Damen Capital

Seller Financing for Land: The Cheat Sheet

Every rule from our free 14 module course on one page. Sell land faster, at full price, and get paid at closing.

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The four step process

1
Market it
Put OWNER WILL FINANCE in all caps at the top of the listing. Leave the terms out of the ad.

2
Screen, negotiate, verify
Two questions, agree on terms, then confirm credit with a Credit Karma screenshot.

3
Generate documents
Title company or a creditor's rights attorney drafts the note and deed of trust. Buyer pays for the docs.

4
Close and get paid
Keep 100% of the down payment. Hold the note for income or sell it at closing for cash.

Screen a buyer in 30 seconds

1. **"Do you have 20% down?"** No means the call is over. Yes means go to question two.
2. **"How is your credit?"** Open question. Their answer tells you the down payment they need.

> No pay stubs, no tax returns. **Credit plus down payment predicts repayment.** Same day approvals keep deals alive. Only buyers who will not qualify object to the credit question.

Credit matrix: down payment by score

Credit score	Minimum down
690 and above	**20%**
630 to 689	**30%**
601 to 629	**40%**
Below 600	**50%**
No score, or skip the credit check	**50%**

> **Lower score, higher down payment.** Be consistent every time. In our experience this keeps defaults under 5%.

Recommended terms

Down payment	**20% or $6,000, whichever is greater**
Interest rate	**10.9% (check your state usury cap)**
Term	**96 months maximum**
Loan fee	**$500 at closing, buyer pays**
Servicing	**$25 per month, buyer pays**
First payment	**30 days after closing**
Prepayment penalty	**None**
Balloon	**Avoid. If used, 3 to 5 years**

> **Trade risk for return.** Longer term, higher rate. Shorter term, lower rate. Bigger down payment, lower payment and a more valuable note.

Which land qualifies

- ✓ Most rural and residential land with legal access
- ✓ Under 10 acres? **Get the perc test.** $500 to $1,500 can add $5,000 to $20,000 in value
- ✓ Priced at fair market value from recent comps
- ✗ Under $25,000: cash only. Under $50,000: we will not buy the note
- ✗ No access, wetlands, flood zone, failed perc, inflated price

Continued on page 2: documents, mistakes, qualifying land, and the math.

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The Cheat Sheet, Page 2

Documents, mistakes to avoid, which land qualifies, and what you net at closing.

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Six provisions every land note needs

- ✓ Says the collateral is **vacant land**
- ✓ **Personal guarantee** if the buyer is an LLC
- ✓ **Power of sale** clause
- ✓ **Electronic notice** where the state allows
- ✓ **No prepayment penalty**
- ✓ **No tax escrow**, with the right to add it if taxes go unpaid

> Always a **promissory note with a deed of trust or mortgage.** Never a land contract. Close through a title company. Buyer pays for a lender's title policy.

Three mistakes that cut note value

- ✗ **0% interest.** The note sells for about half of face value and the IRS treats it as a gift.
- ✗ **Inflating the price to bake in interest.** Note buyers pay 65% of real value, not your price.
- ✗ **Servicing on a spreadsheet.** One disputed balance costs $10,000 to $30,000 in legal fees to save $25 a month the buyer pays anyway.

> **Do what banks do.** Charge interest, price at market, use a professional servicer, keep the original note in a safe.

After closing: servicing and monitoring

- ✓ **Professional loan servicer** on every note. Buyer pays about $25 a month. Servicer tracks payments, sends statements and 1098s, and chases late payments.
- ✓ **Original wet signed note** in a safe deposit box or fireproof safe. Most states require it to foreclose.
- ✓ **Check property taxes** on the county site once or twice a year. Unpaid? Have the servicer add escrow.
- ✓ **Look at the parcel** once a year.

> **Late payment:** 10 day grace period, then a late fee of about 10% of the payment. The servicer handles it. If the buyer quits, a foreclosure attorney in that state runs the process.

