

Business Finance Group (BFG) successfully arranged \$345,000 in SBA financing to purchase commercial real estate located in Santa Fe Springs, CA. The client is a startup cabinet and furniture manufacturer and installer. To successfully fund, we had to address the following:

Startup Business with Aggressive Sales Projections

In reviewing the initial financial forecast provided by the borrower, we determined the projections were overly aggressive based on a best-case scenario. We worked closely with the owner to develop financial projections we believed to be more reasonable and attainable. The bank and SBA agreed with our determination.

Historic Environmental Issues on Premise

The commercial real estate property obtained site closure after four years in remediation. However, the updated Phase I report ordered by the Bank revealed potential environmental concerns surrounding a former cesspool on the property. After obtaining detailed records from the government agency inspector responsible for approving the initial site closure, we determined that likelihood of contamination was remote. We convinced the client to order a Phase II report to conduct soil samplings at the former cesspool site. As we expected, the site had no environmental contamination and the environmental company recommended no further action.

Resolve Clouds on Title and Funding Conditions

The escrow was originally opened in 2004, but the transaction could not close until the environmental remediation was complete. Upon completion of remediation, the seller tried to cancel the escrow, so he could remarket the property for a higher purchase price. As a result of this action, our client hired an attorney to sue the seller for breach of contract. Additionally, the seller during this period also allowed one of his existing tenants (battery tenant whose operations was somewhat responsible for the environmental contamination on the site) to lease another unit to a restaurant on a 10 year term, which further violated the real estate purchase agreement. We worked closely with the client's attorney to satisfy the following conditions:

- Execute a valid lease agreement between our client and the restaurant tenant. The lease provided by the battery tenant was not valid.
- Executed tenant estoppels. Seller had no written lease agreements of record.
- Termination of month to month tenancy for battery tenant. Attorney was to delivery by certified mail notification to vacate premises.
- Subordination letter holding the bank harmless against the lawsuit filed by our client for the seller's breach of contract.

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.