

Business Finance Group (BFG) successfully arranged \$473,800 in SBA financing to refinance debt and to provide long term working capital. Our client, located in Montebello, is a manufacturer of machined parts for aerospace. To successfully fund, we had to address the following:

1. Existing Debt Structure Strained Liquidity

The borrower used 3-5 year leases to acquire equipment, which strained liquidity. We replaced the existing debt and leases with 10 year repayment term debt, reducing monthly debt payments by 48.6%. Additionally, we provided working capital to allow the company to keep pace with its customer backlog.

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 0.75X debt coverage, which could have resulted in the loan being declined. With our recommendation to refinance the short-term debt, debt coverage improved to 1.20X 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 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.