

THE MERCHANT CASH ADVANCE APPLICATION PROCESS
A GUIDE FOR BUSINESS OWNERS
(WHAT TO KNOW, NO MATTER WHO YOU APPLY TO)



By: The Merchant Cash Advance Resource
www.merchantcashadvanceresource.com

A site dedicated to independent insight and resources on the Merchant Cash Advance Industry

1. COMPLETING AN APPLICATION

The Majority of Merchant Cash Advance providers require both business and personal information when applying. Social security numbers and signatures are required to authorize a credit pull. How your credit affects your approval depends on the underwriting criteria of the individual firm. All of them are different.

SAMPLE APPLICATION

Merchant Information:			
Type of Entity:	Corporation	Partnership	Sole Proprietorship other _____
Entity Name:			D/B/A:
Address:	City/ State/ Zip		
Billing Address:	City/ State/ Zip		
Fed. ID #:	Bus start date		
Responsible Party:	Title:		
Phone:	Fax:		
Email:	Website:		
Product Sold:	Use of proceeds:		
State of Inc.:	Current Ownership:		
Principal #1	Percentage of Ownership	Prior address if >2yrs	
Full Name:			Social Security #
Date of Birth:			Title:
Drivers License:	Drivers License State		
Home Phone:	Cell Phone #:		
Home Address:	City/ State/ Zip		
yrs at home:	Months:		
Principal #2	Percentage of Ownership	Prior address if >2yrs	
Full Name:			Social Security #
Date of Birth:			Title:
Drivers License:	Drivers License State		
Home Phone:	Cell Phone #:		
Home Address:	City/ State/ Zip		
yrs at home:	Months:		
Trade References - Name 3 companies that can vouch for a good pay history.			
Company:	Contact:	Phone:	
Company:	Contact:	Phone:	
Company:	Contact:	Phone:	
Property Information	Building Type (circle one):		
	Free Standing, mall, home based, shopping ctr, office, other		
	own	lease	Monthly Rent/ Mortgage: \$
	Lease Start date:		
Landlord/ Mortgage Holder:	Time remaining on lease:		
Address:	Contact:	Phone:	
Address:	Fax or email:		
Banking Information - A Voided check must be provided.			
Bank Name:	Bank Account #:		
Contact:	Routing # (9 digits):		
Branch city & zip:	Bank Phone #:		
<small>Applicant, named above, authorizes its assigns, and its agents to obtain an investigative report from credit bureaus or credit agencies, and also to investigate the vendor references and any other references given on this application or on any other documents submitted by applicant for the purpose of obtaining funding.</small>			
Signature #1:	Date:		
Signature #2:	Date:		
The above signed hereby certifies that all of the information set forth is true and accurate.			
Sales Agent:	Agent Phone #:		

2. SUBMITTING MERCHANT PROCESSING STATEMENTS

These are separate from your bank statements. Many business owners assume that since their bank account has a record of all deposits from their merchant processor, that bank statements alone are sufficient. This is not the case. While bank statements will be asked for, the merchant processing statements are necessary for information like sales volume by card type, return frequency, chargeback history, processing fees, monthly costs, batch frequency, average transaction size, and processor imposed reserves.

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MERCHANT STATEMENT
 SUMMARY OF BANKCARD DEPOSITS

1163 0000 0100 01
 MERCHANT NUMBER DDA/SAV/GL NR

CUSTOMER SERVICE TEL #

 THANK YOU FOR PROCESSING WITH QUICKBOOKS MERCHANT SERVICE

INTRODUCING INTUIT PAYMENT SOLUTIONS!
 WE HAVE BROADENED OUR PAYMENT SOLUTIONS BEYOND QUICKBOOKS, INCLUDING PAYMENT SOLUTIONS THAT WORK ALONE AND ONES THAT WORK WITH OTHER INTUIT SOFTWARE SOLUTIONS. SO, WE ARE CHANGING OUR PRODUCT FAMILY NAME TO INTUIT PAYMENT SOLUTIONS IN THE COMING MONTHS. WATCH US EVOLVE SO WE CAN HELP YOU GET PAID NO MATTER HOW YOU RUN YOUR BUSINESS.

