Top Ten Things To Do Before

REFINANCING OR SOURCING NEW LOANS

A CFO Checklist

CEREBRO CAPITAL

FINANCING CHECKLIST

Know exactly the things you will need to bring to the table prior to engaging with a commercial lender. Be better prepared and better informed to win the best terms for your company.

01 Prepare financial model

Lenders will want to see three to five years of financial projections. Be prepared to explain your inputs and defend your assumptions. Be sure to include the expected impact of the requested financing.

Cerebro can **provide term estimates** to help you model your projections.

02 Determine debt capacity

Prior to engaging with lenders, determine if your desired loan amount is feasible in today's market.

Cerebro offers **a free and confidential Debt Capacity Calculator** to help you understand your company's borrowing capacity.

03 Gather historical financial reports

a. Balance sheet, income statement, and cash flows (3 years)
b. Corresponding tax returns and audited statements are often required
c. Current receivables and payables aging
d. Other items depending on deal structure (equipment listings, real estate appraisals, inventory agings, various contracts, etc.)

FINANCING CHECKLIST

Lenders will request specific details about your business, the industry you are in and how the loan will be used. Be prepared to discuss these areas in-depth with lenders that are reviewing your loan application.

04 Prepare an overview of the business

Your business overview should include at minimum the following information:

a. Industry overview & geography
b. Detailed business model
c. Competitive landscape
d. Ownership structure
e. Customer concentration list
f. Growth plans

05 Loan Purpose

Create a table of the sources and uses of the project or initiative related to the requested financing. Then, prepare a short written summary describing the need and purpose for the financing in the context of how it makes good business value.

Cerebro can help you define your loan narrative.

06 Consider different credit facilities

Different lenders will determine credit worthiness based on variables including cash flow, assets, enterprise value and growth. Some lenders aren't regulated like traditional banks and therefore can offer very different terms that could be more beneficial to your business.

FINANCING CHECKLIST

07 Outline best/worst case scenarios

It is important to run some sensitivity analysis around the interest rate, structure, and loan size. Consider non negotiable covenants. This will allow you to properly evaluate trade offs that the lenders present.

08 Review existing credit agreements

Ensure that sourcing a new loan doesn't violate any covenants for your existing loans. If you need to review loan covenants, **Cerebro's Compliance Navigator can help**.

09 Select counsel

Even though you may have trusted legal counsel for your company, it is important to make sure your counsel has experience with loan financings. If not, it will be very important to select counsel that has experience with the kind of transactions you are pursuing.

10 Determine your timeline

Consider if you have a deadline in place for acquisitions or growth projects. There are many steps in closing a loan and though some loans can close within 3-4 weeks, they often can take closer to 3 months to close. In order to shorten the turnaround time, an intermediary can work with the lenders to ensure a smooth process and closing on time or early.

Cerebro can help you get to term sheets within 15 business days. Learn more.

FINANCING CHECKLIST

1. Prepare financial model

- ☐ Projections for the next 3- 5 years
- ☐ Analysis on assumptions

2. Determine your debt capacity.

- ☐ Determine feasibility of loan size

3. Gather historical financial reports

- ☐ Balance sheet (recent 3 full years)
- ☐ Income statement (recent 3 full years)
- ☐ Cash flow statement (recent 3 full years)
- ☐ Current accounts receivable – aging
- ☐ Current accounts payable – aging

4. Prepare overview of the company

- ☐ Industry overview & geographic foot print
- ☐ Detailed business model with explanation
- ☐ Competitive landscape
- ☐ Ownership structure
- ☐ Customer concentration list
- ☐ Growth plans (acquisition / organic)

5. Purpose of the loan

- ☐ Sources / uses table
- ☐ Written summary describing financing purpose

6. Consider various type of credit facilities

- ☐ Understand the spectrum of available loan options and lenders

7. Discuss ideal and worst-case loan terms with stakeholders

- ☐ Sensitivity analysis (i.e. interest rates, loan structure, amortization, loan size)
- ☐ Determine any non-negotiable covenants (i.e. personal guarantee)

8. Review existing credit agreement(s)

- ☐ Review your existing loan agreement to confirm that you are not violating convents in your existing loan agreement

9. Select counsel

- ☐ Choose experienced legal counsel for the transaction

10. Determine your timeline

- ☐ Consider if you have a deadline in place for acquisitions or growth projects
- ☐ Determine the need for an intermediary to help speed the closing timeline

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CEREBRO CAPITAL

WHY CEREBRO?

Cerebro Capital offers an expert team & data driven software tools to help you determine what loan types are right for you. If you are interested in applying for refinancing or new loans, **Cerebro has four easy steps:**

1. Complete Loan Application
2. Provide copies of financial statements, tax returns and PFS
3. Receive email notifications when lenders review your application
4. Receive term sheets within 1-15 business days of submitting loan package

Cerebro will pre-qualify your business for loan options from over 800 lenders in our network. Once your loan request is ready to take into the market, Cerebro will help you navigate the entire application and lending process, start to finish.

Get started today by completing a loan assessment.