

Business Finance Group (www.bfgloan.com) - Recently Funded SBA Loan - Food Wholesaler

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Business Finance Group (BFG) successfully arranged \$1,200,000 in SBA financing to refinance debt, to acquire new equipment and to provide long term working capital.

Our client, located in City of Industry, is a Mexican foods specialty wholesaler. To successfully fund, we had to address the following:

1. Existing Debt Structure Strained Liquidity

The borrower was using a factor to support sales growth and used 3-5 year leases to acquire vehicles, which strained liquidity. We replaced the existing debt and leases with 10 year repayment term debt, reducing monthly debt payments by 50%. Additionally, we provided working capital to ensure adequate liquidity after the transition from the factor relationship.

2. Balance sheet Liquidity and Leverage ratios Inferior to Industry Ratios

With proforma cash flow savings from the reduced debt payments combined with projected increase in profits, we convinced the bank that balance sheet ratios will improve and be more inline with or better than industry ratios.

3. Limited Demonstrated Debt Repayment Ability For Loan Evident

Cash flow available for debt repayment of the initial loan request was only .50X debt service coverage which could have resulted in the loan being declined. With our recommendation to not only refinance the short-term debt but also to include several affiliate companies to determine global cash flow, debt coverage improved to 1.15X for the higher loan amount. We worked closely with the client to develop attainable projections, relying in part, on the profit adding benefit of the additional equipment and working capital support.

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.

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Business Finance Group (BFG) specializes in arranging financing for small to medium size businesses through its network of lenders committed to lending to the small to medium size business community.

Category	Sba, Working Capital, Small business loans
Tags	sba, machine shops, lending, banking, funding, equipment loans, working capital, refinance, business loans
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