

# INDUSTRY

## GUIDE

MERCHANTCASHADVANCEINDUSTRY.ORG

# Good bye banks

### Merchant Cash Advance

The total value of MCA transactions is likely to exceed \$1 Billion annually within the next two years. Is your small business missing out?

## INSIDE:

### prepare

The application process is simple but be ready.



### be wise

Don't apply everywhere. Choose wisely.



### grow

Maximize the power of your working capital.



## PREPARE: Application Steps

### The Application

A Merchant Cash Advance application is generally between 1-3 pages. You should expect to provide pertinent personal and business background information in addition to contact numbers for your vendors, landlord, and bank. A credit review is necessary to obtain a realistic offer. You should limit the amount of companies you apply with to obtain the best results.



### Statements

Depending on the funding provider, you will need to submit your most recent 3-12 months merchant account statements and business bank statements. Both sets of statements are necessary to corroborate cash flow activity, sales history, and seasonality.

### Credit Review

Your personal and business credit score are not determining factors, but they do play a limited role. Excessive tax liens, outstanding judgments, or a current bankruptcy are amongst the few things to warrant a decline on funding. A personal credit score below 525 will likely result in less than optimal terms, but positive account performance should enable you to negotiate on successive rounds of funding.

### Supplemental Documentation

A copy of your business property lease or business property mortgage is required to verify that your business location is accurate, legal, and stable. In addition, a voided business bank check, photo ID, and business license are necessary to confirm your identity. In rare cases, a recent tax return or recent financial statements can be requested.



### References and Phone Interview

Your bank or business property landlord will be contacted to verify your business address and payment history. Generally, the details of your funding agreement are not discussed and are kept confidential. Your vendors might also need to submit a verbal or written reference. Every funding provider requires a phone interview with the business owner prior to approval.



### Establish Method of Recovery

Prior to funding, you will need to establish a method to transmit the purchased card revenues. This may or may not involve the use of a new merchant account processor.

# BE WISE: Go with the proven sources

**M**erchant Cash Advance (MCA) providers might seem easy to find. Just Google the phrase and you'll find a few thousand sites all too eager to get your contact information. Some flash promises of instant funding and no credit checks. But the reality is a little bit different. To date, the Merchant Processing Resource (MPR) lists only 31 official direct providers of MCA. While this helps thousands of business owners narrow down their choices, not every provider is created equal.

## Your provider should fit you

None of them advertise it, but some providers restrict approvals to businesses that meet internal credit criteria, a specific sales pattern, a limited set of industries, a minimum time in business, or a specific method of recovery. One's bread and butter is another provider's bane. To obtain the best terms, it is crucial to connect with people that are experienced and willing to work with your unique situation and background.

## Avoid a costly mistake

If you fail to meet the approval criteria of one provider, there's a chance you are a good candidate for another. However, a decline from one provider will work against your favor towards an approval elsewhere. Even if the decline was based on a factor not relevant to the competition's standards, a stigma from it remains. Therefore, it is important to choose the most suitable provider from the onset.

If your account representative is a reseller, broker, or third party, make sure you thoroughly discuss your business background so that they can match you accordingly.

There is no advantage gained by working

with a direct provider over an experienced third party. The overall cost of funds will be the same. Many third parties tend to have long established relationships with underwriters, an edge you'll miss out on if you apply all by yourself.

On the contrary, an inexperienced third party may lack the connections necessary to match you with a real provider of capital. There are certain things you can't know for sure in a Google search, and that's which channel is which. Through MerchantCashAdvanceIndustry.org, Raharney Capital is networked with the most well known financiers in the country and has a proven track record of success. Led by an individual that has played a key role in the distribution of over \$100 Million to small businesses in the last five years, it's a safe bet you'll get the best.

## Questions to ask your funding provider

Getting approved is a great feeling and using the funds to improve your business is even better, but make sure you know all the details and stipulations that come with it. Here are some questions you should ask the underwriter during the phone interview:

1. Will I receive a monthly statement or be able to access my account history online?
2. Are there any possible financial penalties if the recovery time takes longer than estimated?
3. At what point will I be eligible for additional funds?
4. If there is an unforeseen issue or emergency that forces the business to temporarily close, what steps do I need to take to ensure I will remain in good standing



with your company?

5. Are you a member of any trade organizations, registered with the Better Business Bureau, or have any offices locally that I can use to research your company?

6. Will you sell or transmit my personal information to any third parties?

7. Will you file a UCC-1?

8. Will you conduct a site inspection of my business at any time?

9. Are there any closing or service fees that I should be aware of? If so, how are they collected?

To get matched with the right provider, go to the industry website and complete the form.

Visit: [merchantcashadvanceindustry.org](http://merchantcashadvanceindustry.org)



Once you've received funding through your Merchant Cash Advance (MCA), it's important to invest it wisely. The obvious goal is to improve the business in such a way that the overall profit earned will surpass the cost of funding.

Many longtime users of MCA put the money to use through advertising. Billboards, newspapers ads, Google Pay-Per-Click campaigns, and TV commercials can increase your customer base substantially. The return on a single advertising

campaign can continue to pay off for years as your new customers return again and again.

Repairing, restoring, or enhancing your physical place of business can bring back the spark you lost. Chipping paint, broken signs, or rusty pipes can be harmful to your image, but can also result in municipal fines, health violations, and other costly expenses down the road.

New equipment can improve efficiency by increasing your capabilities to handle

more customers or serve your existing ones faster. A significant percentage of MCA users indicate that purchasing equipment with their funds gave them an enormous advantage over their competitors.

Hire, expand, and do your part to rebuild the economy. As the age of bank loans came to a close several years ago, business owners are fortunate to have the MCA support system in place. As this method of financing is 100% homegrown in the private sector, the free market is roaring back.

**"Advertising doesn't attract customers just once. If your service is great, you'll gain their loyalty and referrals for life."**