

RIA Case Study

Business Acquisition Financing

RIA Client Profile | **Partner Looking to Acquire 100% of Business Ownership**

Utilizing the **Creative Planning Loan Marketplace**, powered by *Community Capital*, the CCT team helped an RIA and a client source financing to buy-out a retiring business partner.



THE CHALLENGE

Client needed financing to buy-out a retiring partner in an existing business



THE RESULTS

- ✓ Met with client to discuss the financing need
- ✓ Reviewed existing SBA 7a financing term sheet client sourced from a local bank
- ✓ Shared market insights on recent SBA 7a transactions financed via the CP|CCT Loan Marketplace.
- ✓ Sourced three additional SBA7a term sheets, each with better pricing & terms vs. client's initial term sheet
- ✓ Client closed an SBA 7a financing with on the of the CP|CCT sourced term sheets in less than 5 weeks.

A Creative Planning client approached their Advisor to discuss financing for the buy-out of a retiring partner's share of a corporate training business. The client has been the junior partner in the business for over a decade. In recent years, the client took a larger leadership role in the business as the senior partner started to transition toward retirement. When the partner decided to retire, the two partners struck an agreement on a purchase price for the senior partner to sell his share in the business to the client.

The client secured an SBA 7a financing term sheet from a local bank. Unhappy with the proposed pricing and loan structure from the bank, the client approached his Creative Planning advisor for assistance in finding additional financing options.

The Creative Planning advisor contacted the Creative Planning Lending Team, and it was determined that leveraging the Creative Planning Loan Marketplace powered by Community Capital would be a good course for the client. The Loan Marketplace provides Creative Planning clients the ability to anonymously present their lending opportunity to over 1,200 lenders, primarily banks and credit unions. The client decided to ask for both conventional and SBA 7a financing proposals.

Within two weeks the client connected with three interested lenders through the Loan Marketplace. These discussions uncovered that the client's initial proposed term sheet was higher than market on the interest rate, shorter than market on loan term, and two lenders were willing to finance up to 90% of the business acquisition cost. After a few discussions, the client settled on one of the three lenders, a national SBA 7a bank lender, for the financing.

The client was motivated to close the loan quickly. Within five weeks of deciding on a lender, the client's SBA 7a loan was underwritten, approved by the lender and the SBA, and funded.

For more information about the **Loan Marketplace**, powered by *Community Capital*, please contact:

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