

Business Finance Group (www.bfgloan.com) - Recently Funded SBA 504 Loan - Food Processor

By Mark D. Austin

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Business Finance Group (BFG) successfully arranged \$495,000 in SBA 504 real estate purchase financing for a food processor to add a retail bakery outlet in Azusa, California

In partnership with our community bank lending partner, our direct funding company, Business Funding Group, provided 90% commercial real estate financing to a food processing company in Azusa, California. The benefits of the SBA 504 financing were as follows:

1. The real estate acquisition enabled the company to expand its retail bakery operations by adding a retail outlet in downtown Azusa.
2. The SBA 504 program allowed the borrower to inject 10% towards the real estate purchase price, thereby preserving much needed cash for operations.
3. The property consisted of two retail units. The property had an existing tenant on the premises, which helped reduce the monthly cash outlay on the loan payment by 30%.

To successfully fund the transaction, we had to overcome the following credit issue(s):

1. The business was leveraged due to recent construction on a food processing plant in Baldwin Park, which took three years to complete. As a result, the cash flow to repay the new loan was tight. We identified several non recurring expenses that the business expensed in 2010 to help support a higher cash flow. We also worked with the borrower and accountant to put together realistic and attainable projections to support the real estate purchase transaction.
2. The principals pulled historic draws from the business, but their personal assets did not reflect the level of draws taken each year. We worked with the borrower before submitting to our community bank lending partner to identify the uses of the draw. We determined that the draws from the business in prior years were reinvested into the new building construction. We are able, with the accountant's help, to show the flow of funds through the tax returns.

While many SBA lending participants have either substantially reduced or eliminated their SBA loan participation, Business Finance Group, with its core community bank lending partners, has continued to be very active participant and is positioned well to assist small businesses to take advantage of the latest positive developments for the SBA 7(a) lending program.

BFG has more than 40 years of combined SBA lending experience. Please call one of our qualified staff to discuss how Business Finance Group can provide small business financing assistance.

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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 504, Real Estate Purchase, Small Business Loan

Tags real estate financing, sba 504, food processing, financing, 90% Real Estate Financing

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