Accounts Receivable Financing
Accounts Receivable Financing

What It Is …
Leveraging the accounts receivable asset of a business to create working capital.

Who It’s Great For …
Businesses of any size with accounts receivable

What It Uniquely Offers Your Customer …
Accounts Receivable Financing enables your customer to get next-day financing of its accounts receivable. Instead of businesses waiting 30-60+ days for their customers to pay them, this program allows them to typically be paid within 24 hours.

Why You Should Care …
Accounts Receivable Financing allows businesses to maximize cash flow, meet payroll, grow their business, and manage seasonal fluctuations.

Product Offer …
- Advance rates up to 95%
- Be approved and finance invoices in as little as 24 hours
- No minimums!

Funded Deals …
- Electrical contractor looking for $35,000 line request
- 560 credit score
- Six civil judgments against the owner
- Lawn care owner looking for $45,000 line request
- Owner had felonies for weapons possession and assault
- Single account debtor
- Trucking company looking for $1.5mm line request
- $600,000 tax lien
- History of losses
Business Description:
Computer refurbishing company based in California

Lead Source:
Bank lead

Benefit to the Business:
- The bank was unable to help the company because it was a start-up with no existing bank accounts. The company had to incorporate, make sales, and then generate invoices, which took three months to complete.
- Our LendingNetwork partner worked with the customer from the beginning, even introducing her to a real estate agent.
- The final challenge and one of the biggest to overcome from a lender’s standpoint was her debtor base. They were all school districts. School districts don’t have established credit, so it can be impossible for most lenders to work with them. Our partner has substantial experience financing invoices to school districts.
- Our partner had to compete with 10 other lenders from the very start. He won her over by being honest and forthcoming and because of his competence and knowledge about the service and industry. He even showed her a copy of their contract before she completed the application. This extraordinary customer service won the deal and the customer couldn’t be happier.
Purchase Order Financing
Purchase Order Financing

What It Is …
Purchase order funding is a financing arrangement often used to pay for the cost of goods required to fulfill a supply contract. It is normally used for covering the cost of finished goods only, typically drop-shipped directly to the end user. The purchase order lender uses a variety of payment methods including direct cash payments, payment assurance letters, vendor payment guarantees, and letters of credit for overseas suppliers. Once the goods have been delivered and accepted by the end user and the invoice is approved, an advance can be generated. This is done through BusinessManager or another accounts receivable lender to pay off the purchase order lender, making it a self-liquidating form of financing.

Who It’s Great For …
Businesses of any size

What It Uniquely Offers Your Customer …
The ability to get working capital for future production runs or to purchase finished product which will be resold at a profit. Without this type of financing in place, many businesses don’t have the working capital on hand to facilitate these kinds of orders.

Why You Should Care …
Most financial institutions do not offer this type of financing because of the risk and timing of delivery of the finished product. This allows your customers to be paid much faster than waiting on the actual purchase order to be delivered and the receivables to be funded.

Product Offer …
- Approval in as little as 24 hours
- Allows your customer to get paid day-one instead of waiting the 60-90+ days it takes for their customer to pay.
- Inventory financing; can also be used in conjunction with accounts receivable financing

Funded deals …
- New company looking to obtain purchase orders with Kroger
- Only needed $20,000 for purchase order
- Obtained financing in less than two weeks

- Start-up manufacturing company
- Had a $500,000 purchase order but needed immediate cash to meet payroll
- Obtained financing in a week
LendingNetwork Funding Story

Purchase Order Financing

Business Description:
Tuxedo design and manufacturing company based in Tennessee

Lead Source:
Bank lead

Benefit to the Business:
- The bank was unable to help the company with working capital because it was a start-up. Also the bank was unable to provide purchase order (PO) financing.
- There were multiple issues with this deal that our LendingNetwork partner was able to overcome. The size of the purchase orders from the company’s customers was below the minimum required by most PO lenders. In this case, they made an exception and funded a $15,000 PO.
- Most PO lending companies do not finance the cost of raw materials. However, in this case they did finance the cost of the fabric from the mills required to produce the tuxedos.
- Their contract manufacturer required a 50% cash deposit, which most PO lenders do not provide, so instead they negotiated to have them accept a letter of credit.
- Based on the delivery commitments, they needed funding in less than a week. As a result, the funding strategy was to structure a financing facility with a “boutique lender” who had the capacity to provide both PO funding on the front end and AR funding on the back end. In addition, the financing facility would also need to include inventory funding, specifically for the fabric, which was the majority of the raw materials cost.
- The lender agreed to establish a “starter” contract financing facility for $85,000. The facility was designed to be “elastic” so that it could be increased to fund their projected growth.
Construction Contract Financing
Construction Contract Financing

What It Is …
This is a highly specialized form of financing that utilizes “future” contract proceeds as the basis for financing today. This “elastic” revolving credit facility is designed to provide financing resources in various forms to assist the contractor in fulfilling contract obligations.

