

*Naomi Monk's*

# **21 WAYS** **Business** **Owners Can**

## **Raise Cash and and Restructure Debt**



- Non Bank Alternatives
- DIY Low Cost Options
  - Stay in Business
  - Grow and Prosper



## White Paper Report:

# 21 Ways for Small and Medium-Sized Business Owners to Raise Cash and Restructure Debt

By Naomi Monk, business and commercial mortgage advisor with  
<http://SmallCommercialMortgageOnline.com>

This information is also available on the website

The credit and cash crunch has created a challenging business environment for many business owners. Many businesses have been forced to close their doors, even after many years of maintaining a thriving business, because their line of credit was literally shut off like a faucet. Other business owners have had to resort to filing for bankruptcy protection with mounting debt.

However, there are alternative, non-bank sources for finding the cash you need to stay in business and grow. This White Paper Report will discuss 21 ways to raise cash or restructure business debt to increase cash flow. They are listed in alphabetical order.

### 1. Angel Investors

Angel investors are wealthy individuals who invest at the very early stages of promising ventures. The typical angel is a business owner, so you can also get expertise and human capital from the deal.

It's almost like the 3Fs [friends, family and fools], except that they don't know you. Likewise, the process can move very quickly and there can be flexibility in the structure of the return.

Angel investors are wildcards. They have their own rulebook, because it's their own money. It is essential that the requirements of the deal are laid out before the angel invests. Also with venture capitalists, bringing in an angel means you'll have another shareholder in the company.

### § Get More Information and Help:

There are dozens of angel groups across the country to contact. The Angel Capital Association has details. <http://www.angelcapitalassociation.org/>

### 2. Bankruptcy Protection by Filing Chapter 11

This option should be considered a LAST RESORT if all the other 20 options presented in this report are not available to you.

Chapter 11 bankruptcy is a form of bankruptcy reorganization used by corporations and partnerships. It has no limits on the amount of debt, as Chapter 13 does. It is the usual choice for large businesses seeking to restructure their debt.

The debtor usually remains in possession of its assets, and operates the business under the supervision of the court and for the benefit of creditors. The debtor in possession is a fiduciary for the creditors. If the debtor's management is ineffective or less than honest, a trustee may be appointed.

Chapter 11 is probably the most flexible of all the chapters, and as such, it is the hardest to generalize about. Its flexibility makes it generally more expensive to the debtor. The rate of successful Chapter 11 reorganizations is depressingly low, sometimes estimated at 10% or less according to some attorneys.

### 3. Business Debt Relief through Restructuring

Many business owners face tough economic times and are struggling from the pressures of debt. If you have concerns over meeting your accounts receivables, bills, invoices, etc., that arrive monthly, you can benefit from business debt restructuring.

Restructuring your debt is a preferred alternative to avoid bankruptcy and to create a repayment program with your creditors that fits within the budget of your business.

If your company has sales over \$500,000 a year and have \$25,000 or more of debt, you qualify for a debt restructuring program.

#### Pros:

- » Save you up to 80% on your business debts
- » Protect your company's assets
- » Keep your business going and avoid bankruptcy
- » Focus on your business while a professional team handles your creditors

Types of businesses that can be restructured:

- » Corporate credit cards
- » Suppliers
- » Collection agencies
- » Vendors
- » Business lenders
- » Attorneys
- » Creditors

If your accounts are already delinquent, you will be helped to minimize the harassing threats, calls, potential repossessions and litigation. The goal is to reach out-of-court resolutions that work for your company.

A debt restructuring program will put you and your business in control of what creditors you want to work with, which creditors you need to continue services with and how much funds are available and when they will be available.

#### § Get More Information and Help:

I have identified an experienced and reliable firm that specializes in helping business owners restructure their debt with their creditors. As a result of this focus, the company has the legal documents, strategies, contacts, and understanding of the collection process to give you the greatest possible savings and results for the least time involved. The commercial debt counseling team has restructured over \$75 million in business debts and has been a proud member of the Better Business Bureau for many years.

#### Free No-Obligation Consultation

I have arranged for you to take advantage of a free, no-obligation and confidential consultation to see how commercial debt restructuring will help you get debt relief and focus on your business while a professional team handles your creditors. Download the Request Form from:

<http://smallcommercialmortgageonline.com/content/business-debt-relief-program>

#### 4. Collections Management

Look at your accounts receivables and if you've been undisciplined in collecting money, try to be timelier.

