

# Strategic Funding

ISO Partner  
Guidelines

March 2016



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# About Strategic Funding

Strategic Funding was founded in 2006.

We have financed over 13,000 small businesses in the United States and Australia.

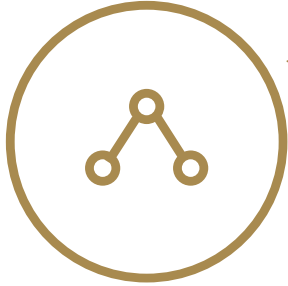
We were the first funding company in our industry to offer syndication, making ISOs our true partners. We continue to be the leader today, having syndicated over \$300MM since 2008.

We have funded over \$1 Billion to small businesses in the United States and Australia.

We are headquartered in New York City and maintain regional offices in Boca Raton, Florida; Hauppauge, Long Island; Rockwall, Texas; Friday Harbor, Washington; and Williamsburg, Virginia.

We are known for flexible and tailored financing options, our comprehensive technology platform and an exceptional customer service group to answer all questions.

# Why Strategic Funding?



## **Syndication**

- Participate up to 50% of the funded amount
- Best-in-class portal
- Real-time deposits and tracking



## **Colonial Funding Network** (White Labeling)

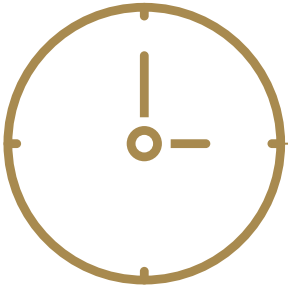
- White labeled contracts
- White labeled ACH banking
- White labeled customer service
- Drive your own partner referrals



## **Personal Customer Service**

- All partners are assigned a VP and support team to manage the account
- Daily portal reporting to know current deal status at all times

# Why Strategic Funding? Continued



## Funding

- Three hour (business hours) processing and pricing time from portal submission
- API integration with sales CRM into Strategic Funding portal
- Licensed California lender



## Large Deals

- Strategic Funding is the gold standard for large deals, having funded individual deals over \$2MM in size
- A dedicated team which handles deals over \$100,000
- Average deal size of \$300,000



## Renewals

- Strategic Funding pays full referral fees on renewals
- Eligible at 50% repaid

# Syndication

Our sales partners are encouraged to invest in their deals as an alternative revenue stream. Benefits include:

- Participate up to 50% of the funded amount
- High return on investment
- Fees are collected over the term of the deal
- Best-in-class portal for easy tracking and reporting
- Real-time deposits straight into your bank account

Please inquire with a VP for more information or to answer any questions.

Syndication Portal example

SFS

Portfolio

Statement

Deal Tracker

Underwriting

Merchant Statement

Collections

Paid

Unreleased RTR\*

Funding

Your Funding Balance

Your RTR Balance

Your Total Payments

Your Total RTR

My Account ID

Today's Date

Last Logged In

01-23-2016

01-23-2016 14:04:18

Order By

Merchant DBA ASC

Weight By

RTR Balance

View as a single page

Download as CSV

Update Report

different than the Total Contract RTR due to pending American Express or installment f

Page 1 of 1, 1 records total

previous

1

next

Totals:		Contracts: 1		\$9,000.00		\$12,150.00	\$11,960.71		\$337.50	\$0.00	\$250.00	\$244.04	\$329.46	\$8.04	(\$0.24)	(\$2.50)	\$0.00		\$7.91%	
C ID	M ID	Merchant Name	Total Funding	Factor Rate	Total Release RTR*	Total RTR Balance	Funding Date	Last Act. (days)	Your Released RTR*	Your Unreleased RTR*	Your Funding	Your Funding Balance	Your RTR Balance	Your Total Payments	Your Total MGMT Fees	Your Total Up-front Comm. Payments	Your Total Residual Comm. Payments	Gross BOR	RTR Paid %	Contract Perf. %
			\$9,000.00	1.35%	\$12,150.00	\$11,960.71	01-12-2016	0	\$337.50	\$0.00	\$250.00	\$244.04	\$329.46	\$8.04	(\$0.24)	(\$2.50)	\$0.00	2%	2%	57.91%

\*Released RTR represents the portion of RTR that has been released to the merchant. It may be different than the Total Contract RTR due to pending American Express or installment funding amounts.

