

REAL ESTATE LOANS

SPECIAL PROPERTIES NEED SPECIAL LENDERS

It is important when seeking a real estate loan to approach the right lender for your type of property and loan need. Some lenders will not provide financing to gas stations, whereas others are wary of all cash businesses, such as bars and car washes. There are lenders who specialize in providing financing to hotels, golf courses, and even churches. That is why it is important to seek financing assistance for your property loan. Otherwise, you could waste a lot of time and effort taking your request to lenders uninterested in your kind of project.

Loan to Value (LTV) Ratios generally run:

- 85-90% = 504 SBA loans provide the highest LTV.
- 80% = This is the most common LTV under the SBA 7A loan program.
- 75% = Most conventional loans fall under this LTV ratio.
- 55-65% = Hard (Private) money lenders generally seek this LTV range.
- 50-55% = Land loans typically have this LTV range.

You must occupy at least 51% of the property with your own business to qualify for an SBA real estate loan.

Standard Terms for real estate loans are:

- 15-20 year terms and amortizations = most conventional loans
- 25-30 year terms and amortizations = available from some conventional lenders with loans over \$500,000.

Depending on the property, some conventional lenders will provide 30-year terms for multi-unit apartment buildings when the tenants sign long-term leases.

Interest Rates vary depending upon the borrower's credit score and property type.

QUOTABLE QUOTES

Words of Wisdom from the Past

Success or failure in business is caused more by mental attitude even than by mental capacities.

Walter Dill Scott

When love and skill work together, expect a masterpiece.

John Ruskin

I love children. They do not prattle of yesterday; their interests are all of today and the tomorrows. I love children.

Richard Mansfield

Adversity is the path of truth.

Byron

Believe me, every man has his own secret sorrows, which the world knows not, and oftentimes we call a man cold when he is only sad.

Longfellow

A politician thinks of the next election; a statesman of the next generation.

James Freeman Clarke

Speech is the index of the mind.

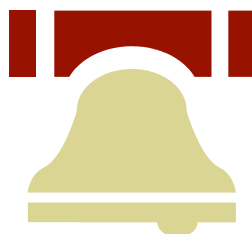
Seneca

It takes a great deal of boldness, mixed with a vast deal of caution, to acquire a great fortune, but then it takes ten times as much wit to keep it after you have got it as it took to make it.

Mayer A. Rothschild

When you define liberty you limit it, and when you limit it you destroy it.

Brand Whitlock



BUSINESS FINANCING NETWORK NEWS

Special Edition
Overview of Services for
New & Existing Businesses



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THE BFN ADVANTAGE

How can you best get a business loan with favorable terms? Call Business Financing Network to discuss your financing needs. We provide a no-cost consultation to determine a feasible loan amount and to discuss the different types of loan products you may wish to consider. We analyze your business situation, and after you complete two easy forms, we contact several of our preferred lenders to review your request and determine a loan structure.

Advantages of using our services include:

- Multiple lenders will review your request at one time, saving you valuable time and providing you with more than one loan option.
- We provide professional assistance in compiling your loan package, thereby increasing chances of securing a loan.
- BFN is available to you at all times for any questions that come up, and when appropriate, we will talk with the other parties involved in your transaction.

We keep you updated on the progress lenders are making with your project throughout the loan process. We assist you in providing additional information that they may request regarding your project.

You only have one chance to present your loan request to a lender. There are no second chances with that lender if you do it wrong the first time. So put our 50 years of experience to work to obtain your financing.

SBA LOAN GUARANTEES

FACT AND FICTION

You probably have heard complaints about how long it takes to secure a SBA loan. Perhaps you have heard there is so much paperwork involved that it's worse than filing your income tax returns! Both complaints are partially true. However, both problems can be eliminated with BFN's assistance.

An SBA-backed loan makes sense in the following situations:

- You are borrowing against real estate. SBA-backed real estate loans have 25 year terms, compared to the typical, conventional terms of 15 years
- You want a longer term on a business loan. The SBA provides 7 or 10 year terms, compared to the standard 5 years with banks.
- You are purchasing a business/property and don't have enough cash. A 90% LTV ratio is available with a 504 SBA loan.

A SBA loan does require more paperwork than a conventional loan. However, when you work with BFN we help with all the necessary paperwork necessary for the agency's approval. Also, of the three SBA lender classifications, BFN only deals with "preferred" lenders. They are able to underwrite loans in their own institutions, thus saving a great deal of time.

SBA-backed loans can be great financing options in many cases. So don't let fiction keep you away from a good deal.

EXISTING COMPANIES

LOAN PRODUCTS AND MAXIMIZING YOUR COMPANY'S CASH FLOW.

