

Valued Representation

VR is celebrating over 32 years of successful business sales through valued representation
Valued Representation defines VR.



VR is: VALUED REPRESENTATION

Welcome to Volume #1 Course # 2

GENERAL BUSINESS SALES

25 Business Finance Alternative



OUR GOAL
FOR THIS Presentation is
TO

IDENTIFY CREATIVE DEAL STRUCTURING

AND OTHER ALTERNATIVES

TO SBA FINANCING

IMMEDIATE GOAL

"We will discuss 25 financing vehicles you can us creatively structure deals and get to moving without SBA financing."



WHAT WE WILL LEARN...

TWENTY FIVE FINANCING
ALTERNATIVES



ALTERNATIVE FINANCING CATEGORIES

There are 25 alternatives we will discuss that are creative deal structuring resources for you to pull from your toolbox to fit a particular situation or deal profile, and they fall into six general categories



Seller Financing

Seller financing the transaction generally becomes the most defendable, easiest, and expedient way to complete a transaction. It will increase the number of deals you complete annually.



Seller Financing

These alternatives can be sought through the owner of the business you are selling (the key here is to make a strong pitch that addressing the advantages of financing)

- √ Short-term, Structured and Seasoned note (for re-sale)
- ✓ Long-term Amortized Note with Balloon (for refinance)
- ✓ Externally Collateralized Note (for cash-out or loan)
- ✓ Earn-out / Consulting / Employment Agreements
- ✓ Escrowed Stock Buy-Back Plan
- ✓ Inventory Consignment



Asset Based Lending

Asset-Based Lending is any kind of lending secured by an asset. This means, if the loan is not repaid, the asset is taken. A mortgage is an example of an asset-backed loan.

The phrase is used to describe lending to business and large corporations using assets not normally used in other loans. Typically, these loans are tied to inventory, accounts receivable, machinery and equipment



Private Sector / Public Sector

An alternative to the usual asset-based lending by big banks, borrowers secure financing with unsecured loans on the direct person-to-person market. The risk of this type of private lending, loans are not FDIC insured like ordinary bank deposits, Investor groups provide you with the ability to borrow and provide easy guidelines to adhere. You're free to choose the direction your funds should go.

Private Sector

These alternatives are available through individual investors and private institutions that routinely get involved in passive investments.

- **✓ Structured Annuity**
- ✓ Investment Account
- ✓ Mezzanine / Bridge Loan
- ✓ Private Equity Recapitalization
- √ Personal Investor / Micro-Loan



Public Sector

These alternatives are openly available to the general public and information about national, state, and regional programs are usually available through non-profit organizations.

- √ Government Grant (minorities / industries)
- √ Government Initiative (bailout / development)
- √ Community Loan (non-profits / local agencies)



Conventional Lending

Conventional lending would be a loan you get from a bank or other financial institution, generally secured with collateral.



Conventional Lending

- These alternatives can be sought through national, regional, and local banks or credit unions (preferably with banks where the buyer has a good history or direct contact)
 - ✓ Credit Card Loan (down payment or cash-out)
 - ✓ Working Capital / Development Loan
 - √ Sale Leaseback (assets & real estate)

Cash Flow Lending

Cash flow loan is a type of debt financing, in which a bank lends funds, generally for working capital, using the expected cash flows that a borrowing company generates as collateral for the loan

Cash Flow Lending

These alternatives are openly available to the general public and information about national, state, and regional programs are usually available through non-profit organizations.

- √ Signature / Personal Credit Loan
- √ Credit Card Receipts Loan
- ✓ Accounts Receivable Factoring



Asset Based Lending

These alternatives require assets to be pledged as collateral for the loan and different banks have criteria for the loan-to-value ratio.

- ✓ Letter of Credit / AAA Bond
- ✓ IRA or 401K Leveraged Loan
- √ 2:1 Certificate of Deposit Loan
- ✓ Business Balance Sheet Loan
- ✓ Life Insurance (Cash-Value)



WHAT WE HAVE LEARNED...

TWENTY FIVE FINANCING ALTERNATIVES

