



# COMMERCIAL LENDING GUIDE

# CONTENTS

- 02 Introduction
- 03 Asset-Based Lending
- 06 Accounts Receivable Financing
- 07 Preferred Loan Conditions
- 08 General & Freight Factoring
- 12 Business Term Loans
- 14 Business Line of Credit
- 16 Equipment Financing
- 18 Commercial Real Estate
- 20 Exiting Your Current Lender Relationship



# INTRODUCTION

Since 1998, TAB Bank has leaned into technology and innovation to find businesses like yours the best-fit financing solution. Our diverse range of financing options is designed to provide your business with the flexibility it needs to keep daily operations smooth and capitalize on new growth opportunities.

## A Partner When You Need It Most

In a financial landscape where larger banks might not accommodate your needs, TAB Bank stands as a reliable partner. We understand the many challenges businesses face and work closely with our clients to help them overcome such hurdles. Our approach is centered on flexibility, understanding, and personalized support, ensuring that every business we work with has the financial tools to reach its goals.

## What to Know Before You Start

The process of selecting a new financial partner for your business can be intimidating. This guide will help you ask the right questions as you prepare, and highlight a few lesser-known commercial financing options to ensure you are equipped to make the best decision for your situation.

### ✓ What's Your End Goal?

Identifying the ultimate purpose of the funds you seek is crucial. Are you aiming for a specific project with a clear timeline, or are you looking to mitigate the fluctuations inherent in a seasonal business model? Clarifying your objectives will help in choosing the financing option that aligns with your business's ambitions.

### ✓ What Resources Do You Have?

Evaluating your available collateral is a key step in the financing process. Whether it's leveraging accounts receivable invoices, equipment, or other business assets, understanding what you have at your disposal can streamline your journey through the lending landscape.

### ✓ What's Your Timeline?

Consider how long you anticipate needing the funds. Do you need a short-term boost to bridge a gap or a longer-term investment to fuel growth? Defining your timeline will assist in selecting the most suitable financing solution.

### ✓ What Challenges Are You Facing?

Every business faces a unique set of challenges. From potential delays to external factors that might extend your project and inflate costs, being aware of these issues allows you to choose a funding option that not only meets your needs but anticipates potential obstacles.

## Navigating Commercial Lending Solutions

Understanding the right commercial lending solution for your business may be challenging, especially when it feels like the options are endless but none seem to meet your business's needs. In the following sections, we aim to provide a clear overview of TAB Bank's lending products, focusing on the typical company size, loan amount, credit score, and economic situations that often lead business owners to seek out these financial solutions.

We will also explore the critical indicators that suggest the need for a new lending partner, the circumstances that typically lead to such a transition, and the timelines to consider when making this decision.

Empowering yourself with knowledge is the key to making informed and strategic financing decisions, ensuring your business is well-prepared to select the right lender and loan type for its continued growth and success.

# ASSET-BASED LENDING

## What is Asset-Based Lending?

Asset-based lending (ABL) is a form of financing in which your company's assets are used as collateral on the loan. This type of lending is often in the form of a revolving loan or line of credit. ABL offers better interest rates than unsecured loans, keeping financing costs lower, and typically with fewer covenants than a traditional credit line.

**ABL differs from traditional loan options because the credit limit is based on the value of your assets, not on your credit score or cash flows.**



Asset-based lending is similar to Accounts Receivable Financing (AR Financing), as both credit limits are based on assets in your balance sheet. However, ABL provides greater flexibility by allowing a wider range of assets to serve as collateral, while AR Financing limits collateral to the value of outstanding receivables and involves more hands-on, ledger-based monitoring.

## Typical Industries Served

ABL is best suited for B2B companies, meaning a wide range of industries may benefit from this solution. A few examples of industries TAB serves:

- ✓ **Transportation**
- ✓ **Professional Services**
- ✓ **Manufacturing**
- ✓ **Wholesale**
- ✓ **Parts and Services**
- ✓ **Distribution & Import/Export**
- ✓ **Maintenance**
- ✓ **General Commercial\***

\*If you do not see your industry on this list, you may still be eligible if your business serves corporate clients. Contact a TAB representative to discuss your company's specific needs.

