THE SECOND ANNUAL SYMPOSIUM ON

HOW TO INCREASE PROFIT MARGINS WHILE REDUCING THE RISK OF

BUYING, SELLING & TRADING LOAN SERVICING PORTFOLIOS

Orlando	Chicago	Los Angeles
November 5 & 6, 1987	November 16 & 17, 1987	December 3 & 4, 1987
Stouffer Orlando Resort	Chicago Hilton Towers	Hyatt Regency Hotel

Institute for International Research

THE SECOND ANNUAL SYMPOSIUM ON LOAN SERVICING PORTFOLIOS

REGISTRATION FORM

Please complete and return this entire form (or a photocopy of this form) to: **Conference Administrator, Institute for International Research, Inc., 310 Madison Avenue, Suite 1212, New York, N.Y. 10017. Tel: (212) 883-1770 Or Call Toll Free 1 (800) 345-8016 Fax: (212) 370-0257**

Please register the following delegate(s) for the **"The Second Annual Symposium on Loan Servicing Portfolios"** Conference. (Please photocopy this form for additional delegates).

I WISH TO ATTEND:

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M LINE PROFITS ON SERVICING PORTFOLIOS

11:45 **UNDERSTANDING THE COMPLEX IMPLICATIONS OF TAX AND FINANCIAL ACCOUNTING IN ACQUIRING AND SELLING LOAN SERVICING PORTFOLIOS**

- Tax Accounting for Bulk Purchases of Servicing •Establishing the Initial Value of the Intangible Asset •Description of Income Forecast Method: Revenue Ruling 60-358 •Scheduled Amortization of the Depreciable Intangible Asset •Adjustments for Prepayments: Current Period or Prospective
- Tax Accounting for Purchases of Loan Servicing Released
- Financial Accounting for Bulk Purchases of Servicing •Establishing the Initial Value of the Intangible Asset of Purchase Price •Scheduled Amortization of the Intangible Asset of Purchase Price •Adjustments for Prepayments: Current Period and Prospective
- Accounting for Imputed Gain •Establishing the Initial Value of the Receivable •Scheduled Amortization of the Receivable •Adjustments for Prepayments: Current Period and Prospective
- Status of FASB Emerging Issues Task Force: Review of FASB 65
- Operational Aspects of Financial and Tax Accounting for Purchased Servicing and Imputed Gain

Geoffrey A. Oliver, Senior Manager
PEAT MARWICK MAIN & CO.

James C. Engel, Manager
PEAT MARWICK MAIN & CO.

1:00 *Luncheon for Delegates/Speakers*

2:00 **ECONOMIC VALUE VS MARKET VALUE: HOW TO DECIDE WHETHER YOU SHOULD SELL OR RETAIN YOUR SERVICING**

- Summarization of Servicing Portfolio By Analysis Group
- Economic Values vs Market Assumptions for Key Variables •Review of Market Assumptions •Developing a Set of Variables for Establishing Economic Value •Construction of Constant Prepayment Rate
- Valuation Sensitivity

Olwen Busch, President
BUSCH ANALYTICS, INC.

2:45 **CONJECTURE, HYPOTHESIS, SURMISE AND SPECULATION . . . IS YOUR BIDDING VALUATION FORMULA WITHIN THE PROPER PARAMETERS? AN AUCTION CASE STUDY**

DISTRIBUTION OF PORTFOLIO OFFERING

- Data Analysis
- Preliminary Evaluation
- Price Adjustments
- Economic Environment Assumptions
- Final Bid Preparation

This will be your unique opportunity to take the tools and techniques you've accumulated and apply them to the actual bidding process.

Delegates will actively participate in a specific portfolio offering where seasoned practitioners, as well as first-time buyers, will have the opportunity to fine-tune their bid process. This offering will include supplementary information within the portfolio profile including delinquencies, geographic distribution, loan characteristics and note rate distribution. A computer will be at a designated site where your input assumptions will be fed into the system to assist you in preparing your sample bid.

The distinguished panel members will be on hand to assist you and answer any questions that may arise.

• This exercise is a simulation of the procedure you should follow in constructing a real bid, and is designed to increase your awareness of the complexity of pricing a servicing portfolio.

Tim Cohane, Managing Partner
Larry Rafferty, Managing Partner
COHANE RAFFERTY SECURITIES, INC.

Olwen Busch, President
BUSCH ANALYTICS, INC.

5:00 End of First Day

DAY TWO

9:00 **NEW STRUCTURES TO REDUCE PREPAYMENT RISK ON MORTGAGE SERVICING**

- CMO/REMIC Structures Which Minimize Prepayment Risk in Mortgage Servicing
- STRIPS and INVERSE FLOATERS as Hedges in Existing Servicing Portfolios
- Capital Conservation Strategies and Their Implications
- Accounting and Tax Considerations of These Strategies

Michael R. Asay, Vice President of Mortgage Research Department
GOLDMAN SACHS & CO.

9:45 **TOMORROW'S HORIZONS: WHERE IS THE INDUSTRY HEADING?**

- Trends •Consolidation — Economies of Scale •New Entries in the Marketplace •Mergers/ Acquisitions •Acquiring Thrifts and Mortgage Banking Firms
- Two-Tier Industry •Origination •Servicing •Specialization •Automation
- The Future
- GNMA Perspective •Servicing Transfers — Trends/Problems
- The Safeguarding of Investor's Position
- Default Risk

Lawrence J. Trautman, Senior Vice President
Director of Mortgage Banking Industry Practice
DONALDSON LUFKIN JENRETTE SECURITIES CORP.

11:00 *Mid-Morning Coffee/Tea*

11:15 **BRANCHES OF THE SERVICING FAMILY TREE: REMIC AND EXCESS SERVICING**

- What is REMIC Servicing?
- Does REMIC Servicing Differ From Traditional Servicing?
- Evaluation Points for Servicing
- What is the Liquidity Factor in Servicing?
- When and How to Create Excess Servicing?
- How to Use Excess Servicing

Larry Kischner, First Vice President
WESTCAP CORPORATION

12:00 **RESULTS OF THE PORTFOLIO OFFERING: PUTTING THEORY INTO PRACTICE**

Every company's corporate goal is somewhat different in nature and scope. Utilizing their company's guidelines in purchasing a portfolio, each panel member will give a short synopsis of what the final bid should have been. They will identify and explain how they measured the key factors that affect the value. Secondly, they will address how to find potential profitability while identifying and measuring the risk factor in the offering. This unique opportunity will enhances your awareness of the subtleties in the bidding arena, and how it can effect your final bid.

1:00 End of Conference