

DOWNLOADABLE GUIDE

Buyer Underwriting Workbook

How a grocery buyer decides whether a store can be financed, operated, and closed - before falling in love with the produce case.

Educational only. Presets are not comps. SBA rules change; confirm the current SOP.

1. Four numbers that kill or clear a file

Test	How to use it
Sales proof	Weekly sales vs tax filings vs scan vs EBT deposits. Gaps need a story.
Shrink	If shrink is 'about 2%' with no count history, assume it is worse.
Rent to sales	Occupancy much above the mid-single digits of sales needs a recast or a renegotiation.
DSCR	Annual cash flow after a honest recast, divided by annual debt service. Hope is not a ratio.

2. Teaching DSCR

Suppose recast cash flow available for debt is \$240,000 and the proposed 7(a) plus seller note service is \$175,000 a year. DSCR is 1.37x. That may clear a conversation. If the seller's 'SDE' still includes a family member on payroll who will stay, redo the recast before you talk to a lender.

3. Cash to close is not the headline price

You need the down payment, inventory at cost, working capital, closing costs, and a SNAP downtime reserve. A \$1.1 million going-concern at 15% down is \$165,000 before inventory. If inventory is \$190,000 and you want \$80,000 of working capital, you are not a '\$165,000 buyer.' Say the real number on the call.

Use of funds	Teaching example
Going-concern (ex-inventory)	\$1,100,000
15% equity on that piece	\$165,000
Inventory at cost	\$190,000
Working capital reserve	\$80,000
Closing + SNAP downtime reserve	\$35,000
Cash you should be able to show	\$470,000

4. SNAP, alcohol, and the lease

SNAP does not transfer. You file as a new owner. Alcohol is class, quota, or control-state product - never 'the liquor license' as one magical asset. The lease needs assignment, remaining term, exclusive use, and co-tenancy

in plain English. A 14-month remaining term with no options is a price cut.

5. What Jason will ask on the buyer call

- Format you can operate (language, perishable skill, hours).
- States you will actually move to.
- SBA, conventional, or seller-carry preference - and proof of funds.
- Whether you need the building in the deal.
- Any prior grocery, wholesale, or restaurant operating history.

Schedule the buyer strategy call: <https://grocerystorebusinessbroker.com/book/>

6. Diligence you can finish

Two to six weeks is common if the file is clean. It stretches when scan data is missing, the lease is oral, or the alcohol file is a quota story with no paper. Do not 'save diligence for after LOI' on shrink. Count a sample bay now.

7. Red flags that should stop you

- Unreported cash offered as extra SDE.
- Related-party rent far below market.
- No food-permit or EBT compliance history, and a shrug.
- Wholesaler agreement that dies on change of control.
- Seller who will not allow a third-party inventory count.

8. After you mark this up

Bring the marked workbook to the intro. Grocery Store Business Broker (HedgeStone Business Advisors) will tell you whether a store like this can close, and what capital structure is realistic. The calendar is the intake.

Book the hour: <https://grocerystorebusinessbroker.com/book/>