



Welcome To The Financing Revolution



Who We Are:

- Pendarvis Capital Group offers business brokers a cash flow based lending program to fund the acquisition of existing businesses.
- “We make loans that the SBA will not make”, Ed Pendarvis



The PCG Difference:

- Provide lending solutions based primarily on cash flow - not collateral
- Enhance seller liquidity in a challenging credit environment
- Involve the seller, buyer, broker and PCG in the "go forward" success of the business



The Financing Dilemma...

- Most “main street” businesses sell for \$400k
- Buyers typically have \$50k-\$100k available for down payment (average \$80k)
- This creates a \$300k+ financing GAP

The seller’s dilemma with no other financing available:

- Finance sale by taking back a \$320k note (and pay business broker \$40K commission)
- Leaves only \$40k cash to seller
- = **"NO DEAL"**

The Solution...

Enter Pendarvis Capital Group

- Selling price/business valuation = \$400k
- Buyer provides 20% down (\$80k)
- PCG finances 50% (\$200k)
- Seller finances 30% (\$120k)
- NOW, cash to seller at closing = \$240k
(after \$40k business broker commission)
- = "DEAL"



Program Highlights

- Loan Amount
 - Loan amounts from \$100k to \$750k
- Loan to Value
 - Max 50% of business valuation or sale price, whichever is lower
- Buyer Down Payment
 - Standard program requires 20% down payment
 - <20% down payment available (minimum 10%) with two options:
 - Corresponding % decrease in PCG max advance
 - Corresponding % hold back (12-30 months) of seller loan proceeds



Program Highlights

- Interest Rate
 - Fixed rate for full term of loan (fully amortized)
 - Lower end of credit card rates for risk capital
- Fees
 - Seller paid, non-refundable application fee with two options for payment:
 - Option 1 - \$500, Paid prior to issuing seller business listing pre-qualification letter
 - Option 2 - \$1000, Paid from the seller's net proceeds at closing
 - Origination fee of 4%, paid by buyer and added to loan amount



Program Highlights

- Amortization
 - Standard 6 year term (exceptions to 7 years)
- Collateral
 - Liens on all assets in the business
 - Lien on personal residence for two years, provided buyer has made timely payments
 - Not required in CA, TX, NY and MI
 - Not required in NJ (if obligor is sole proprietor, partnership or LLC)
 - Not required in GA (if obligor is sole proprietor)

Program Highlights

- Cash Flow
 - IBBA approved recast of SDE supports the debt service and provides for the reasonable "lifestyle" (\$75k) of the new owner
- Seller Business Listing Pre-Qualification
 - Cover letter and term sheet available at no up front cost
- Seller Subordinated Note
 - Seller is required to take a note equal to at least 20% of the final sales price

Seller Note Options

- Runs concurrently with PCG note
- Remains in “stand-by” position
- Provides for “interest only” payment
- If seller note is “stand-by” or “interest only”, when PCG loan paid – seller note could be:
 - Refinanced by PCG
 - Retired on an accelerated basis
 - Amortized over agreed period of time

Seller Business Listing Underwriting Considerations:

- Tax returns, financials & SDE (3 years)
 - Are they complete & do they meet guidelines
- Business history & why owner selling
 - Understandable or confusing
- Status and strength of industry
 - Growth, stable or declining
- Nature of business
 - Main Street or home-based
- Business due diligence
 - D&B, Paynet, UCC & customer concentration

Buyer

Underwriting Considerations:

- Buyer fit
 - Strong or stretch
- Credit score & overall credit profile
 - Meets or misses criteria
- Down payment
 - Sourced & seasoned or found
- Personal financial statement
 - Well supported or thin
- Residence status
 - Documented legal residence status required

Keys to the Program's Success:

- “Remarketing Agreement” with the business broker office
 - Reasonable efforts to assist in reselling the business, made easier by the existing “built-in” financing
 - Another business broker fee opportunity
- “Remarketing Agreement” with the seller
 - Reasonable efforts in assisting in continuation of the business for a limited period until re-sold

PCG Small Business Lending Advantage

- A program created to benefit all participants of the transaction:
 - Seller
 - Increased liquidity
 - Buyer
 - Cash Flow financing
 - Seller note enhances attractiveness of the business
 - Broker
 - More deals closed



Visit the PCG Website

www.PendarvisCapital.com

- Your ticket to download:
 - Acquisition Financing Program Summary
 - Seller Documentation Checklist
 - Buyer Documentation Checklist
- Key Contacts:
 - Ed Pendarvis
 - Sales Office: 866-935-9535
 - Jim Egan, Larry Edelman & Dave Bressler
 - Ops Center: 866-935-4141