What a note buyer asks for

- ✓ Payment history from the servicer
- ✓ Promissory note and deed of trust or mortgage
- ✓ Lender's title policy from closing
- ✓ Property value data (comps)
- ✓ Buyer's credit score at the time of sale
- ✓ Closing statement showing the down payment

> **What makes a note worth more:** strong credit, big down payment, note and mortgage structure, marketable land, professional servicing, clean pay history. We pay 80 to 90% of balance, no seasoning.

What you net when you sell the note at closing

Cash buyer
$90,000 after a 10% discount
$90,000
6 to 12 months to find

Seller finance, sell the note
$20,000 down kept + $68,000 for the $80,000 note
$88,000
2 to 4 months, at closing

Velocity of capital
Cash only: two deals a year at $50,000 = $100,000. Seller finance and sell the note: four deals at $40,000 = $160,000. Volume beats margin when you can move fast.

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Full Service Land Note Buying Program

Want to sell land faster and for more money? Seller finance and collect 84 to 90% of the sale price at closing.

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Our goal: turn your land sale into cash at closing

Example: $100,000 sale price with $20,000 down. You keep the $20,000. We buy the $80,000 note for about $68,000. **$88,000 total cash at closing.**

Pro tip: a higher down payment means a higher payout. Notes with 30% or more down get closer to 90% of balance.

How it works

We make seller financing simple for land sellers by:

- ✓ Providing all loan documents and required paperwork
- ✓ Buying your note for 80 to 90% of balance at closing, no seasoning
- ✓ Coordinating with the title company so you do not have to
- ✓ Screening the buyer and pulling credit
- ✓ Taking on all default risk once we own the note

> You keep 100% of the down payment **plus 80 to 90% of the note.**

Recommended terms for maximum payout

- ✓ Minimum 20% down payment
- ✓ 10.9% interest rate
- ✓ 8 year term
- ✓ $500 loan fee and $25 per month servicing, paid by buyer
- ✓ No prepayment penalty

Different terms? No problem. We can bid any loan.

Simple credit requirements

690+ credit: **20% down**	601 to 629: **40% down**
630 to 689: **30% down**	Below 600: **50% down**

Skip the credit check with 50% down.

Market faster

Advertise **"OWNER WILL FINANCE"** or **"SELLER FINANCING."** Properties offered with seller financing sell 2 to 3 times faster and at list price. Cash buyers expect a 10%+ discount.

Screen buyers with two questions:

1. Do you have 20% down?
2. How is your credit?

Simple process

1. **You:** market the property and negotiate the deal
2. **We:** complete the credit check
3. **We:** provide all required documents
4. **We:** wire your funds at closing

Qualifying properties

Most rural and residential land, **excluding:**

- ✗ No legal and physical access
- ✗ Steep slope, unusual topography, irregular shape
- ✗ Substantial wetlands or flood zone
- ✗ Failed perc test or cannot be developed
- ✗ Infill lots (unless zoned for mobile homes)
- ✗ Desert, industrial, or commercial
- ✗ Inflated sale prices

Minimum property value $50,000. Minimum note balance $25,000. Perc test required under 10 acres. Promissory note and deed of trust or mortgage only, no land contracts. Not in CA, HI, LA, MD, NJ, NY, PA.

Common questions

Will you review my properties before I buy them?

No. We bid the note once you have a deal. You market the property, negotiate the buyer, then send it to us.

Can I raise the price to get more at closing?

No. We run our own valuation and pay on true market value. Inflating the price does not get you more.

Who handles the paperwork?

We do. All loan and transfer documents, coordinated directly with the title company.

Whose name is the financing in?

Yours. You are the seller, so you are the lender. We buy the loan from you and it is assigned to us at closing.

What if the buyer defaults?

Once we own the loan, a default is 100% our problem. You keep the cash you collected and walk away clean.

Still have questions? Let's talk.

250+ notes purchased. Free 14 module course at damencapital.com/seller-financing-course.html

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