A specific type of loan to a business entity, which possesses certain characteristics of both asset-based and cash-flow loans. Senior stretch loans are cheaper than straight cash-flow loans, since the borrowing company has a healthy balance sheet and generates sufficient cash flows to satisfy their obligations.

Senior stretch loans usually provide financing that is equal to more than the total lending value of the borrower’s current and fixed assets. However, the borrower must show the capacity to repay this type of loan either through high operational cash flows or a strong balance sheet consisting of a substantial asset base. In short senior straight is a combination of both cash flow and asset base lending.

LaSalleNova has developed a combination of both cash flow lending and assets base within their senior stretch loan. The base of the loan is made on the normal assets at 75 to 80 percent and STRETCH funding beyond the assets base subject to EAITA earnings after interest taxes and amortization expenses.