# Colonial Funding Network (White Labeling)

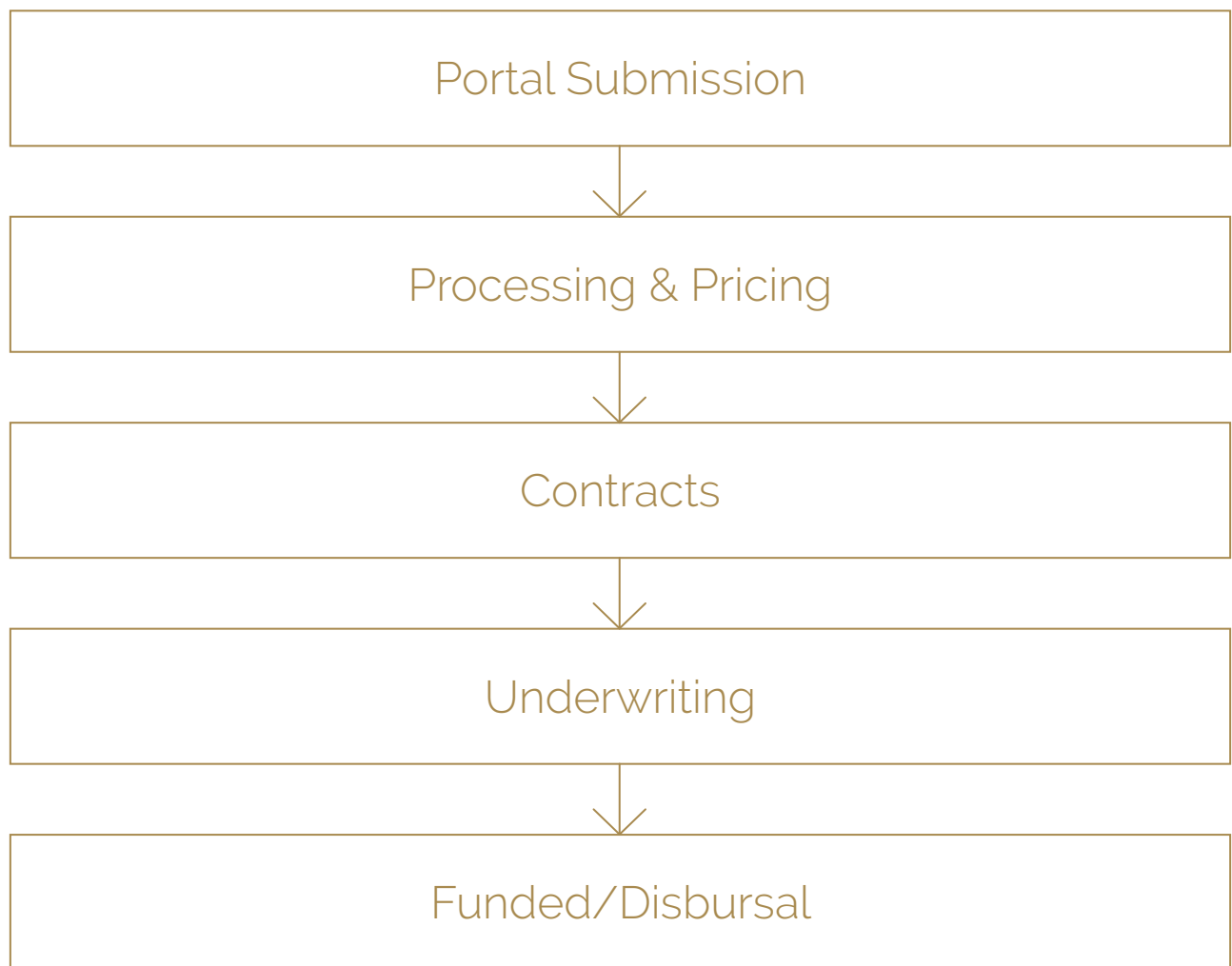
Colonial Funding Network (CFN) is our secure servicing platform which enables other companies that provided financing to small businesses to “white label” our technology and reporting systems to operate their businesses.