Who It’s Great For …
Contractors with contracts or purchase orders who can do the work but, (a) have bank financing and are in good standing, but are growing too fast for the bank, (b) have bank financing and are either “maxed out” or “upside down,” but could turn things around with contract financing, or (c) are “unbankable” and can’t meet the bank’s traditional lending criteria.

What It Uniquely Offers Your Customer …
Construction Contract Financing allows the customer to have access to material/supply financing, mobilization funding, payroll funding, vendor payment financing, progress billing financing, and bond premium financing.

Why You Should Care …
Construction Contract Financing gives general contractors and subcontractors options for bond premium financing, accounts receivable financing tied to progress billing, construction contract financing, or anything in between.

Product Offer …
- **Material/Supply Financing**
  Designed to provide financing for materials delivered to the job site and billed as “stored materials.”

- **Mobilization Funding**
  Designed to assist in covering upfront, contract start-up costs.

- **Payroll Funding**
  Designed to cover contract payroll cost, before invoicing, for work performed, approved but not yet billed. Works best for service contractors.

- **Vendor Payment Financing**
  Designed to provide financing for vendors, suppliers, and subcontractors, utilizing a variety of guaranty instruments, including payment assurance letters, letters of credit, and direct cash payments.

- **Progress Billing Financing**
  Designed to provide working capital through cash advances against approved invoices, including bonded contracts.

- **Bond Premium Financing**
  Designed to cover the upfront, out-of-pocket costs for bonds, workers comp, and liability insurance premium payments.
How Does It Work?
A Preliminary Underwriting Assessment is conducted first to assess the probability of approval and define the mix of financing products best suited to meet the contractor’s needs. A financing strategy is then structured and arranged with the contract-financing lender. While the contract is the asset, the invoice payments serve as collateral, and are forwarded directly to the lenders lockbox to repay advances, making it an automatic, self-liquidating loan.

How Do You Qualify?
Approval for Contract Financing is primarily based on the credit-worthiness of the general contractor, or commercial customer. It is not based on the financial strength or credit score of the contractor. In addition, supplemental working capital facilities can even be established for contractors with traditional financing, but are either maxed out or upside down at their bank.
LendingNetwork Funding Story
Construction Contract Financing

Business Description:
Radio communication systems company

Lead Source:
Bank referral

The Story:
The business was initially looking for a $250,000 loan to provide collateral to a surety for a $1 million bond. In addition, it also needed $30,000 to cover the bond premium, which had to be paid prior to the bond being issued, assuming it was approved. Finally, the client also needed a factoring facility to provide working capital throughout the six-month contract.

Here were the issues:
- Most lenders will not provide funding for bonded contracts, and most surety firms will not subordinate and will require being in a first lien position. Even though it had a relationship with an existing factoring firm for the past four years and was in good standing, the factoring firm would not agree to subordinate to the bond company.
- Most factoring companies will not provide an advance until (a) their contracts are amended to reflect the revised performance and delivery dates, (b) their invoices are approved, and (c) the contractor agrees to forward invoice payments to the lender. This company’s initial invoice of $140,000 for design work which had already been completed and accepted would be submitted once the amended contract was issued and signed.
- The bond had to be approved by RUS (Rural Utilities Service), which is the federal agency that provides funding for rural electrical cooperatives like this one.
- The business had a “catch-22” because CVEC (Central Virginia Electric Cooperative) won’t issue the amendment or approve the initial invoice until the bond is both received and approved by its board of directors and RUS.

Benefits to the Business:
After completion of our LendingNetwork partner’s preliminary underwriting analysis, the funding strategy it structured, which was approved and put in place, had the following components:

- Our partner has an ongoing working relationship with a surety who agreed to approve the client and (a) eliminate the need for any cash collateral to support the bond, and (b) provide the bond upfront to CVEC and defer payment of the premium until after the invoice was funded.
- In addition, the surety agreed to take a second position and provide a partial release against the A/R in exchange for a funds control program being put into place.
- The lender agreed to establish an initial $500,000 Revolving Factoring Facility, which would be increased, as need be, to support this and any other approved contracts.
Express Signature Loan
Express Signature Loan

What It Is …
Fast funding at affordable rates by allowing them to use the strength of their cash flow to borrow money.