## Preferred Loan Conditions

ASSET-BASED LENDING	
Company Size (Avg. Annual Revenue)	\$10mm-\$100mm
Loan Size	\$2mm-\$15mm
Credit Score	Eligibility is determined on a Borrowing-Base Certificate (BBC).

## Is Asset-Based Lending Right for Me?

From experiencing low liquidity to gearing up for growth, having capital available is necessary for operations to continue. If these situations sound familiar or if your business has been denied traditional loans due to cash flow issues, asset-based lending may be right for you:

### Limited Liquidity

Businesses experiencing limited liquidity often have difficulty coming up with the necessary working capital to cover day-to-day operations. This puts a wrench in the function of all aspects of the business and can cause some serious issues, such as not being able to pay employees, make rent, or purchase inventory.

Low liquidity is often experienced by companies in seasonal industries and can be a difficult problem to manage when traditional loans are based on cash flows alone. Asset-based lending is a great solution to this issue because you can utilize the other assets on your balance sheet to get the capital you need for daily operations.

## Seeking Growth & Maintaining Equity

When businesses want to grow, their two quickest options are to sell equity to investors or to take out loans. Sacrificing equity for growth can be less than ideal for a lot of business owners, and sometimes the traditional loans offered aren't large enough to meet your needs.

By putting up assets as collateral, business owners can maintain their stake in the company and receive the funding they need to seize the growth opportunities on the horizon.



## The Process

From application to receiving funding, securing an asset-based loan from TAB Bank typically takes 4-6 weeks. This process involves meeting with a representative to determine the best solution for your needs, reviewing your financial statements, and evaluating your business assets.

To determine your final loan size, the assets put up for collateral are evaluated for their value and liquidity. The most liquid assets are evaluated first, often being the current accounts receivable. From

there, additional assets such as inventory and equipment are evaluated and appraised. The assets being used against an ABL loan should not be used as collateral elsewhere.

Once the assets have been evaluated, TAB will determine the proportion of the collective value provided as a revolving loan or credit line. The liquidity of an asset directly influences the loan's value, with more liquid assets securing higher loan amounts.

## EXAMPLE

**If a business seeks a \$500,000 loan and puts up current accounts receivable of the same value, they may receive 80% of the A/R's face value. This means they would receive a loan of \$400,000. In contrast, if a business seeks a \$500,000 loan and puts up very specialized equipment valued at that amount, they may only receive a credit worth 50%, or \$250,000, to be used at any given time because the equipment is more difficult to resell.**

## The Preferred Asset-Based Lenders

At TAB, we pride ourselves on being a preferred asset-based lender for businesses looking for a blend of flexibility, industry expertise, and unwavering support. We understand that not every business fits into the traditional lending mold, which is why we offer tailored financing solutions that cater to your needs. When you work with TAB Bank, you are not just securing a loan; you are gaining a dedicated partner invested in your growth and success.

Our customer service is grounded in a genuine desire to see our clients thrive.

# ACCOUNTS RECEIVABLE FINANCING

## What is Accounts Receivable (AR) Financing?

AR financing is the process of using your existing unpaid invoices for access to a line of credit.

**AR financing allows businesses to secure funding quickly, without waiting for clients to pay their invoices, which can take up to 90 days.**



AR financing and asset-based lending share similarities in that both loans are based on your business assets. However, AR financing is more specific in its focus, using only your current receivables as collateral. This approach involves a more detailed monitoring process, where each account receivable is on an individual ledger, which is closed as it is repaid. This effectively gives you a line of available credit instead of offering a lump-sum loan amount.

## Important Note

In the banking industry, AR financing and factoring are often used synonymously to refer to the same form of financing. However, TAB Bank differentiates these services to better cater to our clients' specific needs. Whether your company is large or small, and based on the industry in which you operate, we have organized our lending solutions to ensure you can receive specialized support.

