



MERCHANT CASH ADVANCE PROGRAM

FAQ FREQUENTLY ASKED QUESTIONS

How does my merchant qualify?

Merchants must process at least \$5,000 per month in Visa/MasterCard sales. We can include Amex and Discover Network if a merchant does at least \$5,000 combined in those card types. We only require the merchant to batch/settle out 12-15 times per month.

How long must my merchant be in business?

Merchants only need to be in business and accept credit cards for 60 days (must process \$7,500/month if open less than a year).

How much working capital can my merchant obtain?

A merchant can qualify for up to \$250,000. The minimum advance is \$5,000.

How do you determine how much capital my merchant will qualify for?

Merchants typically qualify for up to one month's worth of their processing volume. For example, a merchant that processes \$20,000 per month will typically qualify for up to \$20,000 in working capital.

How fast is the underwriting process?

One of the main benefits of a merchant cash advance is how quickly we can provide the merchant with working capital. We can typically provide an approval within 24-48 hours with the proper documentation. And ultimately, the merchant can be funded in as quickly as 5-7 business days.

What documentation/paperwork is required to get a merchant approved?

The process is easy. We require:

- 1) Short application
- 2) Four most recent credit card processing statements
- 3) Most recent bank statement
- 4) Copy of driver's license
- 5) Business license
- 6) Voided business check

What are the merchant's credit requirements?

Merchants must have at least a 500 FICO score, no bankruptcies, and no open tax liens.

Are there other credit/lease requirements?

The merchant must have at least one year left on their lease or they will have to sign a year extension. In addition they cannot be subletting. We prefer brick and mortar locations and will not accept merchants doing business solely through e-commerce (i.e. accepting PayPal, etc.) or home-based businesses.

How does the merchant pay-back the advance?

We set up a separate checking account in the merchant's name whereby the daily credit card deposits will be directed. Once we receive the daily credit card deposits, we take out our withholding percentage and send the balance of the funds via ACH credit to the merchant's main operating bank account. With this pass-through account, there is typically a 24-48 hour day delay on top of when the merchant would normally receive their money from their credit card processor. There is no fee to set-up the account, but there is a \$25.00 per month fee to use the account.

What is the daily withholding percentage taken out of the merchant's credit card batch?

We typically will take between 10-20% when the merchant settles out nightly to pay-back the advance. The percentage can be a little higher or lower depending on the business owners overall cashflow and also will be based upon how much capital they are looking for.

Are there any application fees?

There is no fee to apply for the program. If the merchant does move forward with an advance, there is a \$295.00 processing fee that will be taken out of the proceeds of the advance.

How soon after can the merchant obtain another advance?

The merchant will be eligible for a renewal opportunity once they have paid back 50-60% of their current advance. The majority of merchants renew for additional working capital.

What business types work best for a merchant cash advance?

Restaurants, bars, clothing stores, liquor stores, spas, hair/nail/tanning salons, dry cleaners, bookstores, music stores, accessories, gift/stationary stores, coffee shops, eyeglass stores, medical offices, hosiery stores, beauty shops, movie theatres, parking garages, sporting goods stores, florists, and gourmet/specialty food stores.

Which business types are prohibited for a merchant cash advance?

Gas stations, furniture stores, high ticket electronic stores, and computer and vacuum repair. In addition, any business type with an excessively high average transaction size, less than 12 batches per month, extended future delivery/drop shipping and/or home-based businesses are all prohibited.

Note: This is a purchase of future credit card receivables and not a loan product.

We do make some exceptions for e-commerce who have a stable cash flow and in good standing over a year.



MERCHANT CASH ADVANCE PROGRAM

Merchant Cash Advances vs Bank Loans

MERCHANT CASH ADVANCES

VS

BANK LOANS

No fixed time period

Payback is based on a percentage of the business' future credit card sales

No interest rate

There is a discounted rate, typically \$0.74 on \$1.00

No fixed monthly payment

High approval rates for qualified applicants

Businesses must process credit cards for a minimum of 60 days

Quick decisions

Conditional approvals as fast as 24 hours

Fast funding

Receive funding in 7 business days or less if merchant sends required documents in a timely manner

No extensive paperwork

No true personal guarantee

Requires credit scores of 500 or above

Fixed time schedule

i.e, 3 year loan, 5 year loan, 7 year loan, etc.

Interest rate

Fixed monthly payment

Very low approval rates

Typically want to see 2 to 3 years of operating history

Decision process can take weeks

Funding time can be several weeks or up to one month

Often requires tax records, lists of collateral and business plans

Collateral and personal guarantee required

Often requires credit scores of 650+

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