Our sales partners are leveraging Strategic Funding's technology to manage client contract data, document storage, cash management, bank and processor integration, risk management, asset recovery and real time reporting on our web portal. CFN offers our sales partners the benefit of using our technology without having to invest the money, time and resources required to develop their own. Benefits include:

- White labeled contracts under the sales partner's company name
- Sales partners are able to act as a lender and drive their own partner referrals
- White labeled funding deposits and ACH debits
- Strategic Funding requires a minimum of 50% participation in each deal
- Greater visibility and awareness for the sales partner's brand

**Please inquire with a VP for more information or to answer any questions.**

# Our Process





# Submissions Portal

1

Go to [portal.sfscapital.com](http://portal.sfscapital.com) or [sfscapital.com](http://sfscapital.com) and click on **"Login"** on the top right.

2

Merchant Name	File Number Contract ID	Contract Admin	Underwriting	Credit Committee	Pending	Approved Pending / Declined	Manager Review	Conversion	Disbursal / No Disbursal	RTR Paid	Completed Checklist Items
11-24-2015	112415-1842	11-24-2015									50

Select **"Manage Your Deal Submissions"**.

# Submissions Portal Continued

3

SFS Sales Accounts Statements Contract Overview Manage Your Deal Submissions

Your Submission Console [View Help](#)

**Notice:**  
We have added a new feature that validates addresses when saving applications. Please read [this](#) carefully!

Page 1 of 5, 97 records total.

<< previous 1 2 3 4 5 next >>

Click on a table header to sort. Click on it again to reverse order.

Status	Merchant	Requested	Stips Created	Uploaded	Last Changed	Actions
PENDING REVIEW		\$700,000.00	N/A	11/24/2015 4:33 pm	11/24/2015 4:38 pm	<a href="#">Modify</a>
HARD DECLINE		\$100,000.00	N/A	11/24/2015 4:15 pm	11/24/2015 4:31 pm	<a href="#">View</a>
Pending		\$100,000.00	N/A	11/24/2015 3:42 pm	11/24/2015 4:28 pm	<a href="#">View and Upload Docs</a>
DUPLICATE		\$20,000.00	N/A	11/24/2015 2:36 pm	11/24/2015 3:33 pm	<a href="#">View</a>
Hard Decline		\$100,000.00	N/A	11/24/2015 1:20 pm	11/24/2015 2:22 pm	<a href="#">View</a>

Click on “**New Submission**” to input a new deal.

4

SFS Sales Accounts Statements Contract Overview Manage Your Deal Submissions

**New Submission**

Merchant DBA\*

Requested\* \$  .00

Merchant Legal Name\*

Type of Business\*

Business Address 1\*

Business Address 2

Business City\*

Business State\*  ☒

Business Zip\*

**Billing Address** (if different from business address)

## New Submission

Fill out as much information as possible.

Required Information will display an “\*” mark. Scroll down and click “**Save**”.

# Submissions Portal continued

5

Application saved.

### Edit Submission / Upload Documents

Make sure to let us know when this application is ready for review!

Notice! If you make changes to the application, make sure to click **Save** at the bottom of this page **before** you click the **Ready for Review** button!

Merchant DBA\*

Requested\* \$ .00

Merchant Legal Name\*

Type of Business\*

Business Address 1\*

Business Address 2

Business City\*

**Upload a new document:**

Choose file:

Type (required)

**Required Documents:**

Voided Check

Click "**Browse**" and upload application and bank statements.

For fast processing upload all documents separately.

6

Application saved.

### Edit Submission / Upload Documents

Make sure to let us know when this application is ready for review!

Notice! If you make changes to the application, make sure to click **Save** at the bottom of this page **before** you click the **Ready for Review** button!

Merchant DBA\*

Requested\* \$ .00

Merchant Legal Name\*

Type of Business\*

Business Address 1\*

Business Address 2

Business City\*

**Upload a new document:**

Choose file:

Type (required)

**Required Documents:**

Voided Check

Once document is selected click "**Type**" dropdown menu and select document type.

Then click upload.

Repeat for each document.

# Submissions Portal Continued

7

SFS Sales Accounts Statements Contract Overview Manage Your Deal Submissions

Application saved.

