



CRANE OPERATOR PURCHASES NEW MACHINE AFTER BANK DENIES THEIR LOAN REQUEST

After recent insurance incidents resulted in losses, leading to bank credit denial, a crane operator had to find another lender that would work with them to fund a new all-terrain crane.

Overview

The customer required a new crane to take advantage of significant opportunities to expand its business. They placed an order for a new 300 Ton All Terrain crane scheduled to be shipped in less than two weeks.

When they approached their bank with this opportunity the bank refused to extend them additional credit based upon recent business losses resulting from two insurance claims asserted against the company. The company also approached the vendor's finance affiliate for financing but was also rejected. The company needed help fast due to the imminent delivery of the crane.

Initially the company was simply looking to fund their purchase of a 300 Ton All Terrain crane at a cost of \$1,820,000. But the company was also frustrated with their existing banking relationship. The bank had an existing term note with three cranes and a relationship that was deteriorating.

Solution

In meeting with the company, CCG determined that the recent losses were not indicative of their long-term business history. CCG was able to offer an alternative transaction that would allow the company to complete the purchase of its new crane and refinance its existing equipment obligations. Furthermore, the recast of the existing loans would be cash flow neutral, and the equity in the existing equipment allowed for a lower down payment requirement for the new machine.

The new loan structure accomplished the following:

- Allowed them to take delivery of the new crane with nominal down payment and on short notice
- Paid off the total amount of their bank debt, freeing them from a growth impediment
- Structured the repayment schedule to meet their monthly cash flow

The company really needed a lender that would:

- Understand their insurance situation and work with them as they recovered from the challenging events of the past.
- Offer flexibility in structuring their imminent crane purchase
- Respond quickly and offer rapid decisions at all levels of the organization
- Be familiar enough with their industry to understand the value of their existing equipment and cash flow needs.

COMPANY BACKGROUND

Company commenced operations in 1998 and specializes in crane operations and repairs, as well as rigging operations for commercial development, infrastructure, civil maintenance and port operations.

Because of two separate insurance incidents the company had posted losses for two consecutive years.

As a result, they were unable to obtain financing for a new crane from either their bank or the crane vendor's finance affiliate.

CCG determined that their recent losses were not indicative of their long-term business history and was able to offer an alternative transaction.

Equipment: Cranes
Industry: Construction
Location: Northeast USA

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