Frequently Asked Questions

Do you offer lines of credit?

We do not currently offer lines of credit. We work with our preferred partners based upon your circumstances to provide fixed rate loans for acquisitions, partner buy-outs and refinancing existing loans, or any combination of the above.

How long does the loan process take?

Loans can be approved and closed as quickly as 30 days. The average process is between 45-60 days due to banking requirements of specific documents.

Can you issue pre-approval letters?

Yes, we will issue term sheets based upon preliminary data. The final approval from our banking partners generally requires information from the seller and is therefore not a guaranteed offer.

Are your loans conventional or SBA?

Typically, we have found that conventional loans are more favorable than SBA solutions. However, we can provide side-by-side analyses of both options and utilize the path that makes most sense for you.

Does the seller need to guarantee the loan?

The seller will not need to guarantee the loan when leaving the business. If the seller is remaining in the business with greater than a 20% position, a guarantee may be required.

Why are your rates so much better than your competitors?

Due to our extensive industry experience, the strength of the banking relationships we have established, and our corporate structure, we are able to obtain and offer the lowest rates available. In addition to this, we've been running virtual operation since our inception – prior to COVID-19 and being virtual became a reality for many. Operating virtually has not only lowered our operating costs, but also increased our flexibility and ability to meet your wants and needs in the most cost efficient manner.

What is the difference between an acquisition and a partner buy-out?

If the selling partner is retiring from the industry, it is likely an acquisition loan. If the seller is only selling a portion of their business or remaining in the business, it is likely a partner buy-out. This is an important distinction as it determines who the guarantors for the loan will be.

What does a typical loan look like?

In general, loans will be structured with a 10 year amortization and fixed interest rates over the first 5 or 7 years. After that point, the loan will convert to an adjusted rate. We've found this is preferable for financial advisors that are continuing to growing their practices as it allows them financial flexibility and the opportunity to either accelerate payments, or to consolidate and refinance in the future as additional acquisitions occur.

Do you have prepayment penalties?

There are no prepayment penalties for advance principal payments. There may be prepayment penalties if refinancing with a separate financial institution during the first 4 years of the loan.

What are the fees?

There are three loan fees that occur throughout the entire process, each of which can be rolled in to the final loan balance. These are:

- Step 1: Bank fee for insurance review and assignment, loan documents and UCC filing. $1000
- Step 2: Term sheet fee: Upon acceptance of the term sheet, the fee schedule is as follows:
  - $500 for loans under $500,000
  - $750 for loans between $500-$999,999
  - $1250 for loans between $1,000,000-1,999,999
  - $2500 for loans between $2,000,000-4,999,999
  - $5,000 for loans over $5,000,000
- Step 3: Origination fee: 2% of loan value

Does the buyer need to bring cash to closing?

No, our loan programs do not require a down payment to be made to the seller.

How much of the purchase price can you finance?

Generally, we can finance between 70-100% of the purchase price. This will depend upon the specific characteristics of the purchase.

What is a seller note or subordinated debt?

Assuming the seller carries a loan with the buyer, this portion of the loan is called a seller note and it is subordinated to the bank loan.

Is a deposit account required?

Yes, due to banking regulations the bank is required to have a banking relationship with you. Banks will require that you maintain a business checking account and depository relationship.

Do you require life insurance as collateral?

Yes, life insurance is required on the guarantors equal to the loan balance.

How will the practice valuation be determined?

We can recommend several valuation experts that will assist in determining an accurate valuation of the practice to be purchased.