

FAQ – FREQUENTLY ASKED QUESTIONS

As you might expect, we get lots of questions. We've done our best to consolidate them and answer them here and in our Glossary of Terms. If you still have questions, please feel free to email us.

What is my note or other cash flow stream worth?

The value of the payments to be sold is based on a variety of factors such as the value, property type and location of the property securing the note, the interest rate and term of the note, the amount of time you have been receiving payments, the payment history on the note, the credit worthiness of the payor, and the documents created when you sold your property, just to name a few.

Will I have to discount my note or contract?

Most likely. In most cases the seller will need to take a discount when the note or contract is sold. Without discounting the note, there would be no incentive for anyone to buy it. In other words, by paying face value, the deal would not normally be attractive enough for any investor to commit the funds to purchase your note. There are exceptions to that rule however. The amount of discount depends on a variety of factors including the structure of the note, the purchase offer, the term remaining, payment history, payer credit, etc.

Why are notes and mortgages discounted when sold for cash?

Due to a concept known as "the future value of money". In a nutshell, money received today is worth more than money due in the future. For example, \$100 today is worth more than \$100 due to be received in five years, and that same \$100 due in five years is worth more than \$100 due in 20 years. When a seller wishes to obtain a cash payoff, the mortgage or note must be discounted to make the yield attractive to an investor. Remember, the investor is taking a large risk because many unforeseen things could happen that could make the note difficult or even impossible to collect after the seller has been paid.

Do you have a minimum or a maximum limit to the size of the cash flows you can purchase?

For all practical purposes, we have no upper limit for most transactions. Generally speaking, our lower limit on most real estate note and structured settlement transactions is about \$25,000 on 1st lien notes, \$10,000 for invoice factoring, \$100,000 for commercial loans. For lawsuit cash advances, the minimum advance we'll consider is \$1,000.

Do I have to sell my entire note?

No, not usually. You can sell any number of payments from 1 up to the total number of payments left on the note to be collected. Many times you will find that it is to your financial advantage to just sell the next few years payments and keep the balance of the note. We call this a "partial" purchase. In gathering the information to give you an offer you will be asked why you are selling and how much you need. WE'RE NOT TRYING TO PRY! We use this information to determine if it might be better for you to sell less than the full amount of your note or other income stream.

How long does it take to get my money?

As a general rule it takes about 10 business days to close on a real estate note from the time we receive all the required documentation. Annuities require an assignment and usually take between 6 to 8 weeks, sometimes less, depending on the assignment. Structured settlements usually require a court appearance for reassignment and depending on local court docket can take between 8 and 12 weeks. Once we have collected all the necessary documentation, including credit, title and appraisals, and assuming that all the documentation is in order, funding can take place within a week. The time to gather all the documentation is under the seller's control, not ours. Also title and appraisal schedules are beyond our control as well.

How do I get my money?

Check or wire transfer – your choice.

The payor on my note/contract has had some credit problems in the past. Will this prevent you from purchasing my note/contract?

It depends. We look at the entire package when purchasing your receivable. If there is a good payment history on the note/contract for the past year or if there was a substantial down payment on the property many credit problems can generally be overlooked.

We live a long distance from the property we sold. Will we have to go back there to close?

No. We will overnight all closing documents to you or your closing agent - usually a title company near you. You will simply review and sign them at the title office.

What is the difference between a mortgage, land contract and a deed of trust?

The primary difference is the manner in which a property is foreclosed and whether a court appearance is required.

What is a Business Note?

This is a note that is created when a business is sold and the seller carries the financing. Generally the collateral for a business note is the business itself and the fixtures and equipment rather than real estate. The fixtures and equipment are generally secured using a UCC-1.

What information do you need to evaluate my note or other income stream?

This will vary by type of note or other income stream. Our intake sheets will show you exactly what kind of information we require.

After I give you the preliminary information, how long will it be before I know how much I can get?

Each note is different. But generally speaking, once we receive your information, we can have an offer to you within about 12-24 hours.

How will this affect the party making the payments?

Aside from changing the name on the check and the address on the envelope, there will be no effect whatsoever on the party making the payments. When you sell your note, the purchaser is legally obligated to abide by the original terms of your note/contract and cannot make any changes without the payor's approval.

Can I sell just part of my note now and part of it later?

Absolutely. You can often get more out of a note or other income stream by only selling part as you need the money.

I like the monthly income I'm receiving, and I'm reluctant to part with it, but I need a lump sum of cash right now. Can I keep part of the payment each month?

Absolutely, you can. We can be extremely flexible and will structure our purchase to suit your particular needs.