

Acquiring Working Capital & Managing It

BankUnited
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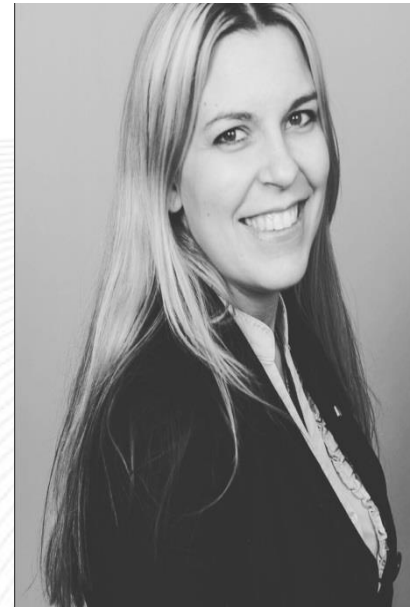
Introduction



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Ice Breaker

- What are the top three reasons you bank where you do?
- What are your top three used features of your business checking accounts?



Why Have a Business Account?



- Keeps the “Corporate Veil” intact to Protect your Personal Assets
- Helps you Stay Organized come Tax Time
- Gives you more Credibility to your Paying Clients
- Puts your beginning foot in the door to obtaining business lending



What You Need to Open a Business Account



- **Your company's EIN (or Federal Tax ID number)**

If you don't already have an EIN for your business, you'll need to get one from the IRS. You shouldn't use your personal social security number to open a business account.

- **Articles of Organization / Articles of Incorporation**

If your business is structured as an LLC or Corporation, then you'll most likely need your Articles of Organization/Articles of Incorporation that's signed and stamped from the state. You may also need to show your Operating Agreement.

- **Active on Sunbiz/Certificate of Good Standing**

This documentation essentially says that your business is up to date on state taxes

- **Tax ID, social security number, DBA.**

If your business is structured as a sole proprietorship, you'll need less documentation, since sole proprietors are considered more like consumers than a business. In this case, you'll most likely need a Tax ID, social security number, as well as a DBA (Doing Business As) registration if you're using a business name that is different than your personal name.

Make Sure You're In the Right Account



DESCRIPTION	PRIMARY BUSINESS CHECKING	BUSINESS EXPRESS CHECKING	COMMERCIAL ANALYSIS CHECKING
Opening Amount Required	\$100.00	\$100.00	\$100.00
Standard Features: (Applicable to all products unless otherwise noted) <ul style="list-style-type: none"> • Online Banking • E-statements • Bill Pay • Mobile Banking • Up to 5 (FL) / 20 (NY) free-non BankUnited ATM transactions during a statement cycle/\$2.50 after • \$15.00 early closeout fee if account is closed within 180 days of opening date 	Additional Features: Refer to Product Guide for complete details <ul style="list-style-type: none"> • Free Business Visa Debit Card • Transaction Fees: <ul style="list-style-type: none"> -Up to 150 free transactions per statement cycle -\$0.40 fee per transaction in excess • Cash Processing Fees: <ul style="list-style-type: none"> -Total of \$10,000 in cash transactions processed at no charge -\$1.50 fee per \$1,000 in excess 	Additional Features: Refer to Product Guide for complete details <ul style="list-style-type: none"> • Free Business Visa Debit Card • Transaction Fees: <ul style="list-style-type: none"> -Up to 300 free transactions per statement cycle -\$0.40 fee per transaction in excess • Cash Processing Fees: <ul style="list-style-type: none"> -Total of \$15,000 in cash transactions processed at no charge -\$1.50 fee per \$1,000 in excess 	Additional Features: Refer to Product Guide for complete details <ul style="list-style-type: none"> • Business Online Banking with E-statements & Bill Pay available for customers who do not select Online Treasury Management service • Per item charges (i.e. deposits, debits and checks) may apply • ATM/Visa Debit Card access not available with this product
Monthly Maintenance Fee	\$12.00	\$20.00	\$19.00
One or more of these qualifiers must be met to avoid monthly maintenance fee	<ul style="list-style-type: none"> • \$1,500 average monthly balance or • \$4,500 minimum daily balance in related qualifying accounts 	<ul style="list-style-type: none"> • \$5,000 average monthly balance or • \$10,000 minimum daily balance 	<ul style="list-style-type: none"> • Fee may be offset by the earnings credit calculations applied on an analyzed statement at the end of the month. See Product Guide for detailed explanation.

Using Online Treasury Management to Manage Your Business Accounts



Features of our Online Treasury Management Service include:

- Account balance information, reports and check images
- Remote Deposit Capture (RDC)
- Wire Transfers (domestic and international)
- Automated Clearing House (ACH) Origination
- Bill Payment
- eStatements
- Internal (book) transfers
- Lockbox Services
- Positive Pay
- Quickbooks/Quicken Downloads
- Stop payments
- Account Alerts



- 1. Remote Deposit Capture (RDC)**
- 2. Wire Transfers (domestic and international) & Automated Clearing House (ACH) Origination**
- 3. Fraud Prevention and Detection**

Remote Deposit Capture Machine



Remote Deposit Capture (RDC)

Electronically deposit checks to your commercial accounts, 24 hours a day, seven days a week, directly from your office with our secure Remote Deposit Capture (RDC) service.

Benefits of Remote Deposit Capture:

- Convenience
- Better availability of funds
- Increased productivity
- Streamlined recordkeeping
- The ability to consolidate banking relationships



Wires

- This featured service allows your business to initiate domestic or international US Dollar outgoing wire transfer payments from your own office.
- Your business can send one-time freeform wires or easily create and save templates for repetitive transactions.

