

Business Finance Group (BFG) successfully arranged \$952,500 in real estate financing to refinance a bank loan that was maturing. The client operates a non-flag hotel in Hollywood, CA. To successfully fund, we had to address the following:

Reported Loss in Most Recent Tax Period:

- The business showed increased profits from 2005 to 2006 with profits declining in 2007 and then a loss in 2008. This indicated a reversal, which on the surface could be considered as caused by general economic slowdown. However, we thoroughly evaluated the business and determined that there were several causes for the profit decline in 2007 and loss in 2008:
 - Increased compensation for the owners 2007 and 2008.
 - Increased employee compensation because of additional employees when motel went from limited hours of operation to 24 hours of operation and increased occupancy with addition of two more units (converted from former manager's quarters).

Debt Coverage Declined:

- DSCR peaked in 2006, declined through 2008, which had DSCR less than in 2005. In spite of this, we convinced lender that the substantial capital improvements made and experience of the owners will result in increased profitability and DSCR going forward.

While many lending participants have either substantially reduced or eliminated their loan participation, Business Finance Group (BFG), with its core community bank lending partners, has continued to be a very active participant and is positioned well to assist small businesses to expand their business horizons.

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