

**SBA 7(A)**

# Experienced Employee Acquires Fire Safety Business

**LOAN AMOUNT**

\$3,664,000

**LOAN PURPOSE**

SBA 7(a) Business Acquisition

**THE SMALL BUSINESS**

Guardian South, Inc | Ramona, CA

**THE FINANCING CHALLENGE**

When an experienced employee of a fire safety business decided he wanted to purchase the company from the existing owners, he had a couple of challenges to overcome. The seller was planning to retire and sell his business to the borrower who had over 10 years of experience and knowledge to keep the company going. There was little to no collateral from the buyer as well as the inability to put down the preferred 10% down payment. Other lenders were struggling to get the deal done, but by having the seller provide a seller note that was able to be used towards the borrower's required down payment, we came up with a solution for the borrower and seller to work together and turn it into a success story. The business specializes in fire protection services to ensure safety, property preservation, and peace of mind for clients. They provide design, installation, maintenance, and repair of fire sprinkler systems focusing primarily on commercial buildings. It was important to keep this business alive and continue the legacy of a thriving business with loyal employees.

**Here's what our borrower brought to Ready Capital:**

- Extensive business experience with the current company.
- Established business operating since 1998 with good cash flow.
- Very little collateral.



**CREATIVE SOLUTION**

Due to the borrower's extensive experience and the direct change of ownership of the business, this was considered less of a risky deal. The new guidelines from the SBA played a large part as well in that most of the down payment was able to come from the seller note to make up for the required 10%. The borrower put down less than 1.5% out of his own pocket to purchase this business. We were able to use the seller financing and get this deal done versus other lenders who were not willing to follow the same guidelines. Since the borrower had over 10 years of working with the business, it was a smooth transition, and key employees could be retained to continue the success of the business.

**Reliable results**

- Continue to operate the business while retaining all existing employees and paying their salaries.
- Maintain a profitable business with the opportunity to grow.
- The business can continue providing services that offer fire safety and security.