**Edit Submission / Upload Documents**

Make sure to let us know when this application is ready for review!

before you click the **Ready for Review** button!

Upload a new document:

Choose file:

Type (required)

Upload

Required Documents:

Voided Check

Scroll down to the bottom and click **"Save"**.

Then click the green **"Ready for Review"** button to submit to Strategic Funding.

## Note:

We recommend submitting all deals through the portal for a three (3) business hour processing and pricing timeframe.

Email submissions will take approximately 24 hours to be processed and priced.

## Note:

Enter all information accurately to prevent delays, as this is how it will appear on the contract.

# Calculator Portal

1

Daily Payment: calculated w/ commission included.

2

Slide the "**Remit**" to adjust the percentage of monthly revenue withdrawn. Amount will automatically adjust accordingly.

3

Slide the "**Amount**" to adjust offers accordingly to suit the needs of the merchant.

Offers for

Generate an ACH Contract:

6 months	5 months	4 months	3 months
\$32,000.00	\$27,500.00	\$23,500.00	\$18,500.00
Buy Rate: 1.300	Buy Rate: 1.250	Buy Rate: 1.200	Buy Rate: 1.150
Commission: 9.0%	Commission: 10.0%	Commission: 9.0%	Commission: 6.0%
Remit: 15%	Remit: 15%	Remit: 15%	Remit: 15%
Daily Amount: \$353.02	Daily Amount: \$353.57	Daily Amount: \$360.89	Daily Amount: \$355.32
<b>1</b> <b>5</b> Select	Select	Select	Select

2

3

4

Remit: 15%

Amount: \$32,000.00

Commission: 10%

4

Slide the "**Commission**" to adjust the percentage of upselling points on the deal.

5

Click "**Select**" button under desired deal to request contracts.

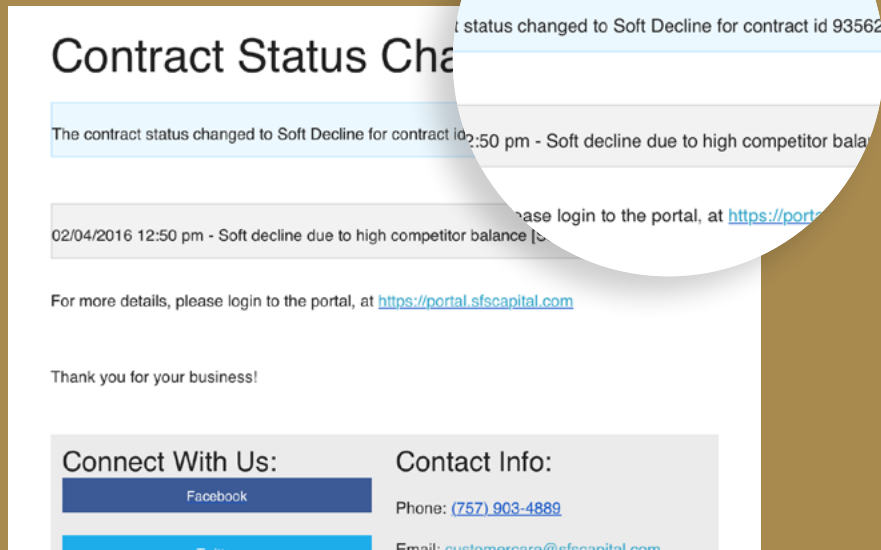
## Note:

All pre-approvals are priced based on a first position.

