



**Strategies for
SELLER FINANCING**

*A Guide to the Secondary Market for
Business Notes*

2nd Edition

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Introduction

Strategies for Seller Financing is a comprehensive guide to the secondary market for business notes. The following pages offer an overview of this market and the process for liquidation. This guide also provides strategies for structuring notes to make them more attractive within the secondary market and introduces some creative strategies for maximizing resale value.

There are countless potential obstacles in selling a business. Most of these obstacles involve the financial part of the transaction. There may be disagreements over the value of the business. The buyer may have difficulty raising sufficient capital for the deal. The seller may be reluctant to take back a note. An understanding of the secondary market for business notes will help Business Brokers circumvent many of these obstacles.

Most business sellers prefer to sell for cash. This will occur only where there is personal equity, institutional financing or a combination of the two. The secondary market for business notes gives the business seller another vehicle for achieving liquidity objectives while offering to carry a portion of the sale price at closing. *Strategies for Seller Financing* explores various ways this can be accomplished.

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Note Brokers

Most business sellers are unaware a secondary market exists for seller-financing notes secured by a business. A small number of funding sources around the country actively purchase business notes for their portfolios. These funding sources each have their own specialties and preferences. A Note Broker's job is to fully understand the details of each note and match it with the most competitive funding source. Herein lies the primary advantage of enlisting a Note Broker.

Since each funding source has its own preferences, their competitiveness will vary by transaction. The savvy Note Broker will evaluate each business note individually and request a quote from funding sources that offer the most competitive rates. Funding sources will often quote more aggressively to brokers than they would if quoting directly.

Matching a particular note with an appropriate funding source dramatically expedites due diligence and verification. Some funding sources cast wide nets, purchasing a wide variety of notes. However, those with a specific focus generally execute cleaner transactions, minimizing potential frustrations for the note holder. The responsibility of the Note Broker is to be familiar with the many funding sources and their respective specialties.

Studies estimate 15-20% of all note holders wish to sell their notes for cash. This percentage is likely higher for holders of business notes than for real estate notes. *Business notes are generally taken as a matter of necessity while real estate notes are often created as a secure investment for the seller.* The due diligence for business notes is tedious and often reveals unanticipated challenges, resulting in additional documentation requirements or queries. The Note Broker is knowledgeable on all facets of this process and provides support throughout the bid, quote, due diligence and documentation stages.

Referral Fees

Most Note Brokers offer finder's fees for closed transactions referred by third parties. Such referral fees are financed from the client's cash payout and are generally a reflection of the broker's

commissions. Although the broker can charge what the market will bear, higher-volume producers generally work on competitive margins and pay conservative referral fees.

The referral process invariably involves risks on the part of the Business Broker. It takes time and effort to earn the trust of a client and a sudden cash injection may turn a former client into a future prospective buyer. Although some Note Brokers offer generous finder's fees as a way of gaining business, the Business Broker is well advised to do a little research before making a recommendation. The referral of an unprofessional Note Broker can leave a negative impression with the client.

Historically, the Note Broker community was highly fractured and characterized by thousands of low-volume brokers. Discounts were steep, financing large commissions and lavish referral fees. Today, the industry has matured and discounts are more competitive. Although there are still a large number of Note Brokers, few are emerging as leaders within the field.

Box14 Financial has chosen to pursue a higher level of professionalism and takes pride in its level of integrity and its client service standard. Each transaction is evaluated with the intention of maximizing the cash payout for the client. **Box14** strives to process a high volume of lean transactions and offers referral fees commensurate with the commissions earned and payable on the business day following receipt.

Note Qualification

There are over 150 funding sources around the country that actively purchase notes. The vast majority of these are only interested in notes secured by real estate (trust deeds, land contracts, mortgages, etc.). Others work with structured insurance settlements, sports contracts or lottery winnings. Some buy notes secured by mobile homes or heavy machinery. Others specialize on factoring business receivables. In this array of investors, there is a select group of funding sources that specialize in the often-complicated world of business notes.

Each funding source has its own requirements for purchasing business notes but most share similar basic requirements. The

table below offers some rough guidelines endorsed by most funding sources that purchase business notes.

Cash Payout Guidelines	Note does NOT include real estate.	Note includes real estate collateral.
Minimum	\$ 20,000	\$ 20,000
Maximum	\$ 300,000	\$ 20,000,000
Decision	Credit based	LTV based
Underwriting Limitations	Sustainable cash flow for the business.	Appraised value times LTV percentage.
Business notes rarely include real estate collateral.		

