

Frequently Asked Questions

How do you provide the best rates and terms?

Due to our extensive industry experience, the strength of our banking relationships, and our corporate structure, we are able to obtain and offer the lowest rates available. In addition, we've been running virtual operations 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.

Do you offer lines of credit?

We are able to offer lines of credit in conjunction with a loan utilized for internal transitions, acquisitions, or refinances of this debt. We do not offer standalone lines of credit.

How long does the loan process take?

Loans can be approved and closed within 60 days of receiving a completed file. As necessary this is able to be expedited.

Do you provide conventional or SBA financing?

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 the most sense for you.

Does the seller need to guarantee the loan?

Depending on the specific characteristics, a guarantee may or may not be required. Typically, if the seller is remaining in the business with greater than a 20% position, a guarantee will be required.

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

An acquisition occurs when one firm purchases another. Partner buy-outs and internal transitions occur when ownership changes hands within the internal partners of a firm, whether a partial transition or full transition. 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 interest rate will reset based on existing market conditions. We've found this is preferable for financial advisors that are continuing to grow 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.

What are the fees?

There are three loan fees that occur throughout the process. These are:

- Step 1: Bank fee for insurance review and assignment, loan documents and UCC filing. Typically this amounts to around \$1500
- 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 \$500,000-\$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: Between 2-3.5%, can be added to total 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?

Many of our banking partners desire a strong relationship with advisor clients and require a banking relationship. However, if you greatly desire to maintain your existing banking relationship, we can pursue alternative arrangements and flexibility.

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 partners that will assist in determining an accurate valuation of the practice to be purchased.

