

Financing Your Purchase: A Guide for Business Buyers

Financing is a critical part of buying a business. Understanding your options and being prepared can help you secure the right deal—and close with confidence.

1. Determine How Much You Need

Start by understanding the total cost of the acquisition: - Purchase price - Working capital needs - Professional fees (legal, due diligence, broker)

2. Use Personal Funds

Many buyers contribute a portion of their own savings. Having personal capital improves your chances of securing additional financing.

3. Explore SBA Loans

The U.S. Small Business Administration (SBA) offers government-backed loans through banks. Key benefits: - Low down payments (10–20%) - Longer repayment terms - Competitive interest rates

SBA 7(a) loans are the most common for business acquisitions.

4. Consider Seller Financing

Some sellers will finance a portion of the purchase. This often includes: - Down payment from buyer (20–50%) - Monthly payments over 3–5 years - Interest agreed between both parties

Seller financing shows the seller's confidence in the business.

5. Traditional Bank Loans

Banks may provide financing to well-qualified buyers. These loans are usually stricter on credit and collateral than SBA options.

6. Investors or Partners

Some buyers bring on investors or business partners to share the financial burden and risk. Make sure roles and expectations are clearly defined.

7. Alternative Lending

Online lenders or private finance companies may offer fast, flexible funding, though often at higher interest rates.

8. Lease-to-Own or Earn-Out Agreements

In some cases, creative deals like lease-to-own or performance-based earn-outs are possible. These depend on seller willingness and buyer experience.

Prepare for the Loan Process - Build a solid business plan - Know your credit score - Be ready to provide tax returns, financials, and resumes

Need Help Structuring Your Deal? At *Eric Sell My Business*, we help buyers evaluate financing options, connect with lenders, and negotiate seller-financed structures. Let us guide you through your purchase with clarity and confidence.