# Email Notifications

**Note:** Soft and Hard Declines may be resubmitted once issues have been resolved/ status has improved.

1

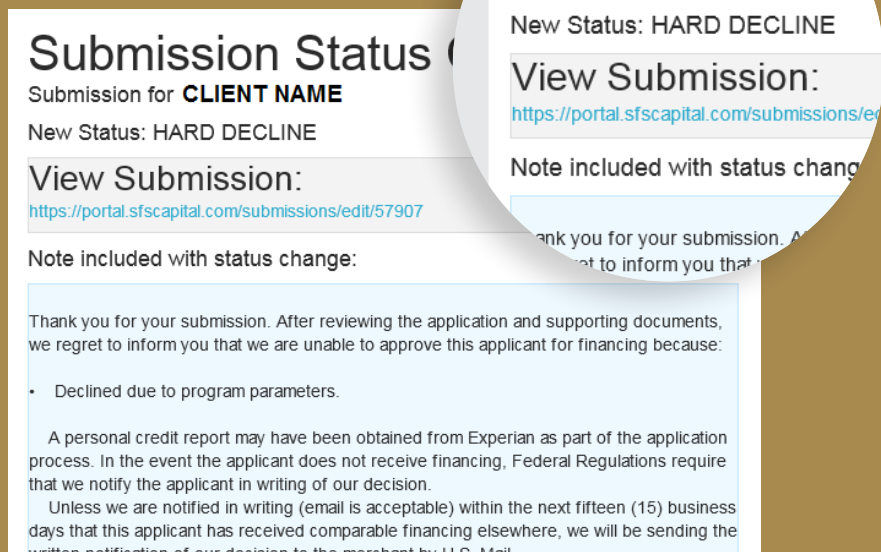


## Soft Decline

Soft decline reasons will be detailed in the body of the email and can include, but are not limited to, the following:

- High competitor balance
- Time in business
- Low sales volume
- Negative/low bank balances

2



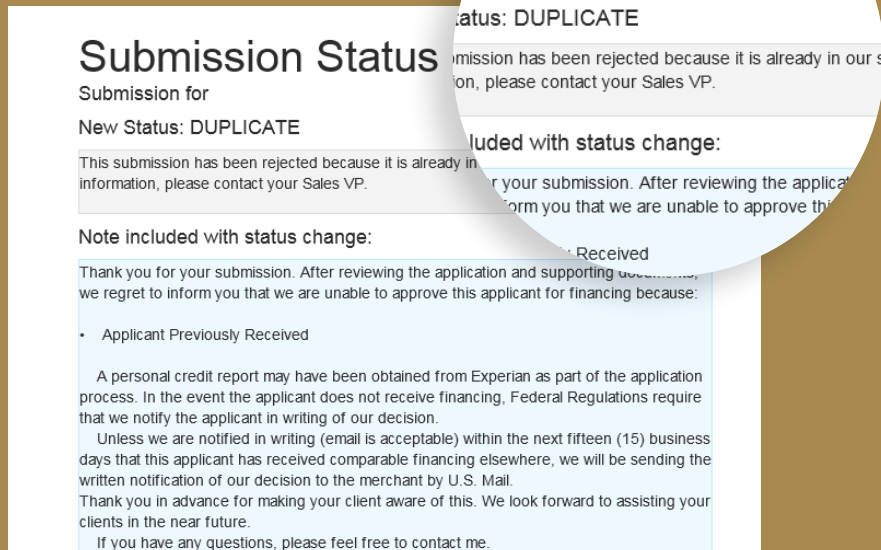
## Hard Decline

Hard decline reasons will be detailed in the body of the email and can include, but are not limited to, the following:

- Negative credit history
- SIC code/Industry
- Negative background history
- Negative cash advance history

# Email Notifications Continued

3



This email notification is titled "Submission Status Change". It informs the recipient that their submission has been rejected because it is already in our system. The new status is "DUPLICATE". The email includes a note with the status change, a thank you message, and a list of reasons for rejection, including "Applicant Previously Received". It also mentions that a personal credit report may have been obtained from Experian and that the applicant will be notified in writing of the decision. The email concludes with a thank you and an offer to assist with any questions.

**Submission Status Change**

Submission for [Name]

**New Status: DUPLICATE**

This submission has been rejected because it is already in our system. Please contact your Sales VP.

**Note included with status change:**

Thank you for your submission. After reviewing the application and supporting documents, we regret to inform you that we are unable to approve this applicant for financing because:

- Applicant Previously Received

A personal credit report may have been obtained from Experian as part of the application process. In the event the applicant does not receive financing, Federal Regulations require that we notify the applicant in writing of our decision.

Unless we are notified in writing (email is acceptable) within the next fifteen (15) business days that this applicant has received comparable financing elsewhere, we will be sending the written notification of our decision to the merchant by U.S. Mail.