Writing collection letters that get results, namely money in your bank account, may be a challenge.

I found a resource for you that has a set of prewritten collection letters you can use to help you find the perfect words to say, plus choice sentences and phrases recommended by professionals.

#### **§ Get More Information and Help:**

Here's the link for the series of Collection Letter Templates. You will see that there are over 60 categories of letters and one of the categories is Collections.

Download the Collections Letter link from:

<http://smallcommercialmortgageonline.com/content/business-lending-using-bad-debt-collection-management-strategies>

#### 5. Commercial Property Loan

There are two options available to you to obtain cash out of your commercial property.

##### **Option A: Line-of-credit or Term Loan Secured by Your Commercial Property**

If you own the building that you operate your business, this business lending option can help you get cash out of your commercial property as a term loan or business line of credit. The terms will vary depending on such factors as the property type, your credit score, and cash flow from the business or property. The minimum loan amount is \$500,000.

The more income you can document and the better your qualifications, the higher the loan-to-value ratio you will be able to obtain, typically up to 80% LTV.

**Option B: Semi Hard and Hard Money** is also available for fast cash within 10-14 days. The property will have more weight in determining a lender's interest in funding your loan request instead of your credit score or cash flow. Expect lower loan-to-value ratios of up to 65% LTV with some exceptions to 75%LTV.

#### **§ Get More Information and Help**

If you are interested in obtaining a commercial property loan for your business, complete a quick online request form at:

<http://smallcommercialmortgageonline.com/content/business-lending-using-commercial-property-loan>

## 6. Community Banks

While many banks have nearly stopped lending altogether and cut off business credit lines, not all have. Business Community Banks can still be a source of business lending. Business Community banks did not get involved in risky mortgages and derivatives and have very low default rates and good reserves. Call around or do a Google search for community banks in your area to see who is lending.

### **§ Get More Information and Help:**

If you are unable to find a local community bank to obtain a business line of credit and equipment leases, I have a lending resource for business LOCs. Download the Lending Request form at: <http://smallcommercialmortgageonline.com/content/business-lending-using-community-banks>

## 7. Corporate or Business Credit

Many business owners can benefit from changing their business entity status from sole proprietorship to a corporation or LLC. Among the many advantages to having a corporate entity is the ability to establish a business credit profile that is separate your personal credit profile. As a corporation or limited liability company, you can obtain business credit and raise thousands of dollars in cash in a fairly short amount of time.

There are companies that will offer to help you obtain corporate credit for a hefty fee. For example, one company charges 10% of the cash credit they are able to obtain for you with a minimum credit line of \$100,000. So that's \$10,000 right off the top.

I would suggest you consider a Do-It-Yourself Kit (DIY) with clear, step-by-step instructions, for a fraction of the cost of hiring an expensive consulting service. You can to build up to \$200,000 or more in business credit in 45 to 90 days.

If you think you do not have the time to DIY, you can easily assign your administrative assistant to complete the application work or contract the work out to a virtual assistant you can find using craigslist, elance.com, or rentacoder.com. It will still cost you much less than \$10,000.

### **§ Get More Information and Help:**

For more information go to:

<http://smallcommercialmortgageonline.com/content/learn-how-quickly-build-business-credit-without-personal-guarantees>

You can also get immediate access to the DIY Guide to Business Credit at:

<http://smallcommercialmortgageonline.com/go/business-credit>

## 8. Credit Cards

Using personal or business credit cards has long been an option for financing business start ups and other expenses.

A word of caution: Under the current credit climate, many credit card issuers have substantially raised the interest rate (double or triple) while lowering the credit line – even with an excellent payment history. Also, the qualifying criteria for new applications has been raise making it harder to qualify, especially if you have any negative credit marks on your report.

## 9. Credit Unions

The ownership structure at credit unions is such that those with an account actually own a part of the institution, so credit unions see you as a member, instead of a number. I have had business owners tell me that their local credit union was able to finance their purchase of an office building, as an owner-user, at very good terms.

Though credit unions were established to provide credit at reasonable rates, experts say the rates vary widely, and that credit unions can be as cautious as banks. "Credit unions are relatively new in the corporate lending field," says Tom Lowles, director of Portland Community College's Small Business Development Center.

## 10. Factoring: Accounts Receivables

Factoring is the practice of selling your accounts receivables to a factoring company, which will quickly give you a percentage of the money and then, later, collect the full amount due from you or your customer. Factoring companies make their profit on the fees they charge for their services, which start at around 1.5% of the financed receivables.

