

Title:

Are Business Buyer Notes Profitable?

Word Count:

497

Summary:

Like anything else, it depends on the type of business you're selling. Business buyer notes are documents secured by a business, much like a mortgage broker except there is no real estate involved. Often, personal property like cooking equipment, furniture, and office equipment obligates one individual or company to make payments, usually monthly, to another person or company. Businesses are sold without the help of bank financing; this makes it much easier for a person to bu...

Keywords:

business buyer notes

Article Body:

Like anything else, it depends on the type of business you're selling. Business buyer notes are documents secured by a business, much like a mortgage broker except there is no real estate involved. Often, personal property like cooking equipment, furniture, and office equipment obligates one individual or company to make payments, usually monthly, to another person or company. Businesses are sold without the help of bank financing; this makes it much easier for a person to buy a business with a small down payment. Because the down payment is small, most banks will not finance the remaining balance, so the seller {owner} agrees to hold a "note" on the remaining balance for the buyer. This is called seller-financing or owner-financing. The buyer then agrees to pay the seller a monthly payment. The person holding the note however does not want to wait that long to receive all the money from the business, so he or she looks for a someone to buy all or part of the note being held.

Business buyer notes can be a good asset because the holder of the note can get cash in hand from an interested buyer and there are a lot of company's willing to buy business notes. The note holder may choose to sell all or part of the note and receive a lump sum for the cash he or she needs to pay off bills, go on vacation, or to buy another business, while still receiving monthly payments from the one who bought the business. The holder may also want to sell the note to get out from under the responsibility of the business. Most business owners really don't want to be note holders but in order to sell the business quickly

the note was agreed upon. A drawback to being a business note buyer is when future payments are sold for cash, the current balance is always sold at a discount. The reasons behind this is time erodes the value of money, and the payee is paying the owner over time. Another reason business buyer notes are sold at a discount is because personal property and office furniture does not provide the same degree of safety that real estate does. Also the interest rates on business buyer notes are not high enough to interest investors to purchase these notes unless it is sold at a discount price.

If you are interested in purchasing a business buyer note it's probably a good idea to contact a service that will help you in these matters. First there needs to be an assignment of the security instrument and receive the endorsement of the promissory note. The service you hire in this matter will examine all aspects of this transaction, and verify all notes in question, plus they will of course record all of the necessary documents for your records. It all depends on the nature of your agreements with all involved whether your business buyer notes are assets or not.