

SELLER FINANCING VS COMMERCIAL BANKING LENDING

5/18/2023

SELLER PROCEEDS

Sale Price	\$ 2,500,000	\$ 2,500,000
Close cost (4%+3%=7%)	\$ 175,000	\$ 175,000
Net Proceeds	\$ 2,325,000	\$ 2,325,000
Buyer Down %	50%	60%
Buyer Down	\$ 1,250,000	\$ 1,500,000
Seller loan	\$ 1,250,000	\$ 1,000,000
Seller cash at close	\$ 1,075,000	\$ 1,325,000

SELLER FINANCING

Sale Price	\$ 2,500,000	\$ 2,500,000
Buyer Down	50%	60%
Seller loan	\$ 1,250,000	\$ 1,000,000
Interest Rate	4.50%	4.50%
Amortization	30yr	30yr
Variable/Fixed	Fixed	Fixed
Balloon	2 year	3 year
Buyer Fees (1/ Escrow + record)	\$ 500	\$ 500
Payment	\$ 6,310	\$ 5,048

Comparison Only

RESIDENTIAL Conventional	COMMERCIAL Savy bank	COMMERCIAL Banner Bank	COMMERCIAL Peoples	COMMERCIAL US Bank (> lease up)
\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
20%	30%	60%	30%	30%
\$ 2,000,000	\$ 1,750,000	\$ 1,000,000	\$ 1,750,000	\$ 2,000,000
7.000%	6.75%	7.75%	7.00%	6.50%
30 yr	25yr	25yr	25yr	25yr
Fixed	5fix/adj/5fix	5fix/adj/5fix	5fix/adj/5fix	5fix/adj/5fix
Zero pt	10 year	No Balloon	15 yr	10 yr
\$ 10,000	\$ 22,100	\$ 14,500	\$ 22,000	\$ 4,000
\$ 13,229	\$ 12,023	\$ 7,505	\$ 12,297	\$ 13,431
Rates 6.5 to 7.5% Last 9 months	Deposits bank Flexible Loan supported Personal income	\$1mm max Dark building W-2 buyer	Owner Occ = 6.5% Lock 60 Days = .2% Cap Rate = 7% Dark ok - Vacancy rate Volatile rates	Owner OCC No Dark building All cash flow Pending leases

Evergreen contract collection
 Seller and Buyer split cost
 Buyer pays PITI to Evergreen
 Evergreen Pays seller, County property tax and Home insurance
 Electronic transfer
 Tax 1099 INT to Seller Interest earned and to Buyer Interest paid
 Amortization table provided
 Must protect seller with escrow account to assure Property taxes and Insurance are paid
 Due on sale clause
 No prepayment penalty
 Refinance and change terms any time
 Property should be held in a living trust
 Borrower and Lender must agree on tenant improvement upgrades prior to construction

Commercial Savy Bank Lauren 360-331-3717
 Commercial Banner Bank Ryan Marker 425-478-0466
 Commercial Peoples Jason Joiner 360-672-1270
 Commercial US Bank Tim Scofield 360-632-9013

Commercial conventional seller finance leaseup income stream take out with conv loan
 Jumbo and conventional cheaper than residential 30yr fixed due to govt quantitative easing
 No secondary market buyers driving rates up
 25% residential and 75% retail if Air BnB is commercial