PROJECT SENDERO

Borrower Credit Package

Residential and light commercial HVAC service, Tarrant County, Texas

Applicant	Sendero Air Holdings, LLC (single member: Marcus Hale)
Target	Sendero Air Services, LLC
Transaction	Asset purchase, $2,700K. SBA 7(a) request $2,595K
Prepared for	Submission to the Lender with the 7(a) application
Basis	SBA SOP 50 10 8.1, change of ownership: Initial Acquisition
Periods	FY2023 to FY2025 and trailing twelve months to September 30, 2026
Date	October 2026
Prepared by	Clearbend Advisory, LLC (Garrett Geisler), on behalf of the applicant

Illustrative package. The company, people and figures are fictional and shown to demonstrate scope and format.

1. Credit Summary

$2,595K
7(a) request, 10 years

1.38x
FY2025 coverage, adjusted, after capex

1.32x
Two-year average, same basis

1.44x
Global coverage with guarantor

12.5%
Equity injection

Request	
Borrower	Sendero Air Holdings, LLC
Guarantor	Marcus Hale, 100% owner
Loan	$2,595K SBA 7(a), 10 years, variable
Rate (assumed)	9.75%; Lender term sheet governs
Annual debt service	$407.2K
Use of proceeds	Business acquisition, working capital, closing costs
Collateral	All business assets; lien on guarantor residence; life insurance

Recommendation basis. Adjusted EBITDA of $663K for FY2025 supports the requested loan at 1.38x after capex. On the TTM, coverage stays above 1.25x unless revenue falls more than 4.6% at current margins. The purchase price is under $3 million, so no Lender QoE is required under SOP 50 10 8.1.

Strengths	Risks and mitigants
Coverage meets the SOP test on an adjusted basis: 1.38x FY2025 and 1.32x two-year average, after $100K of capex.	**Coverage depends on add-backs.** Reported two-year coverage is 1.19x. Every add-back is tied to source documents (Section 5); two broker add-backs were excluded.
Low concentration. No customer above 2% of revenue; top ten are 9%. About 1,850 maintenance agreements renew each year.	**License dependency.** The seller holds the ACR contractor license. The lead technician, a Class A licensee, has signed a three-year employment agreement with a retention bonus.
Operator buyer. Twelve years at a regional commercial mechanical contractor, most recently Director of Field Operations with 30 technicians reporting to him.	**Seasonality.** Summer peak, slower spring and fall. $150K of working capital is in the loan, and the TTM low month still covered its costs.
Equity above minimum: 12.5% against a 10% requirement, with cash from verified savings.	**Collateral shortfall** of $2,220K. Residence lien taken (40% equity); life insurance on the guarantor for the shortfall.

2. Transaction and Equity

Sources and uses	$	%
Uses		
Purchase price (asset purchase)	2,700	91.1%
Working capital	150	5.1%
SBA guaranty fee, valuation, legal and closing (est.)	115	3.9%
Total project cost	**2,965**	**100.0%**
Sources		
SBA 7(a) loan	2,595	87.5%
Buyer cash	230	7.8%
Seller note, full standby for loan term	140	4.7%
Total sources	**2,965**	**100.0%**

Asset purchase. Seller pays off equipment loans and keeps cash and receivables. Closing costs assume the SBA guaranty fee at the SOP maximum (about $70K) plus valuation, legal and Lender fees, pending the Lender's fee schedule.

Purchase price allocation (draft)	$
Vehicles and equipment	470
Parts and equipment inventory	85
Customer lists, agreements and goodwill	2,145
Purchase price	**2,700**

Equity injection test (SOP: 10% of total project cost)	$
Required injection, 10% of $2,965K	296.5
Buyer cash, not borrowed	230
Seller note on full standby (limited source)	140
Total injection	**370**
Limited sources cap, half of required	148.25
Standby note within cap	**Yes**
Injection as % of project cost	*12.5%*

Equity documentation

- Buyer cash of $230K sits in personal savings, with two months of statements and a 12-month source history attached. Nothing is borrowed.
- Seller note of $140K: 15-year term, on full standby with no principal or interest payments while the 7(a) loan is outstanding, on SBA Form 155. It is no more than half of the required injection, so it counts.
- After closing the guarantor keeps $95K of personal liquidity outside retirement accounts (Section 8).