UPDATED MERCHANT AGREEMENT
 TO HELP SUPPORT OUR EVOLUTION, WE HAVE ALSO UPDATED OUR MERCHANT AGREEMENT WHICH DESCRIBES THE TERMS AND CONDITIONS OF OUR RELATIONSHIP. PLEASE BE SURE TO READ AND UNDERSTAND THE NEW MERCHANT AGREEMENT WHICH TAKES EFFECT ON FEBRUARY 1, 2009. A COPY OF THE AGREEMENT IS LOCATED AT [HTTP://PAYMENTSOLUTIONS.INTUIT.COM/AGREEMENT](http://paymentsolutions.intuit.com/agreement), OR GIVE US A CALL AND WE WILL SEND YOU A COPY.

PLEASE REVIEW YOUR MONTHLY STATEMENT TO VERIFY ANY UPDATES TO YOUR ACCOUNT BY VISITING THE MERCHANT SERVICE CENTER AT [HTTPS://MERCHANTCENTER.INTUIT.COM/QBMS](https://merchantcenter.intuit.com/qbms)

YOU CAN ALSO ACCESS THE MERCHANT SERVICE CENTER FROM WITHIN QUICKBOOKS: CLICK THE CUSTOMER MENU AND SELECT CREDIT CARD PROCESSING ACTIVITIES, THEN CHOOSE MANAGE MERCHANT ACCOUNT.

 TOTAL CHARGE TO YOUR ACCOUNT IS 359.08

CARD TYPE	COUNT	SUMMARY OF CARD DEPOSITS			RETURNS EXCL ADJ PAYMENTS	NET
		SALES	COUNT			
		ADJUSTMENTS				
		CASH				
MASTERCARD	19	6,554.23	0		0.00	6,554.23
*AMEX	4	1,430.99	0		0.00	1,430.99
VISA	49	13,348.77	2		583.00	12,765.77



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MONTH ENDING

MERCHANT STATEMENT
 SUMMARY OF BANKCARD DEPOSITS

7 96091

1163 0000 0100 01
 MERCHANT NUMBER

DDA/SAV/GL NR

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CUSTOMER SERVICE TEL #:

CARD TYPE	COUNT	SUMMARY OF CARD DEPOSITS			-CONT.	NET
		SALES	COUNT	RETURNS	EXCL ADJ PAYMENTS	
		ADJUSTMENTS				
		CASH				
DCVR ACQ	3	2,673.59	0	0.00	2,673.59	
BANKCD TOT	71	22,576.59	2	583.00	21,993.59	
TOTAL	75	24,007.58	2	583.00	23,424.58	

* FUNDS DEPOSITED BY CARD ISSUER

SUMMARY OF CARD FEES					
MASTERCARD					
DISC 6					
MQUAL DISC		1,558.60		.02440	38.03
NQUAL DISC		4,995.63		.03390	169.35
AUTHS & AVS					
CPU		25 AT		.2300	5.75
ECI CPU		33 AT		.2300	7.59
TOTAL					220.72
AMEX					
AUTHS & AVS					
ECI CPU		10 AT		.2300	2.30
TOTAL					2.30
VISA					
DISC 6					
QUAL DISC		583.00		.01720	10.03
MQUAL DISC		5,705.21		.02440	139.21
NQUAL DISC		7,643.56		.03390	259.12
AUTHS & AVS					
CPU		2 AT		.2300	0.46
ECI CPU		70 AT		.2300	16.10
TOTAL					424.92



3. SUBMITTING BUSINESS BANK STATEMENTS

This should be self-explanatory. All pages of each bank statement will be required. Sending the first page summary does not suffice. The Merchant Cash Advance provider may use these to analyze daily cash flow, verify activity from your merchant processing statements, and review what funds are being used for.