- ✘ **If you are a trucking company seeking less than \$1mm in credit, learn more about our [Freight Factoring Services](#)**
- ✘ **If you are in a non-trucking industry seeking less than \$1mm in credit, learn more about our [General Factoring Services](#)**

## Typical Industries Served

AR finance is best suited for B2B companies with outstanding receivables, meaning a wide range of industries may benefit from this solution. A few examples of industries TAB serves:

- ✓ **Transportation**
- ✓ **Manufacturing**
- ✓ **Parts and Services**
- ✓ **Maintenance**
- ✓ **Environmental Waste**
- ✓ **HVAC**
- ✓ **Staffing**
- ✓ **General Commercial\***

\*If you do not see your industry on this list, you may still be eligible if your business serves corporate clients. Contact a TAB representative to discuss your company's specific needs.

## Preferred Loan Conditions

A/R FINANCING	
Company Size (Avg. Annual Revenue)	\$10mm-\$100mm
Loan Size	\$100,000-\$15mm
Cash Advanced Rate	60-90% of invoice value
Credit Score	Customer credit scores determine invoice eligibility. Consideration given to personal and business credit scores during underwriting.

## Is AR Financing Right For Me?

If you find your business needs cash sooner than your clients can pay off their invoices, or you need additional capital to fund growth, AR financing may be of benefit to you.

**While similar to ABL in its benefits, AR financing is the ideal option for businesses that do not quite qualify for traditional bank loans or meet TAB's asset-based lending requirements.**





## Tight Cash Flows

Maintaining healthy levels of working capital is crucial for keeping up operations. If you have earned revenue, but cannot wait 90 days for payment, AR financing allows you to harness the power of your unpaid invoices and receive cash in as little as 24 hours.

## Maintain Ownership of Your Business As You Grow

Expanding your business takes capital, but if you do not have the cash on hand or do not qualify for a traditional loan, you may feel obligated to sell equity in your business to open that new location or purchase more inventory. With AR financing, it does not have to be that way. You can maintain full ownership of your business by financing your invoices to maintain operations while reinvesting the rest into growth.

## The Process

Receiving AR financing requires the evaluation of:

- **Your financial statements from the current and prior year**
- **The age of your unpaid invoices**
- **The risk level of your clients**
- **Your personal and business credit scores**
- **The size of your company**

From there, a borrowing limit and cash advance rate will be set, and your debtors will be informed that they should now direct their payments to TAB Bank. Once complete, the moment an invoice is recorded on your balance sheet, it becomes eligible for financing, allowing you to access the funds within as short a period as 24 hours.

## Financing Your Accounts Receivable with TAB

At TAB Bank, we are our clients' biggest cheerleaders. We understand that when bill cycles are long or cash flows are limited, it's more important than ever to reinvest in your business and get your balance sheet back to where it needs to be. Utilizing AR financing is a great way to stay on track, especially when you may not qualify for other financing options.

Working with TAB means working with a team that believes in you and understands the day-to-day challenges of running your business.



# GENERAL & FREIGHT FACTORING

## What is Factoring?

Factoring is a form of financing that involves selling your unpaid invoices to a factor at a discounted rate so you can access your capital immediately, rather than waiting for your customers to make payments. Harness the potential of your balance sheet with invoice factoring.

### Important Note

In the banking industry, AR financing and factoring are often used synonymously to refer to the same form of financing. However, TAB Bank differentiates these services to better cater to our clients' specific needs. Whether your company is large or small, and based on the industry in which you operate, we have organized our lending solutions to ensure you can receive specialized support.

Between general and freight factoring, the loan conditions and application process are fairly similar, but the dedicated teams you work with will differ.

