

FAQ's

Do you offer lines of credit?

- We do not offer lines of credit? We provide fixed rate loans for acquisitions, partner buy-outs and refinance existing loans.

How long does the loan process take?

- We can get a loan approved and closed in 60 days if the financial advisor is responsive to our data requests.

Can you issue pre-approval letters?

- Yes, we can issue a term sheet based upon our preliminary data analysis. The final approval will likely require data from the seller therefore it is not a guaranteed offer.

Are your loans SBA or conventional?

- We provide conventional loans which are generally more favorable than SBA solutions.

Does the seller need to guarantee the loan?

- In general the seller does not need to guarantee the loan if they are leaving the business. If they remain an owner greater than 20% then a guarantee would most likely be required.

Why are your rates so much better than your competitors?

- We have in depth financial advisor industry experience therefore we can easily determine which practices are best managed. We then place loans with the highest quality advisory practices in industry.

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

- If the seller is retiring from the industry, it's likely an acquisition loan. If the financial advisor is selling a portion of their business, it's likely a partner buy-out. This is important because it determines who the guarantors will be.

What does a typical loan look like?

- Most loans have a fixed interest rate for the first 5 or 7 years, the rate will then convert to an adjustable rate for the remainder of the loan. All loans can be amortized over 10 years or shorter if you prefer.

Do you have prepayment penalties?

- We do not have prepayment penalties if you want to pay down principal. If you refinance your loan with a different financial institution, then you might be subject to a sliding scale during the first four years.

FAQ's Continued...

What are the fees?

- There are three separate loan fees, all of which can be rolled into the balance of the loan.
 - Bank Fee – Insurance review and assignment, loan documents and UCC filing. \$1,000
 - Origination Fee – 2% of loan value
 - Term Sheet Fee – Upon acceptance of the term sheet our fee schedule is as follows:
 - \$500 loans between \$250,000 – \$499,999
 - \$750 loans between \$500,000 - \$999,999
 - \$1,250 loans between \$1,000,000 - \$1,999,999
 - \$2,500 loans between 2,000,000 – \$4,999,999
 - \$5,000 Loans over \$5,000,000

Does the buyer need to bring cash to closing?

- No, our loan program does not require a down payment to the seller.

How much of the purchase price can you finance?

- We can finance up to 75% of the purchase price, the seller will carry the remaining 25% .

What is a seller note or subordinated debt?

- Assuming the seller carries a loan with the buyer totaling 25% of the purchase price, this portion 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. In order to check that box the bank requires 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.

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