ACH (automated Clearing House)

- Electronic network for financial transactions in the United States. **ACH** processes large volumes of credit and debit transactions in batches. **ACH** credit transfers include direct deposit, payroll and vendor payments.

Fraud Prevention & Detection



Positive Pay Services

- Protect your business from check fraud with online exception management that enables you to make daily pay or return decisions simply via Online Treasury Management.
- Any check presented for payment that was not included on or does not match the details provided in your check issuance file

Alerts on ACHs

- This service allows you the control of pay/no pay decisioning for incoming ACH debits by triggering a real-time actionable alert via e-mail or text message, enabling you to thwart potential fraudulent entries immediately.
- This real-time debit approval process, which can occur before a debit posts, allows you to easily identify trusted trading partners and to automatically populate an “approved list” for future transactions.



Acquiring Working Capital



- **Why does your business need the money?**
 - To manage day-to-day cash flow
 - Working Capital
 - Daily Expenses
 - Payables
 - Payroll
 - Debt Consolidation
 - To grow your business
 - Buyout or Expansion
 - Equipment Purchase
 - Building Purchase



- **You know you need the money but where do you go?**
 - Personal Routes
 - Microlenders
 - Online Lenders
 - Factoring Lenders
 - SBA Lenders
 - Conventional Bank Lending



- Equity Partners



- Personal Funds/Loans

- Credit Cards



- **Microlenders:**

- Microlenders are nonprofits that typically lend short-term loans of less than \$35,000.
- You can't get a traditional loan because your company is too small or new.
- Typically unsecured
- The APR on these loans is typically higher than that of bank loans.
- The application may require a detailed business plan
- Repayment can be daily or weekly.
- Found online.



- **Online lenders:**

- Online lenders provide small-business loans and lines of credit from \$500 to \$500,000
- You lack collateral.
- You lack time in business.
- You need funding quickly.
- Approval rates are higher and funding is faster than with traditional banks — as fast as 24 hours.
- The average APR on these loans ranges from 7% to 108%.
- These lenders rarely can compete with traditional banks in terms of APR.



- **Factoring Lenders**

- You have the collateral but lack time in business or tight on cash flow.
- You have the accounts receivable.
- Fast cash conversion provided.
- Higher fees associated with this lending.
- Factoring company takes control of your A/R to receive money faster but lose out to additional fees.



- **SBA Lenders**

- Very similar to conventional bank lending and often through a bank
- Can offer higher loan to values and less stringent cash flow requirements
- Higher fees and rates are typically higher
- More documentation*

<i>SBA Loans Characteristics</i>	<i>Benefits</i>
Lower down paymentshelp business owners maintain liquidity
Longer loan amortizationkeeps monthly loan payments low and affordable
"Business Goodwill" can be treated as a true, financeable assetfreeing up cash for partner buyouts and acquisitions
Flexibility around collateral requirementsallow more businesses to participate
Recently adjusted size standards and loan amountsexpands program reach so that the majority of small businesses are covered

- **Conventional Bank Financing**
 - You can provide collateral.
 - You have good credit.
 - In business for more than two years.
 - Get “your” Banker.
 - Approval process is longer
 - The Five C’s of Credit will be Considered
 - Capacity
 - Collateral
 - Capital
 - Character
 - Conditions



What type of Loan do you Need?



- **Line of Credit**

- Working Capital
 - Daily Expenses
 - Payables
 - Payroll

- **Term Loan**

- Debt Consolidation
- Buyout or Expansion
- Equipment Purchase
- Building Purchase



- **Lines of Credit**

- Banks will use accounts receivable and Inventory to determine line commitment
- Can have a fixed term or be “on demand”
- Typically variable interest rates
- Interest only or Principal plus interest payments
- Lien on all business assets
- Guarantees



- Equipment
- Expansion



- Property

- **Term debt**

- Will mature at a predetermined date
 - Equipment 3 – 10 years
 - The term will normally match the useful life of the asset
 - Commercial real estate 20 years
- Fixed rate
- Principal and interest payment
- Loan amount will be a percentage of the value of the asset
 - Equipment typically 70% - 100%
 - Real estate max. Loan to Value normally 80%
- Lien on specific asset
 - Real estate will be a mortgage on the property
- Guarantees

- **Now, gather your documents.**
 - Once you've compared your options, it's time to apply for the loans that fit your financing needs and that you qualify for.
 - You can apply for multiple small-business loans within a short time frame (about two weeks) without a negative effect on your personal credit score.
 - Depending on the lender, you'll need to submit a combination of the following documents with your application:



- Personal and Business tax returns (2 – 3 years)
- Business balance sheet and income statement (Interim)
- Personal and business bank statements (2 – 3 months)
- Business Financial projections
- Business and Personal debt schedule
- Personal Financial Statement
- Accounts Receivable and Accounts Payable Schedules
- State ID
- Business licenses
- Articles of incorporation
- A resume that shows relevant management or business experience

- **Timeline**

- Once all items needed are collected lender can submit for approval
- Depending on the bank and the loan type approval can take from 1 week to over a month
- Processing of the loan will occur first and will then be underwritten
- Typically the underwriter will come back with questions
- Then approval or declination can take place



- **Closing**

- If approved then you will be presented your loan documents with terms
- Term, amortization, interest rate, collateral
- Guarantees
- Covenants
- Cash to close
- Funding's
- Closings costs
 - Fee
 - Doc stamps
 - Intangibles (RE only)



- **Real estate will require additional closing items**
 - Appraisal
 - Survey
 - Title Company
 - Typically attorney (usually the same as title company)
 - Add a few weeks before closing



Questions?



Questions?

