

THE SELLER FINANCE PLAYBOOK

How Northern Colorado Multifamily Owners
Are Walking Away With \$297,000+ More

"Don't Sell Your Property. Finance It."

A free guide by **NoCoMulti.com** | Let's Talk Creative Exits

For educational purposes only. Consult a licensed CPA and real estate attorney for your specific situation.

WHAT'S INSIDE THIS GUIDE

- ✓ Why traditional sales are quietly costing you \$100,000+
- ✓ How seller financing works — in plain English
- ✓ The real numbers: a Northern Colorado 4-unit case study
- ✓ Zero down payment structures — and when they make sense
- ✓ The 5 most common objections — answered
- ✓ How to tell if your property qualifies
- ✓ Your next step to a creative exit

SECTION 1: THE SILENT WEALTH KILLER

Most multifamily owners in Northern Colorado don't realize how much money they're leaving behind every time they sell the traditional way.

The Traditional Sale Looks Simple. It Isn't.

You list the property. An agent shows it. A buyer gets bank financing. You close. Simple, right? Except what actually happens is the bank, the IRS, and your agent's commission structure all take their cut — before you ever see a dollar. By the time you're done, you could be walking away with **30–40% less** than your headline sale price suggests.

~\$30,000	~\$57,000	1%
Agent commissions & closing costs	Capital gains tax hit on a \$460k sale	Interest gap killing your buyer pool

The Rate Squeeze Is Real

When bank mortgage rates run 7–8% and your property only yields 6–7% cap rate returns, traditional buyers simply can't make the math work. That means your buyer pool has shrunk dramatically — you're competing over the same small pool of all-cash buyers who know they have leverage and will push for a discount. You're negotiating from weakness before you even start.

The Traditional Net 'Haircut' on a 4-Unit Building

On a typical \$460,000 Northern Colorado 4-unit property, a traditional sale might look like this:

	AMOUNT
Gross Sale Price	\$460,000
Agent Commissions (6%)	– \$27,600
Closing Costs	– \$4,500
Capital Gains Tax (~20%)	– \$57,000
NET TO SELLER	~\$370,900
Future Monthly Income	\$0 / month

That's nearly \$90,000 gone before you even reinvest. And once it's gone, your property stops generating income — forever.

SECTION 2: BECOMING THE BANK

Seller financing (also called owner financing) flips the script. Instead of collecting one lump sum and paying everyone else first, you act as the lender — and get paid like one.

How It Works — In Plain English

You and the buyer agree on a price and terms directly. The buyer makes monthly payments to *you* instead of to a bank. The property serves as collateral — just like a traditional mortgage — secured by a legally binding promissory note. If the buyer ever stops paying, you have the legal right to reclaim the property.

- 1 AGREE ON PRICE & TERMS**
You negotiate directly with the buyer. No bank underwriting. No 90-day approval windows. No deal-killing conditions.
- 2 COLLECT DOWN PAYMENT**
Typically 10–15% upfront — or structure it with zero down in exchange for a higher rate or price. More on this below.
- 3 RECEIVE MONTHLY PAYMENTS**
The buyer pays you principal + interest every month — like a pension check, without the landlord headaches.

Is This Legal? Yes — And It's Been Around for Decades.

The Promissory Note — A standard, legally binding contract that clearly states what the buyer owes, the interest rate, and the repayment schedule.

The Property as Collateral — Just like a traditional mortgage, you retain a security interest. If the buyer defaults, you can foreclose and reclaim the property.

Installment Sale Tax Treatment — The IRS recognizes this structure (IRC Section 453). Capital gains are spread across the life of the note — not all hit in year one.

Professional Oversight — A real estate attorney drafts the documents. A CPA structures the tax treatment. You're protected at every step.

"This isn't a loophole. It's a standard financial structure that savvy property owners have used for decades to build generational wealth without triggering a massive tax event."

SECTION 3: THE REAL NUMBERS

Let's look at a real-world scenario based on a Northern Colorado 4-unit property — the kind of building sitting in many local portfolios right now.

The Property Profile

Property Type	4-Unit Apartment Building — Northern Colorado
Current Market Value	\$460,000 (traditional) \$480,000 (seller financed)*
Original Purchase Price	\$175,000 (held 10+ years)
Lien Status	Free & Clear
Seller Finance Terms	10% down, 6.5% interest, 30-yr amort, 7-yr balloon

* Buyers regularly pay a modest premium for flexible terms and to avoid bank qualification delays.

