



FAQ's

How does Pendarvis Capital Group (PCG) differ from other business acquisition lenders?

Pendarvis Capital Group offers business brokers a cash flow based lending program to fund the acquisition of existing businesses. As such, there are no minimum collateral requirements.

How does PCG make a difference in small business lending?

PCG has created a program designed to benefit all participants of the small business acquisition transaction:

- Seller - Increases liquidity
- Buyer - Cash flow financing and a seller note that enhances attractiveness of the business
- Broker - Enables the broker to close more deals

What is the typical structure of a PCG loan?

PCG's describes their standard offering as the "20/20/50/10" program

- 20% buyer down payment (minimum 10% required)
- 20% seller note (minimum 20% required)
- 50% PCG loan (maximum 50%)
- 10% remaining funds to be provided by the buyer (increased down payment) or seller (increased seller note)

This loan structure works to involve the seller, buyer, broker and lender in the "go forward" success of the business.

How does PCG calculate and view the cash flow of the business?

PCG utilizes the IBBA recast of seller discretionary income. This cash flow should support the debt service of the business and the "reasonable lifestyle" of the new owner.

What size loans does PCG make and at what terms?

PCG makes loans from \$100,000 to \$750,000. The standard PCG loan term is six years (with exceptions to seven years).

What is the interest rate?

The interest rate is a fixed rate for the full term of loan (fully amortized) and is positioned at the lower end of credit card rates for non-collateralized risk capital.

How long does it take to secure financing with PCG?

PCG will work expediently on your behalf. Time periods can vary based on the complexity of the loan request and the level of documentation required. Results can range from as little as 5 days to several months. On average, financing usually occurs within four to six weeks.

Are there upfront fees associated with your loans?

PCG loans can be closed with no upfront fees. Any costs associated with the transaction would be paid at the time of closing/funding out of the proceeds of the loan.

Does PCG hold a lien of the buyer's personal residence for the life of the loan?

Although many small business lenders do record a lien against the buyer's personal residence for the life of the loan, PCG's standard program secures this lien for only two years. And in many states (CA, NY, TX, MI), PCG does not require a lien the buyer's personal real estate at all.

Can a business listing be pre-qualified for financing?

Yes – In most cases PCG offers seller pre-qualification letters which can be issued in as little as 48 hours after loan submission for no upfront cost. This pre-qualification letter provides a term sheet – which can be used to market the business to prospective buyers.

Will PCG help with all the paperwork associated with small business lending?

Yes – PCG makes the process easy by working with you to secure the necessary documentation and moving your loan through the various stages of the underwriting process.

Are there different options available for the seller note?

Yes, there are a number of repayment options available including:

- Term concurrent with the PCG note
- Set-up for “interest only” payment
- Held in “stand-by” position, until the PCG loan is paid

If the seller note is a “stand-by” or “interest only”, when the PCG loan is paid – the seller note could be:

- Refinanced by PCG
- Retired on an accelerated basis
- Amortized over agreed period of time

How do you qualify prospective small business buyers?

PCG looks at a number of different factors in qualifying a prospective buyer for financing including:

- Buyer credit profile (ideally looking for 625 credit score)
- Buyer background, experience and skill set is consistent with operating the new business
- Buyer committed to being a hands-on owner

What is the PCG “Remarketing Agreement” with the business broker all about?

PCG enters into an agreement with the listing business broker which requests the broker's reasonable efforts to assist in reselling the business (should the business unsuccessfully transition to the new owner). This remarketing is made easier by the existing “built-in” financing that PCG will provide – and the business broker earns his standard fee for the service.

What is the PCG “Remarketing Agreement” with the seller all about?

PCG enters into an agreement with the business seller which requests the seller's reasonable efforts in assisting in the continuation of the business (should the business unsuccessfully transition to the new owner) for a limited period until it is re-sold. The seller will of course be compensated for time spent and expenses incurred.

What type of businesses and industries does PCG target for financing?

Our targeted market includes small businesses open for at least three years with hands-on ownership structure in stable/growth industries. Our specialty are “main street” businesses.....

How can I get more information about PCG?

You can download key information and documents from the website at

www.PendarvisCapital.com

– including:

- Acquisition Financing Program Summary
- Seller Documentation Checklist
- Buyer Documentation Checklist

Contact us at our Hunt Valley Operations Center toll-free at **866-935-4141**

E-mail inquiries or transactions to PCG at info@PendarvisCapital.com