer on the PreREO site.



FINDING MONEY



Finding Money

Personal Friends & Family List

Your first option should be to develop your own Friends and Family list to borrow what you need. This list should include anyone you know who may have funds that they are seeking a higher return on. This includes family, friends, and other investors.

This is better than partnering. Let others know what you are doing and invite them to participate.

Develop your pitch before you attempt to speak with them.

Include the items:

- Talk about potential ROI compared to current savings & CD rates.
- Highlight the security of real property.
- Appeal to desires to “be the bank.”
- Invite them to participate, “call to action.”

Do not be afraid to ask them to fund everything you need.

Remember, Free Dessert! Negotiate rates and terms:

- Ask for participation fee + investor (25%) share of the purchase.
- Ask for monthly payments.
- Ask for bulk payout after the final disposition of the property.
- Remember Free Dessert – You have not because you ask not!
- Write out an agreement and sign it.

Find a Partner

If a loan from your friends and family does not work out, seek a partner. Do some advertising. Let other know what you are looking for. Money is attracted to good deals, so make sure you make it sound good! (It needs to be good to sound good.)

Finding Money

Investors are yield starved right now so do not give away the bank unless you have to in order to get the deal done. Let people know what you are doing and ask them to join you.

Form an LLC together to formalize the partnership. Spell out who is doing what in this partnership. What is the end game of this partnership? Will you be holding the property for income or selling it for a profit? Include the expected term of the agreement. Make sure you include who brings in the money and how much.

Spell out who will manage the day-to-day decisions that will need to be made. Who is making the monthly payments?

This is the time to discuss and put in writing a plan for when surprise costs arise. Also take the time to define how profits/liabilities will be split in the end.

Don't forget the separation clause. What happens to the LLC when the property is sold? It is best if you have your legal counsel draw up the document the first time you do this.

Raise the Needed Funds

What do you have that you can sell? Consider that extra car, boat, or RV you have sitting around.

There are notes available for as little as \$5,000 investor share. That extra car you have not driven in a month could be the ticket to your next investment.

HELOC/Refinance Cash Out

If you have owned your own home for more than the past two years, there is a very good chance you have significant equity in the property due to rising home prices. Take advantage of the current market conditions by leveraging the equity you have. Take out a Home Equity Line of Credit or refinance with cash out.

Finding Money

Crowd Fund

Crowd fund among your friends and/or family. Maybe you do not have a friend or family member that can come up with all the cash. See if you can get 5 or 10 friends to come up with \$500 or \$1,000 each to be the seed money for your investment. Spell out in writing your agreement with each. Make it a formal agreement. Be sure they are aware of the risk and the reward for their participation.

Group Activity: In your same small groups, write an ad that you might use on the LAS Friends & Family closed group FaceBook page. Remember to “sell the dream.” What is in it for them? Include a call to action in your ad.

THE NATION'S BEST
RESIDENTIAL PRIVATE MONEY
LENDER FOR



COGO[®]

C A P I T A L
THE PRIVATE MONEY COMPANY

INVESTMENT PROPERTIES



LOAN
PROGRAMS



LENDING
AREAS



COGO
BOX

**COGO CAPITAL'S PROMISE!
WE'LL BEAT ANY COMPETITOR'S RATE***

Investing Made Simple.

LOAN TERMS

These are Cogo Capital's beginning terms but can be modified based on credit and experience levels.

PROPERTY TYPES	Non-Owner Occupied, SFR (1-4 Units)
LOAN PURPOSE	Acquisition, Cash-Out, Refinance, Rehab
LOAN AMOUNT	\$30,000 up to FHA Cap
TERM	6 - 24 Months
INTEREST RATE	Starting at 8.99%
ORIGINATION POINTS	Starting at 1%
LOAN PARAMETERS (PURCHASE)	90% Purchase; 100% Rehab not to Exceed 65% LTV;
LOAN PARAMETERS (REFINANCE)	65% of ARV, Cash out Refi 50% LTV
EVALUATION	Options: Appraisal or Renovation Report
MINIMUM CREDIT SCORE	No Minimum Credit Score
EXCLUDED STATES	MN, NV, SD, UT, VT

WHY WORK WITH US?