3. Historical Results

Income statement, internal accrual P&L	FY2023	FY2024	FY2025	TTM
Revenue	3,450	3,820	4,110	4,260
Gross profit	1,415	1,604	1,743	1,802
Gross margin	*41.0%*	*42.0%*	*42.4%*	*42.3%*
Operating expenses, ex-seller	(860)	(935)	(990)	(1,020)
Seller salary and payroll taxes	(210)	(220)	(230)	(230)
Reported EBITDA	**345**	**449**	**523**	**552**
Depreciation	(42)	(45)	(48)	(50)
Interest	(18)	(15)	(12)	(11)
Net income	**285**	**389**	**463**	**491**

TTM = FY2025 plus YTD Sep-26 less YTD Sep-25. Internal statements are accrual basis and reconcile to the returns in Section 6.

Interim comparison (SOP requirement)	YTD Sep-25	YTD Sep-26	Change
Revenue	3,130	3,280	4.8%
Gross profit	1,330	1,389	4.4%
Gross margin	*42.5%*	*42.3%*	
Operating expenses, ex-seller	(745)	(775)	4.0%
Seller salary and payroll taxes	(173)	(173)	
Reported EBITDA	**412**	**441**	**7.0%**

Revenue mix, TTM	$	%
Replacement installs	1,874	44%
Service and repair	1,619	38%
Maintenance agreements	511	12%
Light commercial and builder	256	6%
Total	**4,260**	**100%**

What the numbers show

- Revenue grew 11% in FY2024, 8% in FY2025 and 5% year to date. Growth is slowing but steady, led by replacement installs.
- Gross margin has held at 41% to 42% for three years. Price increases have kept up with equipment and wage costs.
- Reported EBITDA rose from $345K to $552K TTM. FY2024 reported EBITDA is after a one-time $35K lawsuit settlement, added back in Section 4.
- Maintenance agreements are 12% of revenue, but they feed the service and replacement work. Agreement customers make up about half of replacement installs.

4. Earnings Bridge

Reported to adjusted EBITDA	#	Status	FY2023	FY2024	FY2025	TTM
Reported EBITDA			**345**	**449**	**523**	**552**
Seller salary and payroll taxes	1	Supported	210	220	230	230
Replacement GM: salary, payroll taxes, benefits	2	Deduction	(160)	(160)	(160)	(160)
Seller personal vehicle, personal share	3	Supported in part	11	12	12	12
Seller's spouse on payroll, no role	4	Supported	48	50	52	52
Seller family health insurance	5	Supported	22	23	24	24
Lawsuit settlement and legal fees, 2024	6	Supported	–	35	–	–
Shop rent from seller's entity to market	7	Deduction	(18)	(18)	(18)	(18)
Total adjustments			**113**	**162**	**140**	**140**
Adjusted EBITDA			**458**	**611**	**663**	**692**
Adjusted EBITDA margin			*13.3%*	*16.0%*	*16.1%*	*16.2%*

Supported: tied to source documents (Section 5 lists them). Deduction: cost the buyer will carry that the seller did not. The seller's pay is replaced with the buyer's cost as general manager: $140K salary plus payroll taxes and benefits. The $140K salary is the guarantor income in Section 8.

Versus the broker, TTM	$
Broker adjusted EBITDA (CIM, before a manager's salary)	926
Less replacement GM cost	(160)
Broker, comparable basis	**766**
Vehicle: personal share only	(6)
Repairs: recurring, excluded	(28)
Bad debt: recurring, excluded	(22)
Shop rent to market: not in CIM	(18)
Package adjusted EBITDA	**692**

> The package is $74K below the broker on a comparable basis. The Lender's own analysis should land close to this figure, not the CIM's.

