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Topics for Discussion

1. How to protect your company when you are owed money.
2. What options are available?
3. Promissory Notes in North Carolina.
4. Confession of Judgment in North Carolina.
5. Deed of Trust.
6. Collateral.


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How To Handle With A Good Customer


- It is a business transaction.
- Keep a good relationship with the customer.
- This is not a relationship ending transaction necessarily.

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North Carolina Promissory Note


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North Carolina Promissory Note

- Is a contract between the Lender and Borrower.
- Payment of money due.
- Can be secured or unsecured.

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North Carolina Promissory Note

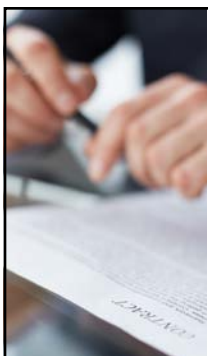
- Should Include the Following:
- Date of the note.
- Identify the parties fully.
- List the address of each party fully.
- Principal Amount Due.
- The amount of interest and how it is to be calculated.
- Repayment information. How is it to be repaid.
- When is the note due?
- Include a provision for Reasonable Attorneys Fees.
- What are the terms of default?
- Signature of the Borrower.

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Confession of Judgment


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Confession of Judgment

- Without a pending lawsuit
- Agreed to by the Debtor
- In writing
- Signed by the Debtor
- Notarized
- Includes a payment schedule


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Confession of Judgment

- Generally includes a payment schedule
- Generally not filed with the Court unless the Debtor fails to make timely payment
- Detailed as to:
 - Amount of payment
 - Date of payment
 - Where payment should be made

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Confession of Judgment

- Agreed to by the Debtor
- Results in a Judgment if Agreement is breached
- Cost Effective
- Timeliness of getting a Judgment
- Eliminates Further Delay by the Debtor
- Is not just another promise to pay...

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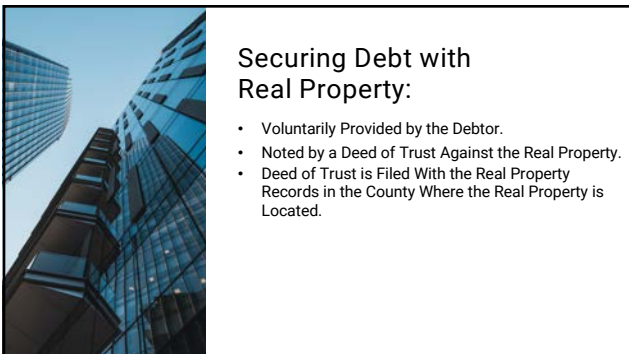
**How do you
secure the debt
for payment?**



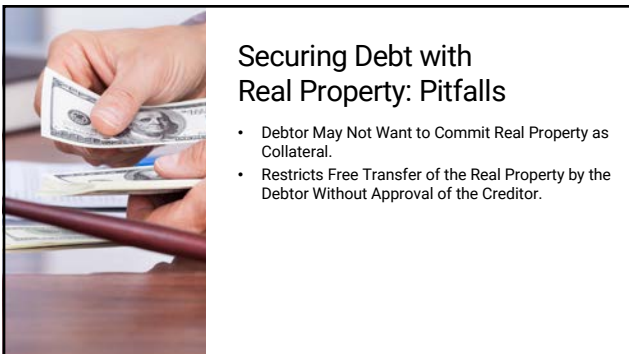
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Securing Debt with Real Property: Benefits


- Generally, it provides Wonderful Collateral for the Debt (Assuming Equity in the Real Property).
- Value of the Collateral Should Not Change Rapidly.
- Debtor May Not Sell the Property Without Payment of the Debt.

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Credit Line Deed of Trust


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Credit Line Deed of Trust

- Provides for Security of an Open Account


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Credit Line Deed of Trust

- Is Voluntarily Given by the Debtor to the Creditor.
- Provides Collateral for Open Account.
- Gives flexibility in the revolving line of credit for the Debtor's varying balance.
- Limits the Debtor in making further advances against their real property.


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Credit Line Deed of Trust

- Is an Actual Deed of Trust Against the Real Property owned by the Debtor.
- Is filed with the Real Property Records of the County Where the Debtor is Located.
- Great Way to Protect Future Purchases by the Debtor.

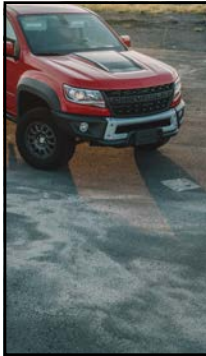
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Accepting Vehicles as Collateral for a Debt:

- Is Voluntarily Given by the Debtor.
- Provides for Some Degree of Security.

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Accepting Vehicles as Collateral for a Debt:

- Is Voluntarily Given by the Debtor.
- Provides for Some Degree of Security.
- Is Documented on the Back of the Title of the Vehicle.
- Is Recorded on the Title as a Lien on the Vehicle.

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Accepting Vehicles as Collateral for a Debt:

- Is Voluntarily Given by the Debtor.
- Provides for Some Degree of Security.
- Is Documented on the Back of the Title of the Vehicle.
- Is Recorded on the Title as a Lien on the Vehicle.
- Debtor May Not Sell the Vehicle Without Your Approval.

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Accepting Vehicles as Collateral for a Debt: Pitfalls

- Questionable Value of the Collateral.
- The Collateral Value May Change Rapidly.
- The Collateral May be Removed From Your Control Without Your Knowledge.

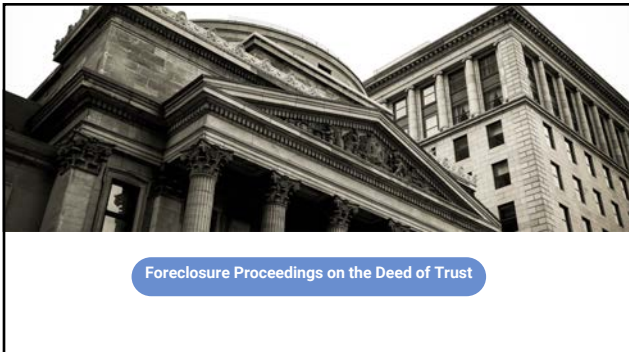
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Accepting Vehicles as Collateral for a Debt: Benefits

- Most Frequently Owned Asset.
- Easy to Obtain the Collateral by Completing the Lien on the Title and Filing the Title with the State.
- Debtor May Not Sell the Collateral Without Your Approval.

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Foreclosure Proceedings on the Deed of Trust


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Foreclosure Proceedings on the Deed of Trust:

- Selling of the Real Property to Satisfy the Debt.
- Controlled by the Promissory Note, Deed of Trust and State Law.
- Must Follow Procedures to Insure Proper Protection to the Debtor.


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Foreclosure: Procedure

- Must Give Written Notice of Foreclosure Providing the Debtor the Opportunity to Cure the Default.
- Must File Suit to Begin Foreclosure Proceedings.
- Must Give Public Notice of Foreclosure.
- Each Step Contains a Time Frame Within Which the Creditor Must Comply.


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Best Practices

- Document your agreement for repayment.
- Use the tools available.
- Keep the customer on track for repayment.
- It is business, not personal.
- Enjoy each moment!

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Questions?

If you have any questions or comments, please let us know.

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