4. SUBMITTING ADDITIONAL DOCUMENTS

Every Merchant Cash Advance provider is different. Any of the following may be requested:

- Articles of Incorporation
- K-1 of recent business tax return (to verify ownership breakdown)
- Business property lease
- Driver's license or photo ID of owner(s)
- Voided check (where funds will be deposited)
- Recent business tax return
- Financial Statements



5. VERBAL REFERENCES

Underwriters may contact your vendors, your business property landlord, or the bank holding the mortgage on the business property. They will try to determine if you are in good standing and likelihood you will continue to operate at that location unhindered.

6. PHONE INTERVIEW

All Merchant Cash Advance providers will speak with you at some point during the process to review business information, discuss your use of funds, and gauge your understanding and willingness to follow through with the contract terms.



7. SITE INSPECTION

Some Merchant Cash Advance providers hire an independent inspection firm to visit your location, verify the address, examine inventory, and take note of how many credit card machines are on site.

8. ESTABLISH THE METHOD OF REPAYMENT

If the recovery of future receivables is structured to occur via split funding, you may be converted to a new merchant processing company. This is not the case for all providers. You will generally need to process cards for 2 full business days in a manner that the provider is able to monitor prior to funding

If the recovery of future receivables is structured to occur via a Lockbox, then this will be the very last step in the process. You will generally need 2 full business days worth of merchant sales to be deposited into this account prior to funding.

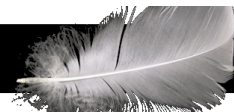
If the recovery of future receivables is structured to occur via direct debit, a test debit may occur prior to funding to ensure the process will work.

9. COMPLETION/ FUNDS TRANSMITTED TO YOU

Once you receive funds, the Merchant Cash Advance provider will recover their purchased receivables in accordance with the contract.

The Merchant Processing Resource

Free unbiased information and resources on Merchant Processing and Merchant Cash Advance



GLOSSARY

Merchant Cash Advance: This is a purchase of a business's future credit/debit card receivables at a discounted price. It is very similar to Accounts Receivable factoring, with the exception that these receivables do not yet exist at the time of sale. The Merchant Cash Advance provider retrieves their purchase by withholding a specified percentage of each card sale transacted. Business owners should be aware that there is not a blanket cost or retrieval percentage for this financial product. There are many providers and all of them are required to evaluate your business from their own perspective and create a personalized offer. Most will present you with several options with different structures to choose from.

Advance Amount: The amount advanced to the business owner is really called the Purchase Price. It is the discounted price paid to the business in exchange for their future credit/debit card receivables.

Retrieval Rate: This is the percentage withheld from each credit/debit card transaction and forwarded to the Merchant Cash Advance provider. This rate is predetermined in the contract and under all normal circumstances cannot be changed. It is often referred to as the holdback percentage or withhold rate.

Payback Amount: This is the cost of the advance and should be referred to as the Purchased Amount. The Merchant Cash Advance provider pays a discounted price (the Advance) to the business owner for a specified purchase of future credit/debit card sales.

Split Funding: Split Funding is a method used for a Merchant Cash Advance provider to recover their purchased credit/debit card receivables. The merchant processor plays a key role since they are the ones that actually "split" the business's deposits between the business and the Merchant Cash Advance provider. The percentage split is determined by the Retrieval Rate.

The Merchant Cash Advance provider must have a pre-existing split partnership with the merchant processor for this to be possible. More than likely the business owner will need to change their merchant processor to obtain the funds. Some providers can structure alternatives to the Split Funding method.

Lockbox Funding: A lockbox is a bank account responsible for the collection of payments. An alternative to the Split Funding method is Lockbox Funding. This involves the Merchant Cash Advance provider opening a lockbox account for a business. The business must instruct their merchant processor to deposit their sales into this account until the advance obligations have been fulfilled. The business's credit/debit card sales will be deposited into this account and the bank will appropriately split the funds in accordance with the Retrieval Rate. The business and the advance provider receive their split by bank wire.

Restricted Industries: Not every business that accepts credit cards can apply for funding. The business model alone may be cause for disqualification. Restricted Industry types are by no means uniform across the industry, nor does being high risk imply that an approval is not possible. Business owners should consult with their sales representative to determine their options.