When real estate is involved in a business note transaction, the purchase decision is based primarily on an LTV (loan to value) ratio. Although LTV limits are higher than they once were, they still vary by funding source and circumstance. Focus remains on the credit components of the transaction – including cash flow, payment record and credit worthiness. The availability of foreclosure recourse provides additional security, thereby reducing the discounts taken. Such notes may also require less seasoning.

Most business notes do not include real estate collateral. Funding sources are primarily concerned with the credit components of the transaction. Two to three months of seasoning is required before a funding source will consider a purchase and due diligence is extensive. Among other things, funding sources will consider the following factors.

- Business' cash flow before and after the sale.
- Selling price of the business and equity percentage.
- Total debt coverage subsequent to the sale.
- Payment record and credit worthiness of the payer.
- Security (including personal guarantees) of the note.
- Longevity of the business at its current location.

Although these notes are evaluated on credit criteria, equity and collateral still play a major role. An equity percentage of 30% or more is commonly (though not always) required. This percentage can be established from the cash down payment (i.e. existing personal capital) or through accumulated principle reduction on an existing debt or the note itself.

The lien position on the business assets is important. For obvious reasons, business notes are most marketable in first position to the business' assets. There are fewer funding sources considering business notes in second position. Consequently the market is less competitive and discounts reflect the added risk.

Personal guarantees add security. They demonstrate a personal commitment to the business as well as the note. While the absence of a personal guarantee may not break the deal, it will definitely increase the focus on the remaining components. If a first lien creditor (i.e. SBA) already has a personal guarantee, an additional guarantee may be required from a related party, like the payer's parents.

The Process

The process of liquidating a business note begins with a simple quote form that establishes basic information about the business, asset breakdown, details of the sale and terms of the note. Once compiled, this information is forwarded to potential funding sources for quotation. The specific sources chosen will depend on the particulars of the information provided.

Each funding source evaluates the information provided and contacts **Box14** with additional questions. This preliminary stage is critical for obtaining competitive quotes. Once funding sources have enough information to provide formal quotes, they do so knowing there are other bidders on the same transaction.

Box14 forwards the most advantageous quote to the client for review. Although the highest cash payout is generally selected, other factors (such as recourse vs. non-recourse) may also affect the decision. Predictably, funding sources almost always bid the highest within their particular area of expertise or preference. Once the client accepts the quote, **Box14** notifies the applicable funding source and requests their documentation and information requirements.

The list of requirements for business note transactions is often extensive and will include UCC filings, tax returns, bank statements and lease specifications. This information is

necessary for funding sources to evaluate the note properly. Since these transactions generally transfer all liability over to the funding source, great care is taken to compile a detailed file before closing. The accumulation of documents and information is tedious but necessary to the transaction.

The funding source begins its verification process once a complete file is submitted, taking seven to ten working days to finalize its due diligence. This represents the last major hurdle in the process.

Assuming everything is in order, the funding source will generally conclude its investigation by contacting the payer to see if they are happy with the purchase and if the business has performed well since the sale. The payer must also reconfirm the terms of the existing note.

Transfer documents will then be drafted and couriered to the note holder for signature. When signed documents are returned, a check is forwarded immediately. **Box14** receives its commissions at the same time and forwards the referral fee on the following business day.

The transfer of a business note from the business seller to the funding source has very little affect on the payer. Neither the number of payments nor the amount of the payment changes after the transaction. The payer will receive a letter detailing the change and will thereafter send payments to the funding source.

Primary Scenarios

Note holders are motivated to sell their notes for a variety of reasons but the majority fall under one of two scenarios:

1. The note holder is a prospective business buyer having difficulty raising sufficient capital. The buyer may have a note from a prior property or business sale that can be liquidated to raise capital. In this situation, the note holder likely requires a specific dollar amount by a particular date. Such situations are ideal for “partial” or “split” sales, each of which is discussed in later sections.

-
- The note holder is a business seller carrying back a note on a sale. The current lending environment is making seller financing more common in such transactions. If there are no immediate liquidity requirements, the note holder may be content with the note, particularly if it delays a sizable tax liability or carries an attractive interest rate. The note may represent a secure investment amidst economic or geopolitical uncertainties.

