

# US Business Finance Cash Advance Training

## Description

The Cash Advance referral program allows an independent contractor to refer cash advance funding opportunities to US Business Finance Cash Advance (USBF) in return for a monthly commission payment that will last for the duration of the repayment of the advance.

US Business Finance's referral program is the program that offers our independent contractors an opportunity to create a supplement to their income by building a flow of revenue on a monthly basis and an ongoing relationship with the merchant. The program requires just a few easy steps by the independent contractor and is available to merchants in the retail or hospitality industries.

## Opportunities in Today's Industry

The non-cash transaction industry is a multi-trillion dollar industry. Over 75 percent of most merchants' businesses involve the use of credit cards. This means that business opportunities are everywhere. USBF has the ability to provide working capital and business benefits to small to medium sized merchants in the retail and hospitality industries. This is done through the purchase of future credit card processing receipts.

Unlike most small businesses, the overwhelming majority of independent merchants within the hospitality industry do not have sufficient assets (such as commercial real estate) to secure a standard bank loan. They also don't have account receivables to factor like other types of small businesses. Therefore, when a merchant needs working capital for expansion, improvements, advertising, or other business needs, he/she has a very difficult time finding a funding source. This is a big benefit to you, as you will be able to build a relationship with the merchant that may include other products and services.

## Evaluating Criteria of Cash Advance referral opportunities

Applying for a cash advance is essentially the sale of future credit card processing receipts. Because of this, a merchant must have a credit card processing account. They must be in the retail or hospitality industries and have been in business for at least 12 months. The amount of funding available to the merchant is dependent upon the last four months of credit processing receipts, so they must have been processing credit cards for a minimum of four months. It may be necessary that the merchant change processing service to one that is compatible with the program. We will meet or beat the merchant's current rate structure. Because of the change in credit card processor, the underwriting department will review the merchant's application.

## Fee Structure of Cash Advance Referrals

We represent FIVE unique Funding companies. Our goal is to provide our Merchant Clients with a variety of custom programs to match their working capital requirements. A program sample can be described as follows: Our investors will purchase future credit card processing receipts in the amount equal to one month's Visa/MasterCard volume, not to exceed \$600,000. The investors set the cost of this advance as a discount of the total receipts purchased. Upon approval of the Cash Advance Contract, funding for the cash advance will be available within 10 business days. The repayment of the cash advance takes place over the course of approximately the next six-twelve months. For example: the next six months 20% of each batch is used to repay the advance and the fee. If the merchant's receipts volume increases their rate of repayment also increases and they are able to repay the advance in less than the six-month repayment period.

**Average Monthly Volume – 26% Discount (Fee) = Cash to Merchant**

$$10,000.00 - 2,600.00 = 7,400.00$$

As an independent contractor you will be paid a commission on the Funding Company contract, based on the approved merchant application. You will be paid according to the commission structure in your Referral Agent Agreement. The Agreement outlines the commission structure for business that generates a one-time commission payment as well as for accounts that produce commissions on an on-going basis. In addition, the independent contractor will be paid as outlined on your commission schedule for as long as the independent contractor agreement is in force and the merchant is a client of US Business Finance.

## Independent Contractor Responsibilities

The independent contractor has the general responsibility to locate clients and submit the US Business Finance "3 Minute merchant Applications" form to us via fax at (877) 202-0097, along with a cover letter as described below. In addition, the four most recent months of credit card processing statements must be submitted. The independent contractor should gain a general knowledge of the client's business and their motivation for the cash advance. This, and any other pertinent information, should be stated in the cover letter to USBF and faxed in along with the merchant information form and credit card statements.

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If some portion of the merchant's transactions results from mail and/or telephone orders, be certain to include this information in the description of the business. These types of transactions are considered "keyed transactions" and are acceptable to USBF with the understanding that additional information and documentation may be needed on a case-by-case basis. Include the following information when describing the motivation of the Merchant:

- What is the merchant trying to accomplish with the funding?
- Be able to describe the type of business and how the transactions take place.
- When does the merchant want to have the funding?
- Can you obtain copies of prior credit card processing statements?

The merchants' motivation is important when USBF considers how to structure the pricing of processing for the merchant. In addition, knowing the owners' motivation may help you avoid spending valuable time giving free "appraisals" on funding; the owner does not really need or want.