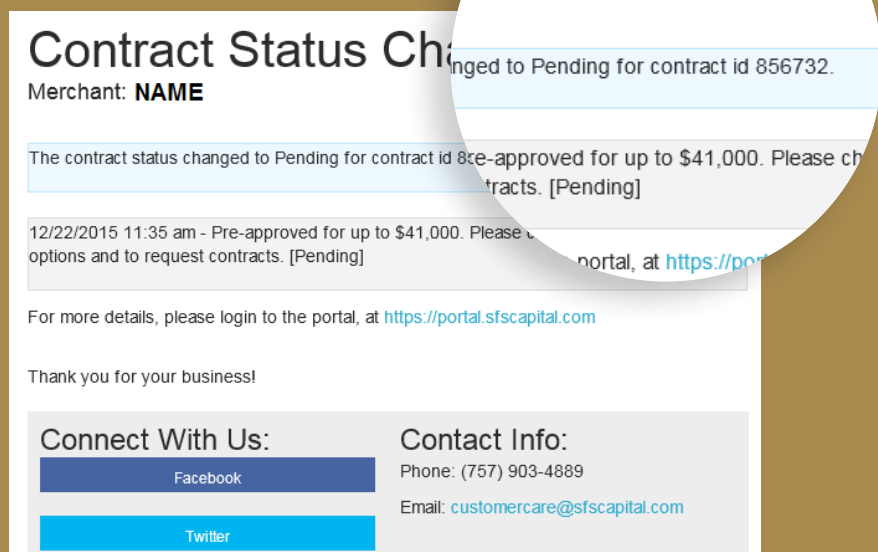
Thank you in advance for making your client aware of this. We look forward to assisting your clients in the near future.

If you have any questions, please feel free to contact me.

## Duplicate

The client has been received from another sales partner.

4



This email notification is titled "Contract Status Change". It informs the recipient that their contract status has changed to "Pending" for contract ID 856732. The email includes a pre-approval offer for up to \$41,000 and a link to the portal for more details. It also includes a thank you message and contact information for the merchant.

**Contract Status Change**

Merchant: **NAME**

The contract status changed to Pending for contract id 856732.

The contract status changed to Pending for contract id 856732. Pre-approved for up to \$41,000. Please check the portal for more details.

12/22/2015 11:35 am - Pre-approved for up to \$41,000. Please check the portal for more details.

For more details, please login to the portal, at <https://portal.sfscapital.com>

Thank you for your business!

**Connect With Us:**

Facebook

Twitter

**Contact Info:**

Phone: (757) 903-4889

Email: [customer@sfscapital.com](mailto:customer@sfscapital.com)

## Pending Email

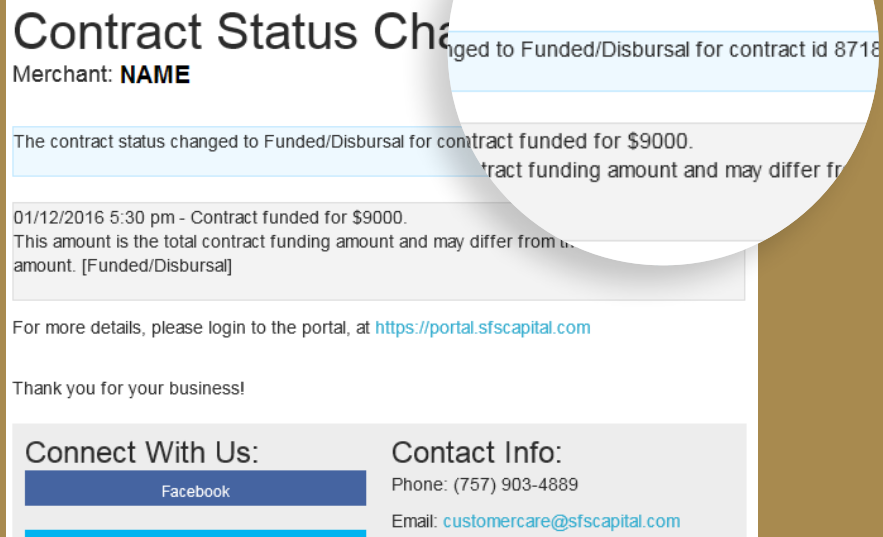
Pending additional documents.

Pending Manager Review.

Pre-approval offer is based on a first position.