Factoring gives you instant cash, thus stabilizing your cash flow while reducing overhead. It also relieves your accounts receivables department from having to grant credit or risk larger invoices with clients.

Unlike other types of financing, A/R financing focuses on your sales, not your balance sheet. As sales increase, more working capital becomes available to meet the demands of operating your business. Accounts Receivable Financing provides a continuous, long-term source of funds on a short-term basis.

A/R financing can provide you the funds necessary to pay suppliers early and receive discounts. Because A/R financing is not a loan, no debt is incurred, making it easier to obtain other types of financing.

The types of receivables that are eligible for financing can include both business-to-consumer receivables as well as business-to-business receivables. Some factoring companies may require the goods or services be delivered or completed, and accepted by a U.S.-based customer.

A/R financing is used in such industries as:

- » Temporary Staffing Agencies
- » Wholesalers/Distributors
- » Manufacturing Companies
- » Janitorial Maintenance Companies
- » Limousine Companies
- » Magazines and Related Publications
- » Security Guard Agencies
- » Printing Companies
- » Pharmacies
- » Hardware Stores
- » Florists
- » Dry Cleaners

### § Get More Information and Help:

If you are interested in factoring your A/R as a business lending solution, I have reliable factoring companies available that will provide A/R financing. Download the Lending Request Form from: <http://smallcommercialmortgageonline.com/content/business-lending-factoring-accounts-receivables>

### 11. Friends and Family

With a review process that may be as simple as a phone call, the F's are often the most enticing option. It's usually a minimally documented transaction without any lawyer fees. It's a fast, low-cost benefactor relationship with Uncle Harry who has a lot of money and just wants to help you out.

A word of caution: Count the cost, have a good business plan to make sure your business venture will be viable. If not, it will be very difficult to look Uncle Harry in the eye at family gatherings because your business went bust.

One option: Virgin Money <http://www.virginmoneyus.com/> launched in the U.S. late last year with a system to formalize loans between friends and family. Making the loan official may help reduce awkwardness. I give more details on this type of social lending option later in this report.

### 12. Grants

The government has specific units, such as the Department of Housing and Urban Development, that can help businesses if the venture falls into their target development area. Grants.gov <http://www.grants.gov/> is an official federal portal for information and applications for government grants. The Small Business Innovation Research program gives away about \$2 billion each year to fledgling high-tech companies. Read CNN article at [http://money.cnn.com/2008/04/03/smbusiness/pretending\\_small\\_SBIR.fsb/index.htm](http://money.cnn.com/2008/04/03/smbusiness/pretending_small_SBIR.fsb/index.htm)

According to Grants.gov, grants are financial assistance to "carry out a public purpose of support or stimulation authorized by a law of the United States." They are available in 21 categories. <http://www.grants.gov/search/category.do>

Grants are used for the good of the public, not for the personal gain of an individual. For example, you're not going to receive a grant to install drywall in your rumpus room. However, an organization seeking to develop low-income housing is likely to be eligible.

Because grants typically go to organizations, individuals seeking assistance should visit GovBenefits.gov. The site lists all the benefits you may be eligible for. The process is surprisingly straightforward. Describe your circumstances; select what type of assistance you're interested in, and you will be directed to what's available.

### § Get More Information and Help:

President Obama is releasing over 700 Billion in free government grant money to the country in 2009. If you would like to get access to some of that grant money and do not know how to work through the government layers, use this recommended **Government Grant Guide** to help you: <http://smallcommercialmortgageonline.com/go/grantguide>

### 13. Merchant Cash Advance

You can obtain a cash advance against your Visa, MasterCard, American Express and/or Discover sales. Yes, you can sell us your future credit card receivables for cash. This is a good business lending solution for solid retail, restaurant and service businesses.

#### Pros:

- » No application fees
- » No tax returns required
- » No financial statements needed
- » No fixed payments
- » Approvals as fast as 24 hours
- » 90% approval rate
- » Receive funds in seven days or less
- » There is no fixed payment schedule. The lender gets paid only when you get paid
- » You are free to use the funds from your merchant cash advance however you choose

#### § Get More Information and Help:

If you are interested in obtaining a merchant cash advance, I have reliable companies I work with who provide this type of lending. Download the Lending Request Form from:

<http://smallcommercialmortgageonline.com/content/unsecured-business-loan-cash-advance>

### 14. Micro Lenders

Micro-lenders are an often overlooked source of capital for the very smallest of businesses, filling the growing need for small business loans that banks and other lending institutions won't touch.

