



ASSET BASED LENDING FAQs

What does VCF look for in a client?

Any lender evaluates potential borrowers based on the 5 C's of credit: Character, cash flow, collateral, capitalization and conditions of the industry. We believe that character is the most important of the five. Our business model requires clear communication between us and our borrowers. Transparency and trust are imperative.

How do we differentiate our products and services?

Our funding and services are an enabler of growth. A key differentiator is being a strategic advisor. All of the data we have received over the last 21 years is converted into knowledge and ultimately insights. These insights translate into usable wisdom for our borrowers.

How quickly can a facility be put into place?

One of the benefits of VCF is its size. It allows a unique combination of both flexibility and speed. Our average loan is closed within 21 business days of receiving the signed proposal letter and good faith deposit.

Do you fund new startup businesses?

The short answer is no. Although we occasionally make exceptions for government contractors, we prefer that a company has at least a six month track record.

How long are your contract terms?

The normal period for an Asset Based Loan is three years.

Do you require personal guarantees?

We require personal guarantees for any owner holding more than 20% of the entity. During our underwriting and credit decision process, we put a great deal of emphasis on the character of the principal.

What are the reporting requirements for requesting an advance?

We require our borrowers to submit a Borrowing Base Certificate ("BBC") each time the company requests an advance. The BBC does not require any information that a business would not have readily available.

Will I eventually be able to qualify for a traditional bank loan?

Funding from the Asset Based Lender is essentially a form of bridge financing. Many borrowers are able to return to traditional bank financing in 3-4 years. Some choose to remain with an Asset Based Facility because they recognize the value of the consultative relationship.

My company lost money last year. Would you still consider offering me a facility?

Losing money, in and of itself, will not disqualify you. If there is a clear explanation for the loss, as well as a good turnaround plan, an Asset Based Lender may be able to help.