5. Add-back Support

#	Adjustment	Broker, TTM	Package, TTM	Source documents	Conclusion
1	Seller salary and payroll taxes	230	230	W-2s and payroll registers, 2023 to 2026.	**Supported.** Seller leaves at close after a paid transition.
2	Replacement GM cost	–	(160)	Buyer's employment terms with the applicant; DFW GM pay survey.	**Deduction.** Buyer runs the business at $140K salary, plus $11K payroll taxes and $9K for his own health coverage; his family is on his spouse's employer plan.
3	Seller vehicle, personal share	18	12	Title, fuel card detail, mileage log.	**Supported in part.** Truck is used for estimates about a third of the time; that share stays in.
4	Seller's spouse on payroll	52	52	Payroll register, org chart, interviews.	**Supported.** No role in the business; nobody replaces her.
5	Seller family health insurance	24	24	Policy declarations and invoices.	**Supported.** Family plan for the seller only; staff plan is separate.
6	Lawsuit settlement, 2024	–	–	Settlement agreement and legal invoices, 2024.	**Supported, FY2024 only.** One claim, closed, no similar claims in five years.
7	Shop rent to market	–	(18)	Lease with seller's entity at $36K; broker opinion of rent at $54K.	**Deduction.** Buyer signs a market lease at close.
–	Truck and equipment repairs	28	–	Repair ledger, 2022 to 2026.	**Excluded.** Repairs ran $24K to $31K every year.
–	Builder bad-debt write-off	22	–	AR write-off detail, 2022 to 2026.	**Excluded.** Write-offs ran $12K to $22K every year.

Every add-back that stays in is tied to a source document the Lender can request. The two exclusions are costs that recur every year; keeping them out is what a Lender's analysis would do.

6. Records Tie-out

Revenue	FY2023	FY2024	FY2025
Gross receipts, Form 1120-S (cash basis)	3,442	3,814	4,105
Gross receipts, IRS return transcript	3,442	3,814	4,105
Difference	–	–	–
Add: increase in accounts receivable	8	6	5
Revenue, internal accrual P&L	**3,450**	**3,820**	**4,110**

Income	FY2024	FY2025
Net income, internal P&L	389	463
Less: increase in accounts receivable	(6)	(5)
Add: increase in accounts payable	6	4
Less: tax depreciation in excess of book	(25)	(22)
Ordinary business income, Form 1120-S	**364**	**440**

Deposit test	FY2024	FY2025	TTM
Revenue, internal P&L	3,820	4,110	4,260
Less: increase in receivables	(6)	(5)	(4)
Add: sales tax collected	19	20	21
Expected deposits	**3,833**	**4,125**	**4,277**
Deposits per bank statements	3,844	4,109	4,284
Difference	**11**	**(16)**	**7**
% of revenue	*0.3%*	*(0.4%)*	*0.2%*

What this shows

- Returns are filed on the cash basis; the internal P&L is accrual. Revenue differs each year by exactly the change in receivables.
- Gross receipts match the seller-provided IRS return transcripts. The Lender should pull its own through Form 4506-C.
- Book and tax income differ only by receivables and payables timing and depreciation.
- Bank deposits support reported revenue within 0.5% in every period. Sales tax applies to commercial work, including the builder accounts, which are light commercial projects; residential repair is not taxed.
- This is a deposit test, not the full cash proof a Lender QoE would require on a $3M+ deal.

7. Debt Service Coverage

SOP 50 10 8.1 coverage test, minimum 1.25x	Cash flow	Debt service	DSCR	Result
Historical: FY2025 reported EBITDA	523	407.2	1.28x	Meets
Historical: two-year average reported EBITDA	**486**	**407.2**	**1.19x**	**Below**
Adjusted: FY2025	663	407.2	1.63x	Meets
Adjusted: two-year average	637	407.2	1.56x	Meets
Adjusted, after $100K capex: FY2025	**563**	**407.2**	**1.38x**	**Meets**
Adjusted, after $100K capex: two-year average	**537**	**407.2**	**1.32x**	**Meets**

SOP 50 10 8.1 tests initial acquisitions at 1.25x on the last fiscal year or the two-year average, historical or adjusted. Debt service: $2,595K, 10 years, 9.75%, monthly payments. Seller note on full standby, excluded. Capex of $100K a year replaces the 14-van fleet, at about $65K per upfitted van, on a nine-year cycle.