The 7-Year Comparison

	TRADITIONAL CASH SALE	SELLER FINANCING (10% Down, 7-Yr Term)
Sale Price	\$460,000	\$480,000
Agent Commissions	– \$27,600	\$0
Upfront Tax Hit	~ \$57,000	\$0 (spread over time)
Down Payment Received	N/A	\$48,000
Monthly Income × 84 mo.	\$0	\$2,731/mo (\$229,365 total)
Balloon Payment (Yr 7)	N/A	~\$390,600
TOTAL RECEIVED	~\$370,900 (Net after costs & tax)	~\$668,000 (Gross over 7 years)

~\$297,000

MORE IN YOUR POCKET
over 7 years with seller financing
vs. a traditional cash sale on a 4-unit

And that's at only 10% down — a lower barrier for buyers, giving you access to a much wider pool of qualified purchasers while still delivering substantially more wealth than a traditional exit.

SECTION 4: THE ZERO DOWN OPTION

Seller financing doesn't have to require a large down payment. In certain situations, structuring a deal with little or no money down can actually benefit the seller — if you know how to offset the risk.

Why Would a Seller Accept Zero Down?

At first glance it sounds backwards — why would you hand over a property without a down payment? But there are legitimate scenarios where this makes sense, and creative sellers have used this structure to achieve outcomes that a traditional sale simply can't match.

When Zero Down Makes Sense

Higher Purchase Price

A buyer willing to accept zero down terms will often pay a meaningful premium on the purchase price — sometimes 10–15% above market. On a \$460,000 property, that's an additional \$46,000–\$69,000 baked into the note from day one. The property's equity becomes your protection instead of cash.

Higher Interest Rate

Zero down deals typically carry a higher interest rate — often 7.5–9% vs. 6–6.5% for a down payment deal. This increases your monthly income stream substantially. On a \$480,000 note at 8% vs 6.5%, your monthly payment jumps by over \$400 — adding \$33,600+ over a 7-year term.

Wrap Mortgage / All-Inclusive Trust Deed

If you have a low-rate existing mortgage, a zero-down 'wrap' allows a buyer to take over your payments while you charge a higher rate on the full balance — you earn the spread between what you owe and what they pay you. This works particularly well if you financed at 3–4% and can wrap at 7–8%.

When You Want Monthly Income, Not a Lump Sum

If your primary goal is replacing rental income rather than cashing out, zero down maximizes your note balance — meaning larger monthly payments over a longer period. Think of it as keeping your money fully deployed at your chosen interest rate rather than receiving cash you'd have to reinvest elsewhere.

How You Protect Yourself With Zero Down

✓ Price Premium Baked In

The inflated purchase price means you have built-in equity buffer from the start — the property would need to lose significant value before you're underwater.

✓ Strong Legal Documentation

A well-drafted promissory note and deed of trust (or land contract) gives you full legal recourse. Default triggers foreclosure, and you reclaim a property that has likely appreciated.

✓ Buyer Due Diligence

Qualifying your buyer matters more with zero down — review their track record with investment properties, verify income, and check references. This is your underwriting call, not the bank's.

✓ **Deed-in-Lieu Agreement**

Consider negotiating a pre-signed deed-in-lieu of foreclosure. If the buyer defaults, they hand back the keys without a lengthy court process. Ask your attorney about this option.

✓ **Personal Guarantee**

Require the buyer to sign a personal guarantee on the note, making them personally liable beyond just the property. This dramatically reduces the likelihood of strategic default.

Zero down deals are not for every seller. They require a higher risk tolerance and more rigorous buyer vetting. But for the right seller — one who wants maximum monthly income, a premium price, and no lump-sum tax event — they can be the most powerful creative exit of all.

SECTION 5: THE 5 BIGGEST OBJECTIONS — ANSWERED

Every seller we talk to has concerns. Here are the most common ones, and the honest answers.

1 "What if the buyer stops paying?"

This is the #1 fear — and it's legitimate. But here's the reality: with 10% down, your buyer has real skin in the game. They're not walking away from \$48,000. And if they do default, you have the legal right to foreclose and reclaim the property — often with improvements the buyer has made. You're actually in a stronger position than a landlord evicting a tenant. We also recommend using a licensed loan servicer to collect payments, so you're completely removed from the relationship.

