



**SEED
VENTURE
FINANCE**

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SEED VENTURE FINANCE PROVIDES CAPITAL TO FINANCE GOODWILL

SEED Venture Finance LLC announced today that it can provide capital to finance goodwill without arbitrary limits. "Goodwill is the value of a business that can't be accounted for through physical things such as assets in a warehouse" explained Tom Wooters, Investment Manager for SEED Venture Finance LLC.

According to Wooters, recent announcements by the U.S. Small Business Administration limiting the financing of goodwill have created quite an uproar among the financial community. The SBA initially announced that it would limit "goodwill" financing to 50 percent of the loan amount up to a maximum of \$250,000.

After considerable negative feedback, the SBA backed off this position and stated that it would allow the financing of greater than \$250,000 in goodwill on a case-by-case basis. "This negates a lender's ability to use the SBA Express Program and requires the submission of a full package to SBA for approval," explained Wooters.

SEED Venture Finance has capital available and can finance goodwill without arbitrary limits. "Our recent financing of Jet Products LLC is a good example of how we can provide the capital required to complete a transaction in today's tight credit environment," added Wooters.

SEED Venture Finance provided \$500,000 in subordinated debt financing to facilitate the acquisition of Jet Products LLC. The senior lender involved in the transaction was unable to provide all the capital required due to a shortfall in collateral resulting from a significant

component of goodwill in the acquisition value.

According to Wooters, without the SEED Venture Finance debt the transaction may not have closed. Subordinated debt compliments other sources of acquisition financing. It fits in a company's capital structure between equity and the senior lender and provides the company and senior lenders with a cushion should a company's performance not meet expectations.

SEED Venture Finance manages a \$20 million private investment fund and pursues investments of \$250,000 to \$1.25 million. Typically these investments are structured in the form of subordinated debt with warrants. The fund can address situations that require additional capital by partnering with commercial banks or other investment firms. In certain situations, SEED Venture Finance will consider other transaction structures including preferred equity investments and royalty-based financing.

SEED Venture Finance invests in small and medium sized companies that represent established businesses with solid management, proven products and strong growth potential. The fund is not limited to investments in any particular industry. SEED Venture Finance provides capital for business acquisitions, recapitalizations, expansion/growth and equipment or owner occupied real estate financing.

SEED Venture Finance has established strategic partnerships with major commercial banks in the region and is uniquely positioned to provide a company with a full range of capital raising options and related services. For more information about SEED Venture Finance see www.seedventurefinance.com.

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