Stress tests, TTM adjusted after capex	Cash flow	Debt service	DSCR
TTM adjusted, after capex (base)	**592**	**407.2**	**1.45x**
Revenue down 10% at current gross margin	**412**	**407.2**	**1.01x**
Gross margin down 2 points	**507**	**407.2**	**1.24x**
Rate up 2 points (variable rate)	592	442.3	1.34x
Licensed lead tech replaced at market	547	407.2	1.34x

Reading the coverage

- **The loan meets the SOP test on an adjusted basis:** 1.38x for FY2025 and 1.32x on the two-year average, after capex.
- **Reported two-year coverage is 1.19x.** The gap is mostly the seller's pay, his spouse's payroll and his family insurance, net of the buyer's GM cost, plus smaller items (the vehicle, the 2024 lawsuit and the market-rent adjustment), all documented in Section 5. Those are the add-backs a Lender would accept.
- **On the TTM, coverage holds at 1.25x unless revenue falls more than 4.6%** at current margins, or gross margin slips 2 points (1.24x). Revenue has grown every year reviewed; margin has held at 41% to 42%.
- **A 2-point rate increase** leaves coverage at 1.34x.
- **Losing the licensed lead technician** costs about $45K a year to replace at market, leaving 1.34x. The bigger risk is the license itself; see Section 9.
- **The cushion is real but not wide.** If the Lender underwrites to the downside cases, the levers are more buyer cash, a larger seller note on full standby, or a smaller loan. (The SOP prohibits seller earnouts.)

8. Global Cash Flow and Guarantor

Global cash flow, TTM basis	$
Business cash flow: adjusted EBITDA after capex	592
Guarantor salary as general manager	140
Spouse W-2 income	85
Less: personal income taxes, incl. pass-through (est.)	(96)
Less: living expenses (est.)	(60)
Cash available for debt service	**661**
Business debt service (7(a))	407.2
Personal debt service: mortgage, auto, student loan	50.4
Total debt service	**457.6**
Global DSCR	**1.44x**

The guarantor's salary is already deducted in adjusted EBITDA (Section 4), so it appears here as personal income, not twice. Taxes are estimated at 22% of about $438K of taxable income: salary, spouse income and about $213K of pass-through income: adjusted EBITDA less first-year interest of about $246K, goodwill amortization of $143K and equipment depreciation of $90K. Living expenses are an estimate; the Lender's own global analysis governs.

Guarantor personal obligations	Monthly	Annual
Home mortgage	3.0	36.0
Auto loan	0.8	9.6
Student loan	0.4	4.8
Total	**4.2**	**50.4**

Guarantor balance sheet, post-close (PFS)	$
Cash and savings after injection	95
Retirement accounts	240
Residence	520
Vehicles	38
Less: mortgage	(310)
Less: auto and student loans	(29)
Net worth, excluding business	**554**

From the guarantor's personal financial statement and supporting statements. Credit report and personal returns for 2023 to 2025 are in the file.

9. Collateral, Liquidity and Transition

Collateral	Value	Advance	Lendable
Trucks and vans (14), book value at purchase allocation	380	50%	190.0
Tools, equipment and diagnostic gear	90	50%	45.0
Parts and equipment inventory	85	10%	8.5
Personal residence: $520K value at 85%, less $310K mortgage	132	100%	132.0
Total lendable value			**375.5**
Loan			2,595
Collateral shortfall			**2,219.5**

Values follow the SOP's fully secured limits: equipment at 50% of net book value without an appraisal, inventory at 10% of book, improved real estate at 85%. Residence equity is 40% of value, above the SOP's 25% threshold, so the lien is taken; it may be limited to the shortfall. Because the loan is not fully secured and the business depends on one owner, the SOP requires life insurance on the guarantor in the amount of the shortfall, assigned to the Lender.

