

This is your field reference. The hands-on practice happens on the website at fixnotes.com/challenge/walkthrough. Print this guide and keep it on your desk — it's what you'll reach for when you're underwriting a real deal.

Know someone who'd find this useful? Send them to [FIXnotes.com/challenge](https://fixnotes.com/challenge)

PAGE 1 NPL Glossary

The terms you'll see on every listing. You don't need to memorize them — just know where to look.

UPB (Unpaid Principal Balance)

The remaining amount owed. NOT the purchase price of the note.

RPL (Re-Performing Loan)

Previously non-performing, borrower resumed payments after modification.

AVM (Automated Valuation Model)

Algorithmic property valuation from public records + comps. Free, instant, less accurate than a BPO.

LTV (Loan-to-Value)

$UPB \div FMV$. Lower = safer for the investor. Subject lien only.

ITV (Investment-to-Value)

$Purchase\ price \div FMV$. YOUR real safety metric.

Senior Lien

A lien with higher priority than yours. For a 2nd lien, the 1st mortgage is senior.

Loan Modification

Restructure terms so borrower can resume paying. Most common resolution.

Deed in Lieu

Borrower transfers property to avoid foreclosure. Investor gets property at note cost.

IRR (Internal Rate of Return)

Annualized return that accounts for timing of cash flows. Always check this alongside cash-on-cash ROI.

Charge-Off

Bank wrote loan down as loss. Debt still exists, just off their books. If a 1099-C was filed, the lien may not be enforceable.

NPL (Non-Performing Loan)

Borrower stopped paying (typically 90+ days delinquent).

FMV (Fair Market Value)

Estimated property value. Sources: AVM, BPO, or full appraisal.

BPO (Broker Price Opinion)

Property valuation from a local agent. More accurate than AVM, cheaper than appraisal.

CLTV (Combined LTV)

$(Senior\ balance + subject\ UPB) \div FMV$. The metric that matters for 2nd-lien deals.

Lien Position (1st / 2nd)

Priority order. 1st lien gets paid first in foreclosure.

Secured vs Unsecured

Secured = lien attached (~50% of UPB). Unsecured = wiped out (~50 basis points).

Discounted Payoff (DPO)

Borrower pays lump sum less than full balance to settle.

Foreclosure

Legal process to take property or get paid off at sheriff sale. Last resort. Expensive and slow.

Servicer

Licensed company that collects payments and manages borrower communication.

Data Tape

Spreadsheet from seller with loan details: UPB, address, borrower, payment history.



Free research, top to bottom. If a step fails, stop and save your money. Use this on every listing.

1 Secured Scrub

Confirm the lien is recorded against the property. Read the data tape's lien-status field; spot-check against county recorder if anything is off.

If unsecured: stop. There is nothing to enforce.

2 Property Value

Establish FMV. AVM first (fast, free), then a paid AVM, BPO, or appraisal as the deal advances. Note the comp range — tight = trustworthy.

If AVM is unreliable or comps are wide: order a BPO before bidding above your floor.

3 Occupancy

Owner-occupied = highest modification odds, borrower wants the home. Vacant or unknown = different playbook (heir contact, deed-in-lieu, foreclosure).

If unknown: drive-by inspection or skip trace before scaling your bid.

4 Senior / Tax Status

Failing senior obligations attach senior to your lien. Verify the senior 1st mortgage is current (credit report) and property taxes are current (county assessor).

If senior taxes or 1st mortgage are delinquent: bake the cure cost into your bid, don't ignore it.

Quick triage: Most listings should fail one of the first three steps and free up your time. Only spend on BPOs and title reports for notes that pass all four.

Return Math Quick Reference

% of UPB: Asking ÷ UPB × 100. The seller's discount.

LTV / CLTV: UPB ÷ FMV (LTV) or (Senior + UPB) ÷ FMV (CLTV). Equity buffer.

ITV: Asking ÷ FMV. YOUR safety margin if forced to take the property.

Modification: (Monthly payment × 12) ÷ Investment. Ex: (\$650 × 12) ÷ \$40K = 19.5% annual cash-on-cash.

Discounted Payoff: (Payoff - Investment) ÷ Investment. Annualize: ÷ months × 12. Ex: (\$65K - \$40K) ÷ \$40K = 62% over 8 months.

Deed in Lieu: (Sale price - Total cost) ÷ Total cost. Ex: (\$168K - \$48K) ÷ \$48K = 250%.

⚠ **Always check IRR:** Cash-on-cash ROI is incomplete without timing. IRR accounts for when cash flows arrive — a 50% return in 3 months crushes a 50% return in 24 months.

Run this on real listings. The FIXnotes property lookup tool turns steps 1-3 into a 30-second exercise — owner, AVM, comp range, occupancy, all on one card. fixnotes.com/research for free public access; Mastermind members run the framework on the full marketplace pipeline (\$1M+ in UPB every month).

APPLY YOUR KNOWLEDGE Practice the framework on three worked deals →

Walkthrough Example

fixnotes.com/challenge/walkthrough

Deal #1

fixnotes.com/challenge/deal/1

Deal #2

fixnotes.com/challenge/deal/2



This is exactly what a live [fixnotes.com/asset/\[id\]](https://fixnotes.com/asset/[id]) page looks like. Sellers don't set asking prices — buyers submit offers. Use this layout as your decoder ring for every listing.

