

Tire kickers and the frustration they bring!

How to avoid wasting weeks!

Building success through the sharing of information

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Your newest listing is getting a lot of attention and the calls and contacts keep coming in. Now what? We typically see our market buyers jump on a great listing and within days you can easily become overwhelmed by the number of inquiries. Each of our larger broker offices handle the next step, and level of initial buyer pre-qualifications differently. Today I outline the steps that our firm requires to produce a buyer pre-qualification letter with our name on it, for any potential prospect. Keep in mind that we do not service the public arena and we work strictly for the broker community. Setting a specific and consistent level of qualification nationwide is important to us, along with instilling broker confidence in our pre-qual letters. If your client presents a Diamond Financial buyer opinion letter, then you can be sure that our in-depth procedures (outlined below) have been followed without exception.

Your listing went live last week and now, 4 days later, you're looking at over 70 potential buyers showing interest. How do you narrow this down to find the one buyer willing and able to get to the closing table? Each sound great on the phone, and many have even supplied a summary of their assets and/or cash positions upfront. Is this provided information correct and accurate? Only you understand that spending days or even weeks with a potential buyer that incorrectly completed your forms, only builds frustration, and helps no one in the transaction.

Answering only to the broker community demands accountability from us and leaves little room for errors or incomplete information. Have you ever heard the story of the buyer having family money behind them that doesn't really exist? We have, and we stopped accepting those stories over 15 years ago. Today we will support an investor type scenario, but our process now requires us to speak with that investor directly. We must confirm they understand what will be required of them moving forward and during the overall process. We also demand proof of their cash positions and commitment to the transaction before agreeing to continue. This investor is explained exactly what will and will not be required of them and when we expect each step to be in place. Unlike some SBA lenders, we do not require any silent investor owning under 20% of the new entity to personally guaranty the loan. That said, this investor must be just that, a silent investor only and have no daily operational functions. We don't require an application or (PFS) personal financial statement from this investor but actual bank statements upfront are a must.

Most of our transactions do not include an investor as our buyers typically are providing the equity injection themselves. Our process with these borrowers is fast, easy, and can be turned around within hours. We provide buyer pre-qualification letters within just 2 to 4 hours of receiving all the requested information. It begins with an email outlining the steps and documentation needed. We demand a PFS, resume' and full credit report with bank statements supporting the injection. Items that are easily accessible to any potential, serious buyer. Our focus is to never have you miss an opportunity to work with a well-qualified client.

Most broker offices will allow a potential buyer to execute an NDA and then share the offering memorandum or other business listing summaries, but that's it without an executed offer or LOI in place. Many demand that each potential buyer produce a pre-qualification letter from a viable lending source that can be counted on to produce results. The typical line we hear our brokers use is that this seller requires a pre-qual letter before distributing any additional information. An exercise and practice that we totally support as we all see weaker buyers on a regular basis. These days no one can afford to waste days or weeks on a buyer that could never have secured the financing from the get-go.

In only 2 to 4 hours on the same day we can fully screen a borrower and get back to you with answers. Our top priority is that you know and understand the true level of financial strength your buyer has and what they can buy, today. We don't accept excuses and we'll never support a buyer that cannot produce what's needed. After all, we answer to a higher power, the business listing intermediary.

What we look for is good to great credit (typically above 650), the cash injection or down-payment at 15% of the total project cost (understanding that minimum SBA requires is 10%) along with a resume' and experience that we can fit into a specific business. Direct industry experience is always best, but we also have internal forms to outline and translate their skills into the target company if their experience is not apparent upon initial review. The business plan will also outline the transition and operational methods the buyer expects to implement. Much of the underwriter uncertainty comes from when a potential buyer does NOT have the fundamentals or understanding of the daily job functions of the seller. We advise each client in this regard to be sure to provide credit with the most accurate and complete information. We also have internally created forms to address any differences in skillsets between the buyer and the role he will be filling.

Stopping the tire kickers and preserving valuable time is on all our lists as a top priority. At Diamond Financial, no one understands that more than we do, and no one goes further to protect your time and screen your potential borrowers. Demand your buyers be pre-qualified and I guaranty many of them will surprise you.

To increase your success, direct your buyers to one of our highly trained experts for pre-qualification and we will be happy to assist in the screening and closing of your transaction. Try us and see the difference that personalized service along with top level advice and lending sources can make.

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