

CASH OUT PROGRAM

A Working Capital Solution From North Mill



North Mill Equipment Finance

601 Merritt 7, Suite 5
Norwalk, CT 06851

800-223-6630
203-354-6000
aboutyou@nmef.com
www.nmef.com

To Submit Deals

Primary:
via your portal access

Secondary:
apps@nmef.com

To Request Documents
fasttdocs@nmef.com

Customer Service
800-998-7852
cservice@nmef.com

WORKING CAPITAL IS ESSENTIAL FOR A BUSINESS to thrive. But sometimes a company may find that the difference between its assets and liabilities is not sufficient to maintain daily operations. That's when it's time to bridge the gap by financing working capital.

There are different ways a company can finance working capital. Some of the more common solutions include a merchant cash advance (MCA), a revolving line of credit and accounts receivable factoring. And while they all provide cash flow, they are not created equal.

Indeed, there is a product that offers a long list of customer benefits — not the least of which are better rates and extended terms: Cash Out from North Mill. As a North Mill referral agent, it's one powerful tool in your finance solution suite.

North Mill's Cash Out Program

North Mill's working capital Cash Out program is an excellent alternative to other, more expensive — and less flexible — financing arrangements. Simply put, it allows borrowers to “pull out” the equity from owned business equipment and channel the proceeds back into the company.

Although similar in concept to a “sale leaseback,” our Cash Out is structured as a loan or EFA. That means all the ownership benefits are in effect.

Cash Out Benefits for Your Customer

There are many benefits inherent in North Mill's Cash Out solution. Consider the following:

- **Competitive Rates:** Typical working capital solutions are expensive. Total borrowing costs (fees and interest) with an average MCA can range from 40% to 350 percent. North Mill's Cash Out is usually a more cost-effective alternative.
- **Terms up to 60 months:** Most working capital solutions offer terms ranging from 3 to 18 months. Customers may have up to 5 years to repay a Cash Out.
- **Monthly vs. daily or weekly payments:** An MCA might require your customer to make daily payments following disbursement of funds. On the contrary, the borrower makes monthly payments with Cash Out.
- **Early Pay-off:** Customers can pay off the Cash Out loan without premium or penalty after 18 consecutive, timely payments making it a more economical alternative to A/R factoring or an MCA. Please discuss the EFA payoff option with your Relationship Manager.

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Eligible Equipment

All equipment North Mill normally considers eligible for financing can be used as collateral for the Cash Out. We do require that the asset meet our regular equipment guidelines regarding age (and mileage/hours when applicable.)

Acceptable asset categories include but are not limited to:

- Transportation
- Construction
- Materials Handling
- Machine Tools
- Manufacturing
- Livery
- Industrial
- Vocational
- Packaging

* Class 8 sleepers, forestry equipment, commercial printers, and medical equipment are excluded for a Cash Out loan.

How to Submit a Cash Out Transaction

The deal should be submitted to North Mill like any conventional transaction: Submit a signed credit application through the NMEF broker portal.

- Note in the email that the deal is a Cash Out and if you want a Loan, EFA or both options to present.
- Identify any existing liens on the asset (North Mill will require any liens be satisfied as a condition of approval), name of the lender and amount owed
- Include a short explanation of how your customer plans to use the proceeds from the Cash Out transaction

A collateral verification will be done through Aspen Field Services. North Mill will schedule the appointment. The fee is \$200 and payable by your customer and is non-refundable if the deal does not close.

How You and Your Customer Can Benefit

As a broker, our Cash Out program is an excellent tool for your arsenal of finance solutions. Consider the benefits for you and your customer:

- **Earn a competitive commission:** North Mill pays up to eleven points per Cash Out transaction. We initially structure a deal with the maximum allowable commission² but you can adjust accordingly to lower your customer's payment.
- **Give yourself a competitive edge:** Cash Out is a winning proposition, especially when compared to other, more expensive solutions. This puts you in the driver's seat by offering your customer a better alternative. Not to mention positioning your brokerage for future transactions with your customer.

²Commission could be less than 12 points depending on the equipment pledged and the creditworthiness of your customer

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- **Win new business:** North Mill offers Cash Out marketing materials including product sheets, advertisements, and e-campaigns that can be customized with your brand. Use them to generate new business.
- **No Need to Give up Ownership:** Your customer is not required to give up title to the equipment. The borrower retains ownership throughout the life of the loan.
- **Not Tied to Accounts Receivable, Invoices, or Credit Card Sales:** Your customer need not part ways with hefty fees tied to credit card receipts, invoices or accounts receivable with Cash Out.
- **No Restrictive Covenants:** There are no restrictive covenants assigned to Cash Out. It's easy to apply and the funds are normally disbursed within a few days.
- **Equipment Usage Remains Uninterrupted:** The equipment your customer pledges for a cash out loan remains on site. That means it can be operated as needed for business use.
- **Relationships Remain Intact:** Unlike factoring where the borrower must share sensitive customer data, Cash Out leaves relationships out of the equation. The borrower remains in control.
- **Flexible:** Not only can your customer use the proceeds for working capital, the borrower can apply the funds as a down payment for another transaction to refinance existing equipment.

Cash Out in Action: an Illustration

Assume your customer wants to pledge an unencumbered 2017 CAT D5K-XL excavator for a Cash Out loan. North Mill structures a loan-to-value¹ of up to 130% of the assigned wholesale value for a Cash Out transaction. If the equipment has an assigned wholesale value of \$90,000, a loan or EFA in the amount of \$117,000 could be realized (the net amount to the customer would be \$117,000).

¹. Rate and down payment are determined on an individual basis. Loan-to-value is at the sole discretion of North Mill.





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Next Steps

Ready to include Cash Out as an arrow in your quiver? Here's what to do next:

Already a North Mill Equipment referral agent?

Please contact the following NMEF associates for details:

Joey Borges

Relationship Manager
203-354-1799
jborges@nmef.com

Matt Mosley

Relationship Manager
203-354-1258
mmosley@nmef.com

Kate LeConey

Relationship Manager
203-354-6327
kleconey@nmef.com

Not yet a North Mill Equipment referral agent?

North Mill is proud to say that we are 100% broker-centric – we never go direct to dealers or end-users. That's your territory. As such, the first step in offering Cash Out to your customers is to become a North Mill referral agent.

- Please visit our website and complete our online broker application. A North Mill representative will be in touch to discuss our company within 1 to 2 business days.
- **OR** email pcheslock@nmef.com or dcosenza@nmef.com

After you become a referral agent partner, you can promote not just Cash Out, but North Mill's entire set of financial solutions. [Come join our team.](#)

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