According to the Association for Enterprise Opportunity, a trade association representing some 450 micro-enterprise organizations, a micro-loan is \$25,000 or less made to a company with five or fewer employees. The industry average micro-loan is \$12,000.

Microlenders are typically more flexible with the loan terms and what they will accept as collateral. One of the largest microlenders is Accion Texas, <http://www.acciontexas.org/> but government programs can help, too, depending on the project. AmeriCorps, <http://www.americorps.org/> for example, loans small amounts to companies that work in disaster areas.

According to an ACCION study, there are an estimated 13.1 million micro-entrepreneurs in this country, including 2.4 million African-Americans and Hispanics. Of those, an estimated 10.8 million, or 82 percent, have never received a business loan from a bank. Many of them won't even consider a bank loan due to bad or nonexistent credit, lack of collateral, youth, race or the small size of the loan they need.

"In many cases, we may be the only avenue available for loan capital," according to Livingston Parsons III, vice president of lending operations for ACCION. "Their only other options may be borrowing from friends and family, credit cards with high rates and fees, or loan sharks who charge upwards of 5 percent to 10 percent a day in interest rates."

The Small Business Administration (SBA) offers a microloan program to help banks and other community based lenders meet the needs of very small borrowers who may not otherwise be able to obtain credit from a bank. The most a lender can loan under the SBA microloan program is \$35,000. Other community based programs that operate under another federal program, Community Development Loan Fund, (CDLF) can make larger loans up to about \$200,000.

Unlike larger loans, most SBA and other microloans are administered by community non-profit lenders rather than commercial banks. Commercial banks report they only make a few SBA microloans because the cost to administer the program is too high.

Community and CDLF lenders generally operate in a small geographical area. For example, in Austin, there is a CDLF lender called PeopleFund. As a result of CDLF rules, PeopleFund <http://www.peoplefund.org/programs/lending.php> makes microloans up to \$200,000 within the eight contiguous counties around Austin. Their terms, like other community based lenders are reasonable for the size and risk, with current interest rates averaging 8% - 13%, length of loan 5 years often with a 15 year amortization. In addition to making loans, they provide counseling and education for their "clients."

Often the funding for CDLF lenders comes from loans made to the non-profit lender which are secured by federal grants. Other programs offer very substantial tax credits for investing in community based lending organizations.

### 15. Private Lenders

Business owners can use the same method professional real estate investors are using to raise cash, namely, turn to private lenders (regular people looking for a better return on their money than CDs or bank savings accounts) for their investment projects. This is one of the easiest ways to raise money (without credit or even a job) - to get it from regular people, not banks...and you'll get it faster, easier and without limits as to how much you can borrow – think what you could do with that kind of borrowing power!

Using this strategy of private lenders gives you the ability to raise an unlimited amount of money quickly, into the millions.

### **This strategy needs a proven turn-key system to work**

Raising private money is not as simple as putting an ad in the paper. If you make the wrong first impression on your potential private lender, you'll be dismissed as an amateur or fly-by-night – and it will be difficult to ever reverse that perception. Lenders need to trust you to complete your business plan and generate profits, make timely loan payments (if there are any), and pay off the loan balance as agreed.

### **§ Get More Information and Help**

I have a resource for you that provides a complete turn-key system for obtaining private money including the marketing system, presentation and the documents needed. A proven private lender system will make your phone ring off the hook with prospective lenders, win their trust and create a limitless supply of money – ready to be loaned on your terms.

To review a turn-key system for raising private money visit the website at:

<http://smallcommercialmortgageonline.com/content/raising-capital-real-estate-investing-easier-you-think>

## 16. SBA Loan: Finance Equipment, Inventory, Working Capital, Real Estate

The **SBA Small Business Administration** Department of the United States offers numerous loan programs to help small business owners. The SBA does not provide the loans to borrowers directly. Instead, the SBA guarantees the loan for the local lenders who fund the loans.

The two most widely used SBA loans are:

The 7(a) Loan Guaranty and the Certified Development Company (CDC), a 504 Loan Program.

**Types of businesses eligible** The business must operate for profit, be engaged in, or propose to do business in the United States or its possessions; have reasonable owner equity to invest; and, use alternative financial resources first including personal assets.

**Size of eligible business** The definition of a small business actually varies from industry to industry to adequately reflect industry differences. The SBA has developed size standards defined by specific SIC codes. The lender will discuss these with you.