LOW LOAN MINIMUM:

We know that not every project is a big one! Although many of our competitors only offer larger private money loans, we go as low as \$30,000! That way you only borrow the amount you need!

INTEREST RATE

STARTS AS LOW 8.99%

ORIGINATION POINTS

START AS LOW AS 1%

NO CREDIT MINIMUM / EXPERIENCE REQUIRED

Although we reward you for higher credit scores and more experience, we'll still loan you funds even if you're a brand new investor or you have bad credit. We believe everyone deserves the opportunity to achieve profits through real estate and will work with you to experience success in this income-generating asset-class.

AS YOU GROW, WE CAN CUSTOMIZE YOUR COGO EXPERIENCE

As your reputational capital grows with Cogo Capital, we customize your experience by streamlining the funding process and getting you funds faster with less barriers. Not only that, once you've proven you're a serious high-volume flipper, you'll have dedicated assistance and lightweight policies so funding can be the easiest part of your real estate investment business!

HOW TO GET BETTER RATES?

Earn Your Way to Better Rates: Let Us Reward You for Your Success!



Your success is our success! Our mission at Cogo Capital is to give you the funds necessary to do more fix and flips and then reward you each time you successfully complete a transaction!

That means that the **more** reputational capital you build with us, the **less** our capital will actually cost you!

How Does It Work?

As your business grows, your rates, fees, and benefits improve. Once you complete four successful exits, you can qualify for the lowest rates and fees, and even have the option to eliminate appraisals by doing a quick evaluation report!

PLATINUM CLUB

To Qualify, You Need 4 Completed Paid off Loans with COGO Capital Within 24 months - or - 8 Completed Loans (Proof with HUD Statements) With Other Lenders Within 24 Months...

INTEREST RATE	9.75% FLAT
PURCHASE	100% OF PURCHASE PRICE
REHAB	100% OF REHAB
AFTER REPAIR VALUE	UP TO 75%
ORIGINATION POINTS	1 POINT FLAT (NON REHAB, NO CASH-OUT) 2 POINTS FLAT (REHAB, CASH-OUT)
BONUS SAVINGS	NO APPLICATION FEE ON TRANSACTIONS! NO APPRAISAL (EXCEPT ON >\$25,000 CASH OUT!)

Call (800) 473-6051 to Find Out How We Can Personalize Your Loan Program Today

THE COGO BOX

Giving You the Best Parameters To Making Money in Today's Real Estate Market...

The first part of every successful fix and flip is finding the right real estate property. That's why we've created this easy, 5-point guide to help you find the "sweet spot" deal, which can give you the best chance at making money in real estate, while safeguarding your investment.

At Cogo Capital, we are only interested in funding projects that will give **you** the best opportunity at realizing success. Therefore, our criteria is centered around these 5 points:



01

Why 1-4 units?

This is important. When you invest within these parameters, you can attract a larger segment of the market, including FHA buyers. This increases your ability to appeal to more people in more demographics.

02

Why price your home at or below FHA requirements?

FHA loans bring home ownership into reach for first-time home buyers who might have a hard time getting approved with conventional lenders. This increases your ability to sell your property faster and broadens your ability to attract more potential buyers.

03

Why a smaller home with no more than 5 bedrooms and 3 baths?

Millennials and Boomers are the two segments expected to dominate the market in the next five years. Both of these segments are looking at smaller homes: Millennials because they're just starting out; Boomers because they're downsizing.

04

Why less than 1/2 acre?

Both Boomers and Millennials are looking for less upkeep: Boomers because they're getting older and Millennials because they're just starting out. More acreage also means more expense.

WHERE WE LEND

COGO Capital is committed to serving real estate investors all across America who need access to quick and reliable funding for their projects. Our residential loans are available in most states. See where we lend throughout the nation.