More commonly, the business seller is reluctant to take the note and would prefer cash. The seller may wish to walk away from the business without worrying about its future viability or a potential default. The seller may be concerned about a lack of collateral or a challenging economic outlook. While these factors all contribute uncertainties to future payments, funding sources absorb such risks through diversification. If the seller still holds the note when a default occurs, everything may be lost with little or no recourse.

Typical Transactions

Box14 Financial brokers a wide variety of notes and other predictable cash flows. Every transaction is unique and requires specific research to facilitate. A deficiency in one area can often be compensated for by strengths in another. Following is a ‘typical’ business note transaction.

Business Description:	An office-based service company.	
Business Sale Price:	\$ 300,000	
Cash Down Payment:	\$ 100,000	
Seller Carry-Back Note:	\$ 200,000	
Original Term & Rate:	5 years, monthly payments @ 7%	
	Monthly	Annual
Cash Flow Before Sale:	\$ 10,000.00	\$ 120,000.00
Monthly Note Payment:	\$ 3,960.24	\$ 47,522.88

Assume this business note does *not* include real estate collateral. After six months, the note holder has collected \$23,761.44 (6 x \$3,960.24) in payments and wishes to sell the remainder of his note for cash. The remaining principle is \$182,992.21 after the

first six payments are received. Assume these first payments were all made as agreed.

Since a business note purchase is a credit-based decision, a primary consideration will be the cash flow before and after the sale. The funding source will calculate a debt coverage ratio from the verifiable cash flow prior to the sale, and will seek to establish the business' performance thereafter. If the cash flow diminished, the debt coverage ratio diminished as well. If the cash flow remained the same or grew, the ratio benefited as a result.

There are other considerations as well. The equity in this example (33% + note balance reduction) is healthy and cash flow is strong. The payment record is clean and the payer has maintained a reasonable credit score (FICO > 650). Although this office-based service company likely has little in the way of hard assets, the capacity for the business to make monthly payments is convincing.

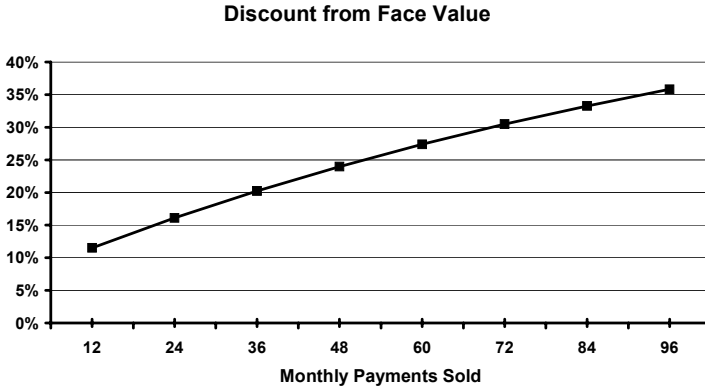
Box14 generally liquidates such a note between \$125,000 (discount = 32%) and \$145,000 (discount = 21%) depending on the funding source and other particulars of the transaction (discussed further below). Of course, exceptions beyond this range exist but the majority will fall within. With the initial six payments already collected, the note holder would receive between \$148,000 and \$169,000 of the total \$200,000 originally financed.

Discounts & Yields

Most note holders believe the determination of resale value is calculated using a static discount percentage from the note's face value. Not so. The resale value of a note is calculated by applying a yield to the remaining cash flow. The yield is chosen by funding sources to offset perceived risk in the transaction and therefore varies by circumstance. However, identical yields for similar notes may require different discounts.

The largest contributor to the discount is the number of payments being sold. Since distant payments are discounted the most, the sale of many monthly payments will result in a larger discount than the sale of only a few monthly payments. Although other factors

come into play, the following graph demonstrates the impact of the number of payments sold on the discount.



These discounts were calculated using a standard yield and interest rate. The only variable factor was the number of payments sold. As the graph shows, the sale of only 12 monthly payments results in a cash payout of 88 cents on the dollar. The sale of 24 payments offers 84 cents on the dollar while the sale of 36 payments provides about 80 cents on the dollar. The payout percentage erodes with every additional payment sold.

Please keep in mind that each business note will have a different interest rate, calculated using a different yield, and resulting in a different discount when sold. The percentages above will not apply to every transaction. Nevertheless, the graph offers a good approximation for the potential resale value for a business note.