# Email Notifications Continued

4

A screenshot of an email notification titled "Contract Status Change". The email content includes: "Contract Status Change", "Merchant: NAME", "The contract status changed to Funded/Disbursal for contract id 8718", "The contract status changed to Funded/Disbursal for contract funded for \$9000.", "01/12/2016 5:30 pm - Contract funded for \$9000.", "This amount is the total contract funding amount and may differ from the amount. [Funded/Disbursal]", "For more details, please login to the portal, at <https://portal.sfscapital.com>", "Thank you for your business!", and a footer with "Connect With Us:" (Facebook link), "Contact Info:" (Phone: (757) 903-4889, Email: [customercare@sfscapital.com](mailto:customercare@sfscapital.com)), and a blue bar.

**Contract Status Change**

Merchant: **NAME**

The contract status changed to Funded/Disbursal for contract id 8718

The contract status changed to Funded/Disbursal for contract funded for \$9000.

01/12/2016 5:30 pm - Contract funded for \$9000.

This amount is the total contract funding amount and may differ from the amount. [Funded/Disbursal]

For more details, please login to the portal, at <https://portal.sfscapital.com>

Thank you for your business!

**Connect With Us:**

Facebook

**Contact Info:**

Phone: (757) 903-4889

Email: [customercare@sfscapital.com](mailto:customercare@sfscapital.com)

## Contract Status Change

### Funded/Disbursal

Funded/Disbursal means that the funds have been ACH or wired to the merchant.





## Preferred Industries

- ✓ Medical
- ✓ Retail
- ✓ Restaurants/Food Stores
- ✓ Business Services
- ✓ Personal Services
- ✓ Manufacturing
- ✓ Auto/Transportation
- ✓ Trade Industries/Suppliers

We listed some of our favorite industries to the left; however, we will review all industries not on the restricted industry list.

Please inquire with your VP or Manager if you have any questions regarding a client's industry or cash financing eligibility.



# Restricted Industries

- ⊗ Escort Services
- ⊗ Pornography Production/Retail
- ⊗ Gambling/Gaming
- ⊗ Medical Marijuana (legal)
- ⊗ Non US Companies
- ⊗ Franchisees where third party financing is not permitted (example: McDonald's and 7-Eleven)

# Terms, Rates & Referral Fees

## **Term**

3 months (63 payments) to  
15 months (315 payments)

## **Buy Rates**

Range from 1.07 – 1.38\*

\*Dependent on risk assessment

## **Referral Fees (upselling)**

Up to 17 points

# Underwriting Guidelines

## FICO > 500

## Time-in-business > 1 year

## Annual Revenue > \$150,000

## Payoffs

- Merchant must net 50% of funded amount
- We pay off up to two positions

## Business Entity

- We fund home based businesses
- No sole proprietorships in New York and Arkansas
- No funding sole proprietorships under \$10,000 (all states)
- Public companies need a signed and notarized document indicating unanimous consent (signed by all board members)

# Underwriting Guidelines Continue

## Personal Bankruptcies

- Dismissed > 1 year old
- Will review if merchant has been on a payment plan and made payments for an extended period of time

## Business Bankruptcies

- Discharged bankruptcies on a case by case basis

## Business Tax Liens

- Tax liens are a case-by-case basis
- < \$50k merchant will fund regardless of funding amount
- > \$50k merchant will fund if total tax liens amount to less than 60% of the funding amount or if the merchant is on a payment plan

## Franchisees

- Provide an executed franchise agreement
- Provide contact information for a reference at the franchisor

## Business Ownership

- 50% - 100% ownership dependent on deal size and credit
- Letter of consent from additional stakeholders allowing the individual to take debt on behalf of the company
- Decision Logic bank verification requested on all deals