### Program Basic 7(a) Loan Guaranty

This is the primary SBA business loan program to help small businesses obtain a loan when they might not be eligible for business loans through normal lending channels. It is a very flexible program for a variety of general business purposes.

#### Loan funds can be used for:

- » Working capital
- » Machinery and equipment
- » Furniture and fixtures
- » Land and building (including purchase, renovation and new construction)
- » Leasehold improvements
- » Debt refinancing (under special conditions)

#### Loan Features:

- » The maximum loan amount is \$2 million. However, the SBA only guarantees a maximum of 75% on loan amounts of up to \$1 million. For amounts of \$150,000 or less, it guarantees a maximum of 85% of the loan amount.
- » Fixed and variable rates available.
- » Loan maturity is up to 7 years for working capital.
- » Loan maturity is up to 25 years for fixed assets.
- » SBA charges an annual servicing fee of about .50% on the amount guaranteed. It also charges a sliding-scale fee on new loans, ranging from 1% to 3.5% of the guaranteed portion of the loan amount.

### Program Certified Development Company (CDC), a SBA 504 Loan Program

This program provides long-term, fixed-rate loans to small businesses to acquire real estate or machinery or equipment for expansion or modernization. Typically a 504 project includes a loan secured from a local lender with a senior loan, a loan secured from a CDC (funded by a 100% SBA-guaranteed debenture) with a junior lien covering up to 40% of the total cost, and a contribution of at least 10% equity from the borrower.

## Work with a Preferred SBA Lender

The SBA has two main categories of lender programs, Preferred Lender Program (PLP) and Certified Lender Program (CLP). The PLP lender accepts a larger share of the loan risk than a CLP lender, and originates substantially more SBA loans than a CLP lender. Why is this important to you? Well, because the SBA lending rules and guidelines are very complex and it takes a sharp loan officer to be able to have a good ratio of completed SBA loans to rejections.

Working with a PLP lender also speeds up the loan process. Why? Because loan approval is a two step process. First the credit must be approved, and secondly, the eligibility of the borrower must be approved. Only PLP lenders are able to make their own autonomous credit decisions. CLP lenders must first do an internal approval then submit the loan package to the SBA for further credit approval. In nearly all cases I have seen PLP lenders complete the entire transaction much faster than CLP lenders.

### **UPDATE: March 2009**

Under the Obama Administration, the Treasury Department will purchase up to \$15 billion in securities backed by SBA loans in an effort to unfreeze the secondary market for SBA loans.

This should increase SBA lending to small businesses by enabling lenders to sell their existing loans on the secondary market. This will free up capital to make new loans.

President Obama also announced plans for implementing the SBA-related provisions included in the economic stimulus bill. The SBA will now guarantee up to 90-percent of each 7(a) loan made by private-sector lenders. This is an increase from the normal 75-percent to 85-percent guarantee. This higher guarantee will encourage lenders to make more SBA loans, because they will have more protection against possible loan losses.

In addition, upfront fees on 7(a) loans that lenders pass along to borrowers also will be temporarily eliminated, as will fees on 504 loans.

These new initiatives will be a great tool to make more money available for small business owners.

### **§ Get More Information and Help**

If you are interested in obtaining an SBA loan, I work with reliable PLP lenders for faster loan funding. Their minimum loan amount is \$500,000. If your loan amount is less than \$500,000 you will need to find an SBA-approved lender in your area that will fund on small balance commercial loans.

Apply online with a quick and simply online request form at:

<http://smallcommercialmortgageonline.com/sba-small-business-administration-loan>

## 17. Sell Your Note

Business owners frequently take back a note when they sell their business. A number of property owners also take back a note on real estate they have sold. Both provide monthly cash flow secured by an asset they are familiar and comfortable with.

There are times when you may need immediate cash to expand your business, buy equipment or to pay off debt. A note buyer will purchase your owner-financed business note or mortgage for

immediate cash.

I have partnered with a resource that will assist you to sell your note for top dollar. His Rolodex is filled with private and institutional investors that give great prices on most notes. He knows which investor to present your note to. This is critical to getting top dollar because investors all have different types of note profiles which they like to purchase.

Because of the note broker's knowledge and relationship with the investors, he can get you a great price for your cash flow notes. This service will save you time and money. For example, there is an institutional investor that is beating everybody's prices by 5-10% and my resource has an excellent working relationship with them.