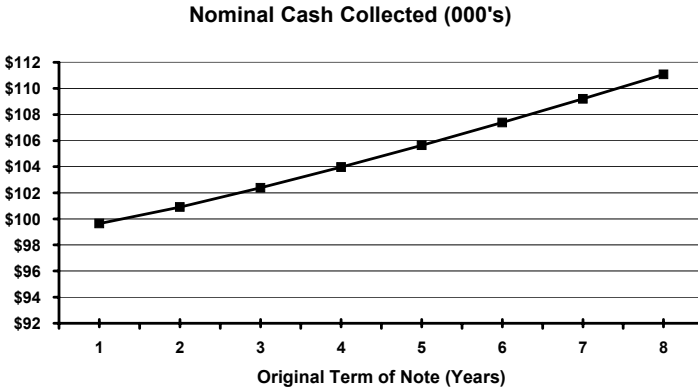
Partial Note Sales

At this point, the reader may question if a note holder is required to sell the entire note should they wish to liquidate. The answer is no. The note holder may elect to assign only a certain number of payments, amounting to a cash withdrawal, while retaining the benefits of future payments.

Partial sales are an innovative way to minimize the discount for lengthy notes. By assigning only a certain number of remaining

payments, the note holder receives a smaller discount on the payments sold. In most cases, the note holder may not require full resale value of the note anyway. At the same time, retained payments (including both principle and interest) can equate to a “nominal cash collected” figure that is greater than the original face value of the note.

Applying the same yield and interest rate as in **Discounts & Yields** to a \$100K note, the graph below demonstrates how the “nominal cash collected” figure is affected when half the remaining payments (after an initial two months seasoning) are sold. After these assigned payments have been collected, the note reverts to the original note holder.



This concept can be difficult to understand. When a note is created, the monthly payments must repay the principle on the loan as well as the accrued interest. Since each payment includes both principle and interest, the total cash collected is always greater than the original balance of the note. This is the same for a mortgage, where the total number of payments may add up to *double* the original principle or more.

When arranging a partial sale, the note holder receives the total cash value of the first two months seasoning (in this example), followed by a cash redemption value for some number of assigned payments, and then the cash value of the remaining (and unassigned) payments. When these various payments are added

up, the total cash received is often greater than the original size of the loan. The use of partial sales result in smaller discounts on the payments assigned while retaining impressive nominal cash values for the note holder.

The process for a partial sale is fairly simple. The note is assigned to the funding source for the length of time required to collect on the payments sold. After the purchased payments are collected, the note reverts to the original note holder for the remaining payments. At that time, the note holder may elect to sell another batch of payments, again requiring only a small discount.

The disadvantage of a partial sale surfaces when the note is in default. Since the assignment of the note to the funding source includes all of the security during the collection period, the funding source has the right to seize the security if the payer defaults. Furthermore, the funding source will attempt to recover their original investment while having no legal obligation to protect the final payments of the original note holder.

The reality of this situation is a little less daunting. Generally speaking, the security pledged for a business note is difficult to liquidate and rarely generates its declared market value. Funding sources will often work with the payer as well as the original note holder to craft a less aggressive payment schedule. It is in everyone's best interest if the business continues to operate and succeed, even if it takes longer for the note to be repaid.

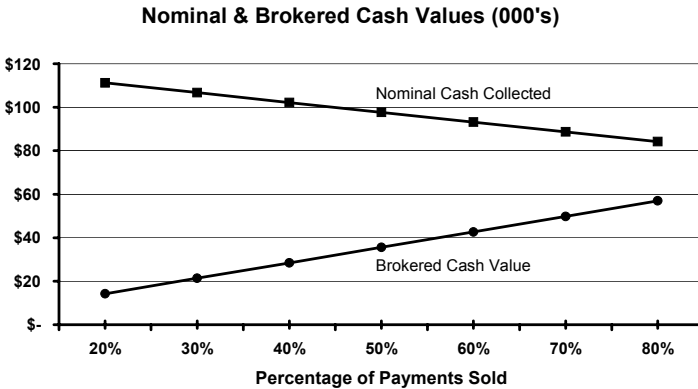
Split Note Sales

Split sales are another creative way of providing liquidity to a note holder without redeeming the entire note. Split sales are arrangements where funding sources purchase a portion of each individual payment. This solution is ideal for note holders who have monthly financial requirements but also require immediate capital.

