

Business Finance Group (BFG) successfully arranged \$2,000,000 in SBA financing for our aerospace industry client to acquire via stock purchase another aerospace company. We structured the financing in two stages, because the company to be acquired had outstanding SBA financing. To successfully fund we had to address the following:

Non SBA Financing - \$1,033,000

To free up SBA guaranteed loan availability for our client, we arranged \$1,033,000 in conventional loan financing to pay off approximately \$820,000 in SBA financing owed by the business to be acquired. Additionally, we paid off approximately \$194,000 in other debt owed by this business. We convinced the lender the non SBA financing was necessary and that we would complete the second stage SBA financing for the business acquisition, even though the submission to SBA would be non PLP, meaning the SBA would do its own thorough credit analysis.

SBA Financing Business Acquisition Financing - \$2,000,000

So our client could complete the multimillion dollar acquisition, we had to develop a complex financing structure consisting of SBA financing, seller financing and our client's equity injection. The \$2,000,000 in SBA financing included approximately \$671,000 to pay off debt and approximately \$271,000 for working capital.

We assisted with negotiating the more than \$1,500,000 in seller financing, including subordination and deferred payment terms triggered when our client's cash flow fell less than a defined minimum.

We had to clarify and verify our client's equity injection because the terms of the injection were unclear. The equity injection had been made in advance of the actual purchase. That is our client already owned stock and partial interest in the business to be acquired if certain conditions were satisfied, which was difficult to determine due to the complexity of the purchase agreement.

To obtain SBA approval we had to overcome any confusion the SBA had navigating through this two stage complex financing transaction in addition to providing a succinct detailed description of two complex businesses and how the financing would benefit both. Finally, our expertise and, so far, 100% SBA approval experience overcame any concerns the lender may have had that we would be successful obtaining non PLP SBA approval for the critical second stage financing.

To ensure the success of obtaining suitable business financing or business insurance for our clients, we thoroughly analyze and evaluate every transaction engagement.

We look forward to working with you and your clients, who you feel require business financing and/or business insurance to allow their businesses to successfully expand their business horizons.