Who It’s Great For …
Small business owners who for the past two years have operated a relatively healthy business with good cash flow and almost daily sales, but need an affordable quick-cash infusion to capitalize on growth opportunities or business operations.

What It Uniquely Offers Your Customer …
The ability to get off-balance-sheet financing at more affordable rates than hard money loans or merchant cash advance. The business gets much needed working capital to make improvements, pay for marketing campaigns, add employees, or go after larger orders than normal.

Why You Should Care …
Express Signature Loans give your customer access to an unsecured loan that doesn’t require collateral – it only requires a personal guarantee. There is no prepayment penalty and can be approved in 3-5 days!

Product Offer …

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>$2,000 up to $1,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Term</td>
<td>3-24 Months Super Prime 3 to 5 years</td>
</tr>
<tr>
<td>Rates</td>
<td>1.13 – 1.45 factor rate</td>
</tr>
<tr>
<td></td>
<td>Super Prime 6%-12% APR</td>
</tr>
<tr>
<td></td>
<td>Under Prime 12.99% and up</td>
</tr>
<tr>
<td>Pre-Payment Penalty</td>
<td>All sources have no penalty and simple interest, some funding sources will offer prepayment discounts</td>
</tr>
<tr>
<td>Origination Fee</td>
<td>Varies depending on funding source (0-5%)</td>
</tr>
<tr>
<td>Credit Approval</td>
<td>Immediate!</td>
</tr>
<tr>
<td>Closing/Funding</td>
<td>1 to 5 days</td>
</tr>
<tr>
<td>Re-payment Method</td>
<td>Daily Split Processing, Daily ACH debit (fixed or adjustable), &amp; Lock Box</td>
</tr>
<tr>
<td>Collateral</td>
<td>None. Some funding sources require Business Owners Personal Guarantee</td>
</tr>
<tr>
<td>Upfront Fee</td>
<td>0-1%</td>
</tr>
<tr>
<td>Application Fee</td>
<td>None</td>
</tr>
<tr>
<td>Loan Guaranty Fee</td>
<td>None</td>
</tr>
<tr>
<td>Documents Required</td>
<td>Application, 4 months of bank statements, 4 months of processing statements*, lease agreement, voided check, drivers license, business license, financials**</td>
</tr>
</tbody>
</table>

*If business owner does not accept credit cards, we will need 6 months of bank statements
**Financials are not always required depending on funding source and funding amount
Approval Criteria
1. 3 months time in business.
2. No Minimum credit score.
3. Minimum gross revenue of $10,000 per month.
4. No open bankruptcies
5. Current with landlord
6. No excessive NSFs/Overdrafts
7. Discharged bankruptcies ok
8. Tax liens ok with established payment plan

Application Process
1. Apply over the phone for immediate credit approval.
2. Submit required documents for underwriting and final approval.
3. E-sign loan documents online to accept terms and close the loan.

Major Benefits
Fast Approval at Affordable Rates. One hundred percent paperless, secure and seamless process, eases burden of applying for a loan. Lowest rates in the industry makes it the next best thing to a bank loan.

A True Business Loan. Government-regulated business loan, subject to applicable federal, and state lending laws, licensing, and disclosure requirements. Unlike MCA or factoring, payment history is submitted to credit reporting agencies providing the opportunity to improve credit rating.

No Prepayment Penalty. Unlike most MCAs, the business owner can pay off early and save on interest.

Get Rate Quote Before Applying. Lender can provide draft term sheets showing detailed cost breakdown for any loan amount or payment term.

Fast Reduction in Interest Payments. With simple interest, as the loan amount decreases on a daily basis, the interest cost is re-calculated and reduces on a daily basis as well.

Existing UCC Filings Are Acceptable. Bank debt or other secured loans not a problem since the loan is unsecured.

Existing MCA Loans Are also Acceptable! MCAs, by definition, are cash advances and have no impact on approval for a “true business loan.”

State-of-the-Art Lending Platform. Proprietary technology enables the lender to make quick loan decision based on both credit information and non-traditional criteria, i.e. street view using Google® Maps™, and so on.
LendingNetwork Funding Story

Express Signature Loan

Business Description:
Construction company, specifically in sealing and paving, and based in Florida.

