

The Train

Imagine that the mortgage loan as a train. A very small, but powerful train. It has a locomotive and a caboose, along with other railway cars that make up the laws for that train.

The Locomotive is the debt. The Caboose is the collateral. Combined, we call it a “train”.

The train starts out from origination when the engineer and the conductor meet to combine the Locomotive and the Caboose.

The train will continue with its journey as long as the goal is in place. The goal; To ensure the train ran its lifespan on the railway.

The Locomotive is the force behind the train. The Caboose is the messenger relaying information from the conductor to all those around him and to the engineer in the Locomotive. If the engineer decides to switch tracks, the conductor knows about it and takes instructed actions.

Although the Locomotive and the Caboose are still a “train”, the conductor keeps the Caboose in a public location, such as a railway station. The Caboose stays at the railway station to advertise to all those who take notice, that a “train” exists. Although the engineer is not there to support the conductor’s story those who take notice of what the conductor says, understand the conductor continues his legal relationship with the Locomotive in the “train”.

One day the engineer decides to sell his Locomotive which he called a “train”. He receives many offers for the Locomotive. Finally, the engineer negotiates the “Locomotive” to engineer2.

The next purchaser of the Locomotive arrives and takes possession of the “Locomotive”. The new purchaser then departs from the engineer with his Locomotive knowing he has a “train”.

The conductor, at the railway station was not aware that the engineer had sold the Locomotive. Engineer2 only knew he bought a “train”. He did not contact the conductor to take actions about an assignment of the Caboose and Locomotive to the “new owner” of the train to the railway station.

Engineer2 takes his “train” out to the public to see if anyone may be interested in buying his “train”. Quicker than he imagined, he had offers for his “train”.

Engineer2 negotiates the sale of his “Locomotive” to the next purchaser. The next purchaser of the “Locomotive” arrives and takes possession of his train. The next purchaser then departs from the railway station with his Locomotive knowing he has a “train”.

Engineer3 knows that now he has a “train”. He works to get his train ready to run on the railway. Engineer3 discovers a problem when he attempts to run his train. The railway station, because of its laws, rules, or regulations will not allow engineer3 to run his “train” on the tracks of the railway.

The railway station will not allow it as long as they know it. According to the railway stations rules, regulations and laws, the railway had clearly instructed what was to take place each time a “train’ was

The Train

sold from one purchaser of a train to the next. The only way that a “train” could legally continue along the railway, would be with absolute proof of who the train owner is.

Where is the Caboose? Still stationed at the railway station. A Caboose, but no Locomotive to pull it.

The engineer offered up the Caboose as part of the sale also, that is why he called it a train.

It was by the failure of the next purchaser of the train to abide by the rules, regulations and laws of the railway to upkeep the trains “running” status. Was it because the next purchaser was a bit lackadaisical and felt no need to keep the conductor instructed?

Because of the rules, regulations and laws of the railway, each time a train is sold to the next purchaser of that train, they are to “stamp” the Locomotive with the new owner’s insignia. Then they are to instruct the railway station to “notify the world” that the Caboose is now assigned to a different owner of the Locomotive and together they will continue down the railway to complete the journey of the train.

All is lost?

The conductor only knows what the engineer instructs him. If the engineer did not inform the conductor of his present location or ownership of the Locomotive, how was the conductor to notify the railway station? They have only a limited amount of time to report the status of their train and if they miss it, they lost their train status completely.

The conductor only knows of “one” engineer and that is the engineer when he started his journey.

Now that the Caboose has lost its Locomotive, it is now a very huge problem with the railway station and all those around. The Caboose cannot propel itself down the tracks. It took the Locomotive to accomplish that. The Caboose has become a dead weight that straddles the tracks that allow the flow of additional trains.

Engineer3 is up the creek without a paddle. He now has a Locomotive that because of a previous owners negligence, cannot continue its journey as a train down the railway. The Locomotive is prohibited from continuing down the railway alone as a train. Locomotives are only allowed if they are combined together with a Caboose to form a “train”.

A Solution?

Now engineer3 has a situation at hand. He is no longer considered a “train”, but just a Locomotive. For engineer3 to successfully start out another journey along the railway, his Locomotive will need a Caboose. Engineer3 wonders if the Caboose from the old train would be interested in teaming up again?

Or

The Train

Could engineer3 somehow find a way to slip a pieces of paperwork slowly into the railway station to help him stay teamed up as the original train?

Or

Could engineer3 just sell his Locomotive as a “train” to another purchaser and take his gains/losses?

In any event, engineer3 would be attempting to commit a fraudulent act if he used his Locomotive in any other fashion than what it was originally intended for. The Caboose from the original train is no longer allowed on the railway.

Imagine the bigger picture of the super railway in the sense of mortgage backed securities. With “trains” such as the one described above in practically every railway station in the country, one can only imagine what the train wreck will look like once the dust has settled.

“All aboard”?