ACTIVE
N2USTX4738BA
NON-PERFORMING
2ND LIEN
SFR
FULL EQUITY
Plano, TX

PROPERTY	BORROWER
Type: SFR · 4 bd · 3 ba	Borrower: M. Whitfield
Sq Ft / Year: 2,620 · built 2002	Occupancy: Owner-occupied
Lot Size: 0.21 ac	FICO: 612 C
FMV (AVM): \$215,000	Hardship: Medical
	Months Behind: 5

EQUITY WATERFALL

Property Value	\$215,000
– Senior 1st (current)	\$121,000
– Taxes	\$0
Available Equity	\$94,000
Subject UPB	\$48,000
Equity Coverage	196% A

Note Terms. Outstanding balance \$48,000 · Rate 8.50% · P&I — (interest accrued) · Total payoff \$52,420 · Term 360 mo · Next due 2025-07-01 · Arrears \$4,420 120+ DLQ

Senior obligations. Senior Lien \$121,000 CUR · Taxes \$0 CUR · HOA — · Bankruptcy None · Foreclosure None

Documents (12). Collateral: Note · Mortgage / Deed of Trust · Allonge · Assignment chain. Due Diligence: Title report · Tax cert · BPO (Aug 2025) · Tri-merge credit. Servicing: Pay history · Last servicer notes. Legal: County recording.

3 offers received. Top bid \$9,200 (19.2% of UPB). Submit yours via the offer panel.

DEAL SCORE

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Grade A · Strong Buy

BEST STRATEGY

DPO

~178% IRR · 6 mo · 65% success

What you're looking at, field by field

- ▶ **FMV (AVM).** Algorithmic estimate from public records. Use the comp range on the live page to gauge confidence — tight = trust it, wide = order a BPO before bidding.
- ▶ **Equity Waterfall.** The most important block on the page. Property value minus senior obligations = your real safety margin. Coverage > 100% means the property covers your position even at distressed sale.
- ▶ **Occupancy + Hardship.** Owner-occupied + medical hardship = strong mod candidate. Borrower wants the home; the cause is reversible.
- ▶ **Senior obligations.** CUR / S-C / DLQ / FC badges. Anything red attaches senior to your lien — bake the cure cost into your bid.
- ▶ **Offers + Top bid.** No "asking" price — buyers offer, sellers accept / counter / hold. The top-bid line is your live competitive signal.
- ▶ **Deal Score + Best Strategy.** 0-100 weighted across equity, market, borrower, timeline. Best Strategy is auto-calculated across DPO, Modification, Payoff, Mod-and-Sell, Deed-in-Lieu, Foreclosure.

Triage \$1M+ in UPB every month. The FIXnotes marketplace surfaces new opportunities at least every 30 days. Mastermind members get the full pipeline plus the analyst tools that auto-calculate every metric on this card — Equity Waterfall, Deal Score, all six exit strategies, IRR — for every listing.



You finished the challenge. Here's what the next quarter looks like.

DAY 7 — THE CLASS THAT MAKES THE FRAMEWORK PAY

Watch the Graduation Class

The challenge taught you how to *analyze* a deal and *price* an offer. The Graduation Class teaches the part no free content covers — how note investors actually **access institutional deal flow**, the credentialing layer that separates working operators from spectators, and the specific path from your first analysis to your first resolution check.

- How banks actually sell non-performing pools (and why they won't return your call)
- The CNP™ credential — what it is and which institutional sellers it unlocks
- Real first-deal numbers from three members who started exactly where you are: Roslind (esthetician), Bill (high-school AD), Mario (zero finance background)
- Why the HUD forbearance rollback opened a pricing window that closes once banks clear their pipelines

[Watch the Graduation Class →](#)

DAYS 8-30 — ACCELERATOR ONBOARDING

Learn the system, run real listings

- Complete Accelerator modules 1-3: deal sourcing, full DD playbook, negotiation fundamentals
- Attend your first **twice-weekly mastermind calls** with Rob and Bill — listen first, ask questions second
- Run the Page 2 framework on 10 real marketplace listings with **unlimited property lookups** and auto-calculated metrics
- Define your buy box (lien position, geography, price range, resolution preference) and post it in the community for feedback

DAYS 30-60 — FIRST REAL BIDS

Submit your first 3-5 offers

- Bring 2 live listings to the mastermind call; get them underwritten with the group before bidding
- Submit your first offers — start below your floor, learn from the counters
- Use the borrower contact templates and modification scripts from the FIXnotes system on any deals you accept
- Attend the monthly expert session on whichever resolution path your first deals are heading toward (DPO / mod / deed-in-lieu)

DAYS 60-90 — FIRST CLOSED DEAL

Close your first paid deal — the Mastermind has your back

- Close your first deal — most members get there between days 45 and 75 with the fast-track onboarding
- Review the full timeline (acquisition → resolution) with the mastermind group; document what surprised you
- If you've been outbid more than closed: bring your bid history to office hours and recalibrate your floor
- Begin scaling: 2-3 concurrent deals, build a relationship with one institutional seller

YOUR NEXT STEP: [Watch the Graduation Class](#)



Start earning cash flow without tenants, lump-sum paydays without buyers, and property acquisitions for pennies on the dollar. fixnotes.com/graduate →