The process for split sales is a little more complicated. The entire payment is assigned to the funding source and a check for the note holder's portion is issued each month when payment is received. For example, if the monthly payment is \$5K, the funding source may only purchase \$3K leaving the note holder with \$2K in

monthly income. Once the monthly payment is received each month, the funding source issues a check for \$2K and sends it to the original note holder.

Now consider a 5-year \$100K note. After two months seasoning, a split sale is negotiated using the same yield and interest rate as previous examples. The graph below illustrates how the “nominal cash collected” figure is affected by the percentage of the monthly payment sold.



The note holder who sells just 20% of their monthly payment (after two months seasoning) will still realize total cash receipts in excess of \$110K over the life of the note. On the other hand, the note holder who sells 80% of their payment receives less than \$90K. A note holder who sells exactly half of their monthly payment inevitably receives cash roughly equivalent to the principle value of the original note (in this case, \$100K).

This graph also shows the cash received for the payment portions sold with the difference amounting to the non-brokered cash receipts. The note holder who sells only 20% of their monthly payment (after two months seasoning) will receive a cash payout of about \$14K at the time of the transaction. The remainder will be collected over the life of the note. The note holder who sells 80% of their payment will receive almost \$55K at the time of assignment but will only obtain an additional \$33K through direct payments.

Please note these charts are provided for illustrative purposes only. The exact percentages and dollar figures will vary for every transaction processed.

Structuring Business Notes

The previous analysis leads one to question if anything can be done while constructing the original deal to enhance a business note's marketability and resale value. Indeed, there are simple strategies to achieve both objectives. Before discussing these, it is important to understand the note holder's intentions and objectives.

If the business seller intends to hold the note until maturity, the objectives are twofold. First, the interest rate should be maximized. Secondly, the payment schedule should balance the note holder's repayment objectives with the need for the business to generate sustainable cash flow. If the note holder is content with the interest rate and confident in the business, the payment schedule may even be extended, thereby compounding the total interest payable.

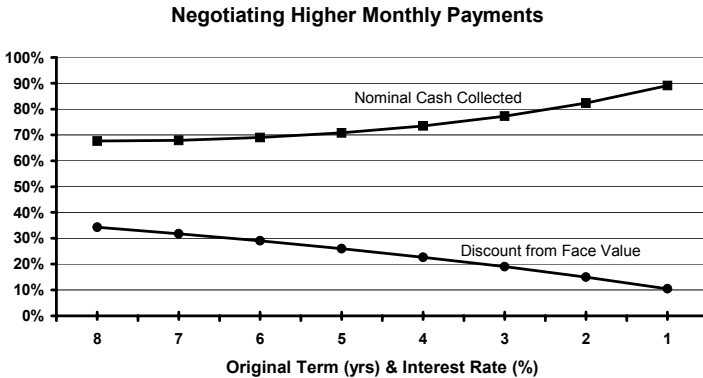
If the business seller is reluctant to take the note and intends to liquidate after two to three months seasoning, the objective should lean in the opposite direction. The reality is that a shorter repayment schedule will significantly enhance the note's resale value. Of course there is a balancing act that must be considered before negotiating an aggressive payment schedule.

As discussed in **Note Qualification**, above, the funding sources for business notes carefully evaluate a business' ability to satisfy its financial obligations before agreeing to purchase a note. A shorter payment schedule implies a higher monthly payment, adding pressure to the business' cash flow and deteriorating its debt coverage ratios. Therefore, such negotiations should be pursued only if the business' cash flow remains healthy and sustainable.

Within the limits of sustainable cash flow, the Business Broker may consider using an enticement to encourage a shorter payment schedule (i.e., higher monthly payments). Each deal

provides its own potential enticements but the one consistent possibility is the interest rate on the note. The buyer may be offered a competitive interest rate in exchange for an aggressive payment schedule, thereby increasing the resale value of the note when sold in the secondary market.

The illustration below shows the effect of such a scenario in its simplest form. The graph begins from the left by depicting the discount from face value and total cash collected for an 8-year note at 8% interest. Moving right, the graph displays a 7-year note at 7%, then a 6-year note at 6% and so on, all the way to a 1-year note at 1%. Each note is calculated with a \$100K principle value and two months seasoning. Assume the progressively lower interest rates are used to entice the buyer towards shorter terms.