Working capital

The buyer starts without receivables, but most work is paid at completion. Light commercial and builder accounts, 6% of revenue, are billed on terms; the seller's receivables were about $40K at September 30, and the buyer rebuilds that over the first two months. The $150K in the loan covers that build and leaves about $110K, roughly a week and a half of operating costs, as a cushion.

For the summer payroll peak, the applicant requests a $150K working capital line from the Lender, undrawn at close; the SOP allows a line alongside a change of ownership loan. Interest on draws is not in the coverage figures. Customer deposits on installs still open at close transfer to the buyer as a credit against the price.

Transition plan

- **License.** Texas requires a licensed air conditioning and refrigeration contractor for the business. The lead technician holds a Class A license and will be the licensed contractor of record under a three-year employment agreement, with a $15K retention bonus in years one and three. The buyer is preparing to sit for the license himself.
- **Seller.** Six months of paid transition consulting ($30K, included in the year-one outlook), plus a three-year non-compete.
- **Staff.** Nine technicians and three office staff stay. All have been told and offered employment by the applicant.
- **Customers.** Maintenance agreements assign with the business; the seller introduces the buyer to the twenty largest light commercial accounts.
- **Year-one outlook (support only).** Revenue $4,388K (+3%), adjusted EBITDA $701K after the seller's transition consulting and the retention bonus, coverage 1.48x after capex. Not the coverage basis; the SOP test in Section 7 governs.

10. Buyer Profile

Marcus Hale, guarantor and general manager

- Twelve years at a regional commercial mechanical contractor, most recently Director of Field Operations with 30 technicians and $14M of annual service revenue reporting to him.
- Owned dispatch, technician scheduling, service-agreement renewals and job costing. Cut average truck rolls per job and raised agreement renewal rates during his tenure.
- Bachelor's degree in construction management. EPA Section 608 certified.
- Lives in Tarrant County, fifteen minutes from the shop. Will work in the business full time from day one; no other employment after close.

> Why this buyer fits: the target's risk is operations, keeping technicians busy and agreements renewing. That is the work the buyer has done for twelve years, at a larger scale.

First 100 days

Period	Focus
Days 1–30	Seller introductions to staff and commercial accounts; payroll, insurance and licenses in the new entity; Lender reporting calendar set up.
Days 31–60	Dispatch and job-costing review; renewal campaign for agreements due in the next two quarters.
Days 61–100	First monthly close under new ownership; budget against actuals; capex plan for vans past 150,000 miles.

Appendix: Documents, Open Items and Basis

Documents in the package	Period
Seller federal returns, Form 1120-S	FY2023 to FY2025
IRS return transcripts (seller-provided)	FY2023 to FY2025
Internal monthly P&L and balance sheet	Jan-2023 to Sep-2026
Business bank statements	Jan-2024 to Sep-2026
Payroll registers, W-2s, org chart	2023 to 2026
Add-back support listed in Section 5	2022 to 2026
Fixed asset and vehicle list; inventory count	Sep-2026
Letter of intent; draft asset purchase agreement	Sep-2026
Seller note term sheet (standby)	Oct-2026
Guarantor PFS, credit report, personal returns	2023 to 2026
Lead technician employment agreement and license	Oct-2026
Broker offering memorandum (CIM)	Aug-2026

Open items for the Lender

- Lender's own 4506-C transcripts for the seller and guarantor.
- Independent valuation of the guarantor's residence; the $520K figure is from the PFS.
- Business valuation, ordered by the Lender as the SOP requires.
- Equipment appraisal, if the Lender's policy requires one.
- Final asset purchase agreement, market lease and seller standby agreement on SBA Form 155.
- Life insurance assignment and verification of the lead technician's license with the state.

Basis of preparation

Prepared by Clearbend Advisory, LLC on behalf of the applicant for submission with its SBA 7(a) application. It is not a quality of earnings report under SOP 50 10 8.1, which must be obtained by and for the Lender on transactions of $3 million or more. It is not an audit, review or compilation, and no assurance is expressed. Clearbend Advisory is not a CPA firm.

Figures come from records provided by the seller and the applicant. Clearbend Advisory's fee is disclosed on SBA Form 159 and does not depend on the loan being approved or closed.