#### **Types of note or instruments you can sell:**

- » 1sts
- » 2nds
- » Commercial
- » Business
- » Small firsts behind large seconds
- » Judgments
- » Annuities
- » Mobile homes
- » Structured settlements
- » Sub-performing and non-performing
- » Mortgage notes and contract for deeds

#### **§ Get More Information and Help**

If you are interested in selling your note download the Request Form from:

<http://smallcommercialmortgageonline.com/content/how-sell-your-cash-flows-note-buyer>

#### **18. Social Lending Websites**

Across the world social lending is being utilized as an alternative to traditional bank and personal loans. Social lending sites connect individual lenders and borrowers through a peer-to-peer network that is streamlined, efficient, legally formatted, profitable, and most importantly - helpful.

Social lending sites provide an opportunity to reduce loan rates and loan costs for borrowers and provide a rate of return for lenders which may beat investment alternatives.

**Case Study:** Entrepreneur Tim Murphy went shopping for financing late last year to open a retail gourmet-popcorn store. Armed with experience running small companies and a detailed business plan honed with the help of his local small business development center (SBDC), Murphy was optimistic.

"I went to national banks, regional banks, small banks - everyone advertising that they want to help the little guy get started in business," Murphy said. "There were about 12 banks I made presentations to. All 12 turned me down."

Frozen out at the banks, Murphy went online to check out a suggestion from his SBDC business consultant about person-to-person lending. He found LendingClub, one of several Internet ventures that directly connect borrowers to individuals with cash to lend.

Murphy put up a LendingClub profile describing his business plan and seeking a \$25,000 loan. Within two weeks, he had it, cobbled together from 74 lenders investing amounts that ranged from \$25 to \$12,450, at a 12.49% interest rate. Tim Murphy opened its doors in Marietta, Ga.'s Historic Square in April.

Here is a list of current social lending sites:

» <http://www.communitylend.com/>

CommunityLend is the first social lending site based out of Canada. Currently in Beta, lenders and borrowers can sign-up at the site for more information.

» <http://www.globefunder.com/>

Borrowers are able to post a loan request on the GlobeFunder marketplace for the amount you need, at an interest rate and repayment schedule right for you. Lenders must apply with GlobeFunder Ventures to become approved to fund loans on Globefunder. Fees are charged on loans set-up with ACH payment at 1.75%.

» <http://www.lendingclub.com/home.action>

At The Lending Club borrowers complete a loan request and instantly view the interest rate at which they pre-qualify. A minimum credit score of 640 is required. Borrower processing fees range from 0.75% (A) to 2.00% (G). Lenders pick a suitable portfolio of loans to fund. The average portfolio performance according to the Lending Club site is 12.25% and the average borrowing rates range from 7.88% (A1 credit score) to 18.99% (G5 credit score).

» <http://www.loanback.com/>

LoanBack creates a customized promissory note and payment schedule for loans arranged privately. Legally binding in all 50 states. Fees for loan forms range from \$9.95 to \$14.95.

» <http://www.fynanz.com/home/splash>

Fynanz is a social lending site designed specifically for college students. Students in need of education financing creates a loan request on the Fynanz website for their loan. After the request is approved by Fynanz, the listing is posted on an online auction on the Fynanz site.

» <https://www.loanio.com/>

Loanio is a new peer lending site offering both a lending and borrowing platform. Visitors can check the interactive map at Loanio.com to find out if their state has certain restrictions for the amount and interest rate on their loans. Nearly all Loanio loans are between \$1,000 and \$25,000, but lenders can fund a loan partially for as little as \$50.

» <http://www.prosper.com/account/common/preregister.aspx>

Prosper has 830,000 members and offers loans from \$1,000 to \$25,000. Prosper has placed \$178 million in loans in their relatively short history. If you are a borrower and your loan is funded, you will be charged a percentage of the amount borrowed (1% -2%) or \$25, whichever is greater, depending on your credit grade. Borrowers must have a credit score of 520 or higher and pass identity verification and anti-fraud checks). All Prosper loans are 3-year fully amortized loans with a fixed interest rates.

» <http://www.virginmoneyus.com/>

This site manages business loans between relatives and friends while providing flexibility to both borrower and lender to negotiate their own loan terms. An exciting new service offered by Virgin Money is the Student Payback program

» <http://uk.zopa.com/ZopaWeb/>

Zopa was started in the UK by a group of very experienced financeheads who believed there was a better way.

## 19. Tax Debt Relief

If your cash flow is being choked by debt, such as owing back taxes to the IRS, you can negotiate with the IRS for tax debt relief and settle the debt for less than the outstanding balance. This IRS program is called an Offer in Compromise.

