

Top Tips on How to Maximize Dollars for Your Mortgage Note

When you try to sell your carry-back note on the secondary market, you as the holder should **NOT** expect full face value for your note. There are several factors that affect what the market is willing to pay:

Borrower Equity	Note Pay history
Mortgage position (1 st , 2 nd , 3 rd , etc)	Borrower credit
Property Condition / Value	Note terms (term, interest rate, etc)
Kind of Property (SFR, MFR, manufactured, etc)	Possession of note documents (originals)
Property location	Legal Compliance

Check out the tips below to maximize the value of your note!!

WHEN YOU ORIGINATE THE NOTE

- The secondary market wants 9%+ yields. Therefore, the smaller the interest rate of the note, the less valuable that note is on the secondary market.
- Be compliant with Dodd-Frank ATR and perform a full qualification of the borrower (credit check, SSN, proof of income, borrower ID, bank statements, etc.). Simply created loans without qualification will command less due to litigation risk.

AFTER ORIGINATION

- Use a competent mortgage servicer that is registered to do business in the state where the property is located (especially where required), -or-
- If you choose to service your note, it is recommended that you do all of the following:
 - Keep ALL original documentation in a safe and secure location
 - Collect the payments using a documented method (checks, money orders, etc). Cash is not acceptable.
 - Maintain Payment Record with date paid and current balance
 - Send monthly balance statements to the Borrower
 - Escrow the loan (for County Taxes and insurance)
 - Track and verify any superior liens on the property other than your note
 - Submit IRS Form 1098-INT to the borrower by January 31st of every year
 - Notify borrower no later than 3 months prior to any principal reduction payment or balloon payment due
 - Observe borrower care of the property
 - Be compliant with all Federal and State laws regarding your note. Do you know what they all are? (It doesn't matter whether you have 1000 notes or 2 notes)