



Pre-qualification vs Pre-approval

The **Pre-qualified Buyer™** evaluation and designation provides Aspiring Innkeepers a credible way to quantify how much purchasing power they really have as it relates to identifying hospitality properties that best fit their financial qualifications and professional/personal objectives.

A Pre-Qualified Buyer™ designation identifies a person or persons as having submitted, the required proofs and documentation for verification and analysis; prior to identifying or contracting to purchase a specific hospitality property. Pre-qualified Buyer™ designation, confirms that all parties to an acquisition who will have an interest greater than 20% complete an application including, identification i.e. Driver License/s, Financial Statement/s, Account Statements, Credit Authorization, Personal Debt Schedule, three (3) most recent years Federal Tax Returns, Pay Stubs for Current Year, and Resumes for all partners.

- The Pre-qualified Buyer's purchasing power and limitations are determined prior to requesting the financial data from the seller. Realtors and sellers alike are more receptive to investing time with a Pre-qualified Buyer™, because their qualifications and assets have been independently verified. A Pre-qualified Buyer™ negotiates with confidence knowing they have the capacity to consummate a transaction.

Pre-qualification vs. Pre-approval

A Pre-approval differs from Pre-qualification in commercial lending, in that the "Pre-approval" is issued after a preliminary underwriting determination has been made. The buyer's qualifications, and the data from the commercial property are combined to assess the risks versus the merits of the loan application.

Financial records on the business/property being acquired will be needed to determine that the Debt Service Coverage Ratio (DSCR) will comply with general underwriting guidelines after items such as depreciation, officer's salaries, mortgage interest and certain non-re-occurring expenses are added back to the net profit/loss. A Pre-approval will have issued conditioned upon certain events and due diligence has been completed. After all data from the borrower's and the subject property is compiled and analyzed by one of our Commercial Loan Underwriters.

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