Lead Source:
Bank lead

Benefit to the Business:
- The company experienced rapid expansion and growth and needed a small-term loan for around $50,000 to fund its marketing campaign and to help cover the cost of a new sales manager.
- It wasn’t eligible for a traditional term loan from its bank as all of its assets were encumbered due to previous financing. Factoring wasn’t an option because the company needed to spread the repayment over 12 months, versus paying it all out of the next invoice. They even applied and were approved for Merchant Cash Advance financing, but didn’t want to pay the high costs.
- After prequalifying the owner’s credit, our LendingNetwork partner determined it was eligible for an Express Signature Loan. This is a new fast track approval, unsecured term loan for up to $250,000. The company’s application was taken over the phone, and it was approved while still on the line. A short list of documents was then forwarded to underwriting. Our partner completed due diligence, approved the company for $40,000 and closed and funded it in five business days.
- The interest rate was based on the term of the loan and the owner had a choice of a term between three and 18 months. A fixed daily payment is being deducted each business day throughout the term of the loan and there is no prepayment penalty.
- The Express Signature Loan did not require a UCC filing and took a second position behind their existing secured lenders. It would not have been in conflict with an existing Merchant Cash Advance since it’s an “actual term loan” based on APR versus a “cash advance.”
Equipment Leasing and Financing
Equipment Leasing and Financing

What It Is …
The ability to purchase, arrange multiple leasing options, or access cash by refinancing. Both new and used equipment qualify.

Who It’s Great For …
Businesses of any size that have existing equipment or want to purchase equipment.

What It Uniquely Offers Your Customer …
The ability of a business to leverage the equity of existing equipment or secure term arrangements for new and existing equipment.

Product Offer …
- Up to 100% financing
- Be approved in as little as 24 hours
- Funding can take place in as little as a week
- Age and type of equipment do not matter
- Sizes from $5,000 to $20,000,000

Types of Equipment …
- Agriculture equipment
- Automotive equipment
- Computer equipment
- Construction equipment
- Food processing equipment
- Industrial equipment
- Lawn and garden equipment
- Material handling equipment
- Medical equipment
- Office equipment and furniture
- Plumbing and HVAC
- Printing press equipment
- Publishing equipment
- Railroad equipment
- Recreational equipment
- Restaurant equipment
- Security and surveillance equipment
- Telecommunication equipment and systems
- Title equipment
- Transportation equipment
- Veterinary equipment
- Warehouse equipment
LendingNetwork Funding Story

Equipment Leasing

Business Description:
Label-making company based in Mississippi

Lead Source:
Bank lead

Benefit to the Business:
- The bank originally wanted to place the company on the BusinessManager® accounts receivable financing program. However, there was a six-figure state tax lien against the company.
- The bank was unwilling to use the equipment as collateral for a working capital loan because most of it was more than 10 years old.
- Our LendingNetwork partner was able to lend against the seasoned printing and label-making equipment.
- Within three weeks, it was able to fund enough to pay off the six-figure tax lien and have some cash left for operations.
- Six months later, the bank saw that the company was profitable and was able to fund the company on the BusinessManager program.
Commercial Real Estate Financing
Commercial Real Estate Financing

What It Is …
Providing term debt by leveraging the value of a business’s commercial real estate.

Who It’s Great For…
Hotels, motels, restaurants, strip malls, apartment complexes, franchise start-ups, churches, and so on.

What It Uniquely Offers Your Customer …
Commercial Real Estate Financing allows the business to put financing in place for almost any type of commercial real estate including cash-out refinance for working capital or improvements. Also available is a “business only” loan product that doesn’t require real estate. This product is ideal for business purchase transactions, partner buy-outs, and for financing expansion projects. These lenders will also process loans that larger institutions might not consider.

Why You Should Care …
This is an alternative to traditional real estate financing that offers bankable rates for those who qualify and hard money loans for those that don’t qualify. Businesses who have experienced a turnaround but don’t show strong historical numbers are also candidates.