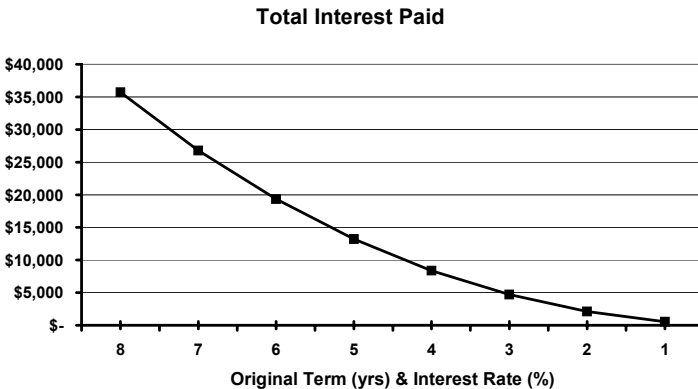
The 8-year note, after two months seasoning, could be cashed out with a discount in the mid-30s. As the term decreases in length implying higher monthly payments, the discount drops as well, leaving the note holder with a higher percentage of the original principle value. In the extreme case of a 1-year note at only 1% interest, the note holder obtains about 90% of the original value, receiving all of the cash within just two months of closing.

This interest rate enticement should be used only if necessary. Any opportunity to maintain a higher interest rate contributes to the note's resale value. The point is that a shorter term will generally contribute *more* to a note's resale value than a higher interest rate.

Also note specific percentages referenced in this illustration are only guidelines and will vary for every transaction.

It is important to reiterate, this discussion assumes that the business seller is reluctant to take back a note and has expressed interest in selling the note after two or three months seasoning. Should the business seller subsequently decide to hold on to the note, the interest rate reduction diminishes the total interest earned over the life of the note, making it a less attractive investment for the note holder.

When using the interest rate enticement to negotiate shorter payment schedules, the Business Broker should demonstrate the significant cash savings available to the payer by accepting a lower rate in exchange for higher payments. A longer term coupled with a higher interest rate equates to a significant increase in the total interest paid over the life of the note. The illustration below shows the total interest expense for the different scenarios previously discussed.



On the 8-year note at 8%, the payer would pay more than \$35K in interest by the time the note is finally paid off. If the payer agreed to a 6-year note at 6%, their interest expense would drop to about \$20K. If the payer were enticed into a 4-year note at 4%, the interest expense would drop further to below \$10K. Meanwhile, the same adjustment would increase the note holder's cash payout from about 72% to almost 80% (see previous graph). The

monthly payment on the 8-year note is \$1414. By comparison, the payment is \$1658 on the 6-year note and \$2258 on the 4-year note.

Deferred Payments

The examples, so far, have all assumed a fully amortized note. This is not always the case. Many notes are structured with deferred payments at the front end, balloon payments or uneven payment schedules, all of which can help shadow the anticipated availability of cash flows for the new owner. Unfortunately, these alternative structures make it difficult for funding sources to evaluate a business' ability to generate sufficient cash flow to make the various payments. While they add complexity to the due diligence process, they do not make such deals impossible. Each structure is discussed briefly below.

Business notes are often structured with a three or six-month payment hiatus at the outset. Depending on the details of such an arrangement, this payment deferral increases the monthly payments once they begin. More importantly, it delays the seasoning requirement for resale.

Funding sources that purchase business notes require two to three months of seasoning in order to evaluate the business' cash flow subsequent to the sale and the payer's ability and willingness to make the monthly payments. If the note begins with a three-month payment deferral, the seasoning requirement begins from the date of the first payment.

Balloon Payments

Balloon payments, properly placed, are a valuable tool to increase the present value of a note. In order to achieve this result, the balloon must be scheduled near the beginning of the note's payment schedule. If the balloon payment is left until the end, it has the opposite effect.

The use of a balloon will also lower the monthly payment, taking some of the pressure off the business' cash flow. For example, the inclusion of a balloon payment 12 months into the payment schedule will allow for lower monthly payments while giving the

payer the ability to contribute to the early principle reduction of the note. The addition of this sizable extra payment near the beginning of the note will also add to its resale value.

Again, the balancing act must be considered. The inclusion of a balloon payment should be reasonable from the perspective of the business' expected cash flow. Funding sources will react with caution when a large balloon payment appears inconsistent with the business' expected cash position.

