Secured Capital Team, LLC is offering investors a unique opportunity to purchase bundled mortgages.

Our mission is to make the process as easy and streamlined as possible. Whatever the flavor you desire, whether it be commercial or residential, performing or non-performing, REO, redemption notes, or our popular fresh-cut loans; we can have the bundles assembled and ready for bid to meet your requested specifications. We offer a full service process, if desired. This includes locating and bundling the mortgages for bid, due diligence of the bundle assembled, BPO's, placement of the bid, and the arrangement of servicing. Also, several Exit Strategy options can be discussed.

Why owning a mortgage portfolio is a good investment.

- The principal amount of the loans purchased is relatively secure.
- Only a defaulted loan that is sold at a loss can negatively impact principal and there should be few losses based on the type of portfolio recommended.
- Any foreclosed properties sold at a profit will enhance the returns of the portfolio.
- Borrowers make principal payments monthly for fully amortizing loans, which is a return of the amount invested.
- All loan payoff proceeds belong to the investor thus ensuring the security of the principal and the return of the amount invested.
- The desired yield on the investment can be predetermined and a portfolio purchased to match the yield requirements.
- As principal is repaid, it can be reinvested in new loans or used for other purposes.
- The portfolio will be readily marketable and able to be resold at any time thus giving it an element of liquidity.
- The borrowers can be a database to cross-sell other products from other companies to enhance revenues.
- A financial arrangement can be structured with a mortgage originator to provide refinance services to the borrowers.
- Outsourcing the servicing of the portfolio can make it close to a passive investment.

The Normal Bid Process (Portfolios)

There are two primary types of bid processes that occur in the marketplace. The first is the open auction bid process. In this process, the Seller puts together a portfolio of loans that they wish to sell. This package may contain one type of loan or it may contain several types of loans. The open auction process allows a Seller to get rid of some loans that would not be priced well on a stand-alone basis by making them a part of a larger, more attractive package.

The Seller then sends a spreadsheet of the loan data to several Purchasers that it has on its approved list. This portfolio may be sent to as many as 15 different companies for bid. The Seller generally gives the Purchasers 7 days to analyze the portfolio and determine the price they are willing to pay. Each Purchaser then prepares a bid letter detailing the price they are willing to pay expressed in terms of a percentage of the principal balance (i.e. 103%) and any other conditions related to the purchase. Some of the other details that are included in a bid letter is the length of time requested for due diligence review of the files, the anticipated cut-off date for determining the final principal balance that will be purchased, the transfer date of the loans (RESPA requires a 15 day notice to the borrower prior to transfer), conditions that would allow the purchaser to return a loan after the transfer, whether a Bailee letter or a reverse Bailee letter will be used for funding purposes, etc.

The Seller receives all the bids by their designated deadline and then reviews each bid to determine the best price and terms. The highest price may not always win if the terms of the deal are more appealing from a lower price bidder. Also, if the bids are close, the Seller may chose to go with a buyer who is lower priced if they have had good success in the past when it comes to transferring the loans between companies.

Once a bid is accepted, there is a conference call between the Seller and the Buyer to discuss the operational details of the transaction and to determine whose Purchase/Sale agreement will be used in the transaction. Generally, the Purchaser's contract is the one that is used. The Purchaser adjusts their contract to fit the terms of the deal and then sends it to the Seller for their review. If there are questions or concerns, these items are usually resolved while the due diligence is being performed. Once the due diligence review is completed, any final contract changes that need to be made to address any concerns discovered during the review are made and the contract finalized. Also, during the due diligence period, the two companies are communicating to insure all data can be transferred electronically and any technical changes are made to accommodate the transfer.

When the cut-off date arrives, the Seller runs a trial balance of the loans to be sold and applies the purchase price to the outstanding balance to determine the dollar amount of money that needs to be wired. Depending on whether the funding is under Bailee or reverse Bailee, the money is moved and the collateral documents transferred between banks. Goodbye letters and welcome letters are then sent to the customers informing them of their new servicer and where to send their next payments. When the transfer date arrives, the Seller prepares a tape of the loans and electronically communicates the information to the Purchaser so the Purchaser can put the loans on their servicing system and process payments.

The Easy Bid Process (Boutique Style)

The second bid scenario works the same way other than the actual bidding process. Instead of competing with other companies, the Purchaser approaches a Seller and asks for a specific type of loan portfolio. The Seller knows what it wants for the portfolio and the Purchaser needs to decide if they are willing to pay that price or counter with a different price. The Purchaser will have the opportunity to analyze the portfolio and determine its own value prior to price negotiations taking place. Once a price is agreed upon then the process follows all the steps outlined above starting with the bid letter. The key to this process is the understanding that the Seller is motivated by the Purchaser's request and is expecting a fair market offer for the loans. If the Purchaser is not willing to negotiate a fair price then this avenue is swiftly closed as the Seller will not waste time and resources if a reasonable deal is not going to be made and will likely not show other portfolios to this Purchaser under this format. Again, Secured Capital Team, LLC would be acting on behalf of our qualified, engaged Purchaser (Investor) throughout the whole process, if desired, making it an easy process for the novice and seasoned Investor alike.