Product Offer …
- Bankable rates for those who qualify
- Approval in as little as 48 hours
- 30-year amortization in most cases, including owner-occupied deals
- Up to 90% on owner-occupied deals without SBA
- Non-recourse loans available on all major asset classes including flagged, cash flowing hotels

Funded deals …
- Restaurant
  - $500,000 in tax liens and had been past due eight months running
  - 75% LTV with no equity in the property
- Auto shop
  - Was considering closing up shop
  - Closed the business owner on a 10-year fixed at a 5.5% interest rate for a 25 year amortized loan
- Looking to purchase a child day care in a church zone
  - LTV at 75%
  - Closed and funded with two months
LendingNetwork Funding Story
Commercial Real Estate Financing

Business Description:
A church based in Birmingham, Alabama

Lead Source:
Bank lead

Benefit to the Business:
- The bank was unable to help because the borrower did not have much liquidity and didn’t have a buyer at the church.
- Very few lenders will loan to churches because they don’t want to be labeled as the bank that foreclosed on a church.
- Our LendingNetwork partner has quite a few contacts in the church lending industry.
- Instead of a conventional loan, our lender was able to contact one of its sources that sold bonds to fund the loan.
Debt Financing: Senior, Subordinated, and Equity
Debt Financing: Senior, Subordinated, and Equity

What It Is …
This type of financing is typically focused on providing supplementary capital to middle-market companies that are experiencing high growth. In general, mezzanine financing is an excellent vehicle for a business owner to use since it minimizes shareholder dilution.

Who It’s Great For …
Any business needing $500,000 or more

What It Uniquely Offers Your Customer …
The ability to restructure their debt facilities to improve cash flow and obtain working capital designed to improve profitability and net worth.

Why You Should Care …
A layer of subordinated debt can add to the company’s capital base, thereby improving the company’s balance sheet, which allows the company to increase its level of senior debt at a lower cost.

Product Offer …
- Senior debt rates are very competitive with large traditional bank loans.
- Mezzanine interest rates are approximately 12% with interest payable monthly.
- The maturity will be in the range of five years with negotiated principal amortization during the term of the loan. At the end of the five years, the loan matures with a bullet payment.
- The market for mezzanine funds is strong at the present time and there are numerous funds that are aggressively seeking to invest in qualified situations.
LendingNetwork Funding Story
Debt Financing: Senior, Subordinated, and Equity

Business Description:
Equipment rental company based in Chicago

Lead Source:
Banking lead

Benefit to the Business:
- Banks were unwilling to work with the company because it had approximately $900,000 in past-due IRS bills.
- The company experienced financial difficulties after it overcommitted for a major project with BP oil around the time of the BP Gulf of Mexico oil spill.
- There were also numerous UCC filings that had to be cleaned up before closing the deal, including twelve subordination agreements.
- While our partner was negotiating with the lenders for the subordination agreements, they obtained commitments from a senior equipment lender for $4M to refinance existing debt, and they also secured $1.5M in a mezzanine loan structure.
- Our partner was also able to fund another equipment deal for $800,000.

Benefit to the Bank:
- The bank was able to keep the customer relationship as well as the very profitable deposit relationship. They were also able to move close to $5M in bad debt off their books.
Merchant Cash Advance Financing
Merchant Cash Advance Financing

What It Is …
Financing that is based on the demonstrated cash flows of credit card receipts or bank statements.

Who It’s Great For …
Companies without traditional collateral such as real estate, receivables, inventory, equipment, or companies that have already completely leveraged their existing assets.

What It Uniquely Offers Your Customer …
The opportunity to obtain off-balance-sheet working capital financing based solely on its ability to cash flow the repayment.

Why You Should Care …
There are many businesses which have working capital needs that can’t be met with traditional bank products, including main street type businesses with no collateral and highly leveraged businesses with no equity to borrow.

Product Offer …
- Minimum credit score of 500 to qualify
- Funding in as little as a week
- No collateral required, only bank or credit card statements
- Set up as short-term loans

Funded deals …
- Bus charter company in need of immediate cash
- No assets and personal credit issues to boot
- Approved and funded based on bank statements
- Law firm in need of cash
- Owner had been keeping firm afloat out of his own pocket
- 550 credit score and no collateral available
- Approved and funded based on bank statements
- Non-emergency medical transport company
- Company was in middle of Medicare audit and risked non-payment from Medicare
- Needed funds for payroll and operating expenses
- Approved and funded within 48 hours based on bank statements
Business Description:
Bar and grill restaurant based in Kansas

Lead Source:
Networking referral source

Benefit to the Business:
- Banks were unwilling to work with the company because of the owner’s poor personal credit. The owner was also in the middle of a bankruptcy.
- Our LendingNetwork partner was able to lend off of the cash flow of the business. They did this by taking an average of the last six months of credit card sales and then making an advance to the business. Repayment comes from future credit card sales plus a fee.
- They were originally approved for $100,000, but after a few weeks of debate the business owner and CPA decided they only needed $50,000.
- After the deal was funded so seamlessly, the CPA and business owner decided they wanted the additional $50,000. The second deal was funded several months later.