✘ **If you are seeking more than \$1mm in credit, learn more about our [AR Financing services](#).**

## Typical Industries Served

Factoring is best suited for B2B companies with outstanding receivables, meaning a wide range of industries may benefit from this solution. A few examples of industries TAB serves:

- ✓ **Transportation/Freight**
- ✓ **Manufacturing**
- ✓ **Wholesalers**
- ✓ **Distributors**
- ✓ **Importers**
- ✓ **Parts and Services**
- ✓ **Maintenance**
- ✓ **Environmental Waste**
- ✓ **HVAC**
- ✓ **IT Consulting**
- ✓ **Staffing**
- ✓ **General Commercial\***

\*If you do not see your industry on this list, you may still be eligible if your business serves corporate clients. Contact a TAB representative to discuss your company's specific needs.

# Preferred Loan Conditions

A/R FINANCING	
Company Size (Avg. Annual Revenue)	\$250,000-\$10mm / 1-20+ trucks
Loan Size	\$10,000-\$1mm
Credit Score	Client credit scores determine invoice eligibility. Consideration given to personal and business credit scores during underwriting.

## Is Factoring Right For Me?

Factoring solves a wide range of problems. If you need to:

- Shorten the timeline of receiving payment from customers
- Reinvest your capital into growth opportunities without losing equity or critical assets
- Address a pressing financial concern

You may benefit from the flexibility factoring provides businesses.

## Key Use Cases

### General Bandwidth

Factoring does more than increase access to working capital– it enables businesses, especially those with limited capacity, to delegate the tasks of checking customer credit scores and managing collections. If you are running a business with a lean team, you know that every saved hour is invaluable.

### Staffing Agencies

During the Covid-19 pandemic, the need for medical personnel was at an all-time high. TAB Bank supported medical staffing agencies by factoring their payrolls and ensuring the frontline workers were compensated on time for their hard work while the staffing agencies awaited payment from their clients.

### Service, Repairs, and Maintenance

Working in the maintenance industry often requires ordering parts and running payroll before receiving payment for completed work. Factoring helps repair and maintenance companies maintain the liquidity they need to get the job done.

### Transportation Logistics

When gas prices rise, some trucking companies cannot afford to get from one job to the next. Factoring loads with TAB allows truckers to get the cash they need and continue to operate without delay.

## The Process

We work with companies looking to factor invoices for the first time or seeking to exit a current lender relationship. To get started, your dedicated team will:

- **Review your financial statements from the current and prior year**
- **Check your personal credit in some cases**
- **Evaluate the age of your unpaid invoices**
- **Ensure you have no active MCA loans and no other UCCs filed**
- **Assess the risk level of your customers**

From there, a borrowing limit and cash advance rate will be set, and your debtors will be notified that they should now direct their payments to TAB Bank.

Moving forward, once an invoice is sent, you can gain access to the funds in as little as 15 minutes with our streamlined online banking portal.

## Factoring That Goes Further

At TAB Bank, we are proud to be your go-to for factoring services, offering you great rates and solid reliability without the fuss. Beyond gaining a team dedicated to offering you premiere customer service and industry expertise, here's why we stand out:

### Lower Rates

Many factoring companies have higher rates because they are borrowing from banks, but we skip the middleman because we are the bank. That means we can pass through the lower cost of funds to you in the form of better rates.

### Rock-Solid Stability

As a bank, we offer more stability than non-bank factors. You can trust that we're here to stay, keeping your money safe, and ready to support your business.

### Quick, Cost-Effective Payments

Being a bank has its perks, like getting your money to you faster and cheaper. When you open an account with us, you can see payments hit in as quick as 15 minutes, without the hefty fees of wire transfers that come from transferring between banks.

## Our Commitment to the Freight Industry

For over 25 years, TAB has remained true to its purpose of finding innovative solutions for truckers. Through downturns and busy seasons alike, our freight factoring team works with trucking companies to find the flexible solutions being on the road requires.


When your trucking company uses TAB Bank as its factor, you are gaining more than just faster access to funds, you are gaining an experienced partner here for the long haul.

# BUSINESS TERM LOANS

## What are Business Term Loans?

Business term loans are set for a specific length of time and can be used for a broad range of activities. TAB's term loans fill the gap between the intense and timely application process of SBA loans and the high-interest rate and short terms of Merchant Cash Advance (MCA) loans. As cash flow-based loans, you do not need to sacrifice any equity or leverage assets to unlock additional funding.

