

Client Loan Analysis – Dr. Rey Palpatine, DDS

12/7/2023

Where to Negotiate & Save Money

- There is not a clear winner on any one factor, but I recommend the Huntington loan based on the below.
- Rate: HUGE BofA and Huntington have aggressive rates, and from other loans I see, they are on the low end of the competitive range.
- Fees: BIG All three banks are not fee heavy. BofA has a \$600 admin fee which they reduce in half I think for membership to any dental association/former or active military, and an acceptable rate lock fee for 4-month period. Provide goes the longest, 180 days for a \$0.15% rate lock fee. Huntington is in the middle with a 90-day rate lock period for \$0.15% rate lock fee (there is mention of Huntington expense/closing cost, but not detailed. In these rate increasing times, I consider the rate lock fee money well spent.
- Prepayment penalties: GOOD Huntington and Provide have 3yr prepayment penalties, and BofA has a 5yr version. I don't experience clients paying off their loans in the first 3-5 yrs, but now and then a client may refinance that early.
- Loan sizing/loan structure: HUGE BofA and Huntington have 15yr terms which I prefer for lower payments and interest rates that are as low as their shorter term 10yr rates. Provide has a 15yr amortization yet structured into a 66 month loan structure, I'm not a fan of the sizable balloon payment that will be subject to market rates in 5yrs. Provide and Huntington have 6 months introductory interest only payments which is ideal giving lower payments during transitions which will help off-set 1-time expenses buyer face (legal, consulting, insurance deposits, small clinical purchases, etc.)
- Insurance requirements/closing conditions: FINE Provide required life/disability, Huntington and BofA do not. Please note, my conversation with dental specific insurance agents recommend even if not bank required, it's good to have life/disability policies for self/family protection. BofA and Huntington have a 18 month monthly monitoring of practice income/expense programs, let me know if you have questions. Interesting Provide's non-compete requirement is only 3yrs/5miles, and the other banks are asking for 3yrs/10miles (standard).
- Special terms: FINE All (3) banks require a primary checking account. This has become an industry standard, not a big factor for me.
 - Level of service: TBD I rely on client for this feedback. (Professionalism, turnaround time, coaching and professional partner referrals, frequency of contact, etc.) This comes into play when loan offers are very similar.

In terms of lining these up side-by-side, depending on your focus, BofA for interest rate, Huntington for 100% financing and loan structure, Provide for most working capital. I favor Huntington, as many times Sellers are not flexible on carrying back financing, and they have the preferred loan structure, enough working capital, and a competitive interest rate.

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Bank Name	BofA 15yr Practice Step Loan	Huntington 15yr Practice Step Loan	Provide 5+yr Practice Step Loan
Proposal/Approval	Approval	Approval	Approval
Loan Type	Conventional	Conventional	Conventional
Amount	\$739,000.00	\$889,000.00	\$845,100.00
Cash Required by Buyer	\$0.00	\$0.00	\$0.00
Term Length	180	180	66
Rate	5.43%	5.69%	6.80%
Fees	\$970.00	0 - \$1,333.50	0 - \$1,267.65
Monthly Payment	180@\$6,057.87	6@\$4,215.34/174@\$7,514.89	6@\$4,789/59@\$7,504/\$659,529
Annual Payment	\$72,694.44	\$90,178.68	\$90,048.00
Total Interest	\$351,416.60	\$443,882.90	\$285,899.00
Prepayment Penalty	N-1-1-1-1%	3-2-1%	5-3-1%
Special Terms	Business checking acct required \$100K working capital \$600 admin fee 4-month rate lock period \$0.05% rate lock fee(\$369.50) Practice heartbeat program \$150K Seller carryback note 7/31/2023 approval letter expires	Business checking acct required \$100K working capital Closing costs TBD 6 months interest only payments \$0 - \$0.15% rate lock fee(\$1,333.50) 45 days - 90 days rate lock period Practice Pulse Team program 7/29/2023 Approval letter expires	Business checking acct required \$150K working capital 180 month amortization 6 months interest only payments \$0.05% rate lock fee \$93,900 Seller carryback note \$2K commitment deposit 7/27/2023 Approval letter expires