



Protect Your Business from the Credit Crisis

- ★ \$1.2 Trillion in commercial loans are projected to default over the next 3 years.
- ★ Commercial mortgage foreclosures are at their highest levels since the 1990s.
- ★ Banks require up to 40% CASH for a loan, and underwriting standards have tightened.
- ★ Banks can call an existing loan even if you have made all of your payments on time and in full.



Video above explains the credit crisis. Our non-callable financing coupled with our cost-reduction strategies eliminates all of your out-of-pocket loan costs.

[Click here](#) for a 10-pages PDF of highlighted *Wall Street Journal* articles. This provides background for the video above. [Click here](#) for a highlighted FDIC bank lending report.

Table of new generous SBA underwriting standards implemented August 1st, 2023

	Conventional	SBA	Notes
Cash required	Yes (up to 40%)	NO	*100% financing available
Callable ¹	Yes	NO ²	1: Callable for any number of reasons 2: Only if borrower defaults
Cash Flow Impact	Negative	Positive	*Longer terms = lower monthly payments
Terms	5-7 years	10 years*	*25 years for R.E. purchase
Equity Definition	Cash	Many*	* Business ownership, investor \$, Seller note, etc.
Debt Consolidation	No	YES*	*100% financed, no cash required, lower payments



THE WALL STREET JOURNAL.

The Reality of the Credit Crisis

- ★ Regional & community banks are caught between high exposure to the collapsing commercial mortgage market and govt. requirements to shore up their balance sheet with costly additional reserves.
- ★ Regional Banks will re-examine their existing business loan portfolio.
- ★ PE firms see a multi-TRILLION opportunity to replace regional banks as more expensive lenders.
- ★ PE firms believe they will acquire businesses at steep discounts, as in 2008, after bank loan default.



- ✓ Why the commercial mortgage crisis will have a major impact on banking
- ✓ Steve Eisman (predicted the 2008 Big Short bank crisis) explains why this may be worse

SOME of the clauses banks use to call your loan.

- 1) **Interest fluctuation clause:** the bank can alter the rate of interest as and when they change their base rate without seeking your approval.
- 2) **Early call-in provision:** Loan due and payable in the event of “default” or non-compliance with covenants
- 3) **Balloon payment:** Loan balance due under certain conditions
- 4) **Definition of default:** Lenders have different definitions for 'default' including divorce, civil or criminal offense, cross-default, i.e. when defaulting on any other loan provided by any bank or the same bank, etc.
- 5) **Disbursement Clauses:** Funds may not go to you, but instead to other parties.
- 6) **Force majeure clause:** Bank reserves the right to unfix the fixed interest rates for your loan in the event of any unforeseen economic conditions or extraordinary circumstances.
- 7) **Reset clause:** Bank reserves the right to reset the rate to a higher level after a given time period
- 8) **Debt collection by third parties:** Borrowers get annoyed when receiving calls from loan collectors.
- 9) **Amendment clause:** Banks can change both the terms and conditions without approval of the borrower.
- 10) **Insecurity clause:** Lender can accelerate payment of a debt, demand additional collateral, or halt future advances if the lender believes that the debt cannot be paid in accordance with the agreement terms.
- 11) **Confession of Judgment Clause:** Gives the bank permission, in a loan default, to file a judgment against the business and any other individual guarantors in the loan agreement without filing a lawsuit.
- 12) **Income or Debt Service Coverage Ratio Covenant:** Sets cash flow requirements such as ratio of income to debt payments which must be maintained by the business throughout the term of the loan.
- 13) **Real estate loan-to-value provisions:** Potentially disastrous in a declining market.



BUSINESS INFORMATION FORM

This form gathers basic qualification information relative to the Applicant Business(es) (any business or businesses that will benefit from loan proceeds) for a loan.

Section 1: Business Information

Please complete this section with applicant business information. If you are purchasing a business and have not yet formed an entity, complete this section to the best of your ability. We will ask some information about the selling business next, if applicable.

1) Loan Request – describe here what loan proceeds are intended for:

2) Approximate Amount (\$) Requested _____

3a) Business Applicant Legal Name _____

3b) DBA Name _____
(if applicable)

4) Date Business Established _____ 5) Number of Employees _____

6) Business Applicant Entity Type
(select all that apply)

- Sole Proprietorship - Corporation - Partnership - Trust
 - Limited Liability - ESOP - 401(k) - Other

7) Do you plan to use a 401(k) Plan (including a Rollover for Business Start Up (ROBS) Plan) for equity?

Yes No

8) Will a Management Company be hired by the Applicant to manage the day-to-day operations?
(If yes, provide a copy of the management agreement)

Yes No

9) Business Tax ID Number _____

10) Type of Industry _____

11a) Principal Place of Business Address _____

11b) City, State, Zip _____

info@ProfitsUSA.com



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12a) Mailing Address _____
(if different from principal) _____
12b) City, State, Zip _____

13a) Notice Address _____
(address to which notices are to be sent, and which are included in the notice provisions in the loan documents)
13b) City, State, Zip _____

14) Primary Contact of Business _____

15) Email _____

16) Applicant Business Phone Number _____

17) Number of Business Locations _____

18) Is the real estate owned or leased? _____

19) Is there a real estate holding company? Yes No

If purchasing a business please provide the following:

20) Seller Business Name _____

21a) Business Physical Location _____

21b) City, State, Zip _____

22) Number of Locations Being Purchased? _____

23) Is real estate included in the purchase? Yes No

24) Will you be forming a real estate holding company? Yes No

25a) Number of Current Employees _____
(including owners) _____