

# Is SBA Funding the Best Solution for Growing Your Business?

*Financing for RIA professionals*



a complimentary whitepaper for registered investment advisors

## **Why you should consider alternative options**

If you need funding to grow or expand your RIA firm, you may assume the best choice is obtaining Small Business Administration (SBA) financing through your local bank. However, there are other ways to secure the necessary capital to meet your goals.

Bankers typically base their lending decisions on physical collateral such as real estate and inventory, but the primary asset of most RIA firms is embedded in the assets under management. Most traditional bankers are uncomfortable making loans against intangible assets such as future fees. They don't want to assume the risk associated with trying to quantify such an asset.

Moreover, SBA loans have comparatively small lending limits. For example, some programs go up to \$350,000 while others provide a maximum loan of just \$1.5 million per owner (up to \$5 million total). In addition, these loans require personal guarantees using your house as collateral and spouses are generally included on the debt.

Of course there are some advantages to SBA funding. Borrowers can turn to any bank that's an SBA lender. The federal guarantee may motivate a lender to offer a larger loan than it would normally make on its own. The terms and amortization schedules tend to be longer than with traditional commercial loans, which may help with cash flow.

One viable alternative to SBA loans is cash-flow based loans which are funded on future fees. Specialty lenders, such as Oak Street Funding, who use the cash-flow method, have a deep understanding of how financial services professionals such as RIAs operate. Furthermore, Oak Street has the flexibility to customize lending packages based on your specific needs.

A niche lender since 2003, Oak Street is willing to make loans up to \$20 million without requiring personal asset liens or including your spouse on the note. Loans can be structured to accommodate phased successions or involve multiple transactions within a single financing.

Oak Street is also a direct lender. We own and service your loan throughout its term and will not sell it to another organization. For us, it really is about relationships and not transactions. We want to be your partner from initial growth, through the development stages of your business and eventual divestiture of your firm. Visit [oakstreetfunding.com](http://oakstreetfunding.com) to learn more.

## **About Oak Street Funding**

Since 2003, financial services professionals have benefited from hundreds of millions of dollars in loans from Oak Street Funding, a direct, non-SBA lender that understands their business model and appreciates their most valuable assets – even though they are intangible. Our strong financing expertise, innovative technology, proprietary actuarial models and experienced niche-lending team align to develop new products to meet the growing demand for RIA financing. Visit [www.oakstreetfunding.com](http://www.oakstreetfunding.com) to learn more.

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