You have two options to DIY or hire an attorney.

### Option A: DIY Tax Debt Relief

The IRS provides instructions and forms for their Offer in Compromise Program. The IRS has information on their website on this program at

<http://www.irs.gov/businesses/small/article/0,,id=104593,00.html>

There are three types of OICs:

The IRS may accept an offer in compromise based on three grounds:

1. **Doubt as to Collectibility** - Doubt exists that the taxpayer could ever pay the full amount of tax liability owed within the remainder of the statutory period for collection.

Example: A taxpayer owes \$20,000 for unpaid tax liabilities and agrees that the tax she owes is correct. The taxpayer's monthly income does not meet her necessary living expenses. She does not own any real property and does not have the ability to fully pay the liability now or through monthly installment payments.

2. **Doubt as to Liability** - A legitimate doubt exists that the assessed tax liability is correct. Possible reasons to submit a doubt as to liability offer include: (1) the examiner made a mistake interpreting the law, (2) the examiner failed to consider the taxpayer's evidence or (3) the taxpayer has new evidence.

Example: The taxpayer was vice president of a corporation from 2004-2005. In 2006, the corporation accrued unpaid payroll taxes and was assessed a trust fund recovery penalty as a responsible party of the corporation. The taxpayer was no longer a corporate officer and had resigned from the corporation on 12/31/2005. Since the taxpayer had resigned prior to the payroll taxes accruing and was not contacted prior to the assessment, there is legitimate doubt that the assessed tax liability is correct.

3. **Effective Tax Administration** - There is no doubt that the tax is correct and there is potential to collect the full amount of the tax owed, but an exceptional circumstance exists that would allow the IRS to consider an OIC. To be eligible for compromise on this basis, a taxpayer must demonstrate that the collection of the tax would create an economic hardship or would be unfair and inequitable.

Example: Mr. & Mrs. Taxpayer have assets sufficient to satisfy the tax liability and provide full time care and assistance to a dependent child, who has a serious long-term illness. It is expected that Mr. and Mrs. Taxpayer will need to use the equity in assets to provide for adequate basic living expenses and medical care for the child. There is no doubt that the tax is correct.

I strongly recommend that you educate yourself first before attempting to file an OIC with the IRS. There are always certain strategies that can be used to negotiate the best deal. A good attorney, with experience, knows these strategies.

However, if you want to save money and DIY, I have found a resource for you. The DIY book is written by a retired IRS revenue officer with 25 years of experience and a retired tax professional with over 20 years of experience.

### **§ Get More Information and Help**

The DIY Tax Relief Guide I recommend will help you save money and time. The authors explain: “You will learn how the process works for Tax Reps and the IRS. This is a one-of-a-kind DIY system that is the fastest way, PERIOD, to solve your IRS tax debt issues.

This system cuts out the Tax Rep middleman. This e-book fully explains, and leads you through, the process, step-by-step, for dealing with the IRS. The book includes the process that the IRS uses to settle tax debt issues. The book is written for people to deal with the IRS themselves and not have to hire a CPA, Enrolled Agent or other tax professional.

For more information go to the website at:

<http://smallcommercialmortgageonline.com/content/business-lending-using-tax-debt-relief-increase-cash-flow>

For immediate access to the DIY Tax Relief Guide:

<http://smallcommercialmortgageonline.com/go/taxdebtrelief>

### **Option B: Hire an Attorney That Specializes in Tax Debt Relief**

A word of caution: If you chose to hire an attorney, be sure to hire a specialist in this area of the law with an established reputation. Many business owners and individuals are getting ripped off by unscrupulous companies promising “that tax debts can be settled for pennies on the dollar” through the Offer in Compromise program.

Read this article from Effectur, Inc. that “gives more clarity to this “word of caution:” Quote: The BBB of Connecticut recently urged consumers to use “caution” when dealing with firms that promise to “settle tax debt for a fraction of the debt” and make brazen claims that they can “remove penalties, interest, and tax liens.” The BBB chapter cited one firm as having more than 150 complaints and an “F” rating by BBB standards. Another firm has received 846 BBB complaints. Even the IRS’ own website warns consumers to “beware of promoters claims that tax debts can be settled for pennies on the dollar” through the Offer in Compromise program.

IRS enforcement has increased sharply over the past 5 years. With millions of delinquent taxpayers owing more than \$300 billion to the government, it’s easy to see why scores of companies have begun moving into the emerging tax resolution industry.

