

Structured Settlements: Wading Through the *\$(#%{\&!@)#!

By Bob Thompson

Okay, we Texans have never been accused of sophisticated speech patterns. But sometimes it takes an exclamation point or two to grab one's attention, especially when the subject is the need for candor, expertise, and honesty. Where does a cash flow consultant go with that first big deal? All new consultants are taught to find a funding source. The funder will make things happen, simplify the deal, and most importantly, close it! Yippee ... we all make money! Well, despite our best intentions, not all funders were created equal. Some are more oriented toward customer service, some are more concerned about your bottom line, some are more concerned about **their** bottom line, and some just make better conversation. The motivated consultant should **choose** rather than **settle** for a qualified funding source.

A good consultant needs to make sure a funder passes the "smell test". I'm not sure I can define that term, but you know what I mean. The consultant who knows something about the funding process has a better "nose" for a good funder (okay, I'll stop with the olfactory references). All good working relationships begin with an interview of some type. The interview may be a formal meeting or a first phone call, but a professional funding source should convince the consultant of the company's credentials, experience, and financial stability. A customer friendly funding source should be ready to discuss the business in general, not just the deal at hand. The consultant should never settle for "We are the biggest," or "We are the oldest." Age and size are important, but only if those answers are based on a current reputation for great service. A consultant should understand the state of our industry today in addition to the history of its various participants.

A financially capable funder must have the expertise required to close the deal, and you won't be a good judge of that expertise if you don't know something about the business. If you are brokering structured settlements, you are in luck. The funding process is complex but easily understood. It requires less "smoke and mirrors," and more concentration and communication. Any of you who have heard me speak on this subject know that I stress good communication above all else. Before a "gung ho" seller is willing to sign on the bottom line, he or she needs to know how long it takes ("show me the money!") and what else is required ("a lot!"). Articles like this seldom touch on an important consideration when it comes to answering

the seller's questions: Should we tell the truth? OF COURSE WE SHOULD.

The structured settlement purchasing business is driven by the law. Thirty-nine states have passed laws that govern the payment transfer process. Each of the laws requires that the transaction be pursued in the seller's "best interest." Sellers should know that payments may not be sold unless there is a compelling financial reason to do so. Providing a good, thorough explanation of the law need not be confusing, and will not result in a loss of business. The enthusiastic seller appreciates the sincere purchaser and is willing to listen if the result is a more efficient closing process. More often than not, the seller will be required to appear in court and answer questions as to why the transaction is important. Most of the time, "buying a car" or "just because" will not fly with the judge. The requirement to obtain a judge's approval should be explained up front. Additionally, a consultant should know right away whether or not the seller will be required to pay legal expenses associated with the court process. Closing costs should not be detailed in the small, small print. Again, open and sincere conversation is the key to simple, uncomplicated success. Remember, the funder, and consultant, will need the seller's help to reach the finish line. Following the absolute letter of the law will reduce the risk associated with a judge's power over the ultimate closing of the deal.

Purchasers must provide three to four weeks notice to sellers and other interested parties. This notice period begins after the appropriate court has established a hearing date at which time the court will consider the merits of the payment transfer. Neither the consultant nor the funder has any control over the process that leads to the court date. When taking into consideration the time required to gather paperwork, qualify the deal, execute the contract, finalize the price, petition the court, and to obtain a court date, structured settlement payment transfers take two to three months to close. Not three to four weeks. The process is regulated throughout and the seller – our "bread and butter" – is protected by the law. Your funder should tell them the truth, and set real expectations in line with legal guidelines.

The structured settlement transfer business offers a lucrative cash flow option for consultants with a willingness to spend time and money on marketing and work hard on behalf of the seller. Part of that hard work should be locating a funder willing to provide a straight forward explanation of the process and the administrative attention to detail required to close the

deal. We should never create a customer relationship that ends at closing. A satisfied, happy customer will need your services, and the funder's, again. Good, honest communication leads to repeat business. Sounds obvious, but like most things, actions speak louder than words. A good funding source will communicate AND execute. This means that a consultant's choice of a funder should be based on both money AND service.

Cash flow transactions are characterized by a three way conversation between the seller, consultant, and funder. The conversation should never include *\$(#%{\&!@)#! There, I said it again.

Bob Thompson
Annuity Transfers Ltd.
800 E. Campbell Road, Suite 335
Richardson, TX 75081
info@annuitytransfers.com
<http://www.annuitytransfers.com>