PACIFIC/MOUNTAIN

ALASKA
ARIZONA
CALIFORNIA
COLORADO
HAWAII
IDAHO
MONTANA
NEW MEXICO
OREGON
WASHINGTON
WYOMING

CENTRAL

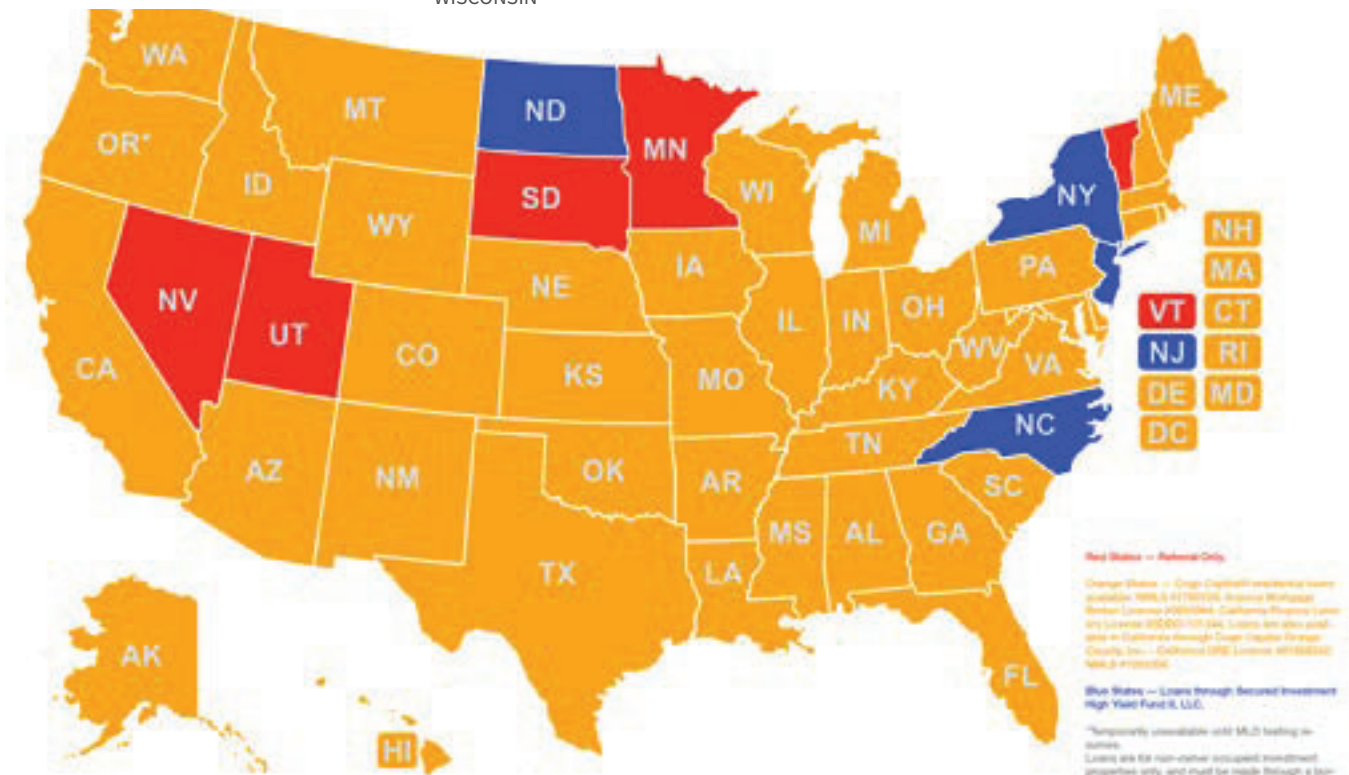
ALABAMA
ARKANSAS
ILLINOIS
INDIANA
IOWA
KANSAS
LOUISIANA
MISSISSIPPI
MISSOURI
NEBRASKA
NORTH DAKOTA*
OKLAHOMA
TEXAS
WISCONSIN

NORTHEAST

CONNECTICUT
NEW YORK*
NEW JERSEY*
NEW HAMPSHIRE
MAINE
MASSACHUSETTS
PENNSYLVANIA
RHODE ISLAND

SOUTHEAST

ALABAMA
DELAWARE
FLORIDA
GEORGIA
KENTUCKY
NORTH CAROLINA*
SOUTH CAROLINA
TENNESSEE
VIRGINIA
WASHINGTON DC
WEST VIRGINIA



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www.cogocapital.com

NMLS #1760709



Investing Made Simple

I deal with a lot of lenders and this was one of the best transactions I've ever completed so I had to write them a great review. Everything was simple and they delivered on what they promised. I've already referred to several other investors and Cogo is my new go to lender for all deals."

