



Small Business
Financing
in Tight Market

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SunbeltNE
Blog

Welcome to SunbeltNE Newsletter!

Sunbelt Business New England (SunbeltNE) newsletters bring you current news and the latest resources to help business buyers and sellers make informed decisions. This issue throws light on the severe credit crunch looming over the economy and its impact on small business financing.

Also read about latest exciting events happening at Sunbelt. Happy Reading!.

Small Business Financing in Tight Credit Market:

According to most economists and analysts signs are present that the economy is in recession. Recent statistics only substantiate this claim:

- >> Rising energy and fuel costs
- >> Consumer confidence now stands at a 16-year low
- >> Decreased consumer spending and personal consumption, the first drop since 1991
- >> Increasing unemployment, from 5.0% to 5.5%, the largest increase since 1986
- >> Added uncertainties caused by the 2008 Presidential election

These factors are having a significant impact on the economy and are hitting small businesses especially hard.

The financial sector is not faring much better. The "hang-over" from the subprime financial disaster continues to place a heavy strain on financial institutions and their liquidity.

This strain only serves to further weaken the economy. As a result many banks and financial institutions have limited liquidity and almost all have tightened credit standards for both residential and commercial lending. The result is limited resources and less capital available to businesses who are seeking to obtain financing.

The following question remains on the minds of small businesses, "Do small business owners really stand a chance of obtaining credit or financing for a new acquisition or the refinancing of existing debt?" Despite signs that may point to the contrary, the answer is, "Yes," according to Richard Bradshaw, Senior Managing Director for the Small Business Administration (SBA) lending division of UPS Capital.

From a credit perspective, it is more difficult to obtain financing than it was six months ago. However, it is critical to be aware of the added scrutiny borrowers may face in today's credit environment. So, what are lenders looking for from small business owners applying for loans? The following items are critical to any business owner thinking about applying for financing and, especially, business acquisition financing:

- >> Good credit history and no red flags
- >> Ability to place at least 10% down by the borrower
- >> For business acquisition, lenders will require 20% to 30% equity; however, this can be a combination of buyer cash and a seller note.
- >> Proof of working capital to meet the liquidity needs of the business
- >> A strong repayment history as shown on past financial statements
- >> Historical debt service coverage
- >> Evidence of collateral for the loan
- >> Verification of management experience is now a critical component of the lender's credit due diligence

Business Financing Options Available:

Are you searching for business financing options? Below are some of the options we can offer to help you.

- >> [Seller Financing](#)
- >> [SBA](#)
- >> [Traditional Financing](#)
- >> [Pendarvis Capital](#)
- >> [Retirement Funds](#)
- >> [Powerpay](#)
- >> [Equity Line](#)
- >> [Family and Friends](#)

Top 5 Small Business Buzz:

Read the current news directly affecting you as a small business owner...

- >> [Small Business Owners React to the Bailout](#)
- >> [Does Venture Capital Spur Innovation?](#)
- >> [5 Things Entrepreneurs Should Know About Business Partners](#)
- >> [How Self-Made Titans Got Their Starts](#)
- >> [Don't Leave Money On The Table](#)

Latest Hot Listings on Sale:

At SUNBELT we are experiencing an active market with many profitable businesses listed for sale such as:

- >> Starbucks Style Café and Sandwich Shop, Brand New Buildout, Metrowest, \$179,000
- >> Exclusive Cambridge Salon and Spa for \$220,000, High Pedestrian Foot Traffic and 1MM Revenues
- >> Profitable MA Service Company with 2MM in Revenues and \$300,000+ Net Income with Growth Potential
- >> Hardware and Supply Store on a Busy Route with Real Estate, 7,000 sq ft Free Standing Building on 2 Acres
- >> Established 4 Bay Auto Transmission Repair Shop, Northern MA, Reduced to \$125,000, Profitable over \$100,000 income
- >> Health and Fitness Center with High Membership Count, Multiple Locations
- >> Prestigious 1.5mm Salon and Spa, Premier Green Designed Boston Location, Rare Opportunity, Financing Available Profitable with \$200,000 income for owner stylist
- >> Very Profitable Educational Centers with Over \$600,000 in Cash Flow
- >> Outdoor Adventure Clothing Store Near Cambridge, \$150,000
- >> Employment Agency with 25 Years of Operating History, 1.1MM in Sales and loyal customer base
- >> Full Service Print Shop with Great Reputation and 107,000 Cash Flow for \$219,000
- >> Award Winning Cold Stone Creamery Store with Multiple Franchise Territories, with \$500,000 1st year revenue and growing
- >> State-of-the-art Super Center Liquor, Gas, Convenience Store with Real Estate, Annual Cash Flow \$585,000

Latest News at SunbeltNE:

SunbeltNE website now provides an easy access to:

- >> Industry information in terms of tips about buying business and selling business
- >> Expert recommendations.
- >> Advices on a business broker's role, such as how to prepare a business for sale, conduct business valuation, re-structure the business and tax saving tips.
- >> Register to get access to Industry Reports for those who seek technical and qualified help.
- >> Useful links and resources for those who want to do more research on various services complimenting and aiding their businesses.

VISIT OUR WEBSITE: www.sunbeltne.com

SunbeltNE launches Referral Program: Refer business and get paid when your referral signs up for our services. If you want to register for our referral program please email us your business details at mark@sunbeltne.net.

Interested in free industry tips and resources to help your small business?

Read [SunbeltNE blog](#) for hot tips on business buying and selling.

1. Why is a good business broker important?
Ever wondered how exactly a business broker can help you in your business. To understand the role of a professional broker and how they can help your business [read more](#)..
2. Are you heading for a business burnout?
Are you constantly feeling tired? Listless? Worried? Read more on [business burnout](#) symptoms and how you can cope with them.
3. 7 hot tips to sell your business.
Selling a business is no child's play and it is essential that all business owners follow some basic crucial steps to ensure a successful exit strategy. [Read 7 must essential tips](#)
4. How do deals get killed?
Wondered why your deals fell apart at the crucial moment. To prevent such disasters take tips from the following [post](#)
5. Feeling the entrepreneurial itch? Become a franchise owner
The current credit crunch can be the right time to explore opportunities in franchise business. If you always wanted to start your own business but were not sure exactly how, where, this [post](#) is just for you.

Let us know which topics you would like us to cover in our forthcoming posts and feel free to drop in your comments and feedback.

Thank you for reading this newsletter.
We'll see you again next month.

Do you have any comments or suggestions regarding this newsletter? We'd like to hear from you at mark@sunbeltne.net

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