# Stipulation List by Funding Amount (ACH & CC)

	Under \$20,000	\$20,000 – \$49,999	\$50,000 – \$99,999	\$100,000 +
MTD bank activity (recent screenshot before funding)	✓	✓	✓	✓
Driver's license for all signers	✓	✓	✓	✓
Business license		✓	✓	✓
Business voided check	✓	✓	✓	✓
Corporate affidavit form (provided by Strategic Funding)		✓	✓	✓
Landlord call and or lease agreement/ Mortgage verification	✓	✓	✓	✓
Trade/Bank references			✓ \$60k ACH & \$75k CC	✓
Information/documents on UCCs by secured lenders			✓ \$60k ACH & \$75k CC	✓
YTD financial statements (P&L and balance sheet)			✓ \$60k ACH & \$75k CC	✓
Last year's business tax return			✓ \$60k ACH & \$75k CC	✓
Financial attestation letter (provided by Strategic Funding)			✓ \$60k ACH & \$75k CC	✓
Site inspection required				✓

\*Deals over \$250,000 + Strategic Funding conducts our own site inspections

\*Landlord's signature is required for contracts \$50,000 and above

\*Any business that requires a professional license, merchant must provide a copy to Strategic Funding

\*Signed Confession of Judgment is required for all merchants in California

\*Payback statements are required for seasonal businesses

\*Full year of bank statements (and or credit card statement) for contracts \$100,000 and above

\*Notarization on corporate affidavit forms are required for contracts \$100,000 and above

\*Additional information may be requested at the underwriter's sole discretion

# Approved Credit Card Processors

- Benchmark Merchant Solutions
- Cambridge Payment Systems (iPayment)
- EVO Platinum
- FAPS (First American Payment Systems)
- First Data (Omaha Platform)
- IPS (Integrity Payment Systems)
- Mercury Payment Systems
- North American Bancard
- OnePay
- Payment Alliance International
- PowerPay
- Priority Payment Systems
- Sterling Payment Technologies
- TransFirst
- TSYS Payment (PAI)
- Vision Payment Solutions

# Renewals

Strategic Funding will consider renewing merchants at 50% repaid.

Strategic Funding pays full referral fees on all renewals based on funded amount; however, it is dependent on updated financial statements and term/factor of the renewal offer.

ISOs should submit renewals to [renewals@sfscapital.com](mailto:renewals@sfscapital.com)

Include most recent two months bank statements



# Deal Ownership Policies

The first sales partner to submit a merchant's complete application and statements through the online portal has the right to close the merchant for 30 calendar days from the date the merchant is given an offer

If submissions are emailed, the sales partner has the right to close the merchant for 30 calendar days from the date of offer (once processed and priced by a Strategic Funding employee approximately 24 hours after submission)

ISO owns a merchant once funded during the repayment term and for three (3) months after final payment

# Financial Transactions

Referral fees are paid every Tuesday and Friday

Deals closed from Monday-Wednesday will be paid via ACH on Thursday, should be received on Friday

Deals closed on Thursday and Friday will be paid via ACH on Monday and should be received on Tuesday

Syndication is paid directly in real-time as collected via the online portal

# Thank you. Questions Please Contact:

## **Strategic Funding**

120 West 45th Street  
New York, NY 10036  
O. 212-354-1400  
F. 212-354-1544  
[isopartners@sfscapital.com](mailto:isopartners@sfscapital.com)

## **Michael Peeler**

Vice President of  
Business Development  
O. 646-722-1518  
C. 570-817-0972  
F. 646-365-3073  
[mpeeler@sfscapital.com](mailto:mpeeler@sfscapital.com)

## **Lizabeth Urena**

Sales Support Administrator  
O. 212-354-1400 Ext. 7389  
[lurena@sfscapital.com](mailto:lurena@sfscapital.com)

## **For Further Assistance**

Pricing/offers on submitted deals,  
please contact Leidi Torres at  
[ltorres@sfscapital.com](mailto:ltorres@sfscapital.com) or  
[Triage@sfscapital.com](mailto:Triage@sfscapital.com)

Deals, contracts and stip for funding  
please contact [mpeeler@sfscapital.com](mailto:mpeeler@sfscapital.com)  
or [lurena@sfscapital.com](mailto:lurena@sfscapital.com)

Recent submissions, please contact  
[newcontracts@sfscapital.com](mailto:newcontracts@sfscapital.com)

Merchants with questions or  
issues, please have them contact  
[Customersupport@sfscapital.com](mailto:Customersupport@sfscapital.com)  
or 757-903-4889

Syndication questions  
or issues please contact  
[syndication@sfscapital.com](mailto:syndication@sfscapital.com)  
or 757-903-4889

