



# MBA's 93<sup>rd</sup> ANNUAL CONVENTION & EXPO 2006

OCTOBER 22 • 25 HYATT REGENCY • CHICAGO

**Challenges and Opportunities in Growth Markets**

Focus on Mexico



**Sponsored by The PMI Group, Inc.**



- Bladestone's Observations
  - » Mexico is a Growth Market
    - What does that mean?
  - » Increased Traditional Party Participation
  - » Commercial Banks and Securitization
  - » Local Currency Securitizations Gaining International Acceptance
  - » Refinanced and Increased Sales of Used Homes
  - » Innovative Products
  - » Increased Interest in Warehouse and Construction Loan Facilities
  - » Introduction of Whole Loan Sales



- Operational Due Diligence
  - » Origination and Servicing Process
  - » Loan File Due Diligence
    - Origination
    - Servicing and Default Management
  - » Technology
  - » Business Contingency and Disaster Recovery
- Data Analysis
  - » Current Pool Characteristics
  - » Historical performance Data
    - Static Pool Analysis
    - Migration Analysis
    - Foreclosure Frequency and Loss Severity
    - Prepayments
- Build a Bridge



- Details about Mexico
  - » Originations – confirmation of borrower’s willingness and ability to pay
    - “A” Paper the Norm
    - Payroll and Self-employed Borrower Verification of Income
    - “Black Market” Income
    - Socio – Economic Study
    - Property Valuation
  - » Servicing
    - Creative Collections
    - Default Management or avoiding foreclosure
  - » Data Analysis – Building Another Bridge
    - Translation – not Spanish to English, but field usage
    - Time Consuming



- Data Accuracy and Reliability
  - » Industry Standard Data Formats
    - Portfolio Performance Analysis
    - Third Party Reporting
    - Transaction Performance
- National Database of Home Sale Prices
- Warehouse Lending Facilities
- File Imaging



Bladestone Financial LLC

Due Diligence and Credit Risk Management

[www.bladestonefinancial.com](http://www.bladestonefinancial.com)

Deborah Grissom

[dgrissom@bladestonefinancial.com](mailto:dgrissom@bladestonefinancial.com)

Walter Marotta

[wmarotta@bladestonefinancial.com](mailto:wmarotta@bladestonefinancial.com)