

S E C O N D A R Y . 0 9
MBA'S NATIONAL SECONDARY MARKET CONFERENCE & EXPO · HILTON CHICAGO

Closing Loan Sale Transactions in the New Environment

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EVP, The Impac Companies
April 2009



The Impac Companies

Data Requirements Have Changed

- Updated LTV's (based upon current property values)
- Updated Credit Info
- Servicing Info
 - Pay Histories
 - Collection Notes



Differences in Exit Strategies Can Cause Pricing Differences

- Buy and Hold
- Modifications
 - Interest Rate Reductions
 - Term Extensions
 - Principal Forbearance
 - Principal Forgiveness
 - Shared Appreciation
- REO's
 - Retail Sales
 - Auctions
 - Rentals



Alternative Methods of Selling Loans Are Emerging

- Individual Loan Sales
- On-line Auctions
- Vastly Different Reps and Warranties



Impac Companies

Shared Appreciation
Modification Program
March 2009



Overview

- Existing 1st lien balance is reduced to balance necessary to qualify the borrower or the current fair market value, whichever is higher
 - Existing 1st lien is modified with a new fixed interest rate, reduced loan balance and reduced payment
 - New shared appreciation mortgage 2nd lien is recorded (face amount is the difference between the existing loan balance prior to modification and the newly modified first lien balance) *
 - Potential property appreciation is shared 50/50 between borrower and lender (lenders portion is capped)
 - Net Present Value (NPV) calculator determines whether shared appreciation modification offers a better solution than foreclosure
- * If 2nd lien already exists or if the loan is securitized, we offer option to combine the shared appreciation portion of the loan into the modified first lien

Potential Benefits

- **Borrower Benefits**
 - Avoid potential foreclosure
 - Secures a fixed interest rate for the term of the 1st lien
 - No payments on the shared appreciation portion of the loan
 - Borrowers stay in their home and potentially accrue equity immediately
 - Lender' maximum shared appreciation is capped at face amount of SAM + 5%
- **Lender Benefits**
 - Borrowers continue to make payments on the non-shared appreciation debt
 - Eliminates foreclosure process/costs
 - Lenders potentially recover losses through home appreciation
 - More successful modification due to immediate borrower upside potential
 - Borrowers are incentivized through immediate share of equity to maintain loan and property conditions

Current Status and Proposition

- Impac has worked with Legal Counsel to research and secure loan modification documents for SAM's in California. Similar documents are in process for Florida. Impac is moving forward with research and documents for:
 - Nevada
 - Arizona
 - Michigan
 - Ohio
- Impac has begun implementation of SAM's on our current existing portfolio for qualified loans for California.
- Impac will supply shared appreciation modification documents and fulfillment services with selected servicers.



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