



CONTRACTOR PURCHASES NEW EQUIPMENT DESPITE LATE RENTAL PAYMENTS

Cash strapped, this site prep contractor was past due on equipment rental payments and had an outstanding tax lien, but they also had a significant amount of contracts for future work. They needed to purchase equipment to continue operations.

Overview

The customer was under contract to work on 192 lots but was experiencing a delay in payment for work previously performed. As a result, they were past due on payments for equipment on rent from the local equipment dealer, past due on payments for financed equipment, and had some outstanding tax liens.

The customer also needed money for short-term operations while they waited for their accounts receivable to pay.

The company really needed a lender that would:

- Realize the value of their existing contracts
- Understand the reasons causing their current situation
- Recognize the value in their existing equipment

They also needed the transactional expertise to payoff existing debt and obtain working capital to continue operation.

COMPANY BACKGROUND

In business since 2004, the company is both a vertical and horizontal home builder.

In addition to custom building, they specialize in subdivision site preparation, moving dirt, installation of utilities, pouring foundations, and more.

Upon determining that the company's late rental payments were not part of their character, rather that they were waiting on accounts receivables to pay, CCG was able to assist with equipment financing.

Solution

CCG structured a loan that accomplished the following:

- Used free and clear collateral to pay off tax lien and provide a working capital loan for operations
- Converted the rented equipment into a purchase (paying all past due rentals)
- Refinanced the debt and equipment with their existing lender with a payment plan that was consistent with their cash flow.

Equipment: Excavators and Other Site Preparation Equipment

Industry: Construction - Site Prep, Excavation and Utility

Location: West

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