Once all the necessary information is received, Part I of the process is complete and USBF will become the point of contact with the merchant in order to complete Parts II and III. USBF may require, from time to time, your assistance to facilitate Parts II and III.

## **US Business Finance Responsibilities**

USBF will determine the appropriate processor for each account submitted by the independent contractor. USBF is responsible to provide our best effort to place each account submitted by the independent contractor. Based on the US Business Finance 3 Minute Merchant Application Form, processing statements, and type of business, USBF may or may not elect to proceed with a quote for service for a variety of reasons. If a client is rejected by USBF and later there is a change to the merchant profile that alleviates our concern, USBF will contact all parties with a new proposed quote. Our quotes are typically non-negotiable. USBF will present the rates and other information to the merchant or arrange a conference call to present the terms of the agreement. Questions about fees, how our processes work, and service set-up will all be answered on a client-by-client basis in a phone appointment with USBF. Our objective for you, the independent contractor, is to keep this process simple and profitable for you and your team to maximize the time you spend uncovering business opportunities.

USBF is responsible for obtaining authorization of agreements, installing the service and training the merchant on the processing service. In the interest of facilitating a smooth and efficient agreement, we may enlist your assistance in completing the application documentation and/or set-up process based on your relationship with and involvement with the merchant.

## **Overview of the Cash Advance Referral Deal Process**

The following three-phase process outlines the entire Cash Advance application process for all Cash Advance merchant accounts.

### **Part I**

The independent contractor will gather basic merchant information on the form provided by USBF and copies of the four prior months of credit card processing statements showing the merchant's processing history. The independent contractor should then create a cover letter describing the merchant's business and motivation for the cash advance. Finally, the independent contractor will fax all the documents to (877) 202-0097. USBF will let the independent contractor know if any additional information is needed.

Because the merchant may need to switch processors, and applying for a merchant account is essentially the same as applying for an unsecured credit line, a merchant account is subject to underwriting. Thus additional items may be required to complete a particular merchant's application package for submission to USBF. A complete application package is the key to a fast approval, and new account application packages that are not complete lengthen the time required for the underwriting process. If you are uncertain if more information is required, please give us a call at (877) 233-5777.

## **What Documentation is required**

The documentation that is required depends on the requested or average monthly processing volume. It also depends on how the payments are processed (card present, card not present, mail/telephone order, Internet, etc.). USBF will guide the

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independent contractor through each account requirement until the independent contractor is proficient in this process. The following is a list of documentation needed in order to submit the application to the underwriting department.

- Merchant Application
- Cash Advance Contract
- A copy of the owner's Driver's License
- A voided check for the DDA account to which the funds are to be deposited
- six months of credit card processing statements
- Marketing materials, Landlord contact information, Bank statements.
- Proof of ownership (e.g. a copy of a business license or Articles of Incorporation).

## Cover Letters

Cover letters are an important tool in getting accounts approved. Our account analysis and underwriting department greatly appreciate your cover letters. Since analysts and underwriters usually do not have direct contact with the merchant and just look at a packet of paperwork, it is always good to describe what and how the merchant sells their goods and/or services, their general business model and any other relevant information. The following are some important items to include in your cover letter (you will be asked for them later if they are not explained):

1. If the merchant has a POS terminal or gateway, please explain what type of equipment or gateway.
2. Describe any credit situations for both the business and primary business owner.
3. If any type of documentation is not available, please explain why. (Omitted documents without an explanation will lengthen the underwriting process.)

## **Part II**

Before submitting your application package, please review it to ensure that:

- All applicable information is completed on the US Business Finance 3 Minute Merchant Application Form. Make sure that you clearly indicate the correct anticipated (requested) monthly processing volume. This is the average monthly volume from their credit card statements. Also, be certain you indicate their average ticket amount (anticipated or actual). Ensure that all other information on the US Business Finance 3 Minute Merchant Application Form is correct and clearly indicated, such as rates, fees, etc.
- Include the four most recent months of statements from the payment processor with whom the merchant is currently processing.
- Please ensure that all key business contact information including business and residential phone, fax numbers, and references are accurate.