**Our Business Term Loans are easy to apply for, have a quick underwriting process, and include a team dedicated to finding you a low interest rate.**



## Typical Industries Served

We offer term loans to a wide variety of industries across the nation and serve both B2B and B2C companies. From restaurants to roller rinks, if you need a loan and have been in business for at least 2 years, we likely have a term loan that fits your need.

## Preferred Loan Conditions

TERM LOANS	
Company Size (Avg. Annual Revenue)	\$400,000 - \$2mm
Loan Size	\$30,00 to \$300,000
Term Length	36-60 months
Credit Score	>660

## Is a Term Loan Right for Me?

Term loans offer versatile use cases, but are especially great tools for a small business looking to consolidate debt or grow without using collateral.

## Increase Capital for Growth

Term loans provide small businesses with the upfront capital needed to invest in growth opportunities, such as expanding operations or purchasing new equipment. By offering a structured repayment plan and low-interest rates, term loans enable businesses to manage their finances effectively while pursuing expansion.

## Debt Consolidation

If your business is dealing with several debts or an MCA loan with unfavorable terms, consolidating them into a single loan with a more manageable repayment plan and a lower interest rate can significantly reduce your long-term financial burden.

## The Process

Our term loans have a quick underwriting process with minimal documentation requirements. The whole process takes about two weeks from start to finish, allowing your business to begin reaping the benefits of increased capital in a short period.

To ensure a quick turnaround, be sure to have these documents at the ready while applying:

- **Driver License**
- **Tax returns (business and personal) – 2 years**
- **Income statement and balance sheet**
- **Debt schedule**
- **Bank statements (business) – 6 months**
- **Proof of insurance (General Liability and Workers Compensation)**
- **Personal financial statement on all guarantors**

## Secure a Term Loan with TAB

Working with TAB is the easy choice, as we combine competitive rates with a personalized approach, ensuring that our term loan solutions not only provide the financial support you need but are also tailored to your business's specific goals. With TAB, you will find a partner dedicated to fueling your growth with both flexibility and expertise.



# BUSINESS LINE OF CREDIT

## What is a Business Line of Credit?

A business line of credit is a flexible way for businesses to borrow money up to a certain amount whenever needed. This option is perfect for handling day-to-day expenses and dealing with surprises that require quick funding. Unlike a term loan that gives you a lump sum of money all at once, a line of credit lets you use the funds as needed, pay back what you have borrowed, and then use it again, providing a fluid financial resource for short-term needs.

**TAB Bank's lines of credit are structured so you only pay interest on what you borrow, keeping interest rates lower, and making this the ideal loan option for small businesses.**



## Typical Industries Served

We offer lines of credit to many industries across the nation and serve both B2B and B2C companies. Similar to business term loans, one of the main requirements is that you have been in business for at least two years.

## Preferred Loan Conditions

A/R FINANCING	
Company Size (Avg. Annual Revenue)	\$400,000 - \$2mm
Loan Size	\$30,00 to \$150,000
Guarantor's Credit Score	>660



## The Process

Business lines of credit have a streamlined application process with minimal documentation requirements, which means your business can enjoy the benefits of improved capital sooner rather than later.

To ensure a quick turnaround, be sure to have these documents at the ready while applying:

- **6 months of business bank statement**
- **Current business debt schedule**
- **Identification document**
- **Voided business check**

## Is a Business Line of Credit Right for Me?

A business line of credit offers business owners both room for growth and peace of mind knowing there are funds they can draw upon, without incurring interest charges until the funds are utilized.

### Flexibility and Cost-Effectiveness

A business line of credit is especially beneficial for businesses in search of flexible financing solutions. It helps even out the ups and downs of cash flow, addresses immediate financial needs, and allows business owners to pursue growth opportunities—all

without the long-term commitment associated with traditional loans. Since interest is charged only on the amount drawn, the cost of borrowing can be significantly lower than other lending options.

