

SBA 7(A)

Child Care Center Owner Closes Two Loans: 100% Financing with No Money Down

LOAN AMOUNT

\$2,075,000

LOAN PURPOSE

SBA 7(a) Business Acquisition including Real Estate and Working Capital

THE SMALL BUSINESS

Child Care Centers | Jourdanton and Pleasanton, TX

THE FINANCING CHALLENGE

Our seasoned business owners were ready to add on two child care centers to their existing portfolio but were unable to provide the 10% minimum down payment. In addition to the issues with the initial deposit, they had a very tight deadline that needed to be met, environmental risk assessment challenges, and cashflow issues.

Here's what our borrower brought to Ready Capital:

- An existing business in the child care industry with sufficient debt service coverage based on historical data. There was enough cashflow to support the debt.
- Sufficient outside income aside from their existing business where no collateral was needed.
- A tight deadline with minor environmental risk assessment issues.
- Industry experience.



CREATIVE SOLUTION

Since the borrower was unable to put down the minimum 10% for the two locations, we had to think outside the box. This deal qualified for the unique "expansion program" offered by the SBA, which provided 100% financing to the borrower with no money down. We went through our Preferred Lender Program which did not need to be submitted directly for SBA approval.

Reliable results

- We were able to 100% finance the deal with no money down except for closing costs.
- Closed both properties on the same day.
- The borrower received an additional \$100,000 in working capital - \$50,000 for each location.