



Sale and Hypothecation of Notes: Key Insights and Strategies for Investors

Description

Hypothecation is a funny term that may or may not be familiar to you. Essentially, it just means borrowing against collateral. In this case, we are talking about borrowing against notes receivable that you may hold.

How would you end-up with a note receivable? Well, you may have carried-back a note on a property you sold. Perhaps, you loaned money to someone who is to pay you at a later date. These are examples of notes receivable.

If you hold such a note, but you need money now, you may be able to borrow against your note by hypothecating it to a lender. You may also be able to sell your note, at a discount, to obtain the money you need today.

Similar programs include factoring of accounts receivable and cashing-out annuities, which are both topics for another day.

If you have a note receivable that you would like to redeem for cash or take a loan against, send us the details and a copy of the note, and we will let you know your options.

Category

1. Uncategorized

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