

**reliant**  
BUSINESS VALUATION

**RSI**  & ASSOCIATES  
Valuations | Exit Planning | Feasibility Studies

**Complex Business  
Acquisitions & Valuations:  
*The Tough Stuff***



Valuations | Exit Planning | Feasibility Studies

**Moderator – Krystal Loyd**

Vice President - SBA Lending, Affiliated Bank

**Panelist – Neal Patel, CBA, CVA**

Principal of Reliant Business Valuation

**Panelist – Gerald Brown, Sr., AIBA, CBA, BCA, MAFF**

President & Senior Appraiser at RSI & Associates, Inc.

# SOP Business Valuation Requirements

First...the basics

# SOP Business Valuation Requirements

## ...the basics

- Who
- What
- When
- Where
- Why
- How

# SOP Business Valuation Requirements

- Who is regarded as a 'qualified source' for SBA Business Appraisals?
  - Accredited Senior Appraiser (ASA)
  - Certified Business Appraiser (CBA)
  - Accredited in Business Valuation (ABV)
  - Certified Valuation Analyst (CVA)
  - Business Certified Appraiser (BCA)

# SOP Business Valuation Requirements

- **What will the Appraiser be valuing?**
  - Stock Sale
  - Asset Sale (as if cash-free debt-free)
  - Asset Sale (modified version)

# SOP Business Valuation Requirements

- **When does the SBA require the use of a Business Valuation?**
    - When a Close Relationship Exists
    - When: Total Amount Being Financed
      - Value of Real Estate (If applicable)
      - Value of the Equipment (Net Book or Appraised)
- = \$250,000 or more

# SOP Business Valuation Requirements

- **Where** do you find a Business Appraiser regarded as a ‘qualified source’?
  - Valuation Organizations are not recommend
  - Best sources:
    - Various Guaranteed Lender Associations
    - Banks Approved Vendor List
      - Not Satisfied....Be Proactive



# SOP Business Valuation Requirements

- **Why** does the SBA require a Business Valuation on change of ownership loans?
  - New Debt
  - Creation of Intangible Assets
  - Ensure Price Represents FMV
    - Protect the Buyer / Protect the Bank
      - Value vs. Price
    - SOP states ‘Any amount in excess of the business valuation may not be financed with the SBA guaranteed loan.’

# SOP Business Valuation Requirements

- **How** does the Appraiser determine value?
  - FMV
  - Value – An Appraiser’s Point of View (Simplified)
    - Stock vs. Asset
    - Hypothetical Standpoint
    - Risk Assessment / SWOT
    - Economic Benefit of Ownership
    - Distinguish Tangible from Intangible Assets
  - Value vs. Price

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Now...

*The Tough Stuff*



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