From the perspective of resale value, the worst possible structure is one where a large balloon payment is scheduled at the very end of a note's payment schedule. With the single largest payment scheduled the farthest in the future, the resale value of the note suffers dramatically. In these situations, note holders are well advised to sell only the monthly payments and keep the distant balloon payment for themselves. By doing so, the note holder retains a much larger percentage of the original principle value while retaining the full benefit of the future balloon.

Hybrid Deals

Most business notes do not include real estate as collateral. However "most" is not "all". Hybrid deals involve a business note secured by a business *as well as* real estate, most likely the location where the business operates. Such hybrid notes present a challenge when arranging for a potential liquidation.

The first option is to contact funding sources that specialize in business notes. Such funding sources generally use higher yields to reflect higher risks associated with business notes. Even with the real estate, yields will tend to fall in line with established business note standards.

The second option is to contact funding sources that specialize in real estate notes. The advantage is that such sources use lower yields. The challenge is they will only consider an investment equal to the appraised market value of the real estate, multiplied by their particular LTV (loan to value) ratio. This investment ceiling may be significantly lower than the total value of the note.

The Business Broker has an opportunity to alleviate this problem while structuring the original transaction. If possible, the seller-financing portion may be broken into two separate notes: one for the business and another for the real estate. The total size of the monthly payment remains the same but the option is created to sell each note individually to different funding sources.

The division of hybrid notes gives note holders more options and allows them to maximize the cash payout in the event of a future resale. Such note holders also have the option of selling only one of their notes depending on the amount of cash needed. Real estate notes require smaller discounts in the secondary market and therefore are a natural first selection for liquidation.

The Business Broker should make an effort to allocate the total down payment dollars to cater to the secondary market. Since funding sources for business notes like to see 30%+ equity in their transactions, it is imperative to allocate sufficient dollars to approach or exceed this level. The equity percentage on the real estate note is less important but should exceed 10% if possible.

Advance Quotes

Advance quotes are estimates, based on a variety of assumptions, of the resale value of a note presented at the time the note is being structured. Advance quotes (developed by **Box14**) reassure reluctant sellers the note they are taking back is indeed a marketable asset. Advance quotes are a valuable tool for Business Brokers when negotiating a purchase arrangement between a prospective buyer and a seller who prefers a cash deal.

It is important to understand that advance quotes, by definition, are only estimates – and generally conservative ones. When considering the purchase of a business note, the payment record and the business' ability to generate sufficient cash flow subsequent to the sale are of utmost importance to funding sources. When the deal is negotiated, these factors remain unknown. A formal quote after two or three months seasoning may vary materially from the estimates provided in an advance quote. There may even be circumstances that make the purchase of the note impossible.

Nevertheless, using an advance quote provides valuable insight with respect to the potential resale value of the business note in the secondary market, the various payment options available at the time of liquidation and the critical factors that will ensure marketability two or three months after the deal closes. This insight may encourage the business seller to support the buyer through the initial transition, thereby increasing the business' chances for success.

Box14 Financial provides advance quotes to Business Brokers free of charge as the opportunity to quote on a particular note often leads to its eventual resale.

Conclusion

Today's lending environment is noticeably more restrictive. In particular, SBA loans are taking longer to process and have lower ceilings than in previous years. Business Brokers must be more creative than ever to put deals together. One continuing beacon for small business acquisitions is seller financing. An understanding of the secondary market for business notes will help Business Brokers structure creative deals that satisfy both buyers and sellers.

The vast majority of note holders are unaware of a secondary market for the liquidation of their note. Those who are aware of this market expect discounts in the range of 40%. This is unrealistic. In this entire guide, no example has shown a discount as high as 40%. Some Note Brokers are more knowledgeable and creative than others, and an in-depth understanding of this secondary market provides valuable strategies that allow note holders to obtain the cash they need at reasonable discounts.

Box14 Financial strives to work in partnership with Business Brokers, crafting innovative solutions in today's challenging lending environment. Business sellers have a right to know the options available to them and **Box14** provides guidance in an area where experts are hard to find. And beyond the obvious advantages of a happy customer, the liquidation of a business note quickly turns past clients into future prospective buyers.

I hope this guide provides some clarification on the field of business notes and the secondary market that exists for their potential liquidation. Please contact me with any questions or deals you may wish to discuss. **Box14** has built its business on referrals and I sincerely appreciate any opportunity to work with you, your fellow brokers or your trusted clients.

Thank you.

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