James Crosby

"It was great working with Cogo again. This is my 6th loan and I am glad to have Cogo helping me grow my business."

Pine Builders, LLC

"Without COGO, I would not be where I'm at today financially, and I'm glad that they gave me a shot on my first fix and flip. If you're new to real estate, and need a chance for funding, COGO is the way to go."

Cody Fox

Cogo Capital goes beyond the extra mile to make getting funding for your project a reality. I would work with Robert and Tanya any day. They are the best loan originator and processor I have worked with.

Global Capital Investment, LLC

* Not available where prohibited by law, or in states where Cogo Capital does not trade. Loans are available only on non-owner occupied real property. NMLS #1760709; Arizona Mortgage Broker License #0950084; California Finance Lenders License 60DBO-101344. Loans are also available in California through Cogo Capital Orange County, Inc. – California DRE License #01928542; NMLS #1051036. Please click here for the Secured Investment Corp NMLS Consumer Access Page.

* COGO Promise Disclaimer: To be eligible for consideration the loan applicant must present a fully executed LOI from a competing lender with no contingencies that meets all Cogo Capital Underwriting Guidelines and underwriting criteria. Cogo Capital Underwriting Guidelines are subject to change without notice. The above statement "THE COGO PROMISE™ WE'LL BEAT ANY COMPETITOR'S RATE" is not and shall not, under any circumstances, be construed as a commitment on the part of Cogo Capital to provide any financing. COGO CAPITAL SHALL BE UNDER NO OBLIGATION TO FUND ANY LOAN TO ANY BORROWER UNLESS AND UNTIL IT IS SATISFIED, IN ITS SOLE AND ABSOLUTE DISCRETION, WITH ITS DUE DILIGENCE REVIEW AND FORMAL LOAN DOCUMENTS PREPARED BY ITS COUNSEL.



FOLLOW-UP

The training you have just received becomes infinitely more valuable if you choose to implement what you have just learned. With that in mind it is now time to create a road map for you to follow in the days and months to come. What steps do you need to take as you implement your training?

Spend a few moments to organize your thoughts then write down those things you need to start doing in response to the training you have just been through. Organize your action points into things you need to do immediately - as soon as you get home, things you need to get accomplished in the next month, and things you should accomplish in the next 90-days.

❖ Things to do as soon as I get home:

-
-
-
-
-



FOLLOW-UP

❖ Things to do within the next month:

-
-
-
-
-

❖ Things to do in the next 90-days:

-
-
-
-
-

Glossary of Mortgage Servicing Terms

The following is a glossary of terms related to the servicing of consumer mortgages. Advocates may find this glossary helpful in understanding mortgage escrow statements, loan histories, and other client account documents. It includes abbreviations that commonly appear on account statements. However, these account documents often contain numerical codes and other cryptic notations used by servicers to designate particular account transactions. When possible, advocates should request that account histories and statements be provided in a complete and comprehensible format in which all codes are translated, or request that a separate explanation of all transaction codes used by the servicer be provided.

TERM	ABBREVIATIONS	RELATED TERMS	DEFINITION
Accrued Interest			Interest earned for the period of time that has elapsed since interest was last paid.
Adjustment	Adj	Late Charge Adjustment; Miscellaneous Corporate Adjustments	Change to prior account treatment of payment or expense, including reallocation of funds held in suspense account. Also may refer to change in loan terms.
Attorney Advance		Corporate Advance	Disbursement for attorney fees, often for collection and foreclosure services on account in default, to be recovered from borrower if permitted under mortgage.
Bankruptcy	Bk; Bnkrpcy		Bankruptcy filed by borrower, often resulting in internal transfer of servicing to servicer's bankruptcy department or to default servicer.
Bankruptcy Fee		Bankruptcy Monitoring Fee; Proof of Claim (POC) Fee	Fee charged to borrower by lender or servicer as a result of bankruptcy filing by borrower, often a flat fee included in amount owed listed on proof of claim filed by servicer in chapter 13 or added to account as recoverable expense or corporate advance without notice to borrower or bankruptcy court approval.
Broker's Price Opinion	BPO		Evaluation of property value typically based on drive-by exterior examination, public data sources, and recent comparable sales, obtained by servicer as alternative to full appraisal after loan is placed in default status or upon loan modification.
Corporate Advance	Corp Adv	Expense Advance; Corporate Recoverable Advances	Disbursement for servicing-related expenses (not escrow expenses) paid with servicer funds rather than escrow funds, to be recovered from borrower. May include foreclosure expenses, attorney fees, bankruptcy fees, force placed insurance, and so forth.
Coupon Payment		Lock Box Payment	Regularly scheduled mortgage payment made in amount reflected on payment coupon, typically sent by borrower to servicer's payment processing center.

