

THE ANNUITY COMPANY

Learn How To Sell Mortgage Notes With The Annuity Company

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The Annuity Company (TAC) is reaching out to the real estate community to share their industry expertise on the creation and benefits of mortgage notes. This information is particularly useful for those who wish to sell mortgage notes and need professional guidance before they proceed.

According to The Annuity Company, a mortgage note is a legal document used to record the details of a financial advance that was used to purchase real estate. These details include the amount of the advance and the terms of its repayment, such as interest rate and the agreed period of reimbursement. In a private mortgage, the person receiving the payments is an individual, or other private entity, rather than a more traditional lender like a bank. The mortgage note that describes this financial relationship acts as a lien against the property, thereby serving as collateral for the associated payment.

One benefit of mortgage notes is that they essentially function as an easily liquidated asset. While the person receiving the payments may continue to do so for the duration of the specified period (most owner-financed mortgage notes are established for five, seven, or ten year periods, and typically have higher interest rates than banks or credit unions), they also have the option of selling the note for a lump sum. TAC clarifies that,

?When you sell your note, you send the money to a private note buyer and not to a traditional bank.? Given that interest rates are generally higher than those set by a bank, many people refinance their notes before the full term of the note is realized.

There are a number of advantages to selling a mortgage note. Practically, they give the seller instant access to a lump sum of cash, which in turn gives them the ability to pay off credit card debts (or other forms of debt), make a downpayment on a house, pay for college and university (or other forms of education), and so on. The company states, ?There are basically no restrictions on what you can use the money for when you sell the payments of a mortgage note or promissory note.?

On their website, The Annuity Company states, ?The most common question on a note seller?s mind is how much their note is worth. The value of your mortgage note determines how much cash you receive when you sell?and they are rarely purchased at face value. You can expect to have a discount applied to your note when you sell. The reason is that money today is worth more than money in the future.? Learn more about discount mortgage notes by visiting the company?s website.

Since each note is written according to the situation at hand, there is no way to estimate how much of a discount will be applied without taking the relevant property and payer details into account. There are, however, certain factors that can indicate the extent of a discount on a mortgage note.

First and foremost, the perceived risk associated with the mortgage note will play a significant role in determining its value. In other words, the value of the note will correlate negatively with an increasing likelihood of default risk. Often dubbed a ?non-performing? note, this risk is calculated from a variety of factors, such as the payer making inconsistent or absent monthly payments, having a poor credit score or payment history, or lacking a steady income. As The Annuity Company states, ?The usual recourse for default is foreclosure, which is costly and time consuming. The discount applied to your note will be more if the risk, and subsequent time and money, is high.?

Furthermore, promissory note holders sometimes underestimate the role that underwriting plays in the estimation of a note?s value. ?Every note broker is different and has their own set of underwriting guidelines,? says TAC. ?These guidelines determine which notes they can or cannot purchase, and how much of a discount will be applied. For example, our underwriting guidelines state that a note must be in 1st position and the payer must have a minimum credit score of 620. While we do purchase notes outside of these guidelines, we also apply a higher discount.?

Those who wish to learn more about real estate notes may contact Jane Darcy of The Annuity Company. They may also connect with the company via the contact form included on their website.

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For more information about X, contact the company here: XJane Darcy888.625.7738jane@localblitzpr.com

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The Annuity Company is an investment fund that purchases real estate mortgage notes, business promissory notes, structured settlements, structured payments, insurance annuities, lottery winning, royalty fees and other forms of cashflows.

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