

CASE STUDY: \$5MM Credit Solution

CEREBRO CAPITAL

A commercial printer shifting to an asset-light model seeks a new lender.

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THE CHALLENGE

Faced with a bank loan forbearance due to difficulties with an acquisition, a family-owned commercial print and digital advertising company was encouraged to find a new lender. The company was looking to refinance \$4MM of outstanding senior commercial bank debt and secure additional funds for working capital.

While the fifth-generation family-owned company had \$9MM in revenues and a strong pipeline of customers, they were shifting to an asset-light business model and had little collateral to offer. Their existing lender was unable to advise the company on alternative loan types or COVID-related relief that could have supported their financial situation.

CEREBRO SOLUTION

Cerebro's platform searched for conventional and government-backed loans on national, regional and community levels and also targeted non-bank SBIC funds as a secondary strategy. The company received multiple term sheets, and an out-of-state regional bank with a national SBA lending program won the bid.

With Cerebro's tools, the owner learned about the SBA program's loan guarantee structure that could shore up the additional risks required by a bank to help them quasi-restructure their debt and business. Importantly, an SBA loan would also fulfil the owner's desire for a low cost of capital and 10-year amortization so he could build up cash flow and further stabilize and grow the company.

The term sheet pleased the owner, who had only been seeking local financing up until now and had assumed an SBA loan would be too hard to secure. With Cerebro's knowledge of the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the SBA also contributed the first six months of loan payments, saving the company more than \$330K in payments that could instead be used to strengthen the business.

Winning Term Sheet

- **Loan size: \$5MM SBA loan - refinance and provide working capital**
- **Rate: PRIME + 2.75%**
- **Collateral: Corporate-owned life insurance on the principal**