

SIX REASONS TO USE A COMMERCIAL BROKER

Written by David Brewer



David Brewer looks at the reasons to work with a commercial finance broker for your practice purchase

An independent finance broker should possess the experience, skills and contacts to find the best finance package, in terms of price and flexibility, for you and your business.

Traditionally, funding of practice and business purchases used to be delivered through branch-based bank managers. However, the banking industry has changed dramatically in recent years. Older, so-called 'established healthcare lenders' have found their credit policy unable to keep pace with the ever-changing market. At the same time - with many experienced branch managers leaving the industry - clients are finding it a challenge to get consent for funding applications and, even when approval is granted, it is rarely at the best available terms.

There have been new lenders coming to the market - and while the increased competition is good news, it is difficult for a client approaching them directly to know if the terms offered are competitive or otherwise. Furthermore, care needs to be taken to ensure security requirements and covenants, for example, are in line with what one would expect to see in the healthcare sector.

A BROKER IS ON YOUR SIDE

A commercial mortgage broker will look for the best overall funding package for you. They are not tied to any one lender, instead they work for you and will give you access to far more lenders and potentially more attractive loan terms than you would find as an individual applicant. You will receive unbiased advice and will be able to select a range of funding options from

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numerous lenders. By preparing your business plan and forecasts and packaging your proposal in a 'bank-friendly' format, your proposal will be given priority and by approaching more than one bank a degree of competition between the lenders will exist, thereby ensuring you will get the very best terms.

A BROKER WILL HAVE MULTIPLE LENDING OPTIONS

Brokers are specialists in working with banks, accountants, solicitors and other professional partners to deliver added value. Your broker will have developed close working relationships with the main high street banks together with smaller niche providers and will be aware of their varied credit policies and pricing structures.

The best brokers should ensure their funding panel is regularly reviewed, with lenders added and removed to ensure a healthy competitive edge. They will also be able to identify the lenders which offer good support, attractive terms and outstanding service.

A BROKER WILL TREAT YOU AS AN INDIVIDUAL

A commercial broker should shape and tailor a funding proposal to ensure you are portrayed in the best possible light to ensure a positive lending decision. From guidance on re-writing your CV (often expanding on managerial experience) to business plans and profitability assessment, their years of experience working

on purchase proposals will ensure you obtain flexible and competitive terms.

A BROKER IS NOT JUST THERE TO SOURCE YOUR LOAN

Obtaining loan approval is one thing, ensuring you successfully complete on your purchase within desired timeframes is another. Your commercial mortgage broker should provide guidance throughout the whole purchase process to ensure smooth progression to drawdown, including ongoing contact with the banks, sales agents, accountants, solicitors and quite often the bank valuer to cover any issues which may arise during the purchase process. If you dealt directly with a bank, it is unlikely you would have this ongoing support and guidance.

A BROKER IS QUALIFIED

Your broker should be FCA registered and ideally members of the National Association of Commercial Finance Brokers (NACFB) and therefore adhere to stringent standards and guidelines. You can take comfort they would have a wealth of experience catering for the financial needs of your profession and undertake regular CPD to keep abreast of changes in both your industry and the banking/financial marketplace.

A BROKER WILL SAVE YOU TIME

Time is your most precious resource. Your broker will do the time-consuming leg work in terms of proposal preparation and know exactly which lenders and individual managers to approach, freeing up more of your time.

Your broker will genuinely act for you as a purchaser to ensure you achieve your dream of practice ownership. ●

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