Before an existing company applies for a loan, the owners should analyze their financial position to determine what type of loan product best fits their needs and maximizes cash flow for the company.

LOAN PRODUCTS INCLUDE:

- Accounts Receivable and Factoring
- Floor Planning and Inventory
- Import/Export
- Equipment Leasing (including sale leasebacks)
- Merchant Financing
- Private Money Loans
- Purchase Orders
- Real Estate—Refinancing, Purchases, and Construction
- SBA-backed Term Loans
- Unsecured Line of Credit for Working Capital

A lender will analyze the company's current position, including the cash flow, available collateral, and future plans of the company. Even with existing cash flow, the lender will want to see a business plan explaining future plans and projections illustrating how those plans will impact the growth of the company.

It is always best if a company sits down with its CPA or business consultant to determine why they believe they need the loan (factors causing the need for an influx of capital), if it will be prudent to obtain financing, and what type of financing will best suit its needs and circumstances.

Please give Alan Kenyon a call today if your company would like a free consultation to discuss your financing options.

Phone: 816-452-1200

WHY LOANS ARE REJECTED:

LEARN FROM A REJECTION. RESTRUCTURE AND REAPPLY WITH A NEW LENDER.

Most loan requests are rejected due to a lack of documentation. If you do not adequately explain your situation, show a lender why you need financing, how you intend to repay the loan, and what collateral you are offering, your loan application will be rejected.

You should reconsider your loan package if a lender has rejected your request, even though you believe you submitted a strong proposal. You may need to restructure your approach or revise the Use of Proceeds. Once you have been turned down for financing, it is wise to seek the advice of a professional business consultant, rather than continuing to submit your loan to different lenders. BFN can help you analyze the situation and determine how best to approach lenders with a new loan package. We can save you time and money.

BASIC REQUIRED BANK CRITERIA:

- Collateral for all or most of the loan.
- The borrower must have good credit. There must be a good explanation if the credit score is low.
- Cash flow must be able to support the new loan payments.
- The debt ratio must be in line with bank requirements (most banks look for 1.25%).
- The working capital requested is enough to grow the business.
- Historic financials must support the financial projections.
- If it is an existing company, there must be an established profit record.
- When purchasing a business, the borrower must have some of his own cash to put into the transaction.

A strong loan package can go a long way to convince a lender to fund your loan request. The key is to do a thorough, professional job.

THE IMPORTANCE OF A BUSINESS PLAN FOR A START-UP COMPANY.

To capture the attention of a lender or an investor, a company must have a concise business plan or feasibility study that conveys goals, strategies to meet those goals, and which anticipates potential problems and shows how you will overcome them. You must also illustrate your business structure, key personnel and their experience, the amount of capital desired, how it will be allocated and most important, how your company will repay the loan.

There are three major parts of a business plan:

Technical: The technical section outlines the business concept, your industry, your business structure, your particular product or service, and your future company plans.

Market: A market analysis identifies potential customers, your main competitors and your competitive advantages, and how you will reach your desired audience.

Financial: This section explains the amount of capital you need and how you will allocate those funds. You must include projections for at least three years, including income statements, cash flow statements, balance sheets, and a break-even analysis.

Professionally prepared business plans with charts, graphs, and other visual aids can help illustrate important points to the lender.

Most business plans are weak in the financial section—the most important part of your business plan. It is always wise to seek professional assistance when putting together a document that determines whether or not you will secure the financing you require.

A business plan is a road map to your future. You will reap financial rewards for your efforts if you take the time to do it right. BFN can review your business plan to see if it will help you win the financing you need.

SPORTS TRIVIA & QUOTES

Q: Which sport is the only one entirely of American origin?

A: Basketball. It was invented in 1891 by James Naismith, an instructor at the YMCA Training School in Springfield, MA.

Q: Who was the only team to beat North Carolina State in the 197-74 season?

A: UCLA

Q: Name two famous nicknames for Hall of Famer Harold Grange, All American Running back who played for the Bears until 1935.

A: "Red" Grange, "The Galloping Ghost"

"Sure there have been injuries and deaths in boxing – but none of them serious."

Alan Minter

"Better make it six; I can't eat eight."

Pitcher Dan Osinski, when a waitress asked if he wanted his pizza cut into six or eight slices

"I'm a golfer – not an athlete."

Lee Westwood, world's fifth-ranked golfer

"My handicap is that I don't have a big enough beer cooler for the back of my golf cart."

Pro Football Linebacker Rick D'Amico, on his golf handicap

"You can sum up this sport in two words: You never know."

Lou Duva, boxing trainer

"I am the most loyal player money can buy."

Don Sutton, Pitcher for five professional baseball teams



