



## Anti-Viral Money: Valuable Tips for Brewery Funding During the Pandemic (Part 1)

by Rick Wehner, Brewery Finance

As craft beer wades through the COVID-19 crisis, the search for funds in all forms is more important than ever. But COVID-19 has made it harder than ever to get funding. And some seemingly helpful emergency steps can make it tougher to secure dollars down the road. How to avoid the funding pitfalls of this surreal health crisis? Here are tips to help you keep your brewery out of the financial Emergency Room.

- **The downside of deferrals.** Numerous lenders and vendors have compassionately (and wisely) allowed brewers to defer payments. With so many unknowns at the start of the pandemic, it was wise for brewers to get as many as they could get. But if you aren't making full payments to current creditors, it can be hard to qualify for a new loan, lease, or financing.
- **Credit checks can be detrimental.** Due diligence is a valuable step when looking for funds. But multiple credit checks on your credit bureau can decrease your credit score and make you look desperate for money. Do your homework, but don't apply with everyone who offers help.
- **Fewer funders, fewer approvals.** As COVID hit, many banks and lenders stopped lending to breweries and brewpubs. The already low approval rate for breweries has also dropped like crashing yeast. And to get to "approved," banks are likely to want big collateral (your home), a blanket lien on your business assets, and tax returns and a personal financial statement, too.
- **PPP and EIDL rates are AWOL.** Uncle Sam provided historically low terms with its PPP and EIDL help. Don't get used to that. Commercial lending is risky and creditors price their offerings to compensate for the risks. With the added risks of the pandemic, lenders won't match the rates (or the comfort with debt) of our politicians in Washington.
- **Higher fu#\*ing standards.** Because the pandemic impacts key ratios that banks use to approve credit -- such as a brewery's net worth, net profit and net income -- it's now much tougher for breweries to qualify for funding. This could negatively impact your current lender relationship *and* jeopardize future financing through traditional sources.

Good luck with these very stressful and difficult times and constantly changing new normal. May your funding efforts be fruitful and your brewery and financial picture remain healthy. Reach us at [beermoney@breweryfinance.com](mailto:beermoney@breweryfinance.com) if you need funding help.



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*Rick Wehner founded Brewery Finance in 2005 and has since provided nearly 1500 startup and established brewers with vital equipment funding to help them launch, grow and flourish.*