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**FINANCIAL POISE WEBINAR  
CO-PRODUCED BY  
NEW YORK INSTITUTE OF CREDIT**

**BUSINESS BORROWING BASICS 2018**



**ABOUT THIS SERIES**

Many companies, and most of any size, use borrowed funds as part of their capital structure. Depending on the nature of the business, its size, time in business, whether it has adequate collateral, and other factors, a business has myriad options when borrowing funds.

This webinar series provides a guided tour of the various borrowing options available to businesses, from both a business and legal perspective. Major topics covered include asset-based lending, P/O Finance, Factoring, Merchant Cash Advances, and Market Place Lending / Fintech. Learn the advantages and disadvantages of each, tricks of the trade when negotiating these arrangements, and more!

As with every Financial Poise Webinar, each episode is delivered in Plain English understandable to investors, business owners, and executives without much background in these areas, yet is also valuable to attorneys, accountants, and other seasoned professionals. And, as with every Financial Poise Webinar, each episode brings you into engaging, sometimes humorous, conversations designed to entertain as it teaches. Each episode in the



series is designed to be viewed independently of the other episodes, so that participants will enhance their knowledge of this area whether they attend one, some, or all episodes.

### **About Episode #1**

#### **Understanding the Lending Landscape**

January 17, 2018 at 2:00 PM CST

A business borrows when it purchases goods or services on credit. At the other extreme is the business with multiple lending facilities with multiple lenders. The webinar takes the audience through a guided tour of the various borrowing options available to businesses, from both a business and legal perspective, to paint the overall landscape of the different types of lenders that exist and to provide a framework for understanding what type of lender and loan may make sense for any particular borrower.

This webinar is delivered in Plain English, understandable to you even if you do not have a background in the subject. It brings you into an engaging, even sometimes humorous, conversation designed to entertain as it teaches. And, it is specifically designed to be viewed as a stand-alone webinar, meaning that you do not have to view the other webinars in the series to get a lot out of it.

### **About Episode #2**

#### **Asset-Based Lending**

February 21, 2018 at 2:00 PM CST

An asset-based loan (ABL) is made by a lender who underwrites the loan primarily by valuing the company's assets, such as accounts receivable (A/R) and inventory. An ABL lender can be distinguished from a "cash flow" lender in that while a cash flow lender secures its loan against the borrower's assets, as does an ABL lender, the cash flow lender underwrites the loan based on the cashflow and general credit-worthiness of the borrower. An ABL lender, in contrast, looks primarily to the ability to liquidate its collateral should it need to, to be repaid.

Since ABL lenders are willing to provide loans to companies with weaker financial performance, they are able to provide financing to companies who are not eligible for a cash flow loan. ABL lenders typically charge higher interest rates than cash flow lenders as a result of greater risk of non-performance. This webinar explains ABLs, explores its pros and cons, and discusses the basics of negotiating one.

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### **About Episode #3**

#### **Purchase Order Finance**

March 21, 2018 at 2:00 PM CST

Purchase-order financing (P/O financing) is designed to extend credit to a company that needs cash quickly, to fill a customer order. A company may operate with such a small amount of working capital that it cannot afford to pay for the cost of producing a customer's order. P/O financing enables such company to not turn away business, by borrowing from a lender using the purchase order itself as collateral to support a loan.

This webinar explains when P/O financing may make sense for a company; some of the more common terms and conditions of such financing; how to negotiate those terms; how it co-exists with other forms of financing and potential alternatives.

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### **About Episode #4**

#### **Factoring**

April 18, 2018 at 2:00 PM CST

A simple way to think about factoring is to think of it as a company selling its invoices or accounts receivable (A/R) to a third party. It is not that simple, however, thus the purpose of this webinar.

A factor makes a profit by buying A/R for less than 100% of its face amount. Companies that transact with factors are often cash-strapped. A factor will typically advance most of an invoice amount – usually between 70% - 90%. When the invoice is paid, the factor will remit the balance the company, less a transaction fee. This arrangement allows a company to get cash much faster than it would if it waited to be paid pursuant to the terms of its invoices (i.e. often 30 days) and even faster if its customer fails to pay within terms.

This webinar discusses various common types of factoring arrangements; how to negotiate a factoring agreement; and alternatives to consider before deciding to factor.

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### **About Episode #5**

#### **Merchant Cash Advances**

May 23, 2018 at 2:00 PM CST

Financing through a merchant cash advance (MCA) is used mostly by companies that accepted credit and debit cards for most of their sales, typically retailers and restaurants. The concept is this: funder purchases a portion of the company's future credit card receivables for a discounted lump sum. The MCA funder receives the purchased credit card receivables as they are generated either by taking a percentage of the company's daily credit card proceeds or by debiting a certain amount of funds from the company's bank account. Depending on the risk profile of the company, it can be a more expensive form of financing for a business compared to other types of financing.

This webinar explains the nuts and bolts of MCA financing, its pros, and its cons. It explores the documentation that is necessary to enter into such an arrangement, including how to negotiate that documentation.

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### **About Episode #6**

#### **Marketplace Lending / Fintech**

June 20, 2018 at 2:00 PM CST

The emergence of the internet completely revolutionized the lending landscape. Innovative financial technology is changing the way businesses borrow and lenders loan money, offering the promise of increased convenience and access to financial services.

One such innovation is the emergency of "marketplace lending," sometimes referred to as "peer-to-peer" or "platform" lending. Lenders who occupy this space are typically online non-bank financial companies that built technology platforms and online marketing strategies to match borrowers and lenders. The platforms connect businesses who seek to borrow money with investors willing to buy or invest in the loan. In my most cases, once a loan is made, the platform collects principal and interest payments and makes payments, less fees that the platform keeps, to investors.



This webinar discusses marketplace lending from a macro perspective, including the regulatory regime that governs the space. It compares marketplace lending with other forms of lending. And it explores some of the pros and cons of borrowing from a marketplace lender.

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