



BANKRUPTCY HISTORY & TAX LIEN HAMPER BONDING & RENTAL EQUIPMENT PURCHASE FOR SITE DEVELOPMENT CONTRACTOR

Forty-year-old business could not get financing to purchase their rental equipment and fund a settlement with the IRS.

Overview

Business declines during the recession led the bank to call the company's loans, forcing them into bankruptcy in 2014.

CCG was contacted by this site development and hauling contractor to help them exercise the purchase option on rental equipment and to obtain working capital to pay off IRS tax liabilities. These outstanding tax liabilities were also preventing them from obtaining the bonding needed to bid on contracts. The Contractor was also having trouble obtaining financing due to a previous Chapter 11 bankruptcy, despite being profitable after emerging from bankruptcy in 2015.

In conducting due diligence, CCG learned that the company was profitable and had a good reputation in the industry. The contractor was spending \$21,000 per month on rental equipment. They also had negotiated a plan with the IRS to pay their outstanding tax liability but needed additional cashflow to make the payments. If they could reduce the monthly payments for their equipment, they would be positioned to complete their tax liability repayment.

They needed a lender/partner that would:

- Listen and understand their situation – past, present and future
- Offer flexibility in structuring transactions
- Understand the industry and the value of their existing equipment

Solution

CCG structured a loan that accomplished the following:

- Converted all rented equipment to purchased, reducing their monthly equipment payments by \$8,000
- Structured the repayment schedule to meet their monthly cash flow needs
- Assured that they would be able to meet their scheduled payment plan with the IRS

COMPANY BACKGROUND

A site development and hauling operation, in business since 1973, was having issues obtaining bonding, getting financing for continued growth, and updating their equipment fleet due to a previous bankruptcy and an IRS tax lien.

Industry: Construction - Site Development & Hauling
Funding Solution: Rental Conversion to Purchase (RPO)
Location: Southeast

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CS_Construction_2021_05