### Smaller Loan Size

While a line of credit is the ideal loan option for many businesses, if you are looking to purchase equipment, consolidate your debt, or need a limit greater than \$150k, you may want to consider an alternative lending option, such as a business term loan.

- ✂ **If you are seeking more than \$150k, learn more about our [Term Loans](#)**
- ✂ **If you are looking to finance trucking equipment, learn more about our [Equipment Financing](#)**

## Lock Down Your Line of Credit with TAB Bank

Committed to serving small businesses nationwide, TAB Bank is the standout choice for those seeking lines of credit. From a simple underwriting process, responsive teams, and low borrowing costs, securing financing for your business has never been easier.



# EQUIPMENT FINANCING

## What is Equipment Financing?

Equipment financing is a type of loan specifically designed for the purchase of equipment and allows companies to acquire the equipment necessary for their operations without paying the entire cost upfront.

At TAB Bank, we offer equipment financing to those in the trucking and transportation industry. From leasing to refinancing your equipment, our team is dedicated to equipping you with the loans you need.

✘ **If you are looking to finance manufacturing equipment and/or leverage other business assets, learn more about our [Asset-Based Lending](#)**

After 25 years of being a bank dedicated to helping truckers, it's safe to say we know the ins and outs of the freight industry.

## Preferred Loan Conditions

LINE OF CREDIT	
Company Size (Avg. Annual Revenue)	All company sizes considered.
Loan Size	1-200 pieces (Trucks, tractors, or trailers)
Guarantor's Credit Score	>680

## Should I Finance My Trucking Equipment?

There are a variety of reasons a trucking company may apply for equipment financing. Two of the most common reasons a business may finance its equipment include:

- **Seeking to start or grow a business without having the capital to pay for equipment outright.**
- **Leveraging equity from an existing fleet.**

## The Process

There are two routes you can take to secure equipment financing from TAB:

- **Get approved for your loan online**
- **Visit preferred lender dealership**

### Getting Approved Online

When you apply online for equipment financing, you will fill out an application that asks for your basic information and a hauling reference. From there, it will take about 24 hours or less to hear back from our team.

You will be working with the same team throughout the whole process, making acquiring financing as streamlined as can be.

Once approved, you will be one step ahead when you roll into your dealership of choice because you will know exactly what credit you have been approved for and have the flexibility to shop around from dealer to dealer.

### Visiting a Preferred Lender Dealership

Another way to work with TAB Bank as your equipment financing partner is to visit one of the many dealerships across the country that use us as a preferred lender. you will explore your fleet options with the dealer, and once you are ready to buy, the application process will follow the same steps as above.

## Gear Up for Growth with Equipment Financing

At TAB Bank, we believe in helping truckers succeed. We recognize that the American Dream is alive and well in the trucking industry, and will do everything we can to help you achieve your goals. When the freight industry sees downturns, TAB doesn't shy away from the challenge. Instead, we hold strong to our commitment and offer support to struggling truckers. Why? We have been dedicated to helping truckers since 1998, and have a great wealth of information about the industry we'd love to share with you.

From offering competitive loan rates to quick turnaround times, and a team committed to your success, financing your equipment with TAB Bank is the easy choice.

### Did you know

**85% of goods transported across the United States are delivered by companies that operate 20 or fewer trucks. Thanks to affordable equipment financing, the entry barriers remain low, ensuring that essential goods continue to move efficiently across the country.**





## COMMERCIAL REAL ESTATE

We provide financing for both permanent and construction loans, catering to various properties and locations nationwide. Our financing criteria and focus areas are outlined below, but we understand that every commercial property comes with its own unique set of circumstances.

Should your situation not align perfectly with our listed criteria, do not hesitate to reach out. We are open to exploring how we can accommodate your specific needs. Get in touch with a member of our team today to discuss your project in more detail.

### Property Types

- ✓ Industrial
- ✓ Office/Warehouse
- ✓ Self Storage
- ✓ Multifamily
- ✓ Retail\*
- ✓ Special Use\*

\*Permanent Only - Call for Details

### Property Locations

Our main areas of expertise include western and intermountain states, though all 50 states are considered.

