SIMULTANEOUS CLOSINGS

Residential Simultaneous Closing

The phrase **"Simultaneous Closing"** is used to describe transactions that occur when the seller is carrying back a note, as payment for their property, with the specific intention of selling the note for cash. In other words, **"Simultaneous Closing"** just means, during an escrow closing, that there are two (2) separate closing transactions happening within minutes of each other.

The documents are signed and:

1. The Buyer gets Title of the Property and the Seller receives the mortgage payments

2. National Notebuyers buys the mortgage payments from the seller for Cash-Assignment

The advantage is the seller gets cash up front for payments that may never materialize. The buyer then pays us the mortgage payments. The seller is then out of the transaction altogether.

BUSINESS NOTE SIMULTANEOUS CLOSING

Definition

Basically, a **Simultaneous Closing** is very similar to liquidating any other note, except the note has no seasoning (it is brand new). Assuming that we are provided with all of the terms of the proposed note and an accurate bill of sale, we will issue a Letter of Intent that states that we will purchase the note for some given amount after the business closing, provided no changes have been made. This assures the seller that the note can be sold and for how much, even before the business closing. We can provide a check to the seller very soon after the business closing, often right at the business closing table.

Reasons for Simultaneous Closings

1. The buyer does not qualify for a conventional loan
2. It is difficult to obtain conventional financing on a business
3. The business has been difficult to sell
4. **Owner-Financing** provides more potential buyers
5. The Seller needs cash, but his Buyer cannot provide it

BUSINESS NOTES

If you have sold a business and took back a note for part of the purchase price, we can probably convert all or part of it to CA$H ----

Privately-held business notes can often be liquidated, in full or part. Liquidation of a business note can also be set up before it is even created, in some circumstances. This is referred to as a Simultaneous Closing.

Over **80%** of all businesses are sold without the participation of a bank. In these cases, the seller takes back a note requiring the buyer to pay the note over time. Often, the seller later wishes to cash out for investment or business reason. We have national buyers who will do whole or partial purchases and who will give fast quotes.

Advantages for Business Seller:

1. Businesses can be sold for full retail value with little, if any, price concessions.
2. A larger pool of potential buyers is created.
3. **Owner-Financing** can be immediately converted into cash at the same time as the property closing, virtually at the table.
4. The "discount" of the business note can be minimized by selecting the right buyer and note structure for resale.
5. Sellers now have the ability to make a deal work almost on the spot instead of waiting a period of time for the buyer to get "qualified."

Advantages for Business Buyer:

1. Long term financing is now available without the danger of a short fuse balloon payment coming due.
2. The buyer avoids paying loan points or origination fees.
3. Qualifying criteria is reduced
4. Note terms can be "custom tailored" to meet the needs of the buyer's monthly income.

Types of Businesses - Liquidation

Notes on many types of businesses can be liquidated. These are only a few of the examples. Note that a business sale usually does not include the sale of the building in which it is housed.

1. Restaurants and bars
2. Liquor stores
3. Convenience Stores
4. Florists
5. Medical/Professional Practices
6. Laundromats
7. Drycleaners
8. Printers

Full liquidation vs. partial

Many times it may be desirable (or even advisable) that only part of a note be liquidated. Under certain circumstances, a full liquidation cannot be done. Assuming the seller does not need cash from the full value of the note, it usually will not make good financial sense to liquidate the whole note, typically requiring a larger discount. Remember that the longer the funder has to wait to recover his investment, the lower the value of the note.

Partial liquidation can be set up in many different methods. The numbers shown below are examples only. Depending on the situation for each note and the ***needs*** of the Seller, a multitude of variations could be explored.

- The next 3-5 years of the payments could be liquidated. After this time period, the payments would return to the seller.
- Half of each monthly payment could be liquidated. This would provide the seller with immediate cash from the liquidation of half of the payments, while still providing a monthly income from the half he retained.
- The monthly payments up to the balloon date might be liquidated and the seller retains the balloon.
- The balloon might be liquidated and the seller retains the monthly payments.
- Nearly any combination of the above can be utilized, as long as it makes sense to the investor (purchaser of the note), the value of the note will support the proposal and the proceeds satisfy the seller's ***needs***.

Time Required - Liquidation

Several factors can influence closing time, but in general, once the pertinent information is received by the purchaser of the note, it usually takes about 2-4 weeks.

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