

Is SBA Funding the Best Solution for Growing Your Business?

Financing for CPA professionals



a complimentary whitepaper for certified public accountants

Why you should consider alternative financing options

If you need funding to expand your CPA practice, 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 lending decisions on physical collateral such as real estate and inventory, but the primary asset of most CPA practices is the future cash flow that's embedded in their book of business, such as monthly client billings and consulting fees. Traditional bankers are uncomfortable making loans against intangible assets like future fees. They don't want to assume the risk associated with trying to quantify such as asset.

Moreover, SBA loans have comparatively small lending limits. Some programs are limited to \$350,000, with others providing a maximum loan of just \$1.5 million per owner. In addition, the loans require personal guarantees from anyone who owns at least 20 percent of the CPA practice, and the owners' spouses generally must be 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 better understanding of how CPAs operate and have the flexibility to customize lending packages based on your specific needs. The loans are designed so the future client fees of your CPA practice support the repayment, with little out-of-pocket cash.

A niche lender since 2003, Oak Street is willing to fund up to \$2.5 million without requiring personal asset liens or including your spouse on the note. Loans can be structured to accommodate phased buy-ins and 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 the eventual divestiture of your practice. Visit oakstreetfunding.com to learn more.

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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 CPA financing. To learn more, call 844-343-1417 or visit oakstreetfunding.com/CPA_valuation.

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