

- TOP SECRET -
TEN THINGS
THAT LENDERS
DON'T WANT
YOU TO KNOW!

Excerpts From The Book...

GET Your Loan Closed!



Written By:
Harlan A. Friedman, J.D.
President and Head Coach



(858) 592-0659
www.LoanForBiz.com

**The Secret of Experience: A Major
Underwriting Characteristic**

Today, more than ever, Experience is being required for all Loans!

Before, if you ran any type of business, it would have been considered sufficient experience in order for a person to purchase a business. If you had owned a home then you were qualified as an apartment owner, if you owned any property as a landlord that was good enough to buy a hotel or a motel. NO MORE!

Experience is now so very important, in every area of lending, no matter what the type of property you are trying to acquire.

Now that I have told you the facts, let's start with some basic details about experience. Again, we will use the same two scenarios that we used in the last White Report, one for the sale of a business the other for a sale or purchase of a commercial investment.

SBA Loans made by SBA Lenders are the predominant type of loan for the purchase of a business; these lenders now want direct experience in the industry in which the new business will reside, as well as previous ownership in the same field.

Find out about exceptions to this requirement in [GET Your Loan Closed!](#)

Does management experience in the same industry qualify as experience?

Today probably not, Ownership interest is drastically different than management experience. As a manager all you need to do is run the day to day business. As an owner you have to handle all of the management as well as the ownership responsibilities such as paying taxes, filing financial reports, hiring and firing employees and making decisions that are directly related to the overall financial status of the business.

If you have been a manager in the same type of industry and you have owned other businesses in the past that may get you very close to experience. For example, we just closed a sale of a liquor store where the owner had no previous experience owning a liquor store. However when he was younger he worked in one for a while, he also has owned previous businesses outside of the liquor industry. So together when the lender looked at the "whole" picture they qualified him based on his varying work experiences accumulated over a lifetime of employment.

We provide at least six ways to combat this problem [GET Your Loan Closed!](#)

What about for the purchase of an investment piece of property?

For example can anyone buy a hotel?

Well, What about self-storage facilities where I will just over see the project and there is a full time manger?

Across the board, experience is playing a major role. The larger the loan the more direct experience is required. Again the lenders are trying to limit their potential exposure to a loss by requiring direct experience in the area that the loan would fund.

Experience by itself will not prevent you from getting a loan for an investment piece of property but it may well prevent you from getting a loan for a business acquisition loan where the SBA requires direct experience to fund the loan. For more details on SBA Financing check out our book [GET Your Loan Closed!](#)