### Who We Work With

Our commercial real estate partnerships range from partnering with banks, referral sources, and individual borrowers. If you are looking for a permanent or construction loan, we'd love to be of service.

# Preferred Loan Conditions

	PERMANENT FINANCING	CONSTRUCTION FINANCING
<b>Interest Rate Range</b>	Treasury +3.00% - 5.00%	SOFR +3.00% - 5.00%
<b>Fixed Rate/Loan Term Amortization</b>	<p><b>5/10/25</b></p> <ul style="list-style-type: none"> <li>5-year fixed period with a 5-year reset</li> <li>Loan due in 10 years (balloon)</li> <li>25-year amortization</li> </ul>	<p><b>1 Month Term SOFR</b></p> <p>Interest Only during loan term. Extension option(s) as needed.</p>
<b>Loan Size</b>	<p><b>\$1mm - \$10mm</b></p> <p>Loans between \$3mm - \$5mm encouraged.</p>	<p><b>\$1mm-\$12mm</b></p> <p>Loans between \$3mm-10mm encouraged.</p>
<b>DSCR</b>	<p><b>1.20x</b></p> <p>Higher DSCR based on property type.</p>	<p><b>1.25x</b></p> <p>Underwritten DSCR based on market rents and expenses.</p>
<b>Maximum Loan-to-value (LTV)</b>	<p><b>65%</b></p> <p>Lower LTV based on your DSCR, property type, and general risk.</p>	<p><b>1.25x</b></p> <p>Underwritten DSCR based on market rents and expenses.</p>
<b>Personal Guarantee</b>	<p><b>Required</b></p> <p>Limited recourse offered on an exception basis.</p>	<p><b>Recourse Preferred</b></p> <p>Limited recourse offered on an exception basis.</p>
<b>Guarantor's Credit Score</b>	<p><b>&gt;700</b></p> <p>All derogatory information needs an explanation.</p>	
<b>Prepayment Penalty</b>	<p><b>Personal guarantees are required</b></p> <p>Limited recourse is offered on an exception basis.</p>	<b>N/A</b>

## The 5 C's of CRE

Choosing TAB Bank as your commercial real estate lender offers many advantages. Here are five reasons why we can be considered a preferred lending partner.



### CERTAINTY OF EXECUTION

From borrowers, partner banks, and referral sources, we want our lending partners to know we do what we say we are going to do.

### COMMON SENSE DECISION-MAKING

We're a small bank, but we have a team of reasonable people who understand credit and can see the big picture, meaning each step of the process receives the intentional decision-making it deserves.



### CAPACITY FOR CRE

Most banks are burdened with CRE, but TAB has the capacity for your loan. We're using our capacity wisely and profitably, and are excited to do business with you.

### CONSTRUCTION EXPERTISE

Many of our loans are construction loans. Our department of 7 has over 100 combined years of expertise, directly enhancing the quality of service experienced by our lending partners.



### CUSTOMER SERVICE UNMATCHED

Beyond working with a responsive and devoted team, all decision-making is local. This includes credit approval, third-party reporting, and funding decisions. From our dedicated team to local expertise, you can always expect unmatched customer service with TAB Bank.

# EXITING YOUR CURRENT LENDER RELATIONSHIP

Parting ways with your current lender is a large undertaking for any business. Whether you're being nudged out by your bank or you're on the hunt for better financing terms, understanding the nuances of these situations can help you navigate this transition more smoothly.

## When Your Bank is Pushing You Out

Sometimes, the initiative to end a lending relationship comes not from you, but from your bank. This can occur for several reasons:

### Tightening Credit Standards

In efforts to manage risk, banks may decide to tighten credit limits, affecting your available working capital. This may negatively impact your daily operations or hinder your ability to grow, in which case finding a new lender may be a necessary action.

