Use Outside Closing When Selling Mortgage Notes!

When an investor has performed their research and is ready to purchase a private mortgage note they will ask the seller to deliver original documents and sign the assignment package. The investor will want these original documents before the funds are released to the seller.

A note seller will understandably wonder "How do I know I will ever receive my money once I turn over the documents establishing ownership?"

So the investor wants the documents before the money is released and the seller wants the money before the documents are released.

Using an outside closing through a title company, attorney, or escrow company easily solves this impasse. The outside closer will act as an independent third party (or fiduciary) protecting the interests of both parties.

An outside closing is basically an exchange of money for documents. The outside closer will receive the proceeds from the investor into their trust account and also receive the documents from the seller. It is not necessary for either the investor or the seller to physically be present for the note closing with the use of overnight delivery and wire transfers.

The fee for outside closings average $200 – $400 and can be paid by either party or split equally. Any legitimate note investor should be willing to participate in an outside closing through a licensed and bonded closing agent.

Outside closings offer protection and peace of mind to both note sellers and the note investors.