2 "I need all my cash now."

Completely valid. Seller financing doesn't mean zero cash at close. You receive a down payment at closing — typically \$48,000+ on a 4-unit at 10% down. You can also sell your promissory note to a note buyer at any time if you ever need a lump sum. You're not locked in. The note is a liquid asset.

3 "Won't I still owe taxes anyway?"

Yes — but spread over years, not all at once. Under IRS installment sale rules (IRC Section 453), you only recognize gain in proportion to the payments you receive each year. That means instead of a \$57,000 tax hit in year one, you might pay \$6,000–\$9,000 per year. Your money stays working for you longer. Your CPA will appreciate this structure.

4 "Is this complicated to set up?"

Less complicated than you'd think. A real estate attorney drafts the promissory note and deed of trust. A title company handles the closing. A CPA sets up the installment sale treatment. You sign the paperwork. After that, a third-party loan servicer handles payment collection and sends you a check every month. Your involvement after closing: essentially zero.

5 "What kind of buyer does this, really?"

Experienced real estate investors who want to avoid bank red tape, pay a premium for flexible terms, and move quickly. Often these are local operators who understand the Northern Colorado market, already have properties, and don't want to wait 60–90 days for bank financing. They're typically more reliable than an owner-occupant stretching to qualify.

SECTION 6: DOES YOUR PROPERTY QUALIFY?

Seller financing works best in specific situations. Here's how to quickly assess if it makes sense for your property.

Ideal Candidate Checklist

✓ Free and Clear (or Low Mortgage Balance)

The cleaner your title, the simpler the structure. If you have a large existing mortgage, we can still work with wrap financing or other creative structures — but free and clear is the sweet spot.

✓ Owned 5+ Years

The longer you've held the property, the larger your gain — and the bigger the tax advantage of spreading that gain via installment sale. Short-term holds have less to gain from this structure.

✓ Motivated to Exit the Landlord Life

If you're tired of tenant calls, maintenance headaches, and property management but still want income from the asset, this is the perfect transition. You get paid like a landlord without being one.

✓ Not Urgently Needing Every Dollar Immediately

If you have 30 days to sell and need every penny in a lump sum for a specific purchase, seller financing may not be the right fit. But if you have flexibility, the numbers favor this approach substantially.

✓ Northern Colorado Multifamily (2–20 Units)

The Greeley, Fort Collins, Loveland, and Windsor markets have strong investor demand for seller-financed properties. Local operators know the rental market and are actively looking for this type of deal.

When It Might Not Be the Right Fit

- ✗ Property is in poor condition and unlikely to attract serious investors
- ✗ You have a large existing mortgage that complicates the transaction
- ✗ You need the entire lump sum within 30 days with no flexibility
- ✗ The property is heavily code-encumbered or has title issues

Still not sure? That's exactly what our free consultation is for. We'll look at your specific property, run the real numbers, and give you an honest assessment — no pressure, no obligation.

SECTION 7: HOW A DEAL IS TYPICALLY STRUCTURED

Here's what the process actually looks like from first conversation to monthly check.

Week 1–2

Initial Conversation & Property Analysis

We review your property, ownership structure, existing liens, and financial goals. We model 2–3 seller finance scenarios with real numbers so you can compare options side by side.

Week 2–3

Buyer Identification & Qualification

We market your property to our network of vetted Northern Colorado investors actively seeking seller-financed deals. Buyers are pre-screened for financial capacity and investment track record.

Week 3–4

Negotiation & Term Sheet

Once a qualified buyer is identified, we negotiate price, down payment, interest rate, and term length. You review and approve all terms before anything moves forward.

Week 4–6

Legal Documentation & Closing

A real estate attorney drafts the promissory note and deed of trust. Title company handles closing. You receive your down payment check at the closing table.

Month 2+

Monthly Income Begins

A licensed third-party loan servicer handles all payment collection and sends your monthly check. Your involvement: check your bank account. That's it.

READY TO FIND OUT WHAT YOUR PROPERTY IS WORTH?

Get a free, no-obligation seller finance analysis for your Northern Colorado multifamily property. We'll model the numbers, show you exactly what you could walk away with, and answer every question you have — before you make any decisions.

NoCoMulti.com

Let's Talk Creative Exits — Keep More of Your Money.

Northern Colorado's resource for multifamily owners who want to exit smarter — not just faster.

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