But all tax resolution companies are not created equal. While there are clearly some less than ethical players out there, there are also a number of highly reputable firms who approach tax resolution in a different way.

One such firm is North Carolina based Effectur Inc. Effectur has a staff dedicated to providing tax debt relief to clients in all 50 states. The company has an outstanding reputation with only 21 BBB complaints in the past 5 years (all of which have been addressed to the satisfaction of the local bureau).

This is quite impressive for a nationwide company with between 5,000 and 10,000 clients. Effectur also announced recently that it has reached a Net Promoter Score of 54%, ranking it among the top American companies (in any industry) in customer satisfaction.

One of the reasons that companies like Effectur have been so successful is that they have found a way to tell taxpayers the truth about their tax settlement options, instead of telling distressed, vulnerable people what they want to hear in order to make a sale.

This seems especially important when it comes to the IRS' controversial offer in compromise program. Effectur's approach is unique in that its proprietary Right Fit Solution evaluates each client for 21 different IRS programs to offer the best tax settlement option for each client's unique circumstances.

According to CEO Kenneth Johnson "this is what makes us different...our expertise and forthright approach stands out from those companies promising offers in compromise to most of their clients." "Without knowing in detail what a taxpayer's true circumstances are, most companies will disappoint their clients because the overwhelming number of offers in compromise are rejected by the IRS" says Johnson. End Quote.

Source: <http://www.newswiretoday.com/news/30748/>

FYI: On October 16, 2008, Effectur Inc. was recognized as a recipient of the 2008 Better Business Bureau's Torch Award. The Torch award is given annually to acknowledge commitment to high standards and has been presented since 2005 to honor excellence in marketplace ethics. Effectur is deeply honored by the award.

Source: <http://www.prweb.com/releases/2008/10/prweb1544844.htm>

Comment: This inclusion of Effectur, Inc. in this report is not an endorsement of the company and its services but is provided for informational purposes only.

## 20. Unsecured Business Signature Loan

There are a few lending sources that make unsecured business signature loans. I have two lending options providing funds for two distinct types of business owners.

### Option A: Small balance signature loan \$5,000 to \$100,000:

A business signature loan source is a rare source of lending today. However, I do have a loan source providing this type of business lending.

Almost all industries are accepted. The funder will review your bank statements and other factors to base your qualification on your cash flow. Loan amounts are between \$5,000 and \$10,000. Your FICO needs to be 620+.

### Option B: High balance signature loan: \$2 Million+

Another funding source will provide a signature loan for a minimum of \$2 Million. Your FICO needs to be in the 700s.

If your loan request is between \$100,000 and \$2 Million, identifying funding sources is always a dynamic process. So be sure to check on the website for new funding sources or changes to loan programs to see if you qualify. Remember, it never hurts to ask.

### § Get More Information and Help

If you are interested in obtaining an unsecured business signature loan, download the Lending Request Form from:

<http://smallcommercialmortgageonline.com/content/business-lending-using-unsecured-business-signature-loans>

### 21. Venture Capitalists

Venture capitalists have a lot of money. Like bankers, venture capitalists aren't handing out money from their own wallets, so you can seek much larger amounts that you would get from a bank loan - if you can find a VC firm that specializes in your industry.

It could be a waste of time. VCs take only a handful of promising companies and will scrutinize your venture as thoroughly as banks will. Not everyone is a viable VC prospect. You're looking at some very expensive capital. They deal with higher-risk ventures, and so they deserve a higher reward. Be prepared to surrender partial ownership of your company if you score a deal.

**\* The accuracy of the information above is not guaranteed and should not be construed as investment advice and is subject to change.**

### Additional Resources:

Here are additional guides on obtaining money for your business. Check the website for additional updates.

<http://smallcommercialmortgageonline.com/content/21-ways-small-and-medium-sized-business-owners-raise-cash-and-restructure-debt>

» How to fund your business in 30 days or less guaranteed. Go to:

<http://www.smallcommercialmortgageonline.com/go/fundmyideas>

» Amazing borrowing techniques: Borrow Up To \$100,000 Virtually "Overnight"... Even If Your Bank Just Turned You Down. Go to:

<http://www.smallcommercialmortgageonline.com/go/amazingborrowing>

Check back on the website for new information and resources:

<http://smallcommercialmortgageonline.com/content/21-ways-small-and-medium-sized-business-owners-raise-cash-and-restructure-debt>