TERM	ABBREVIATIONS	RELATED TERMS	DEFINITION
Cushion		Reserve	An additional sum of money required by lender to be paid into escrow account as part of monthly escrow payment to protect lender against increases in escrow expenses.
Daily Accrual Accounting		Simple Interest Loan	Method of calculating earned interest on a daily basis, if provided for in terms of note and permitted by state law. Interest is computed at the contract rate on the unpaid balance on the account based on the number of days that lapse from the date prior payment received to the date current payment received.
Default Servicer		Subservicer; Special Servicer	Servicer of subprime, home equity, non-performing and other loans in which increased default-related activities are anticipated.
Demand Letter		Notice of Intent to Foreclose	Letter notifying borrower of a delinquency or default, possibly a notice of intent to foreclose.
Demand Letter Assessment			Fee for sending the demand letter or notice of intent to foreclose.
Disbursement	Disb	Escrow Disbursement	Use of funds to pay for servicing-related charges and expenses, including payments made out of escrow.
Due Date			Date on which borrower's monthly installment of principal, interest, and escrow (if applicable) is due as stated in note.
Due Date of Last Paid Installment	DDLPI		Due date of the last fully paid monthly installment of principal, interest, and escrow (if applicable); not the date on which such payment was credited or date of next scheduled installment.
Escrow Account		Trust Account; Impound Account	Trust account into which a borrower's funds are deposited and held to pay taxes, insurance premiums, and other escrow expenses.
Escrow Advance	Esc Adv	Expense Advance; Escrow Advance Repayment	Disbursement for escrow expense paid with servicer funds at time when insufficient funds in borrower's escrow account, to be recovered from borrower as escrow shortage or deficiency.
Escrow Balance	Esc Bal		Amount of funds remaining in escrow account.
Escrow Deficiency			Amount of a negative balance in an escrow account at the time of an escrow analysis, resulting from escrow advances.
Escrow Payment			Portion of borrower's monthly mortgage payment held by the servicer in escrow account to pay for taxes, insurance premiums, or other escrow items as they become due.
Escrow Shortage			Amount by which current escrow account balance falls short of the projected target balance at the time of an escrow analysis.
Escrow Surplus			Amount by which current escrow account balance exceeds the projected target balance at the time of an escrow analysis.
Expense Advance	Exp Adv		May be either corporate advance or escrow advance (see definitions above).
Force Placed Insurance			Hazard insurance purchased by servicer on borrower's home (covering only lender's interest) when policy purchased directly by borrower on non-escrow mortgage account has lapsed, when servicer contends that borrower has failed to provide proof of insurance coverage, or when account is in default.
Hazard Premium	Haz Ins		Premium for hazard insurance on borrower's home.
Interest on Escrow	Esc Int		Interest earned on funds held in escrow account paid either directly to borrower or credited to escrow account.
Interest Payment	Int		Portion of borrower payment applied to mortgage interest.

