Read your offer before you sign

A checklist for business owners holding a merchant cash advance offer. Go line by line with the written offer and contract in front of you. If you can't find a line, ask the funder or your broker before you sign.

1. The numbers

- [ ] **Advance amount.** The purchase price the contract says you're advanced.
- [ ] **Fees taken out at funding.** Origination, underwriting, UCC filing or ACH setup fees, and any payoff of an old balance.
- [ ] **Cash you receive.** The advance amount minus those fees. This is what actually lands in your account.
- [ ] **Purchased amount.** The total the funder collects from your sales. Subtract the cash you receive to see your cost in dollars.
- [ ] **Factor rate.** Usually printed near the top. Check that it matches the dollar figures above.
- [ ] **Payment and schedule.** The daily or weekly payment, or the holdback percentage of your sales. Check it against your slowest week, not your best one.
- [ ] **Estimated number of payments.** From the disclosure or the payment schedule.
- [ ] **State disclosure.** If your state requires one, compare its figures with the contract.

2. The clauses to read slowly

- [ ] **Reconciliation.** How you ask for the payment to be adjusted when sales drop, what proof the funder wants and how long it has to respond.
- [ ] **Events of default.** What counts as default, such as missed debits, changing bank accounts or taking other financing.
- [ ] **Personal guarantee.** What you promise personally, and when it applies.
- [ ] **Confession of judgment.** Whether the contract includes one, and whether it can be used where you are.
- [ ] **Other financing.** Anti-stacking terms, and any notice you must give before taking another advance.
- [ ] **Early payoff.** Whether paying early lowers what you owe, and how to ask for a payoff letter.
- [ ] **UCC filing.** What the lien covers, and how it's released when the balance is paid.
- [ ] **Bank account and debits.** Which account is debited, and what happens if you change banks.

3. Before you sign

- [ ] **Get every offer in writing.** Compare them side by side on the same lines, not by the payment alone.
- [ ] **Read the whole contract.** Not only the summary page or the e-sign screen.
- [ ] **Ask until every line is clear.** A funder or broker worth working with answers in writing.
- [ ] **Consider a second opinion.** Your accountant or attorney can review the contract before you sign.
- [ ] **Keep a signed copy of every page.** You'll need it for reconciliation, payoff or any question later.

Want help comparing offers? Afterfirst MCA shops one application with funders whose programs fit your business, and shows you every offer side by side. Call 877-FUND-654 or apply at afterfirstmca.com/apply.

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