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Northeast Private Client Group completes sales

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Investment sales broker Northeast Private Client Group has completed the sales of six Connecticut investment properties, all of which resulted from off-market trading of discounted notes. Edward Jordan, JD, CCIM, the firm's managing director, represented the sellers and/or the buyers in each of these transactions.

"We are finding that many lenders are turning to discounted note sales after properties have gone into default, rather than to the foreclosure process," said Jordan. "The note sale allows the lender to avoid the time and expense of foreclosure and resale of the asset, and allows experienced investors to step into the lenders' position."

Jordan negotiated the sale of non-performing notes with deed in lieu of foreclosure, in the following transactions:

- * A \$1.34 million note and mortgage secured by 527 Farmington Ave., a mixed-use property in Hartford, Conn. and 54 Grafton St., a multifamily property in Hartford;
- * A \$795,000 note and mortgage secured by 204-206 & 210-212 Derby Ave., a multifamily property in Derby, Conn.;
- * A \$318,715 note and mortgage secured by 215 Blake St., a multifamily property in New Haven, Conn.;
- * A \$993,750 note and mortgage secured by 697-709, 689, 708-710 & 727-737 Hallett St., a multifamily portfolio in Bridgeport, Conn.

"In these scenarios, lenders typically sell their non-performing notes with few representations and warranties," said Jordan. "By facilitating due diligence on the underlying real estate, and helping to negotiate deed in lieu from the defaulted borrowers, we were successful in closing these complex transactions for our clients."

Jordan cautions that discounted note sales can pose numerous risks for investors.

"While the buyer steps into the lender's position under the terms of the loan, the defaulted borrower may still control the real estate, and may contest foreclosure or file for bankruptcy," he said. "The investor should always weigh whether the proposed discount for the note justifies the level of risk inherent in such transactions."

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