### Breach of Covenant

Violating any terms agreed upon in your loan agreement can prompt banks to reconsider your relationship. This might lead to renegotiation of loan terms, imposition of penalties, or, in severe cases, demand for immediate repayment.

This not only strains the relationship with the lender but can also put significant financial pressure on the business, especially if the breach results in tightened credit conditions or the need to rapidly secure alternative financing.

### Seeking Increased Liquidity

Banks may seek to increase their liquidity for several reasons, including preparing for economic downturns, meeting regulatory requirements, or reallocating resources to more profitable ventures. This can lead them to reduce their lending activities overall or ask specific businesses to settle outstanding loans ahead of schedule.

For a business, this can mean an unexpected need to repay loans or find new financing quickly, potentially at a less favorable rate. The pressure to increase liquidity can be particularly challenging for businesses that rely heavily on debt financing for their operational needs or expansion efforts.

### Transfer of Loans

In certain cases, banks might facilitate the transfer of a loan to another institution, like TAB Bank, to offload risk. This could be part of a strategy to exit certain markets, reduce exposure to specific industries, or simply manage the bank's overall risk profile more effectively. Although this is a collaborative effort between banks and the borrower, it means you'll be starting anew with a different lender.

## Why Businesses Seek New Lenders

You might find yourself seeking a new banking partner for reasons including:

### Recapitalization

Businesses might seek to recapitalize for several reasons, such as to take advantage of lower interest rates, reduce debt levels, or alter the mix of debt and equity to optimize financial performance and valuation. Moving to a lender that can offer more favorable terms might enable a company to achieve a more efficient capital structure, improving its financial health and operational flexibility.

### Over-collateralization

If your current lender requires more collateral than you deem necessary, you might look elsewhere. Businesses may seek to reduce over-collateralization to free up assets that could be used more productively elsewhere in the business. Finding a lender that requires less collateral for the same amount of borrowing can enhance a company's liquidity and operational agility.

### More Favorable Terms

Seeking more favorable terms broadly covers a range of motivations, including lower interest rates, better repayment conditions, or less stringent covenants. Such terms can significantly impact a company's cash flow, cost of capital, and ability to pursue new opportunities or investments. Better loan terms can also offer more breathing room for businesses to navigate economic downturns or industry-specific challenges.

### Debt Consolidation

If your business has taken on multiple loans with unfavorable terms, consolidating the debt into a single loan—with a lower interest rate and longer repayment terms—can empower you to regain control of your financial situation.

### Increased Flexibility in Asset-Based Loans

Unlike traditional lines of credit, asset-based loans offer flexibility based on your company's assets, which can be more accommodating for businesses with fluctuating cash flow.



## How to Exit the Relationship

Exiting a lender relationship requires careful planning and may include:

- ✓ **Early Termination Penalties:** Be mindful of any penalties for leaving your loan agreement early.
- ✓ **Lengthy Timelines:** Start the process months ahead. Internal analyses, finding a new lender, and negotiating terms take time, and you don't want to be left with unfavorable terms that negatively affect your operations.

## Consider the Long-Term Impact

Consider the future implications of staying with your current lender. Maintaining your current relationship might not hurt now, but it could in the long run if borrowing costs increase, your credit limit is rigid, or if your bank is planning to increase its liquidity. Not having a go-to lender or exit strategy can seriously hinder your ability to finance daily operations or pursue growth opportunities.

## Love Your Lender

When seeking a new lender, consider TAB Bank. Known for our asset-backed loan opportunities such as AR financing, factoring, and asset-based lending, we offer the flexibility businesses need to improve their cash flow and financial standings.

**TAB Bank is recognized for its outstanding customer service and relationship management. Choosing a lender that truly understands your business makes all the difference.**



Navigating the decision to exit your current lender relationship can be challenging, but with the right approach and partner, it can also be a strategic move towards securing your business's future.

To apply for credit or connect with a representative to learn more about our commercial financing opportunities, please visit [tabbank.com](http://tabbank.com). Our team will be happy to discuss your specific business circumstances and help determine what financing could best meet your needs.