TERM	ABBREVIATIONS	RELATED TERMS	DEFINITION
Interest Short	Int Sh; Int Arr; Bal		Earned interest remaining unpaid after application of mortgage payment, typically reflected on account history as negative balance. Frequently occurs on loans with negative amortization or where irregular payments made under daily accrual accounting method.
Irregular Payment		Non-coupon Payment	Mortgage payment made in amount or at time different than regularly scheduled payment under terms of note.
Late Charge Assessed		Late Charge Adjustment	Fee charged to borrower's account when payment made after due date (usually fifteen days after due date).
Lock Box Payment		Coupon Payment	Borrower payment sent to designated address (usually post office box) at the servicer's payment processing center (servicer may outsource service to third-party company who collects mail directed to post office box and deposits funds to servicer's bank account).
Master Servicer		Primary Servicer	Servicer responsible for protecting interests of mortgage-backed securities' certificate holders and oversight of primary servicers.
Mortgage Electronic Registration System	MERS		Electronic registry system for tracking ownership of individual mortgages, servicing rights, and security interests used by MERS members.
Mortgage Identification Number	MIN		Number assigned to a mortgage that is registered with MERS (see definition above) and used for identification and various other purposes for life of mortgage.
Mortgage Insurance Premium	MIP		Payment of private mortgage insurance (PMI) premium (see definition below).
Pay-Off Fee		Fax Fee	Fee charged to borrower for providing statement of amount required to pay off loan.
Primary Servicer		Master Servicer	Servicer responsible for payment collection, cash management, escrow administration, and loan reporting to mortgage-backed securities' trustees and certificate holders. Some functions may be delegated to subservicer.
Principal	Prin		Sum of money outstanding on mortgage upon which interest is payable.
Principal Payment			Portion of borrower payment applied to mortgage principal.
Private Mortgage Insurance	PMI		Insurance to protect lender against loss if borrower defaults. Similar to insurance by government entities such as FHA, except issued by private mortgage insurance company. Premium is paid by borrower as part of monthly mortgage payment.
Property Inspection Fee	Insp	Property Preservation Fee	Fee charged to borrower for inspections (usually drive-by) to determine the physical condition or occupancy status of mortgage property, often imposed repeatedly once account is placed in default status.
Property Preservation Disbursement			Disbursement by servicer for securing, winterizing, and repairing property that has been foreclosed (real estate owned). May also refer to fees for property inspections, broker price opinions, and foreclosure expenses.
Recovery		Escrow Advance Recovery	Distribution of borrower payment or funds to servicer as reimbursement of escrow, corporate, or other advances.
Redistribution			Application of payment or other posting to two or more accounts.

TERM	ABBREVIATIONS	RELATED TERMS	DEFINITION
Refund			Funds returned to borrower, often following escrow account analysis showing surplus.
Returned Check Fee	NSF Fee	Non-sufficient Fund Fee	Charge imposed for bounced check.
Real Estate Owned	REO		Property acquired by lender as a result of foreclosure or deed in lieu of foreclosure.
Repayment			Disbursement to servicer as recovery of corporate or escrow advance.
Reserve		Cushion	An additional sum of money required by lender to be paid into escrow account as part of monthly escrow payment to protect lender against increases in escrow expenses.
Reversal		NSF Reversal	Removal of previously imposed charge or reapplication of previously credited payment. Generally involves two-step accounting process in which item is reversed in one transaction and reapplied in another transaction.
Servicing Advances			Funds advanced by servicer under terms of agreement with lender to cover servicing costs and expenses as they occur.
Short Payment		Irregular Payment	Payment made in less than full monthly amount due under the loan payment schedule, often held in suspense account until full amount received.
SpeedPay Fee			Fee charged for making electronic payment.
Statutory Expense			Any tax, special assessment, or other charge imposed by federal, state, or local taxing authority or other governmental entity. Generally does not refer to taxes paid through escrow account but rather corporate advances to cover such charges when account is in default or property facing tax sale, or following a foreclosure.
Suspense Account	Susp	Corporate Suspense Account; Suspense Activity	Catch-all account used as place to temporarily put funds that are in “suspense” until servicer makes decision on how to permanently allocate or apply, often used to hold less than full installment payments or payments received while account in default.
Suspense Balance	Susp bal	Unapplied Funds	Amount of funds held in suspense account.
Tax Penalty			Interest, late charge, or other penalty imposed by taxing authority for late payment of taxes.
Transaction Date			Date reflected on payment or account history showing time when servicer completed account transaction or took other action.
Transaction Description			Notation on payment or account history often in code describing nature of, or reason for, application of payment, disbursement, or other servicer action.
Trustee Suspense Account			Suspense account used by servicer to hold payments received from chapter 13 bankruptcy trustee pursuant to borrower’s chapter 13 plan providing for cure of pre-petition mortgage arrearages.