In addition, please note the following:

- All bankruptcies that do not report as "discharged" on the principal's credit report require a copy of the discharge document with the application package.

Once the independent contractor is finished, USBF will work with the merchant to complete the application process. The following list may be helpful for you in describing for the merchant the remaining steps or requirements USBF must undertake.

## Requirements for All Applicants

The following information and documentation is required to be in all application packages for underwriting purposes, regardless of merchant type, processing volume, or payment processing method. US Business Finance is responsible for these all these steps, but may enlist the assistance of the independent contractor in obtaining some of the documentation as needed. As an independent contractor, being familiar with these steps will help you explain to a merchant what they can expect as the deal moves forward.

1. Applicants must sign a completed Merchant Application and Merchant Processing Agreement. If the signer does not have over 50% ownership in the business (or a combined ownership of over 50% if multiple signers), a corporate resolution or copy of the corporate bylaws must be included, indicating authority to sign for the business.
2. The merchant must submit a blank business check marked "VOID" that is imprinted with the business name and address as they appear on the Merchant Application. If the check is a starter check, a letter is required from the bank stating the business name, address and transit routing (ABA) number and account (DDA) number of the account.

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3. The merchant must provide a check, authorization to ACH, or a credit card number for any applicable payment due to US Business Finance for required equipment.
4. The merchant application may require a signed Personal Guarantee. This guarantee may be required on all applications except for nationally recognized corporations with a significant amount of assets.
5. The merchant must have no open or unresolved bankruptcies.
6. The business must be established in the United States.
7. The merchant must not appear on MATCH/CTMF.
8. The merchant's business model must make sense "by all logical means."
9. In compliance with the USA PATRIOT Act of 2001, identification must be verified on all new merchants (under Section 326: Customer Identification Programs). This is done by obtaining a legible copy of one form of picture identification (driver license, passport, state ID card, INS permanent resident card, etc.) that is issued by either the State or Federal government.
10. The merchant must provide the previous four months of credit card processing statements.

*Please help the merchant understand that any deviations from the points above will likely prolong the underwriting process.*

### Part III

Upon installation following the approval of the Cash Advance Contract, the cash advance will be transferred via ACH to the merchant's checking account within 10 business days. USBF facilitates the installation of the merchant's credit card processing account in conjunction with the cash advance processing service. It is the responsibility of the independent contractor to make a customer care follow-up call to the merchant.

The following section entitled General Industry Information provides you with a brief overview of the main entities involved in the bankcard cash advance industry. If you have questions about this information, any of the processes described in this document, or sales strategies, USBF will assist you. Just let us know what you need.

### General Industry Information

The overall market demand for cash advances is broad. In general all small to medium-sized businesses need money. The need can for cash can be unpredictable one month the business may have good cash flow, the next they may be short on working capital. The denial rate for bank loans for small businesses is historically very high especially in the hospitality industry. Unlike many bank loans that may require that the use for the funds be documented, the capital from the cash advance program can be used for any purpose.

- Expansion or remodeling
- Building repairs
- Ongoing expenses
- New equipment purchases
- Advertising budgets
- Back taxes
- Vacations
- Debt consolidation

Based upon the credit card processing volumes, businesses can qualify for advances that range anywhere from \$5,000 to \$600,000. These businesses are often the only source of income for the owners who have very little time for anyone but their customers. The program is a very quick and simple way to obtain working capital for businesses to help them prosper and

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grow. The program is designed for businesses in the retail or hospitality industries such as restaurants, small retailers, automotive repair shops, florists, liquor stores, and small hotels.

## **Marketing**

It is important that the independent contractor spends time prospecting. There are many sources for potential clients.

- Networking groups
- Better Business Bureaus and Chambers of Commerce
- Industry Associations
- Lists from Dunn & Bradstreet
- Direct mail followed by phone campaigns
- Merchant referrals

## **Final Note**

Remember that the frequency of contact equals success. Leave a card behind when people say they are not interested, they may be later. Conduct conversations with the owner or decision maker to avoid having others relay the information. Make the customer feel comfortable by holding attention by entertaining, amusing, and befriending the client, but don't monopolize the conversation. Present one concept at a time. Make sure the paperwork is complete. Follow up with prospects, following up in a timely manner is critical to customer care and success.