



## Can You Say Cash plus Note?

**Before:** Seller says cash, Buyer says Leverage Deal...go to Bank

**Now:** Correction in financial market...

**After:** Seller says cash...Buyer says Leverage Deal...go to Seller

Major changes have happen in the business acquisition deal market from just a year or so ago. Dramatic changes have happen just in the past few months. Whether you are thinking about a transaction under half a million or a multi-million dollar deal, things have changed.

All lending institutions have significantly changed their debt coverage, collateral criteria and most have changed their loan to value criteria. Many lending institutions are simply walking away from certain industries.

SBA has walked away from gas stations; Some regional banks are telling Buyers they will not even consider residential development deals, hotels; construction businesses related to residential development; commercial construction; Mezzanine banks have pulled away at the last minute from furniture manufacturers, etc, etc, etc.

So what does this mean if "the time is right" from a personal viewpoint to sell your business? You need to consider in most instances...dare I say it...Seller Financing!

Yes...you are hearing this from an intermediary who in 13 years of business has never done a transaction with more than 10% Seller Financing!

In deals up to two million, most lenders are requiring 10% to 20% seller financing or more. With SBA transactions, the banks have to swallow hard and believe in their underwriting abilities because the SBA does not understand the word "goodwill". In larger deals where SBA does not delve, the seller may have the possibility of having to accept the 10% to 20% Seller Financing now more than ever.

Where the possibilities of getting a deal financed are increased, the Buyers outside collateral is strong and the Seller's profitability in the current market is strong.

Now is a great time, to identify a buyer that can purchase your business overtime with you watching over their shoulder. In this way, you can obtain your retirement time (your new direction in life) and your hard earned equity.

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