

OVERVIEW: BDC Asset Based Lending makes loans to small businesses in the form of revolving lines of credit secured by Accounts Receivable and Inventory. Line commitments range in size from \$500,000 to \$5,000,000 and above. Borrowers report collateral daily or weekly and are able to request advances when needed, keeping borrowing costs down. Interest rates are competitive and generally lower than a factor or traditional commercial finance lender. Viable ABL candidates may exhibit high leverage, marginal earnings or may have experienced losses and in the midst of implementing a turnaround plan.

BORROWER CRITERIA: BDC seeks prospects meeting the following criteria:

- ◆ Businesses located in New England
- ◆ Engaged in manufacturing, distribution, wholesale or select service industries
- ◆ Some healthcare businesses may qualify
- ◆ Must have a solid, experienced management team including a CFO or controller who is able to report collateral as required
- ◆ Start-up businesses, construction companies, companies with progress billings, and companies whose inventory financing needs are greater than the receivable financing needs are unlikely candidates

LOAN STRUCTURE: Either acting unilaterally or in participation with another financial institution, BDC ABL lines are structured as fully-followed revolving lines of credit. Borrowers report sales, cash receipts, and credit memos daily and inventory weekly. All cash is remitted through a lockbox at a local banking institution, with cash receipts paying down the loan on a daily basis. Borrowers are able to advance on the line of credit when needed, keeping borrowing costs down.

Generally speaking, BDC requires annual audited financial statements prepared by an independent accounting firm. Borrowers with little to no inventory exposure may obtain reviewed statements.

Minimal financial covenants. Ongoing loan monitoring tied to level of excess borrowing availability.

BDC ABL may structure financing packages with other BDC product lines, offering the borrower a customized credit facility to meet the needs of the company.

**UNDERWRITING
PROCESS:**

The underwriting process formally begins with the submission of a business plan which includes:

- ◆ A brief overview of the company
- ◆ Three years of financial statements, including a balance sheet, P&L and statement of cash flows prepared by an independent accountant
- ◆ Most recent internally prepared financial statements, including a balance sheet and P&L
- ◆ A budget for the next fiscal year, by month, including a balance sheet and P&L
- ◆ Most recent accounts receivable aging
- ◆ Most recent accounts payable aging
- ◆ Most recent inventory report

BDC due diligence includes a field exam by BDC staff completed prior to funding.

**BDC CAPITAL
OVERVIEW:**

The oldest business development corporation in the United States, BDC Capital has been recognized locally and nationally as a leader and innovator in business lending and capital investment. Many of New England's leading financial institutions invest in BDC to help promising companies expand. Over 60 years, we have invested more than \$1 billion in thousands of companies in New England.

Whether your need is \$500,000 or \$5 million and above, BDC Capital offers a wide range of financing solutions to address your particular circumstances. We can customize a financing plan that could include senior short term debt, senior long term debt, subordinated debt, mezzanine or private equity financing.

**CONTACT
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