

# THE FULL SPECTRUM

A Publication of SPECTRUM Commercial Services

## SPECTRUM's Recent Growth

With many asset-based lenders moving up market and looking for larger deals, SPECTRUM has had more opportunities to become a "go to" lender for the mid-sized deals that aren't quite bankable. Since smaller companies have fewer options for alternative financing than larger companies, we have become a good resource for banks and others that come across situations requiring an alternative lender. SPECTRUM does both asset-based lending on A/R; inventory; equipment and real estate for Lines from \$1MM-\$4MM and receivable financing from \$50K -\$4MM.

## SPECTRUM's Business Development Team

**Minneapolis**--To meet the surging demand in Minnesota, SPECTRUM recently welcomed a new member to our business development team, Joel Dammann. Joel and Brian Van Nevel will work together to provide the best service possible in our home market.

**In Detroit**--John Donnelly has found a very receptive market for our asset-based lines of credit and receivables financing since opening the office the fall of 2003.

**In Denver**--Michael Doyle has been with SPECTRUM since 1999 when we made Denver our first outside office.

## Recent SPECTRUM Solutions

The first quarter of 2004 has started off strong with SPECTRUM's financing of numerous new borrowers. Our Denver, Detroit and Minneapolis offices have seen a flurry of activity from you, our referral sources. Some of our recent accommodations include:

When a local management group approached us about purchasing a **commercial printing company** out of bankruptcy, SPECTRUM worked with them to put together a \$1,500,000

accounts receivable financing accommodation. SPECTRUM also worked with the existing lenders to facilitate a large paydown of their outstanding debt with a repayment plan to fully pay them over 90 days from financed receivables. **A win for all parties involved.**

A **medical products importer and distributor** called when they were being asked out of their existing asset-based relationship due to recent losses. SPECTRUM arranged a Line of Credit on A/R and Inventory totaling \$2,500,000. **The investor group was very pleased to exit a deteriorating relationship with their lender and to avoid the covenant default fees and increasingly restrictive borrowing base.**

### SPECTRUM

- **Serving the financing needs of local businesses since 1995.**
- **Creative financing solutions for borrowers and the professionals that serve them.**

### "Guaranteed Participation"

**What is it and how can I use it?**

Competition in the banking community seems to be increasing daily. The economy hasn't been expanding the last few years, but that has not stopped yearly increases in loan growth goals. New banks keep coming into the market and existing banks continue to expand. This can lead to the temptation for bankers to hold on to deteriorating credits or to chase deals closer to the edge of the bank's traditional target market. SPECTRUM has an exciting program that can allow the bank to maintain its relationship with a marginally performing company or to capture a

credit that appears to have long term potential but needs non-bank financing for an interim period.

The SPECTRUM Guaranteed Participation is a virtually risk-free opportunity for Banks to participate up to 15% of a borrower's credit facility on non-traditional credits. This option allows Banks to enjoy a first out collateral position on all of the borrower's assets coupled with SPECTRUM's absolute corporate guarantee to buy back the Bank's participation upon the Bank's request. ***This program allows the Bank to retain its relationship with the struggling credit*** or to develop a relationship with a future prospect that cannot obtain bank financing given their current condition.

The benefits to the bank of the Guaranteed Participation include:

- Increase outstandings
- Virtually no credit risk
- SPECTRUM administers the loan and monitors the collateral
- Bank demonstrate its long-term commitment to the borrower
- Cross sell other bank products.

Since SPECTRUM will waive termination fees for our borrowers returning to the referring bank, the bank can capture a prospective client that is outside the normal lending parameters or maintain an existing customer until they are ready to "graduate" to a bank loan. The bank shows their willingness to go the extra mile to provide a solution to a company that has heard a simple "no" from other banks. SPECTRUM has had great success with this program and is excited about working with more bankers on the program.

